

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, 2019

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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, 2018 to March 7, 2019.

I. Executive Summary

During this most recent quarterly reporting period, Volkswagen continued to encounter relatively low claims volume as compared to the outset of the Claim Period. Consistent with past reporting periods, the company maintained the necessary resources to be responsive to eligible consumers and generally administered the Claims Program effectively and efficiently. In accordance with the requirements of the 3.0 Liter Resolution Agreements, the company timely processed the vast majority of pending claims, resulting in the issuance of offer letters, completion of remedies, and rendering of payments in connection with eligible claims.

In addition, Volkswagen advanced non-standard claims, including claims submitted by consumers who purchased vehicles in the United States but registered them in Canada, military personnel stationed overseas with their vehicles, and consumers whose vehicles had branded titles.

Following the distribution of the First Reminder Notice in November 2018, Volkswagen provided the Second Reminder Notice over the months of December 2018 and January 2019 to potentially eligible consumers who had not yet submitted a claim or completed an approved remedy. The notices encouraged consumers to timely submit their claims, and set forth reminders of the relevant Claims Program deadlines, including the June 1, 2019 Claim

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.

Submission Deadline for consumers with Generation One vehicles, and the December 31, 2019
Claim Submission Deadline for consumers with Generation Two vehicles.

The statistics below cumulatively present key 3.0 Liter Claims Program metrics as of
March 7, 2019:

- 84,241 registrations had been created in Volkswagen’s Claims Portal;
- 70,839 consumers had submitted claims for Volkswagen to review;
- 66,959 consumers had been issued offer letters, the aggregate value of which totaled \$1,047,195,478.84;
- 64,885 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$1,027,699,629.15;
- 16,002 consumers with Generation One vehicles had closed on their Buyback or Trade-In, and Volkswagen had paid \$647,101,984.10 to, or on behalf of, consumers in connection with these claims;
- 1,121 consumers had completed a Reduced Emissions Modification (“REM”) for Generation One vehicles, including 918 consumers who also had completed the claims process, and Volkswagen had paid \$9,054,104.92 to consumers in connection with completed REM claims;²
- 45,045 consumers with Generation Two vehicles had completed an Emissions Complaint Repair (“ECR”), including 41,026 consumers who also had completed the claims process, and Volkswagen had paid \$328,076,579.72 to consumers, which includes Repair Participation Payments and ECR payments;

² Data related to AEMs are as of March 8, 2019.

- For Generation One vehicles, 652 Former Owners, 57 Owners with totaled vehicles, and 9 Former Lessees had received Restitution Payments, and the aggregate values of these payments totaled \$3,362,777.41, \$565,678.72, and \$49,846.33, respectively;
- For Generation Two vehicles, 2,282 Former Lessees, 1,107 Former Owners, and 159 consumers with totaled vehicles had received Repair Payments, and the aggregate values of these payments totaled \$4,563,000.00, \$4,702,820.60, and \$1,260,833.89, respectively;
- Volkswagen had paid a total of \$64,516.66 in connection with 515 extended warranty or service contract refund claims; and
- Volkswagen had removed from commerce or modified 90.1% of all Generation One Subject Vehicles, 90.5% of all Generation Two Subject Vehicles, 89.7% of all Generation One Subject Vehicles registered in California, and 90.5% of all Generation Two Subject Vehicles registered in California, and thus has exceeded the required 85% threshold for each Subject Vehicle category.

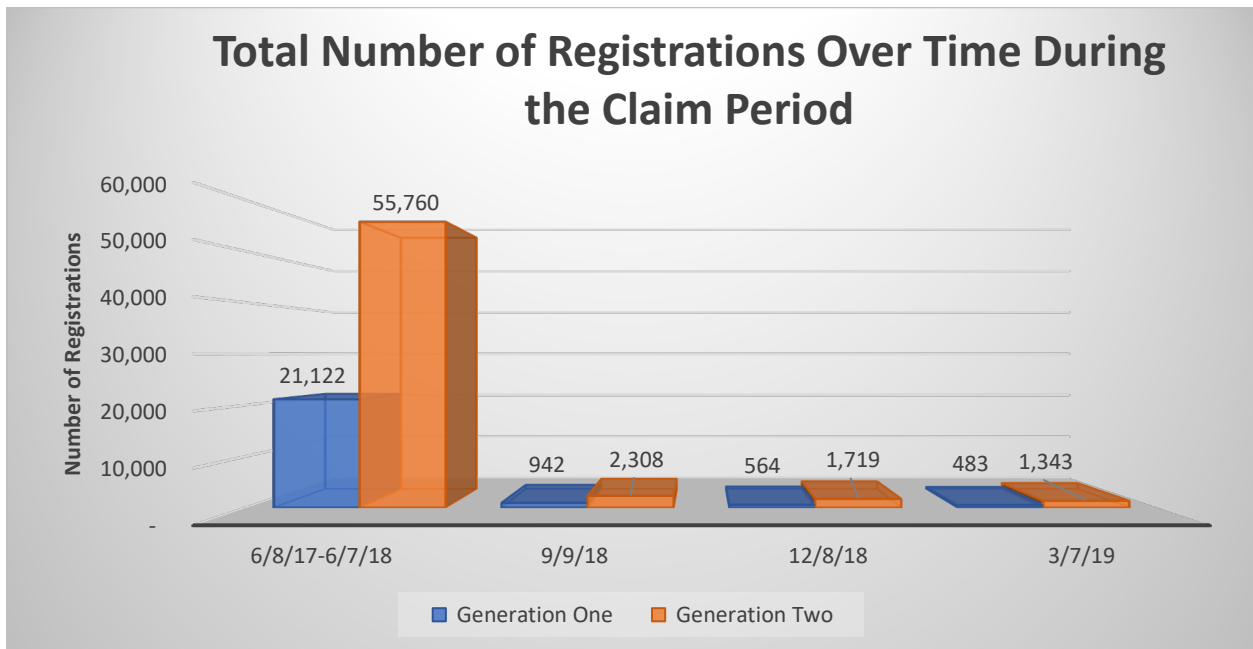
II. Volkswagen's Performance Metrics

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 7, 2019, 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 the vehicle. References to Volkswagen's performance during "this quarter" refer to the period from December 10, 2018 through March 7, 2019.

A. Consumer Registrations

As of March 7, 2019, there had been a total of 84,241 registrations in Volkswagen’s system, including 1,826 registrations created during this quarter.³ 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, 23,111 related to Generation One vehicles (20,758 individuals and 2,353 businesses), and 61,130 related to Generation Two vehicles (54,484 individuals and 6,646 businesses). Chart 2-1 shows the total number of registrations created by consumers over time during the Claim Period, including during this quarter.

Chart 2-1



Charts 2-2 and 2-3 reflect all registrations created by consumers according to eligibility category across Generation One and Generation Two vehicles through March 7, 2019. The “No

³ 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.

Category Selected” population consists of consumers who had created a registration as of March 7, 2019, but had not yet provided details identifying their eligibility category.

Chart 2-2

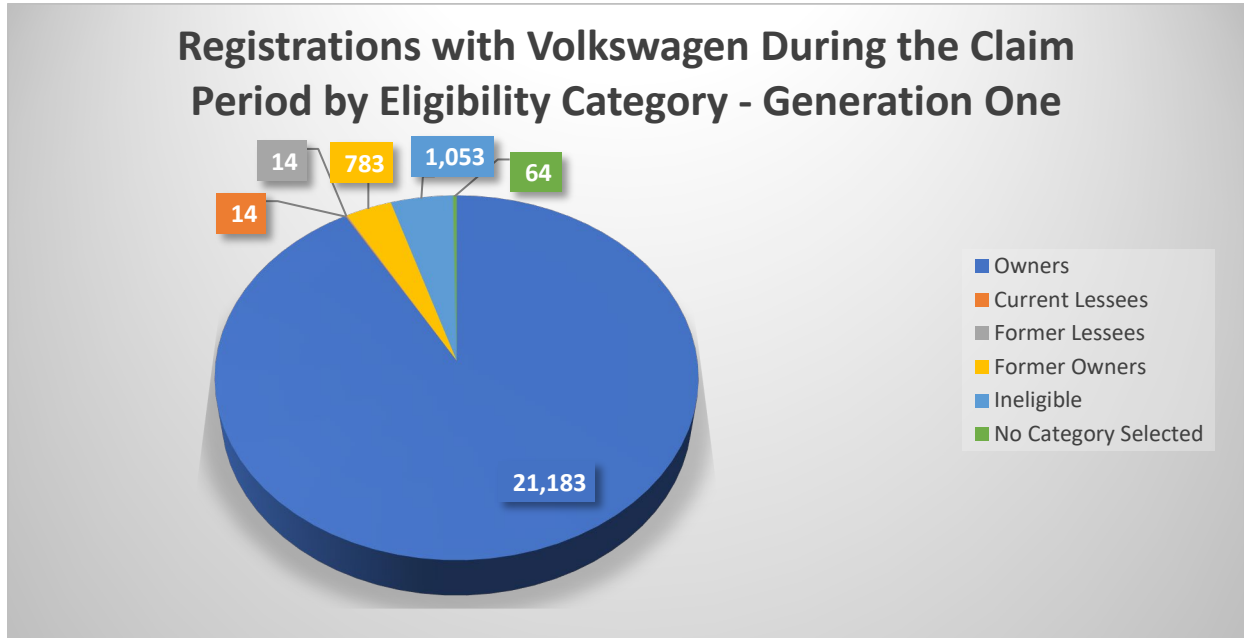


Chart 2-3

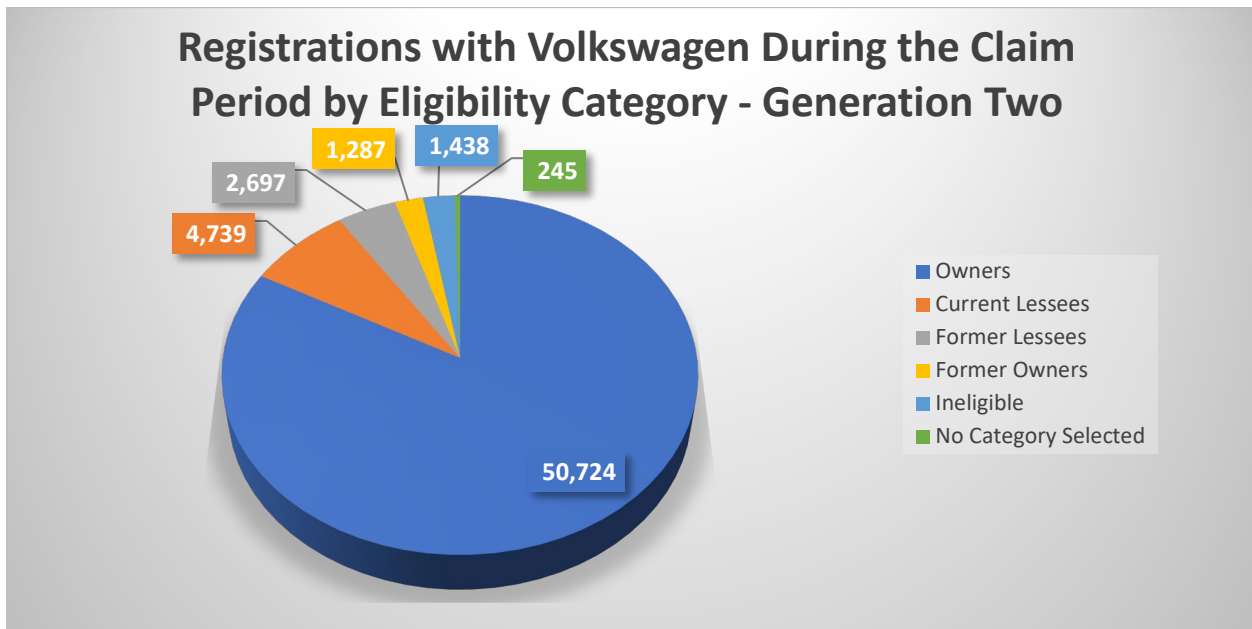
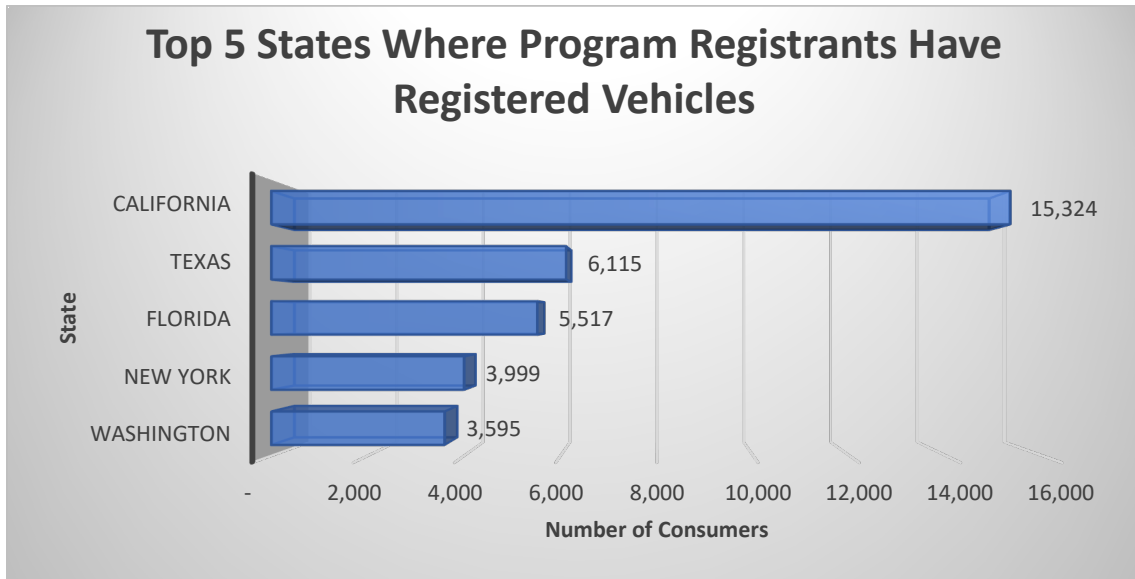


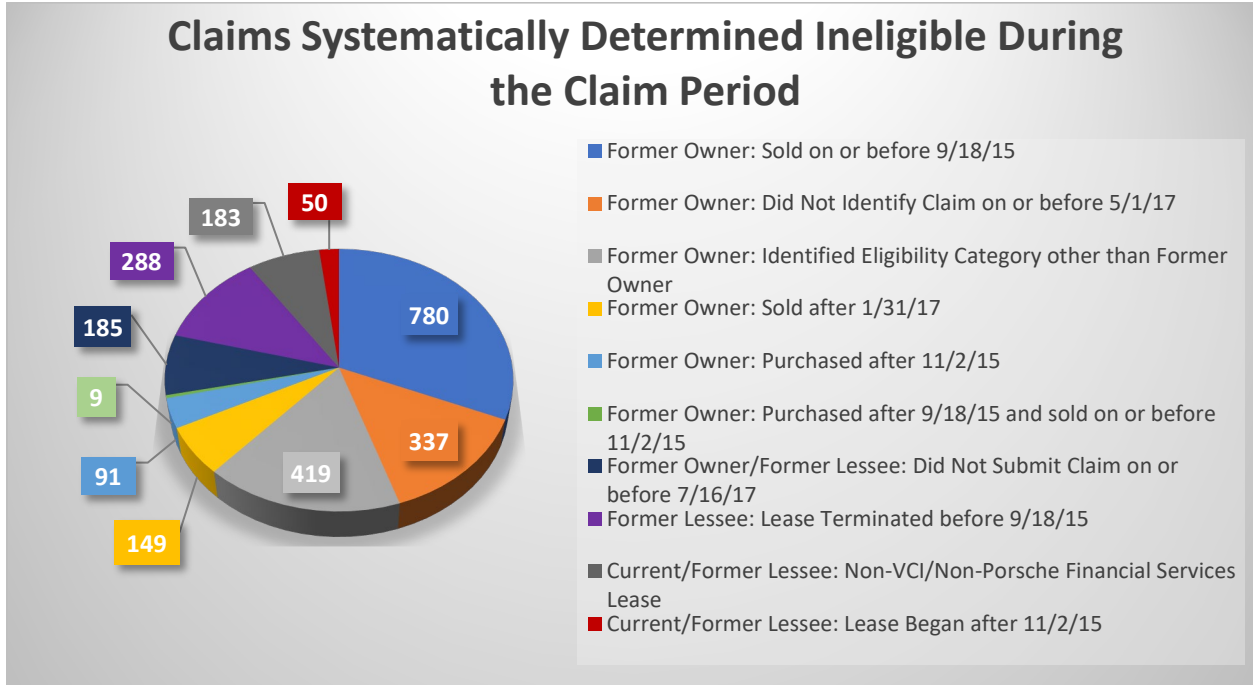
Chart 2-4 shows, among the population of vehicles associated with registered claims, the most common states where the vehicles are registered.

Chart 2-4



With respect to the population of 2,491 claims identified as ineligible in Charts 2-2 and 2-3, Volkswagen’s system is configured to automatically determine certain ineligible claims where information provided by the consumer 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 indicating the vehicle was sold on or before September 18, 2015 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 claims that have been deemed systematically ineligible.

Chart 2-5



During this quarter, there were eighty-eight new systematic ineligibility determinations. The Claims Supervisor reviewed all of these determinations and confirmed that Volkswagen’s systematic ineligibility logic continues to operate appropriately.

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

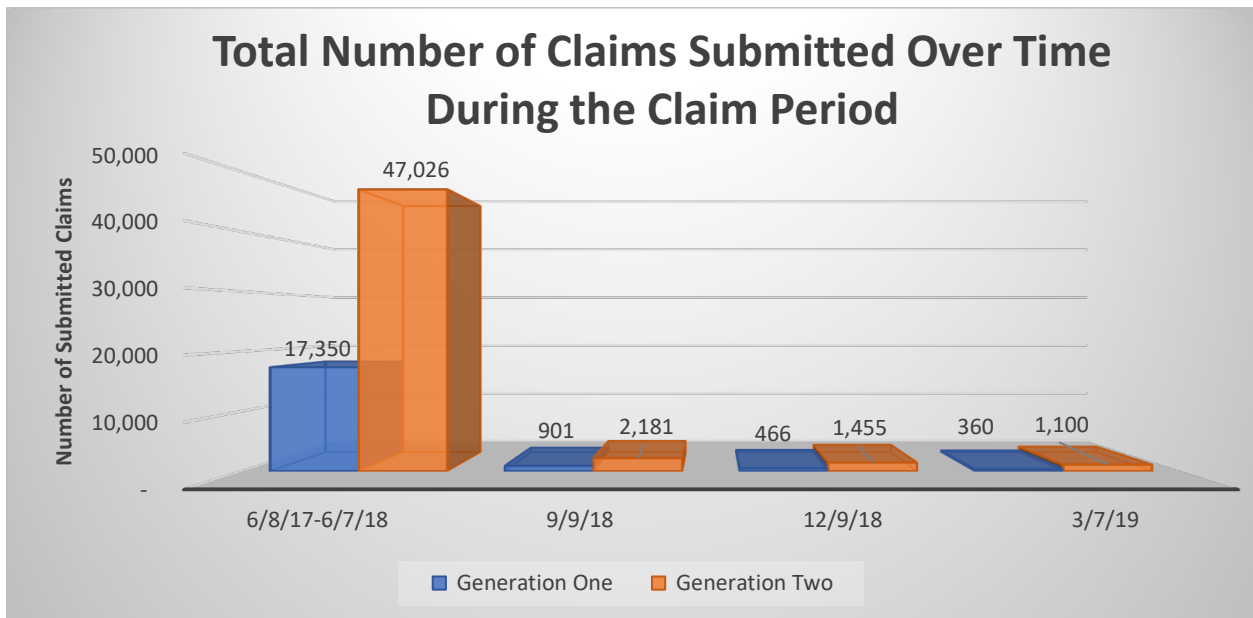
Following registration and preliminary remedy selection, a consumer’s next steps in the process are to provide prescribed documents needed to substantiate the claim and submit the claim to Volkswagen for review. As of March 7, 2019, a total of 70,839 unique claims had been submitted by consumers for Volkswagen to review, including 1,460 claims submitted by consumers during this quarter.⁴ Of these, 19,077 related to Generation One vehicles (17,450

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 Owner who owns five separate vehicles is counted as five unique claims.

individuals and 1,627 businesses), and 51,762 related to Generation Two vehicles (46,873 individuals and 4,889 businesses).

Chart 2-6 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.

Chart 2-6



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

⁵ The four claims not reflected in Chart 2-7 and seventeen claims not reflected in Chart 2-8 were ultimately deemed not eligible.

Chart 2-7

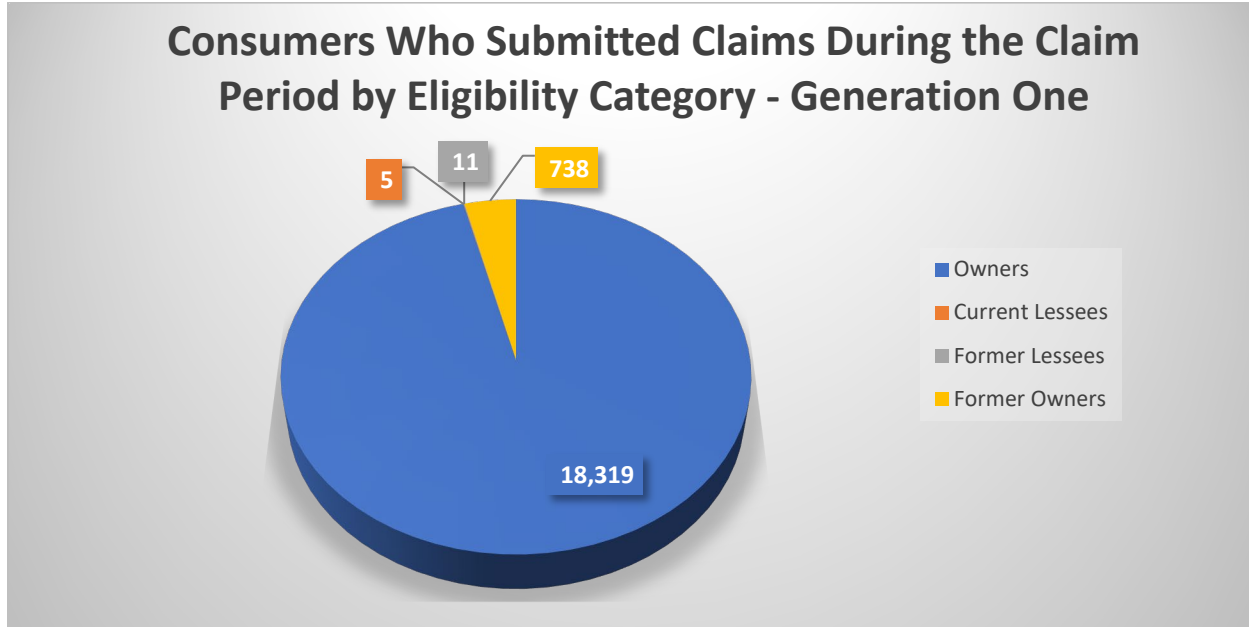


Chart 2-8

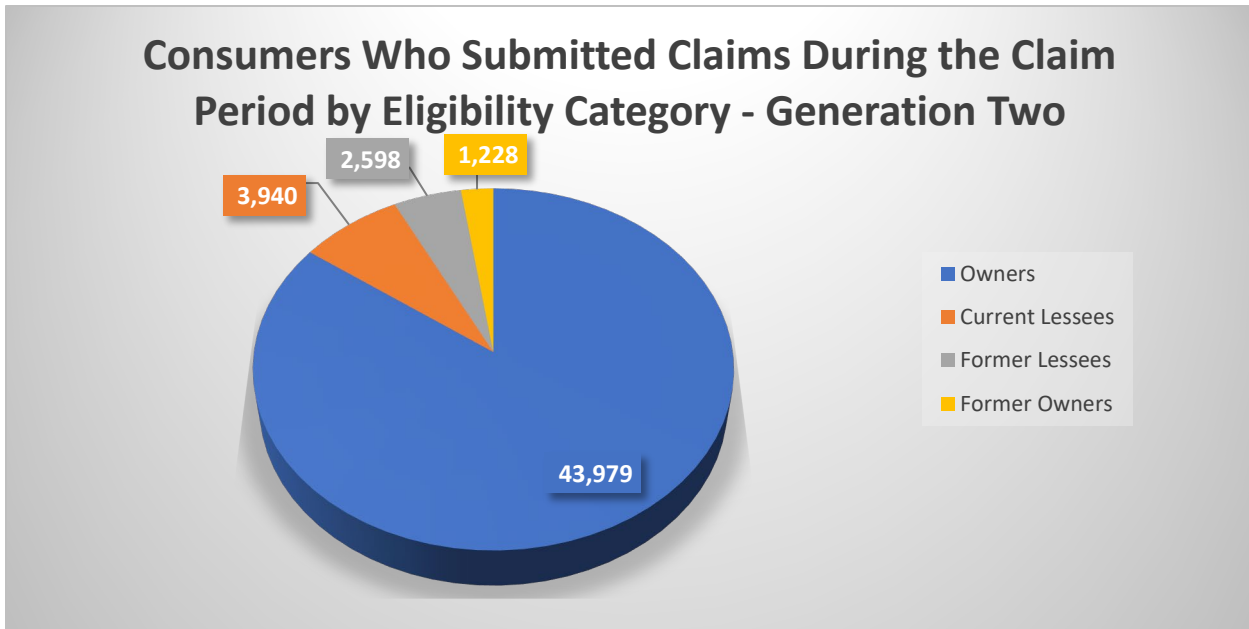
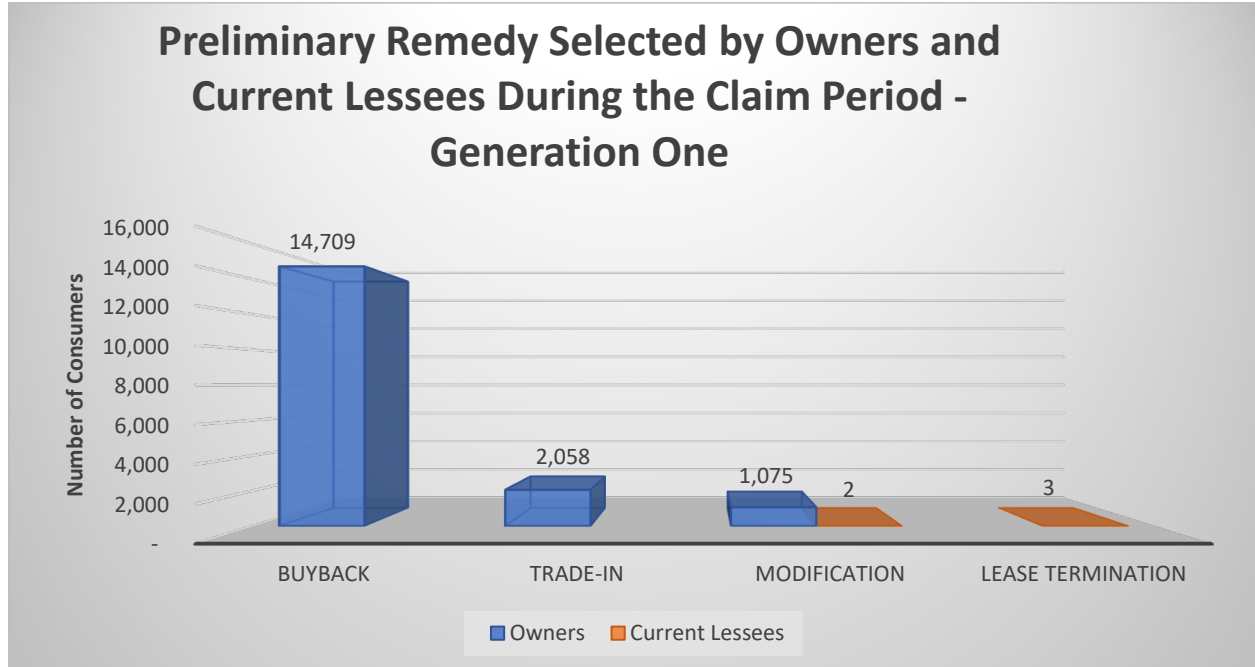


Chart 2-9 shows the preliminary remedy selections for Owners and Current Lessees of Generation One vehicles who had submitted claims through March 7, 2019.

Chart 2-9⁶



The only remedy available to consumers with Generation Two vehicles -- 42,796 Owners and 3,761 Current Lessees had submitted claims through March 7, 2019 -- is an ECR. A Repair Payment is the only remedy available for the 2,555 Former Lessees, as well as 1,215 Former Owners, and 181 consumers with totaled vehicles who had submitted claims associated with Generation Two vehicles. Additionally, there were 1,237 claims that were cancelled, usually as a result of the submission of duplicate claims or at the consumer's request, and 17 claims that ultimately were deemed not eligible.

Throughout the Claim Period, Volkswagen has 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

⁶ Chart 2-9 does not include remedy selections for 723 Former Owners, 67 Owners with totaled vehicles, or 10 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 426 claims that were cancelled, usually due to the submission of duplicate claims or at the consumer's request, as well as 4 claims that were deemed not eligible.

consumer. As of March 7, 2019, excluding the 40 claims that were pending a determination but for which the first ten-business-day review period had not yet elapsed, Volkswagen had been required to make 108,121 first ten-business-day review period determinations. The company timely rendered 107,553 decisions for an overall first ten-business-day review period compliance rate of 99.5%. During this quarter, Volkswagen was required to make 2,596 first ten-business-day review period decisions and timely did so in 2,591 instances for a reporting period-specific first ten-business-day review period compliance rate of 99.8%. As of March 7, 2019, there were no overdue claims pending in the first ten-business-day review period.

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.

Chart 2-10

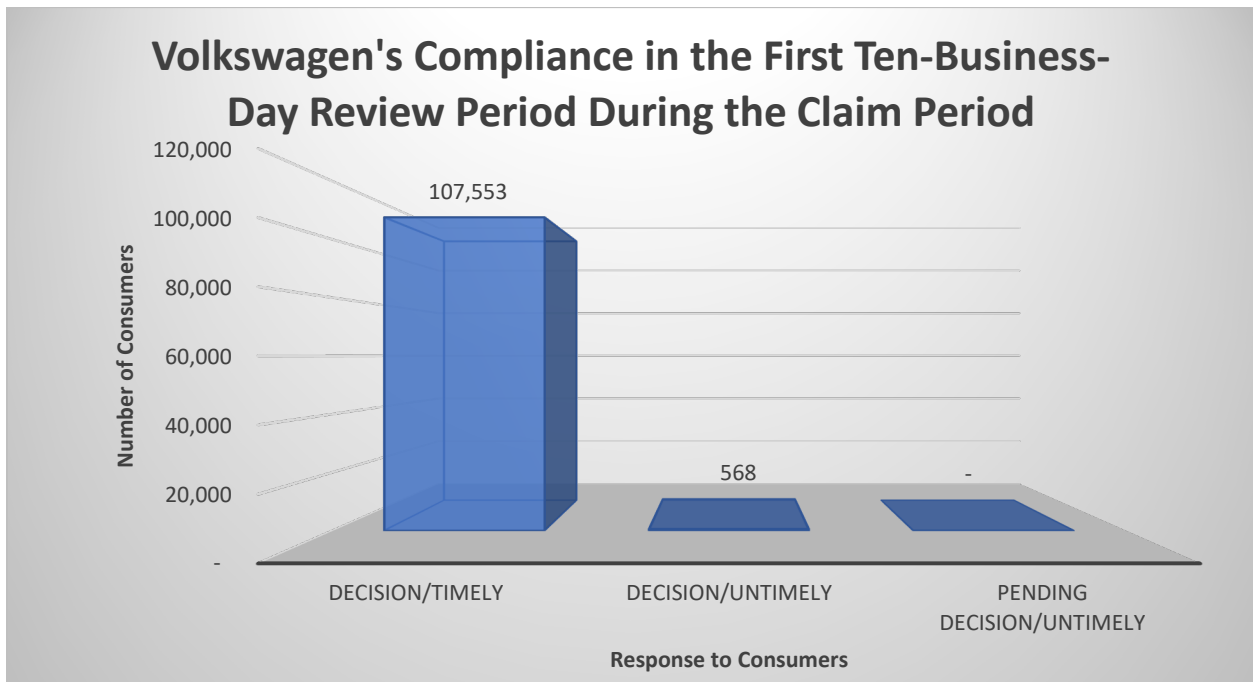


Chart 2-11⁷

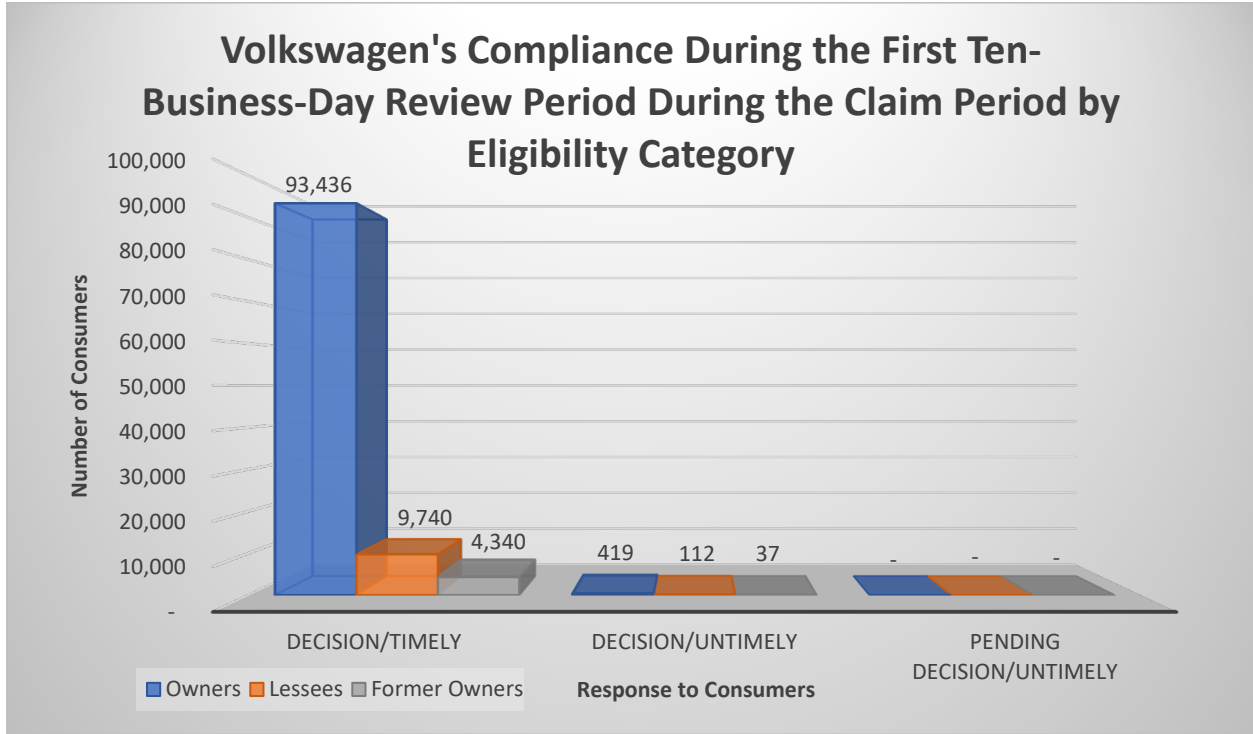
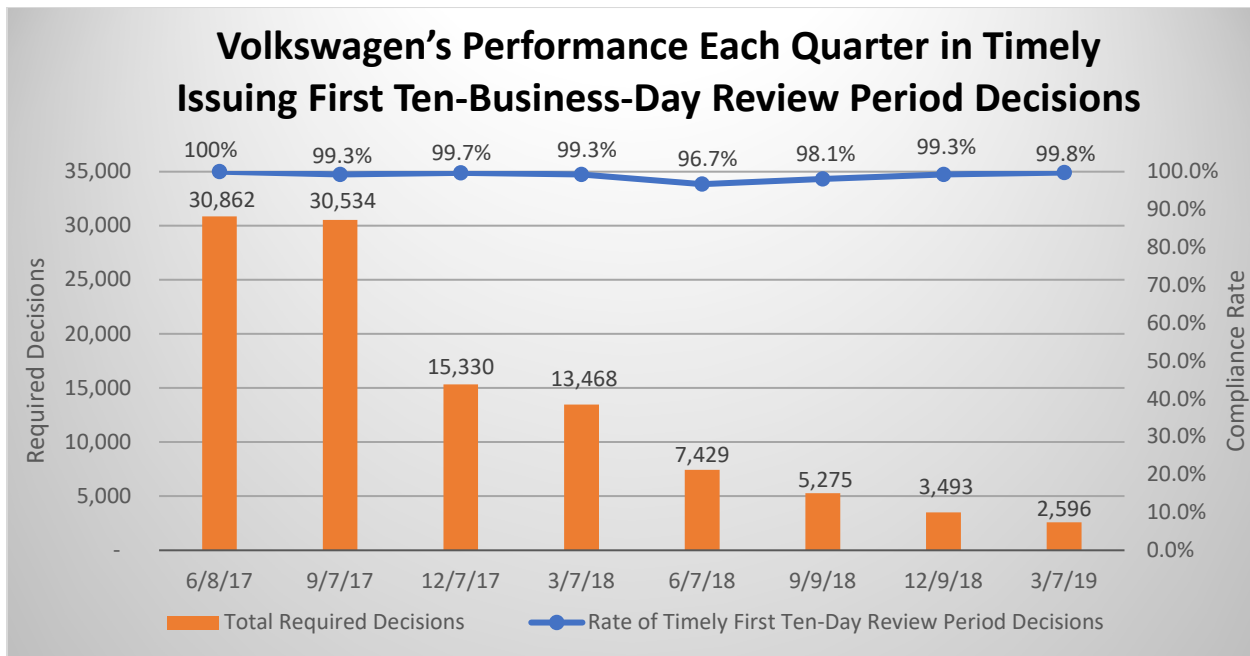


Chart 2-12 shows Volkswagen's performance in timely issuing first ten-business-day review period decisions across all quarters of the Claim Period, including during this quarter.

⁷ The thirty-seven claims not reflected in Chart 2-11 were all claims that were timely deemed not eligible.

Chart 2-12⁸



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.⁹ As of March 7, 2019, there were no active claims submitted by any of these consumer types pending review by Volkswagen.¹⁰ Further discussion of non-standard claims is set forth in Section III below.

⁸ The aggregated total of all claims in Chart 2-12 is 866 decisions (0.8%) greater than the aggregated total of 108,121 required decisions through March 7, 2019. 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 2-12 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.

⁹ The first two categories of claims have been excluded from the timeliness analysis because the consumers do not meet the Class Member definition. While Volkswagen has used the claims process to identify and engage with these consumers, they would not receive any funds out of the Funding Pool.

¹⁰ 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.

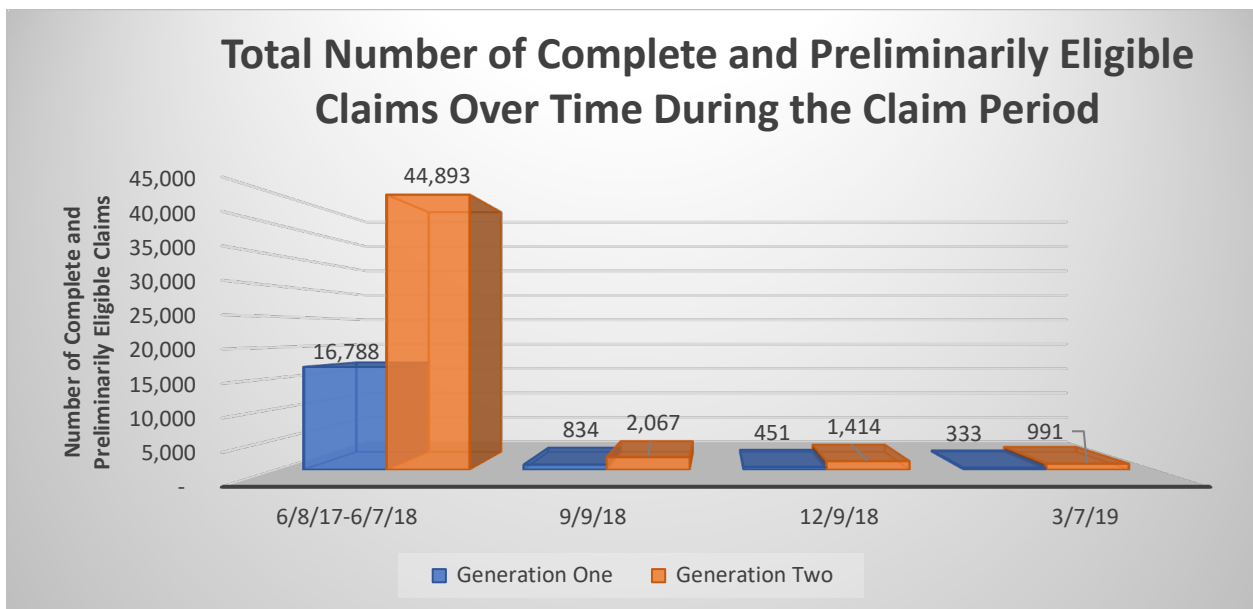
C. Preliminary Eligibility Determinations and Deficiencies

Through March 7, 2019, a total of 67,771 claims had been determined by Volkswagen to be complete and preliminarily eligible, including 1,324 unique claims during this quarter.

Across these claims, 18,406 claims related to Generation One vehicles (16,959 individuals and 1,447 businesses) and 49,365 claims related to Generation Two vehicles (45,089 individuals and 4,276 businesses).

Chart 2-13 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.

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 March 7, 2019.¹¹

¹¹ The one claim not accounted for in Chart 2-14 and eight claims not accounted for in Chart 2-15 were ultimately deemed not eligible.

Chart 2-14

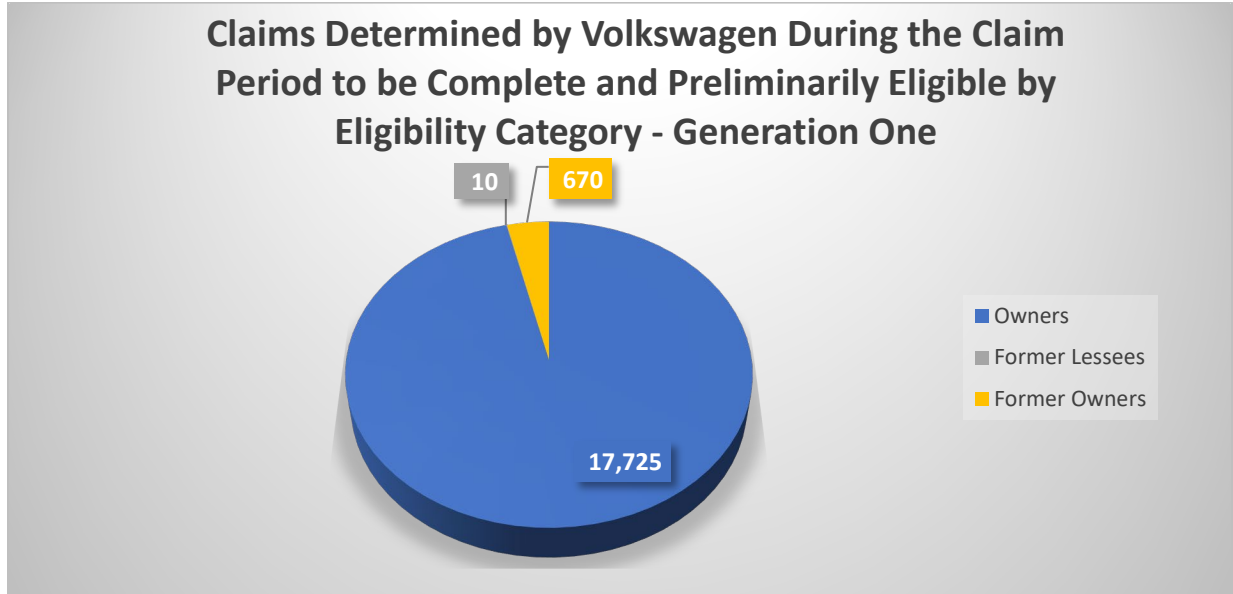
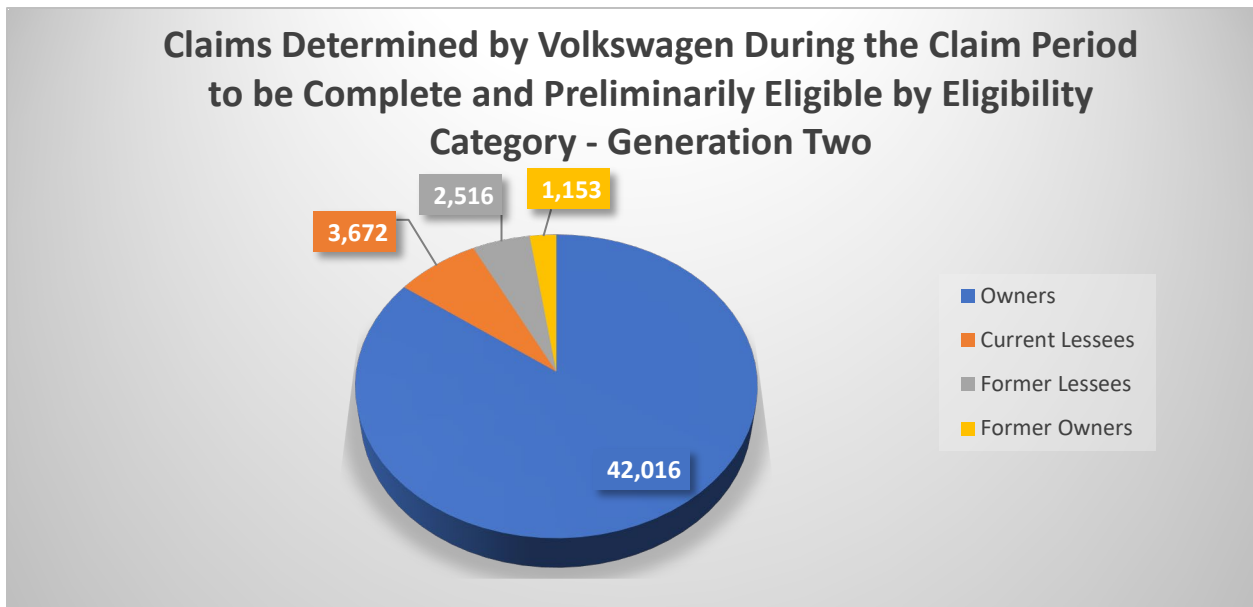


Chart 2-15



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

Chart 2-16

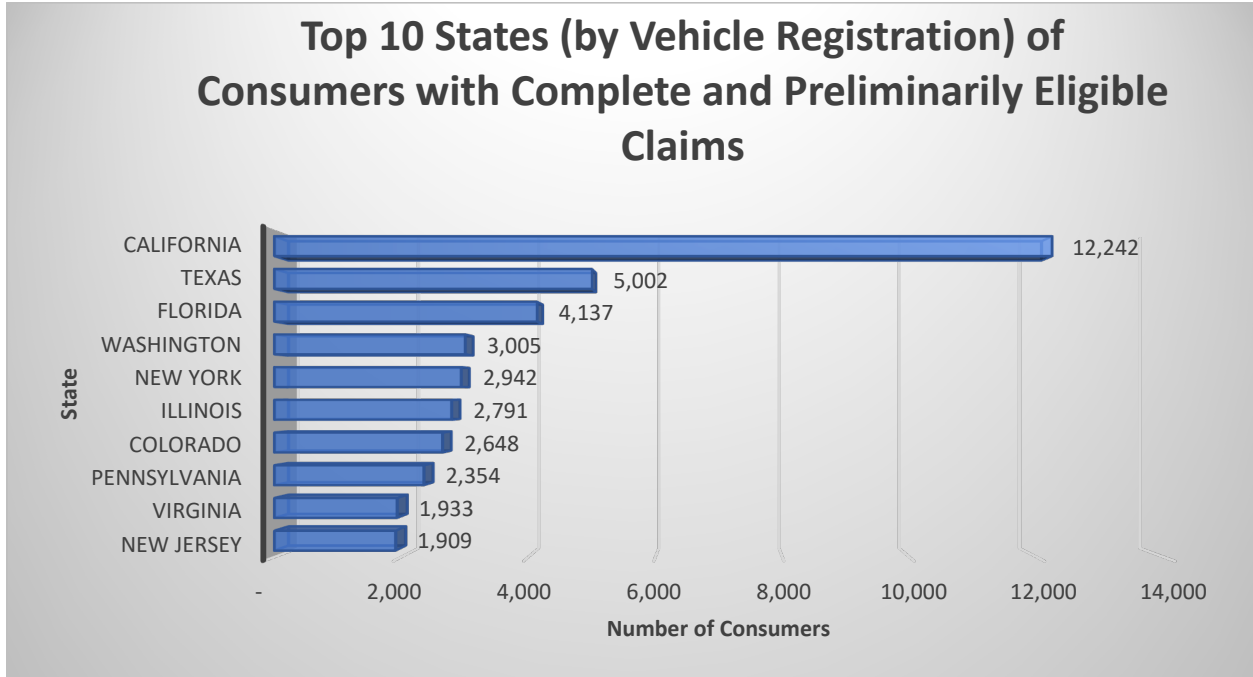
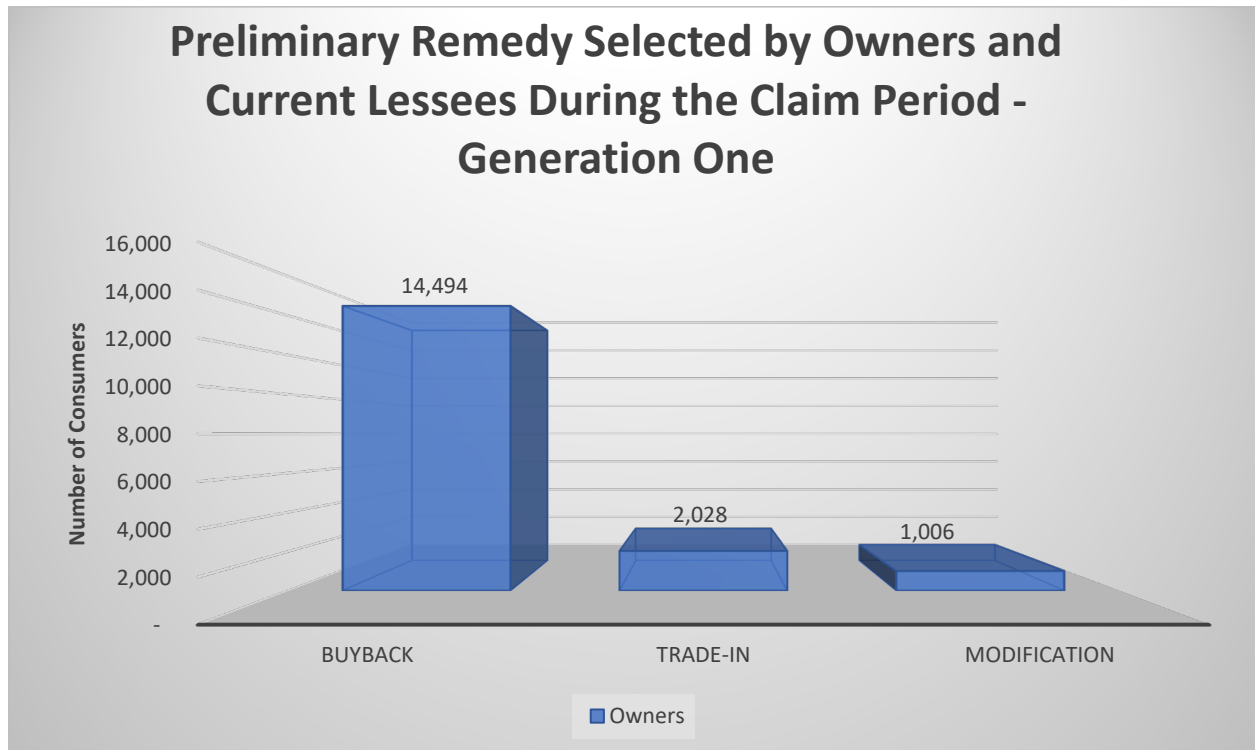


Chart 2-17 shows, as of March 7, 2019, the remedy selected by Owners and Current Lessees of Generation One vehicles whose claims Volkswagen had deemed complete and preliminarily eligible.

Chart 2-17¹²



For Generation Two vehicles, there is only one remedy option available to consumers. As a result, all claims of the 41,522 Owners and 3,593 Current Lessees of Generation Two vehicles that had been deemed complete and preliminarily eligible by Volkswagen through March 7, 2019 were for the ECR remedy. A Repair Payment is the only remedy available for 2,501 Former Lessees, as well as for 1,150 Former Owners, and 170 Owners with totaled vehicles who had submitted claims associated with Generation Two vehicles that, through March 7, 2019, had been deemed complete and preliminarily eligible by Volkswagen. There were an additional 421 cancelled claims and 8 claims that ultimately had been deemed not eligible.

¹² Chart 2-17 excludes 667 Former Owners, 63 Owners with totaled vehicles, and 10 Former Lessees because Restitution is the only remedy available to those consumers. It also excludes 137 cancelled claims and 1 claim that was deemed ineligible.

Through March 7, 2019, there were 34,182 instances where Volkswagen had deemed a claim deficient during its first ten-business-day review period. More than 57,000 individual deficiency codes had been applied by Volkswagen as of that date, as multiple deficiencies may be associated with a single claim submission. The most common deficiency codes have been: (i) an incorrect document was uploaded (15,045 claims); (ii) a document was illegible (10,232 claims); (iii) a document was incomplete or the document image was cut off (7,626 claims); and (iv) a document was missing pages (4,794 claims).

As the same claim may be resubmitted to Volkswagen after initially being deemed deficient, the 34,182 instances of deficiency determinations were associated with 22,630 unique claims. Of those 22,630 unique claims, consumers had made at least one attempt to cure in connection with 21,595 claims (95.4%), while no attempt to cure had been made with respect to the remaining 1,035 claims (4.6%). Across the 21,595 claims where consumers had attempted to cure: (i) for 20,383 claims (94.4%), consumers successfully cured the deficiency; (ii) for 1,195 claims (5.5%), consumers had not subsequently resubmitted claims after their initial attempt to cure the deficiency was unsuccessful; and (iii) for 17 claims (0.1%), consumers had resubmitted claims that were pending a completeness determination by Volkswagen as of March 7, 2019.

Through March 7, 2019, there were 1,001 consumer claims with active deficiencies. The most common deficiency codes among active deficient claims were: (i) an incorrect document was uploaded (384 claims); (ii) a document was illegible (216 claims); (iii) a name on a document did not match the name in the Claims Portal (198 claims); and (iv) a document was incomplete or the document image was cut off (91 claims).

During this quarterly reporting period, 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 the codes were properly applied. The Claims Supervisor validated Volkswagen's deficiency determinations in 568 instances (94.7%). This concurrence rate is relatively consistent with that of previous quarters. Trend analyses showed that instances of disagreements involving complex documents decreased slightly as compared to the previous quarter,¹³ as did disagreements involving financial consent forms and identification documents. Disagreements regarding proof of ownership forms marginally increased.¹⁴

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 for the consumer.

As of March 7, 2019, there had been 787 instances in which a claim had been "paused" pending receipt of loan payoff information from a lender. On average, the "pause" period has lasted less than two business days per claim. As of March 7, 2019, there were no actively paused claims pending receipt of loan payoff information from a lender.

E. The Second Ten-Business-Day Review Period

Subject to the "pause" period discussed above, Volkswagen generally has ten business days from the date it concludes that a consumer's claim is complete and preliminarily eligible to

¹³ "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.

¹⁴ Where the Claims Supervisor disagrees with a deficiency code determination and that deficiency determination is the sole reason the claim has been deemed deficient, the Claims Supervisor will raise the claim with Volkswagen for additional review.

issue an offer letter.¹⁵

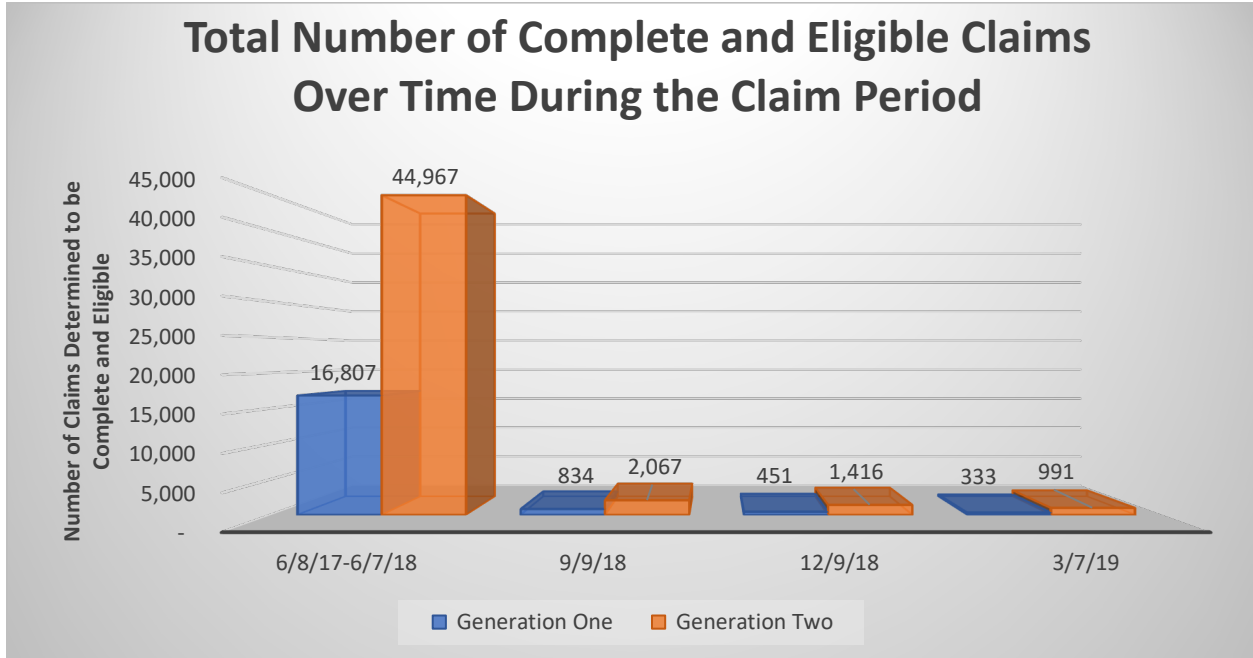
As of March 7, 2019, a total of 67,866 consumers had reached the second ten-business-day review period after having been deemed preliminarily eligible by Volkswagen, including 1,324 such consumers during this quarter.¹⁶ Of these, 18,425 claims related to Generation One vehicles (16,977 individuals and 1,448 businesses) and 49,441 claims related to Generation Two vehicles (45,162 individuals and 4,279 businesses). Across this population, 66,959 consumers (98.7%) had been issued offer letters, including 1,350 offer letters issued during this quarter.

Chart 2-18 shows, for Generation One and Generation Two vehicles, the total number of claims reaching the second ten-business-day review period over time during the Claim Period, including during this quarter.

¹⁵ 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 in the Claims Portal. Through March 7, 2019, there had been 1,267 instances in which claims had been deemed ineligible upon review by Volkswagen. For 1,050 of these claims, 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 were instances where claims were deemed deficient instead of ineligible, offering the consumer a chance to cure.

¹⁶ As described above, there were 67,771 consumers whose claims were deemed complete and preliminarily eligible by Volkswagen, but 67,866 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.

Chart 2-18



Throughout the Claim Period, Volkswagen has continued to substantially satisfy the requirement that it timely issue second ten-business-day review period decisions. As of March 7, 2019, excluding the 17 claims that had reached the second ten-business-day review period but for which the review period had not yet elapsed, the company had been required to make 74,043 second ten-business-day review period decisions. The company timely rendered determinations in 72,292 instances, for a second ten-business-day review period compliance rate of 97.6%. During this quarter, Volkswagen was required to make 1,650 second ten-business-day review period decisions, and timely did so in 1,603 instances for a reporting period-specific compliance rate of 97.2%. As of March 7, 2019, there were no overdue claims pending in the second ten-business-day review period.

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.

Chart 2-19

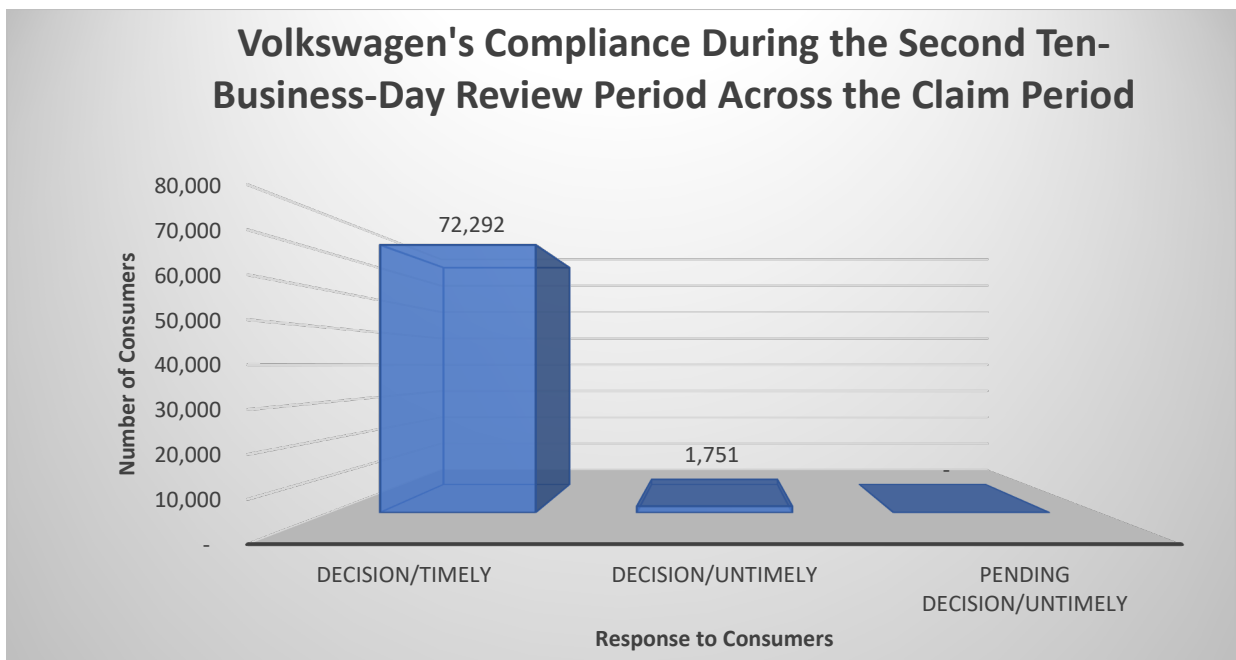
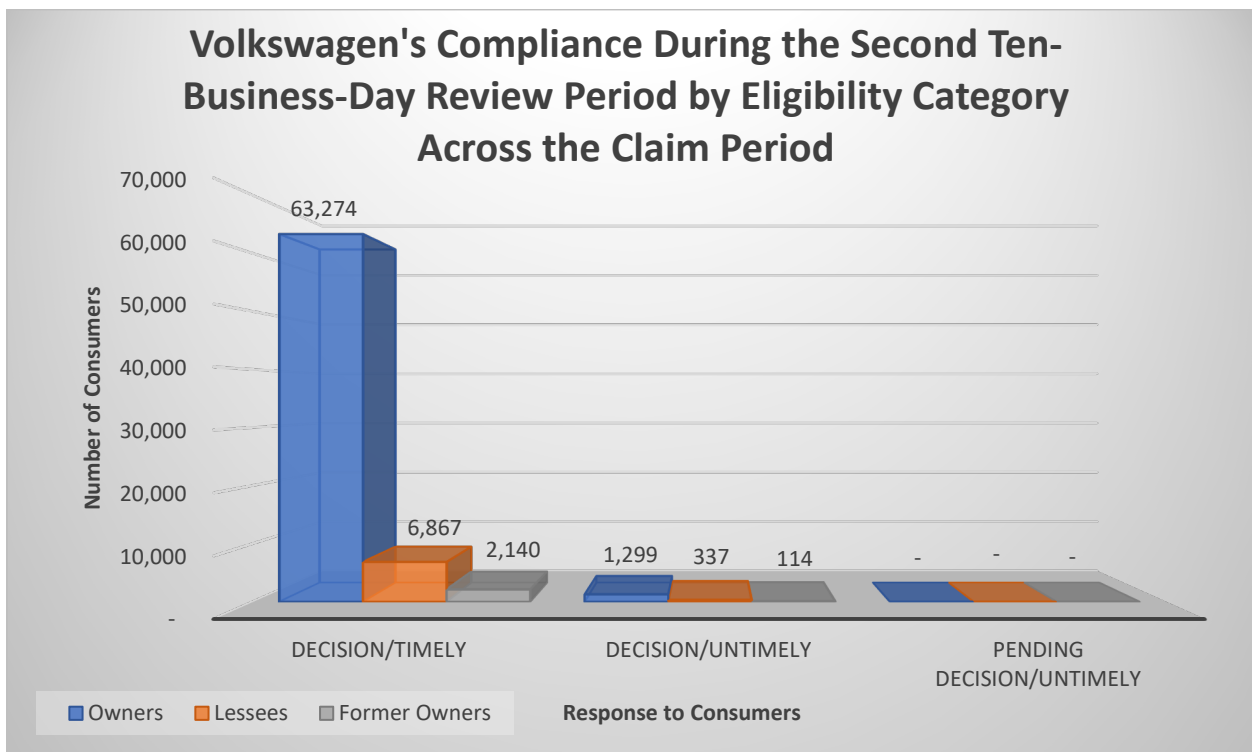


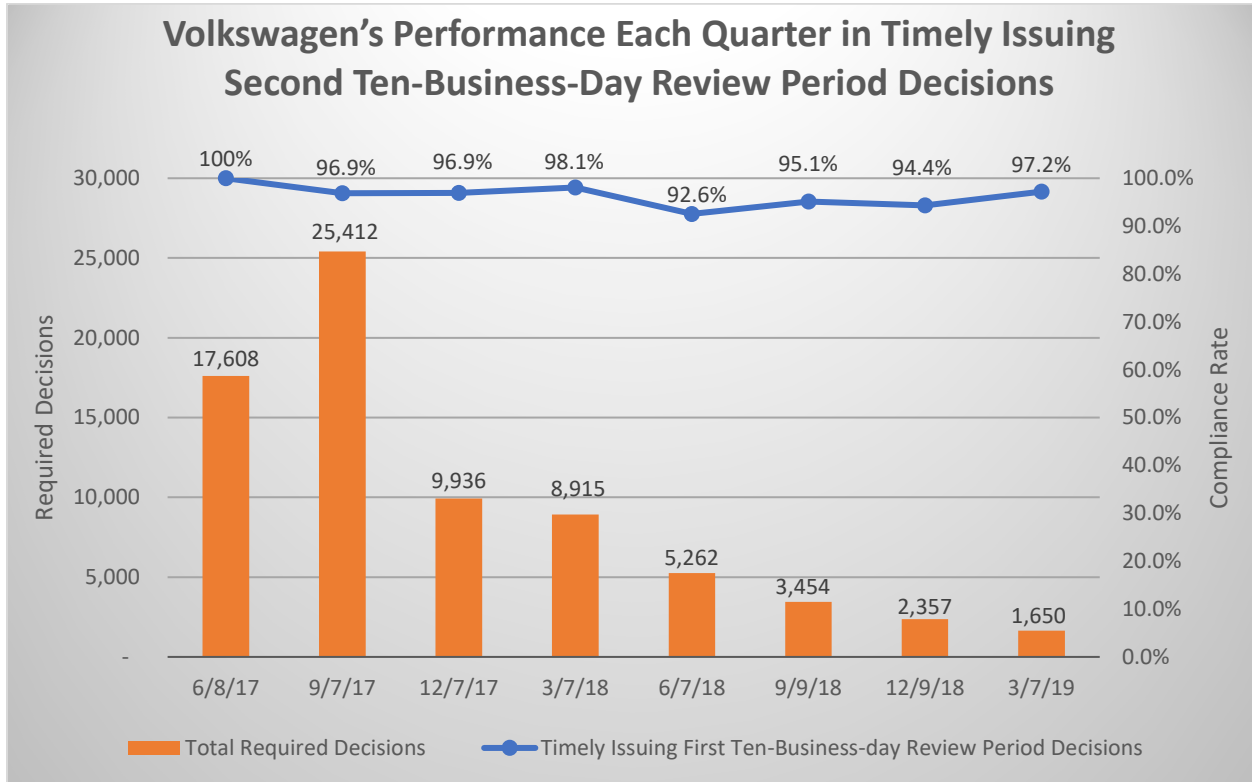
Chart 2-20¹⁷



¹⁷ The twelve claims not accounted for in Chart 2-20 were deemed not eligible, eleven of which were timely decisions and one of which was untimely.

Chart 2-21 reflects Volkswagen’s performance in timely issuing second ten-business-day review period decisions across each quarter of the Claim Period.

Chart 2-21¹⁸



F. Offer Letters

Through March 7, 2019, Volkswagen had issued 66,959 offer letters, the aggregate value of which totaled \$1,047,195,478.84, including 1,350 offer letters issued during this quarter aggregately valued at \$17,857,856.30.¹⁹ Of these, 18,246 offer letters with an aggregate value of

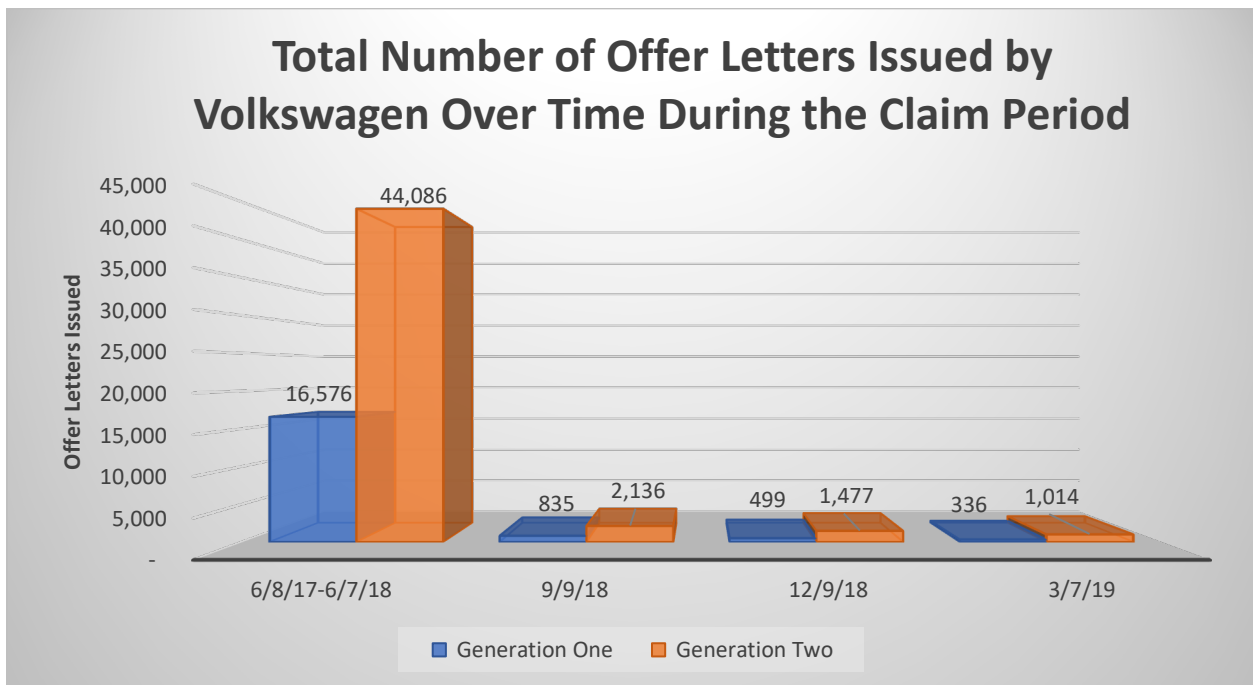
¹⁸ For the same reasons described in footnote 8, the aggregated total of required decisions reflected in Chart 2-21 is 551 decisions (0.7%) greater than the 74,043 required second ten-business-day review period decisions set forth above.

¹⁹ The Claims Supervisor identified 989 claims -- 29 claims related to Generation One vehicles and 960 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 being valued using the Lessee valuation formulas for Generation One and Generation Two

\$685,771,147.46 related to Generation One vehicles (16,829 offers to individuals with an aggregate value of \$632,624,580.25, and 1,417 offers to businesses with an aggregate value of \$53,146,567.21). The remaining 48,713 offer letters with an aggregate value of \$361,424,331.38 related to Generation Two vehicles (44,575 offers to individuals with an aggregate value of \$331,080,384.54, and 4,138 offers to businesses with an aggregate value of \$30,343,946.84).

Chart 2-22 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 2-22



Charts 2-23 and 2-24 show, across Generation One and Generation Two vehicles, the total number of offer letters issued by Volkswagen by eligibility category.

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.

Chart 2-23²⁰

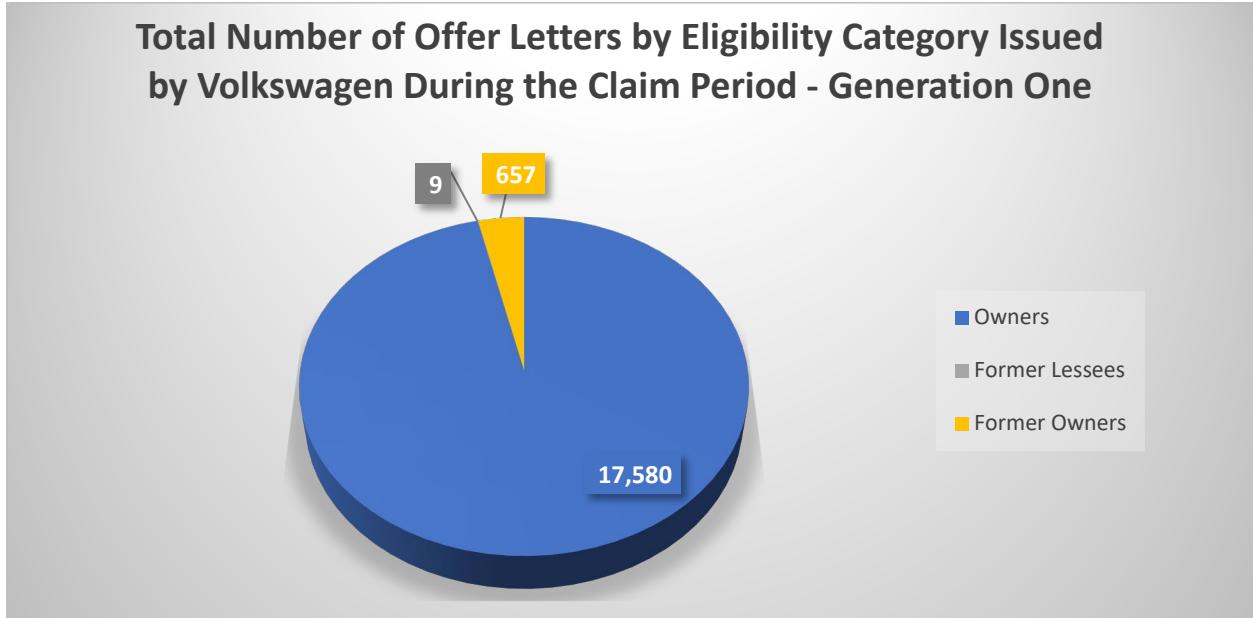
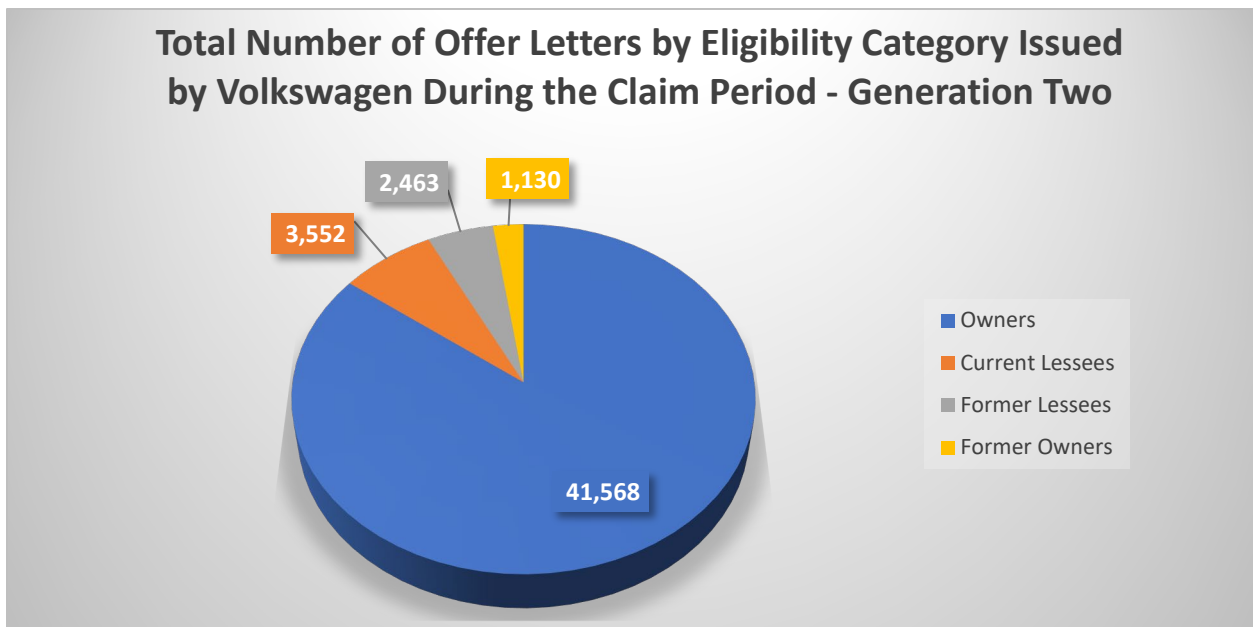


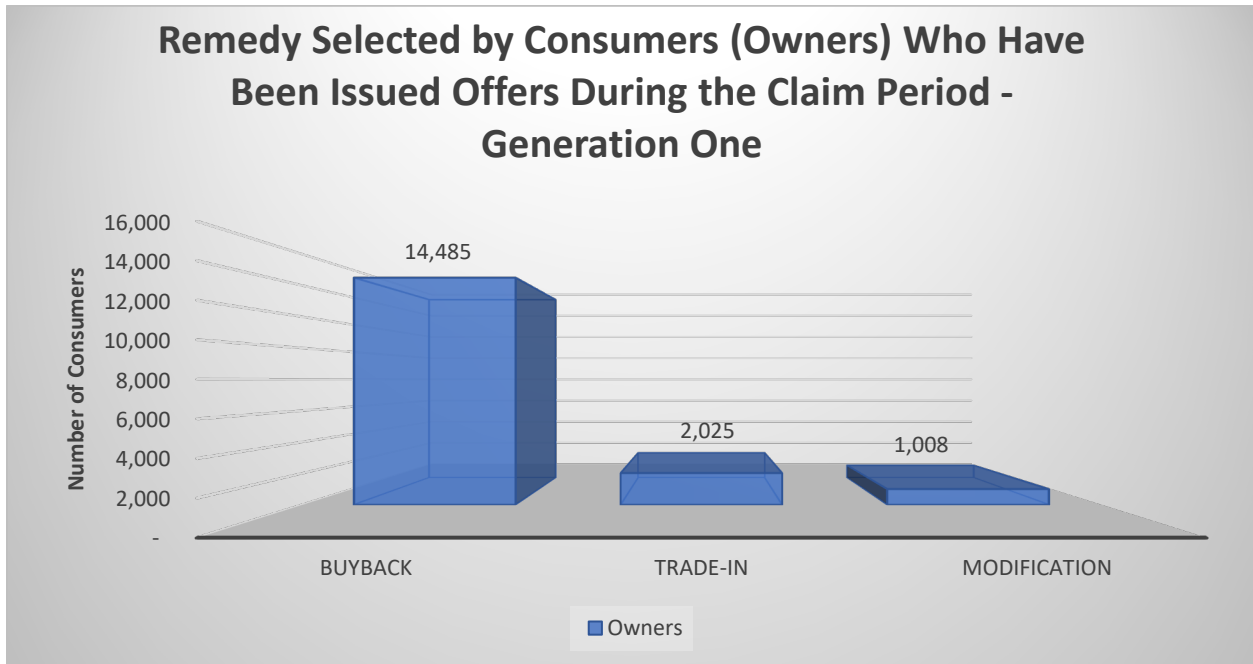
Chart 2-24



²⁰ Through March 7, 2019, no offers had yet been extended to Generation One Current Lessees. Only five such claims had been submitted as of that date for Volkswagen to review, and none had reached the second ten-business-day review period. The small number of these submitted claims and processing outcomes likely are a function of the earlier model years of Generation One vehicles.

Chart 2-25 shows offer letters related to Generation One vehicles issued to Owners by remedy selections.

Chart 2-25²¹

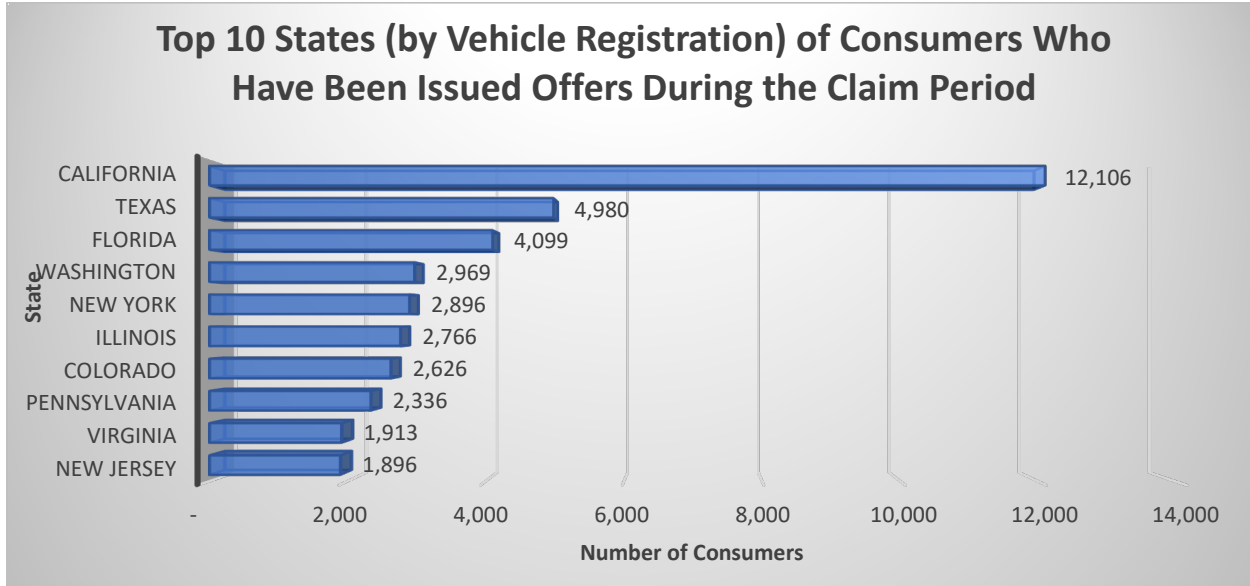


As to Generation Two vehicles, a total of 41,398 Owners and 3,552 Current Lessees had received offer letters for an ECR, while 2,463 Former Lessees, 1,130 Former Owners, and 170 Owners with totaled vehicles had received offer letters associated with Repair Payments.

Chart 2-26 shows the top ten states by vehicle registration of consumers who had received offer letters through March 7, 2019.

²¹ Chart 2-25 excludes 657 Former Owners, 62 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



Through March 7, 2019, of the approximately \$685.77 million corresponding to the offer letters issued by Volkswagen relating to Generation One vehicles, Owners account for about \$682.34 million. Across these consumers: about \$451.18 million related to Owners without loans; about \$230.53 million related to Owners with loans; \$615,780.74 related to sixty-two Owners with totaled vehicles; and \$11,291.75 related to two Owner claims where the consumer purchased the vehicle between September 18, 2015 and January 31, 2017, following the expiration of the lease.²² The remainder was split among Former Owners (657 offer letters valued in the aggregate at about \$3.38 million) and Former Lessees (9 offer letters valued in the aggregate at \$49,846.33).

Chart 2-27 shows the average, minimum, and maximum awards issued to consumers with Generation One vehicles by eligibility category and offer selection through March 7, 2019.

²² Through March 7, 2019, there had been one instance where a loan amount on a Generation One vehicle that was the subject of a Buyback or a Trade-In claim had exceeded 130% of the award amount. The difference between the loan value and 130% of the award value was approximately \$3,300.

Chart 2-27²³

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – Buyback	\$40,507.25	\$13,575.00 ²⁴	\$64,846.12
Owner – Trade In	\$41,859.04	\$18,055.75	\$62,984.50
Current Lessee – REM	\$10,140.91	\$3,990.00	\$13,472.48
Owner – Totaled Vehicle Restitution	\$9,931.95	\$4,808.48	\$12,516.20
Former Lessee Restitution	\$5,538.48	\$5,100.00	\$6,344.12
Former Owner Restitution	\$5,149.23	\$2,612.17	\$6,997.50

Through March 7, 2019, of the approximately \$361.42 million associated with offer letters to consumers with Generation Two vehicles, Owners accounted for about \$344.63 million. The remainder was split among: Current Lessees (3,552 offer letters valued in the aggregate at \$7.067 million); Former Lessees (2,463 offer letters valued in the aggregate at \$4.926 million); and Former Owners (1,130 offer letters valued in the aggregate at about \$4.81 million).

Chart 2-28 shows the average, minimum, and maximum awards issued to consumers with Generation Two vehicles based on eligibility category and offer selection through March 7, 2019.

²³ Chart 2-27 excludes the twenty-nine Generation One claims discussed in footnote 19 above that were categorized as Owner instead of Eligible Lessee claims.

²⁴ 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 was entitled only to receive Vehicle Value.

Chart 2-28²⁵

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – ECR	\$8,378.83	\$1,942.94 ²⁶	\$16,113.64
Owner – Totaled Vehicle Restitution	\$7,895.57	\$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	\$4,253.30	\$1,841.69	\$5,722.12

Finally, Chart 2-29 shows, through March 7, 2019, data related to two categories of non-standard claimants: (i) military personnel deployed overseas with their vehicles; and (ii) decedent estates.

Chart 2-29²⁷

	Military Overseas	Decedent Estates
Registrations	94	133
Submitted Claims	92	117
Deemed Complete and Eligible	92	112
Offer Letters Issued	92	111
Total Offer Amounts	\$1,823,915.69	\$2,179,274.17

²⁵ With respect to the figures for Owner-ECR claims, Chart 2-28 excludes the 960 Generation Two claims discussed in footnote 19 above that were categorized as Owner instead of Eligible Lessee claims.

²⁶ 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.

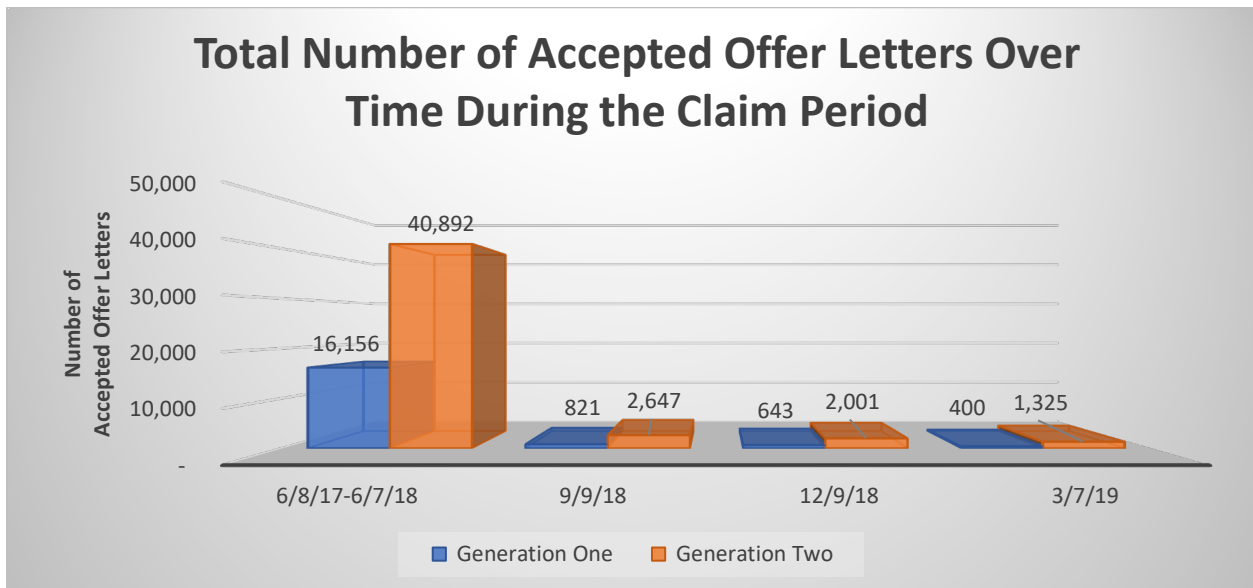
²⁷ Military overseas claims are categorized as non-standard claims because of the unique issues they present in terms of claims processing and closing logistics. While decedent estate claims present unique claims processing issues, closings generally follow the standard process, so information regarding these claims is included within the closing data in this Section along with other standard claims.

G. Appointments, Closings, and Repair Participation Payments

As of March 7, 2019, a total of 64,885 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$1,027,699,629.15.²⁸ This includes 18,020 accepted offer letters associated with Generation One vehicles valued in the aggregate at \$678,141,367.73, and 46,865 accepted offer letters associated with Generation Two vehicles valued in the aggregate at \$349,558,261.42. During this quarter, 1,725 offer letters were accepted by consumers with an aggregate value of \$23,643,170.54.

Chart 2-30 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 2-30

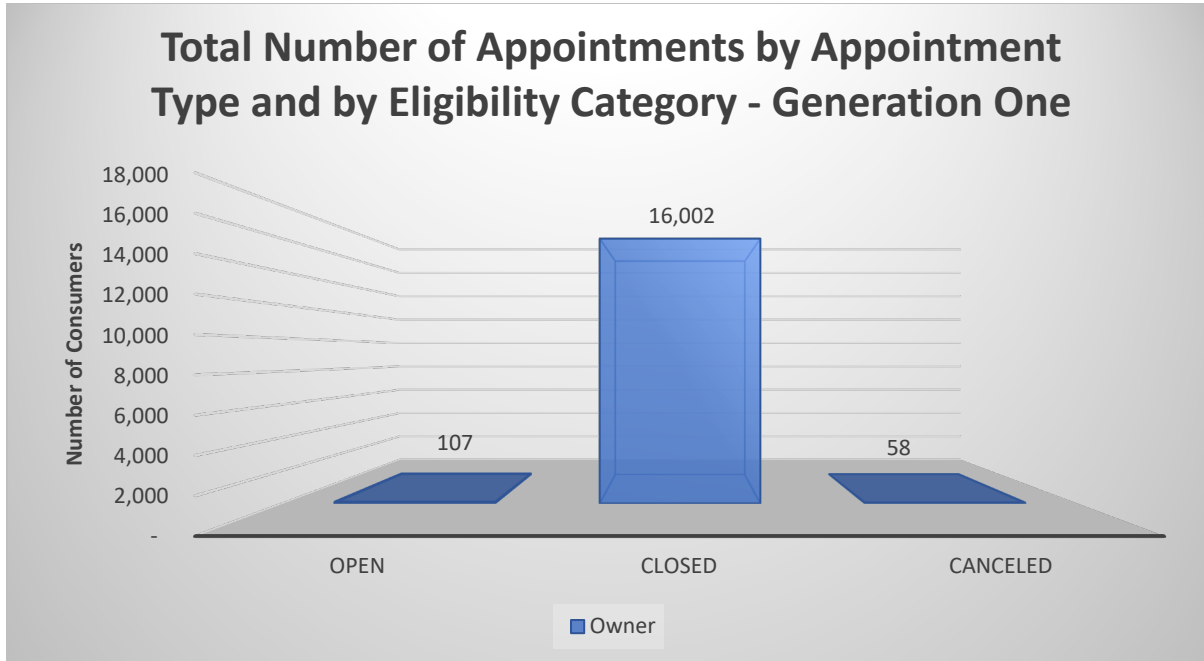


Of the 18,020 consumers with Generation One vehicles who had accepted offer letters as of March 7, 2019, 17,299 were Owners. Within that group of 17,299 consumers, 16,167

²⁸ 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.

consumers (93.5%) had scheduled Buyback or Trade-In closing appointments as of March 7, 2019.²⁹ 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 consumers with closed appointments.³⁰

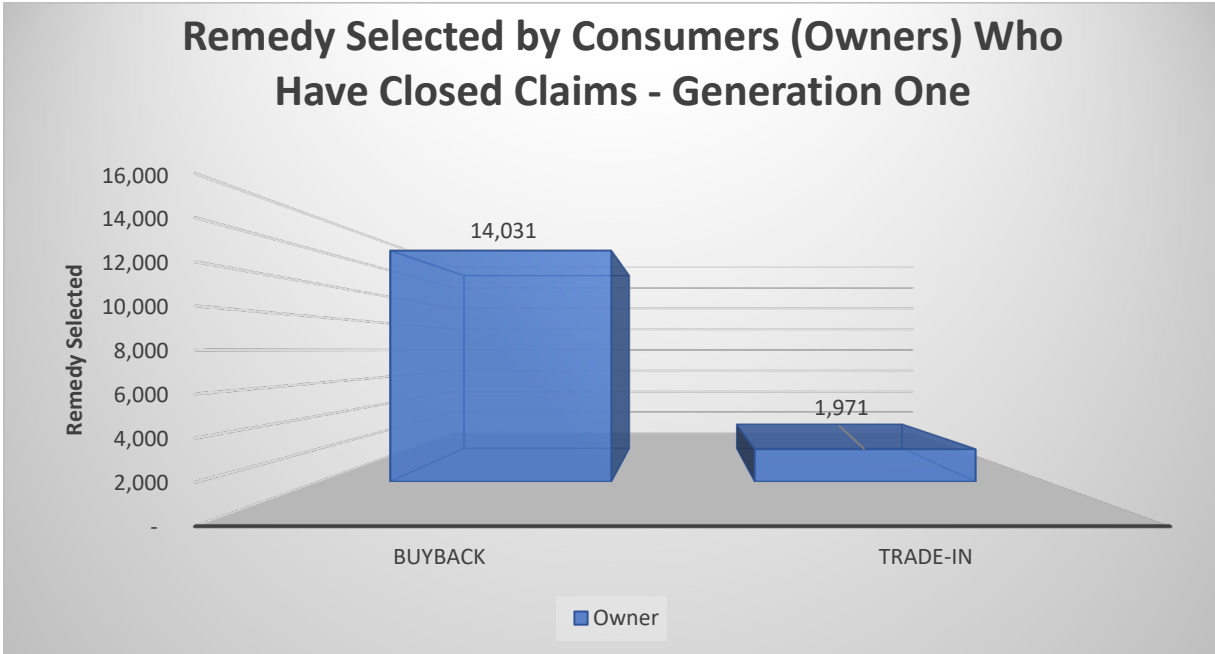
Chart 2-31



²⁹ Information regarding completed REMs on Generation One vehicles is set forth below.

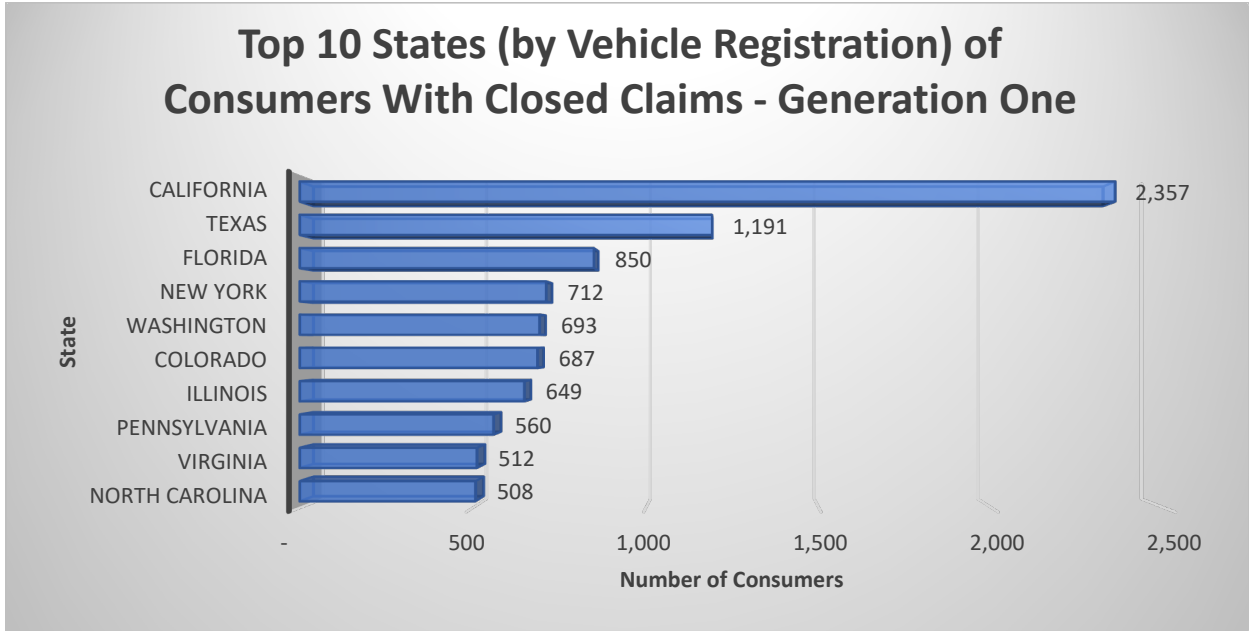
³⁰ As of March 7, 2019, there had been 5,598 instances where a scheduled Buyback or Trade-In appointment for a Generation One vehicle had resulted in cancellation. Of these, 5,322 appointments (95.1%) were cancelled at the consumer's request. Other common reasons for cancellations included: (i) the customer did not show up to the appointment (127 instances); (ii) the title holder was not present at the closing (24 instances); and (iii) the Owner or Current Lessee was not present at the closing and the consumer did not provide a valid power of attorney with his or her claim submission (18 instances).

Chart 2-32



As set forth in Chart 2-32, there had been 16,002 Buyback and Trade-In appointments associated with Generation One vehicles that had resulted in closing as of March 7, 2019, the aggregate value of the offer letters for which totaled \$649,788,485.29. This includes 352 closings during this quarter with offer letters aggregately valued at \$14,973,748.05. Chart 2-33 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 2-33



Through March 7, 2019, Volkswagen had issued payments totaling \$647,101,984.10 to, or on behalf of, Owners with Generation One vehicles who had closed Buyback or Trade-In claims.

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 8, 2019, Volkswagen had completed 1,121 REMs on Generation One vehicles and 45,045 ECRs on Generation Two vehicles. Chart 2-34 shows the status of these completed modifications relative to whether the consumer also had completed the claims process and received payment.

Chart 2-34

	Completed REM: Generation One Vehicles	Completed ECR: Generation Two Vehicles
Completed Claims Process	918	41,026
Pending Completion of the Claims Process ³¹	81	1,885
No Claim Registered or Claim Cancelled	122	2,134

As of March 8, 2019, Volkswagen had paid \$9,054,104.92 in connection with REMs on Generation One vehicles and \$328,076,579.72 in connection with ECRs on Generation Two vehicles. This includes \$853,487.48 and \$11,516,136.78 paid during the past ninety days in connection with Generation One vehicles and Generation Two vehicles, respectively.

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: \$3,362,777.41 across 652 Former Owners; \$565,678.72 across 57 Owners with totaled vehicles; and \$49,846.33 across 9 Former Lessees. For Generation Two vehicles, these figures were: \$4,563,000.00 across 2,282 Former Lessees; \$4,702,820.60 across 1,107 Former Owners; and \$1,260,833.89 across 159 Owners with totaled vehicles.

Finally, during this reporting period, the Claims Supervisor updated its analysis of all payments made by Volkswagen to consumers to confirm that no consumers had received payouts

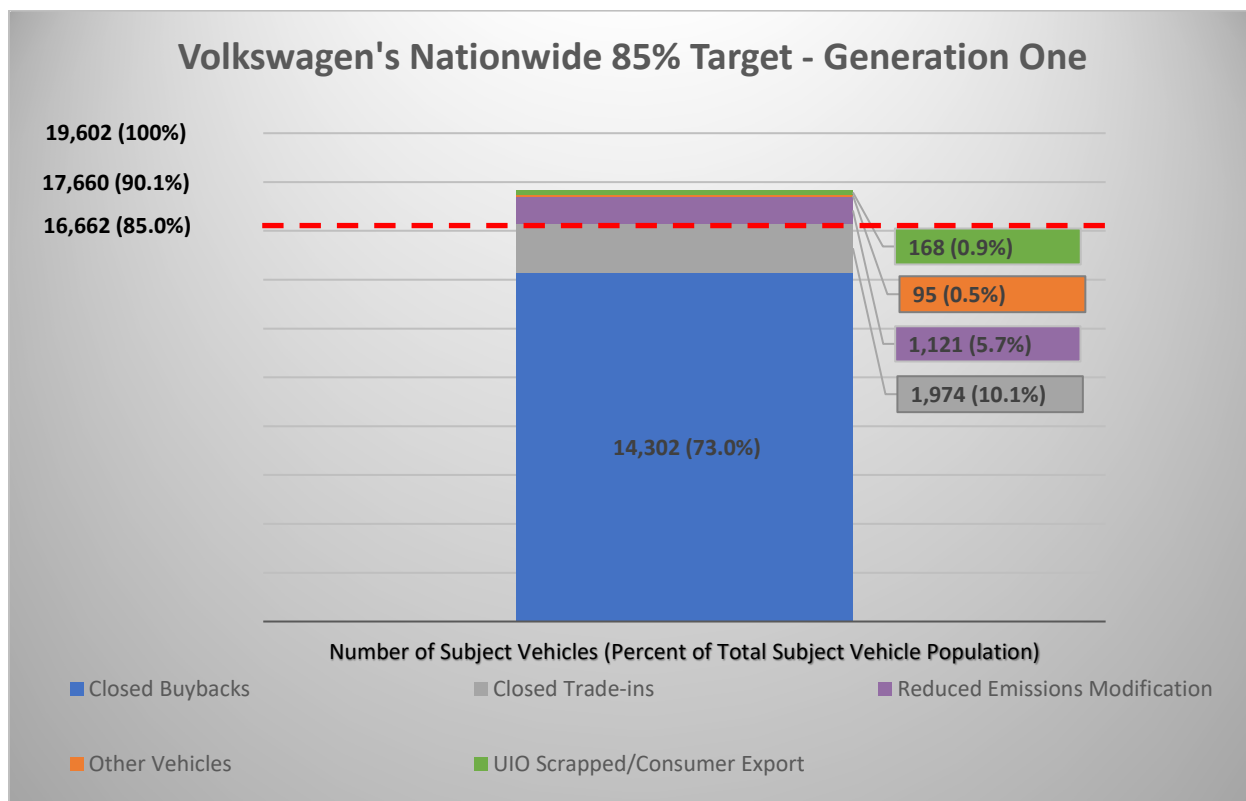
³¹ The overwhelming majority of these claims involve instances in which offers had been extended by Volkswagen to consumers but had not yet been accepted.

less than the amount to which they were entitled pursuant to the terms of the Resolution Agreements. Across the entire universe of payments issued to eligible consumers, the Claims Supervisor identified only one claim where a consumer appeared to have been underpaid as a result of an incorrect entry of the date that title of a totaled vehicle was transferred. The amount of the underpayment totaled \$20, and Volkswagen issued a top-off payment to the consumer.

H. Progress Toward the 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 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 2-35 reflects data on the number of Generation One Subject Vehicles that Volkswagen had removed from commerce or modified.

Chart 2-35³²

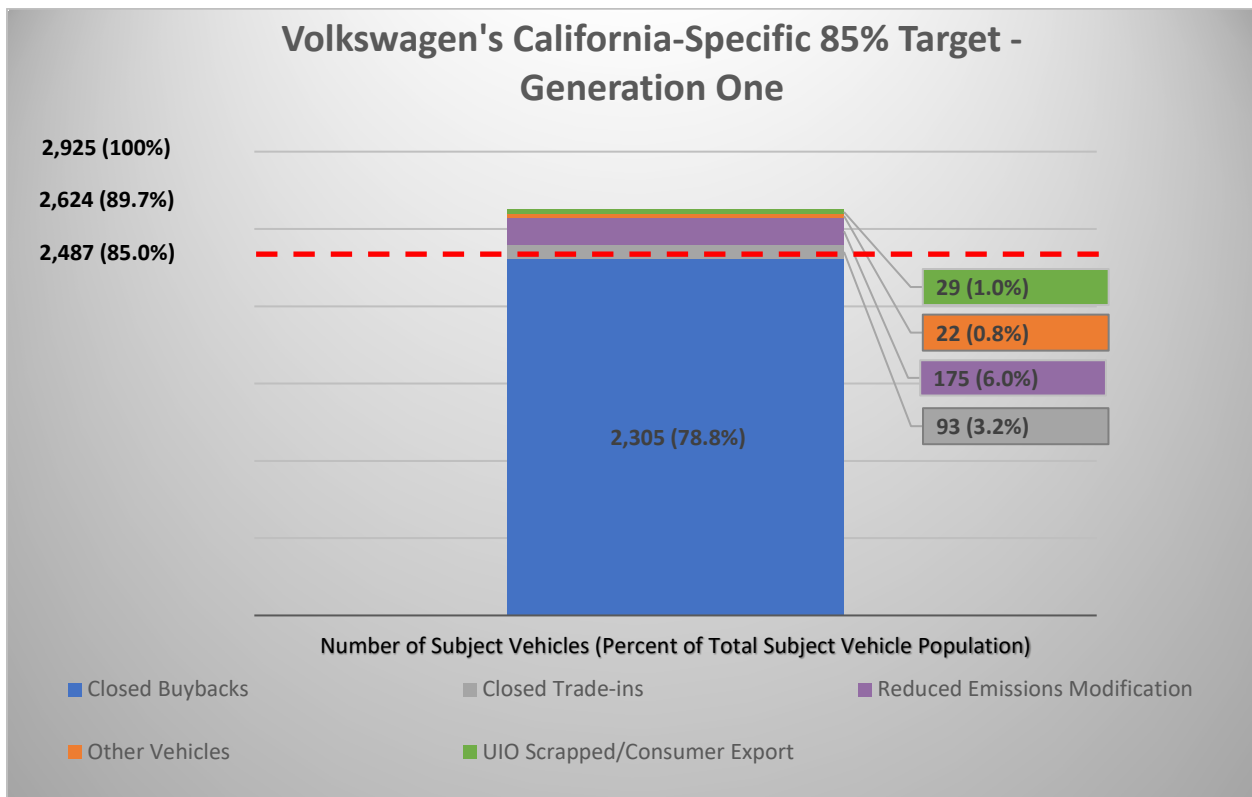


The “Other Vehicles” category depicted in Chart 2-35 (and Charts 2-36, 2-37, and 2-38 below) represents vehicles Volkswagen has removed from commerce outside of the Claims Program. This includes, among others, used vehicles that Volkswagen acquired from dealerships and company cars previously utilized by Volkswagen employees that have since been retired.

³² Figures in Charts 2-35 through 2-38 relating to Polk Units in Operation (“UIO”) Scrapped and Other Vehicles are based on Volkswagen data as of December 31, 2018. The population of Other Vehicles includes certain vehicles associated with completed Buyback, Trade-In, or ECR appointments. To avoid double-counting, these vehicles are excluded from the Buyback, Trade-In, and ECR figures reflected in Charts 2-35 through 2-38 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 7, 2019. Data on Canadian-registered Generation Two vehicles that have received an ECR are likewise subsumed within the REM and ECR figures shown by vehicle generation. Finally, the REM and ECR figures in Charts 2-35 through 2-38 are based on data provided by Volkswagen as of March 8, 2019.

As of the November 2018 reporting period, Volkswagen had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that the company 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 2-36 reflects data on the number of Generation One Subject Vehicles registered in California that had been modified or removed from commerce.

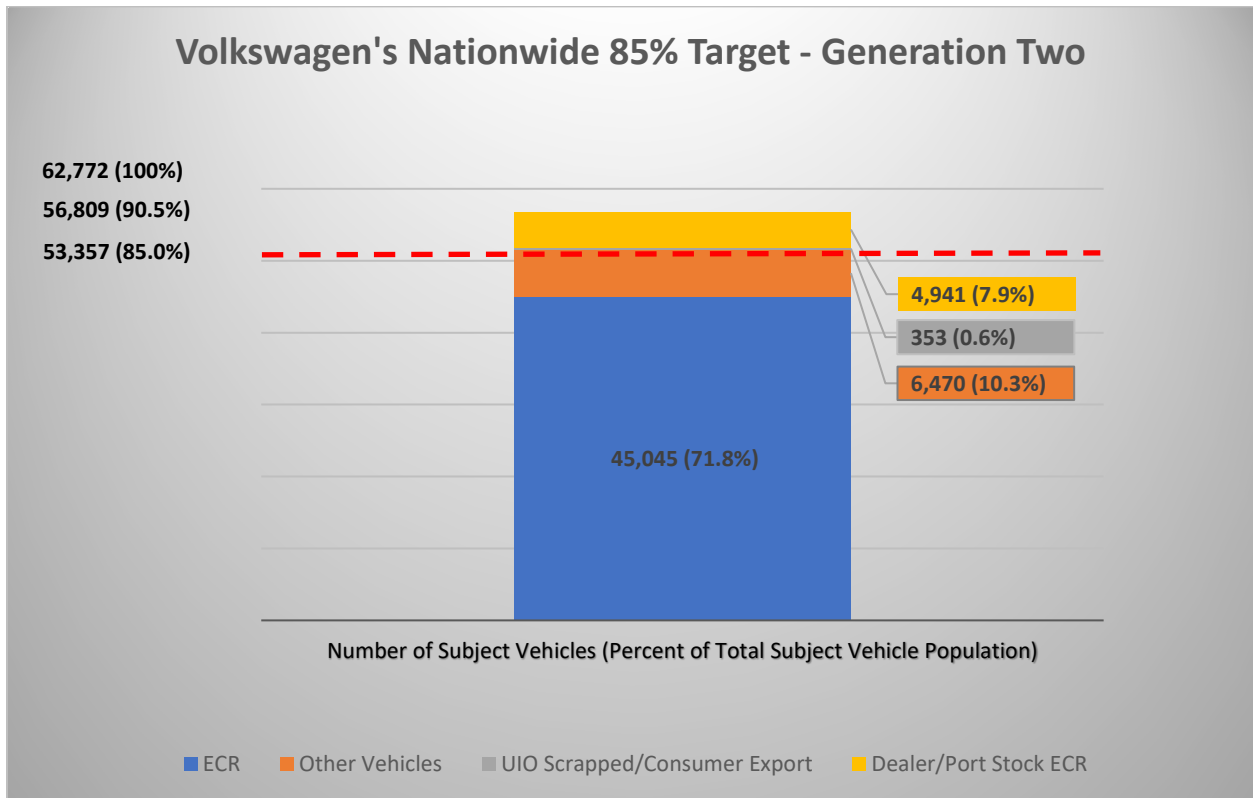
Chart 2-36



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 2-37 generally reflects data on the number of Generation Two Subject Vehicles that had been modified or removed from commerce.

Chart 2-37³³

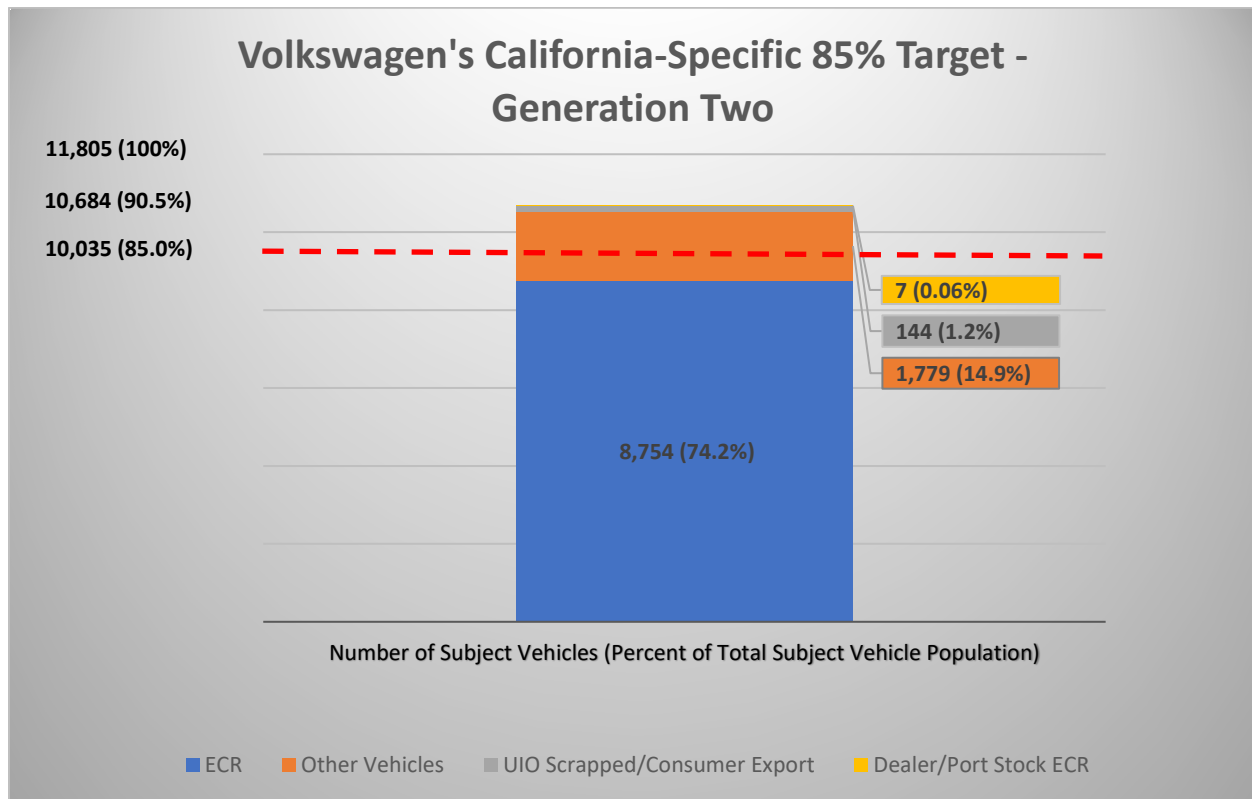


As of the October 2018 reporting period, Volkswagen also had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that, by May 31, 2020, the company permanently remove from commerce or perform an ECR on at least 85% of Generation Two 3.0 Liter Subject Vehicles that were registered in California 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

³³ The 85% analysis only accounts for Subject Vehicles that were part of Volkswagen dealers’ or port stock at the time Volkswagen issued the stop-sale order that have been shown to have completed the ECR.

California is 11,805.” Chart 2-38 generally reflects data on the number of Generation Two Subject Vehicles registered in California that had been modified or removed from commerce.

Chart 2-38



III. Consumer Experience

A. Claims Program Updates

1. Non-Standard Claims

a) Canadian Claims

Over the course of the quarterly reporting period, Volkswagen continued to complete claims submitted by consumers who had purchased vehicles in the United States but registered them in Canada.³⁴ As of March 4, 2019, the company reported that it had received a total of 400

³⁴ As has been 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.

such claims (22 more than the prior quarter) and completed 276, including 86 during the quarter.³⁵ Chart 3-1 reflects the number of completed claims, as well as the claims remaining to be processed by remedy selection.

Chart 3-1³⁶

Canadian Claims by Remedy Selection	Total Eligible/Completed Claims	Eligible/Completed Claims During the Quarterly Reporting Period	Claims Remaining to Be Completed
Buyback/Trade-In	208	68	54
AEM	64	18	39
Seller Restitution	2	0	0
Owner Restitution	2	0	2

b) Military Overseas Claims

Volkswagen continued to process claims submitted by military personnel stationed overseas with their vehicles. As of March 4, 2019, the company reported that it had received a total of eighty-six such claims (four more than the prior quarter) comprised of thirty-three Buyback claims and fifty-three AEM claims.³⁷ The company also reported that it had completed a total of thirty Buyback claims, including two during the quarter.

Chart 3-2 lists the fifty-three AEM claims by the country in which the consumer who submitted the claim was stationed with his or her vehicle as of March 4, 2019.

³⁵ At the conclusion of the quarterly reporting period, Volkswagen had identified ninety-five pending claims submitted by consumers who initially purchased vehicles in the United States but registered them in Canada. This figure does not include any active claims (as defined in footnote 10), but only those that are considered not active (e.g., claims that have been registered but for which documents have not yet been submitted, and claims for which offers have been extended but a remedy has not yet been completed).

³⁶ Chart 3-1 excludes the twenty-nine claims that had been deemed ineligible.

³⁷ The fifty-three AEM claims include both REM and ECR claims.

Chart 3-2

AEM Claims Submitted by Overseas Military Personnel	
Country	# of Claims
Germany	41
Italy	3
Belgium	2
South Korea	2
Japan	1
Macedonia	1
Malaysia	1
Turkey	1
United Kingdom	1

Volkswagen reported that, as of March 4, 2019, it had completed a total of: (i) thirty-nine AEMs in Germany (including sixteen during the quarter); (ii) two AEMs at an exporter located in Belgium (including one during the quarter); (iii) one AEM at an importer in Malaysia (which was completed during the quarter); and (iv) one AEM at a dealership in Italy. The company has advised that it has made preparations for AEMs to be completed in South Korea, Macedonia, Turkey, and the United Kingdom, and is considering options for a recently submitted AEM claim involving a vehicle located in Japan.

c) Branded Title Claims

As previously reported, on February 26, 2018, Volkswagen implemented a general framework developed by the Parties and the CRC for the processing of certain non-standard branded title claims that had been on hold, in some cases, for many months.³⁸ As of March 7,

³⁸ 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 is analyzed accordingly, so that the eligibility requirements are consistently applied.

2019 -- just over a year after the adoption of the branded title framework -- Volkswagen had processed a total of 381 related claims, including 27 claims during the quarter.³⁹

Chart 3-3 reflects the total number of these claims Volkswagen had processed as of March 7, 2019, as well as those processed during this quarter, by the company's eligibility determination.

Chart 3-3

Branded Title Claims Determinations	Total Claims	Claims Processed During the Quarterly Reporting Period
Eligible	147	4
Ineligible	234	23

The majority of eligible claims have involved vehicles with rebuilt titles, and the majority of ineligible claims have involved vehicles that had salvage titles as of February 26, 2018.

At the conclusion of the quarterly reporting period, a total of 17 claims required additional information from consumers before the company could render an eligibility and award determination. For those consumers from whom Volkswagen requested additional information, the most common forms of documentation required were a copy of the certificate of title (10) and proof of vehicle acquisition (7).

2. Extended Warranty and Service Contract Refund Program

The vendor engaged by Volkswagen to administer the extended warranty and service contract refund program continued to accurately and efficiently process the limited number of additional claims submitted over the quarterly reporting period.

³⁹ Within the group of 381 completed claims are 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. 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.

At the conclusion of the quarter, consumers had submitted 2,105 extended warranty or service contract claims (16 more than the prior quarter), and the company's vendor had communicated 2,095 decisions (including 9 over the quarter).⁴⁰ Across those decisions, 1,390 claims (66.3%) had been deemed ineligible and 705 claims (33.7%) had been deemed eligible.

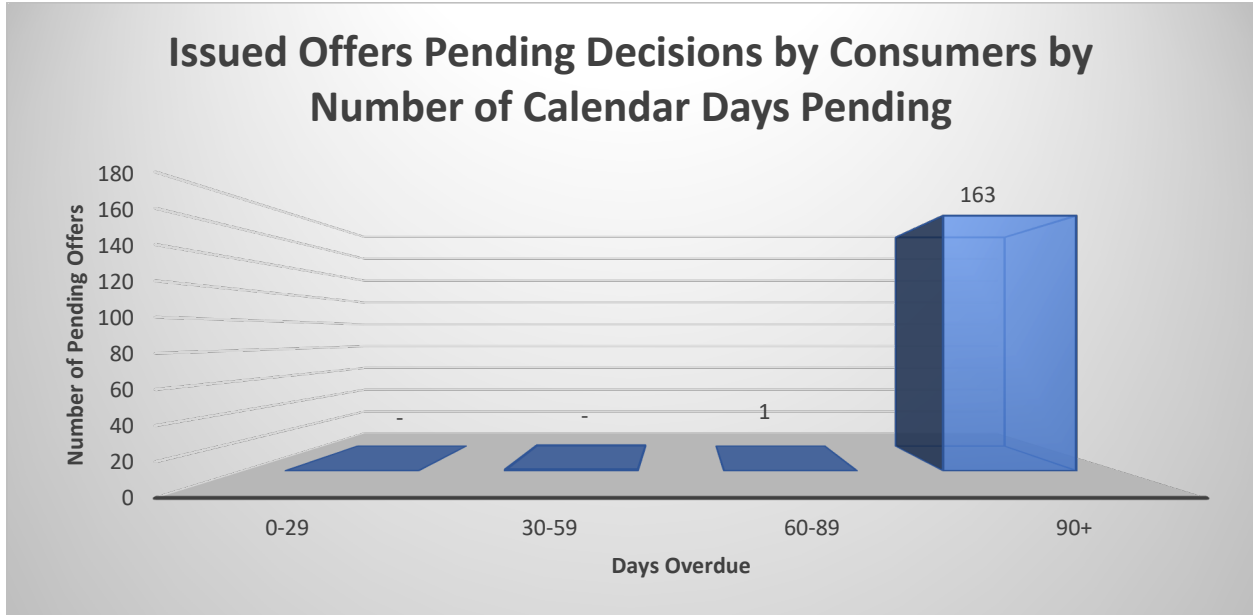
Of the 705 eligible claims, Volkswagen had initiated payment on 515 claims, including 24 claims during the quarter. Payments to consumer have totaled \$64,516.66, which on average is \$125.28 per eligible claim.⁴¹ Of the remaining 175 claims for which payment had not been initiated: (i) 164 claims were pending a decision by the consumer on whether to accept or reject the offer; (ii) 6 claims had resulted in accepted offers for which Volkswagen was in the process of initiating payment; and (iii) 5 claims had resulted in offers being rejected by the consumer. For claims where an offer has been extended but not accepted, Chart 3-4 depicts the number of days the offers have been outstanding.⁴²

⁴⁰ The majority of the ten pending claims were submitted within the past thirty days.

⁴¹ Fifteen claims that involved eligible contracts for which no payment was due. Because consumers are only 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 the unused portion of the purchase price of the contract.

⁴² 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. Consumers may challenge their refund offer by submitting an appeal to the CRC.

Chart 3-4



The Claims Supervisor concurred with the twenty determinations reached by the vendor during the reporting period.⁴³ The Claims Supervisor will continue to validate all determinations and award calculations reached by Volkswagen's vendor.

3. Claims Review Committee

As of March 8, 2019, consumers had submitted 1,027 unique appeals (1.4% of all submitted claims), including 86 unique appeals during the quarterly reporting period. The appeals have challenged, among other issues, Volkswagen's eligibility decisions and award calculations.

The CRC had reached determinations with respect to 374 (36.4%) of all appeals, including 140 determinations during the quarter. Of those 140 determinations: (i) 115 were denials; (ii) 23 involved instances in which the issues that were the subject of the appeal had previously been resolved, thus mooted the appeal; (iii) 1 involved an instance in which the CRC

⁴³ This total includes eligibility and deficiency determinations reached by the vendor. The Claims Supervisor may review multiple determinations in connection with a single claim.

advised a consumer that he may be eligible for benefits, subject to review and confirmation of documentation; and (iv) 1 consumer ineligibility determination was reversed as a result of additional information the consumer provided.

All decisions issued by the CRC have involved appeals in which Volkswagen and Class Counsel representatives have agreed on the outcome. The Parties 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.

4. Second Reminder Notice

As previously reported, the 3.0 Liter Resolution Agreements require that Volkswagen provide two Reminder Notices to every eligible consumer who has not submitted a claim, elected a remedy, or scheduled a closing appointment informing them of the deadlines to file a claim and/or schedule an appointment to receive compensation, and directing them to the Claims Program website. The FTC Consent Order requires that the First Reminder Notice be provided at least 180 days prior to the Program End Date (i.e., by November 18, 2018) and the Second Reminder Notice be provided at least 150 days prior to the Program End Date (i.e., by December 18, 2018).⁴⁴ The FTC Consent Order further requires Volkswagen to send the Reminder Notices by at least two means (e.g., mail, e-mail, and/or telephone).

As discussed in the December 2018 Report, Volkswagen had satisfied its obligations with respect to the First Reminder Notice in November 2018. On December 17 and 18, 2018, the company sent the Second Reminder Notice by mail to 4,762 consumers with Generation One vehicles and 13,823 consumers with Generation Two vehicles, and by e-mail to 1,596 consumers

⁴⁴ The Program End Date is defined in the FTC Consent Order as “two years after the last Repair Approval Date or the Effective Date, whichever comes earlier.” Because the Effective Date occurred earlier, the Program End Date is defined under the terms of the FTC Consent Order as two years after the Effective Date (i.e., May 17, 2019).

with Generation One vehicles and 5,770 consumers with Generation Two vehicles for whom Volkswagen had e-mail addresses. The company additionally posted both versions of the Second Reminder Notice on www.VWCourtSettlement.com.

In January 2019, Volkswagen determined that, due to an error, the vendor it utilized to mail the Reminder Notices did not send copies of the Second Reminder Notice to 10,245 consumers who should have received one (2,550 consumers with Generation One vehicles and 7,695 consumers with Generation Two vehicles). The company reported that, on January 18, 2019, its vendor remedied the error by making the required mailings to impacted consumers.

5. Post-Closing Processing of Vehicles

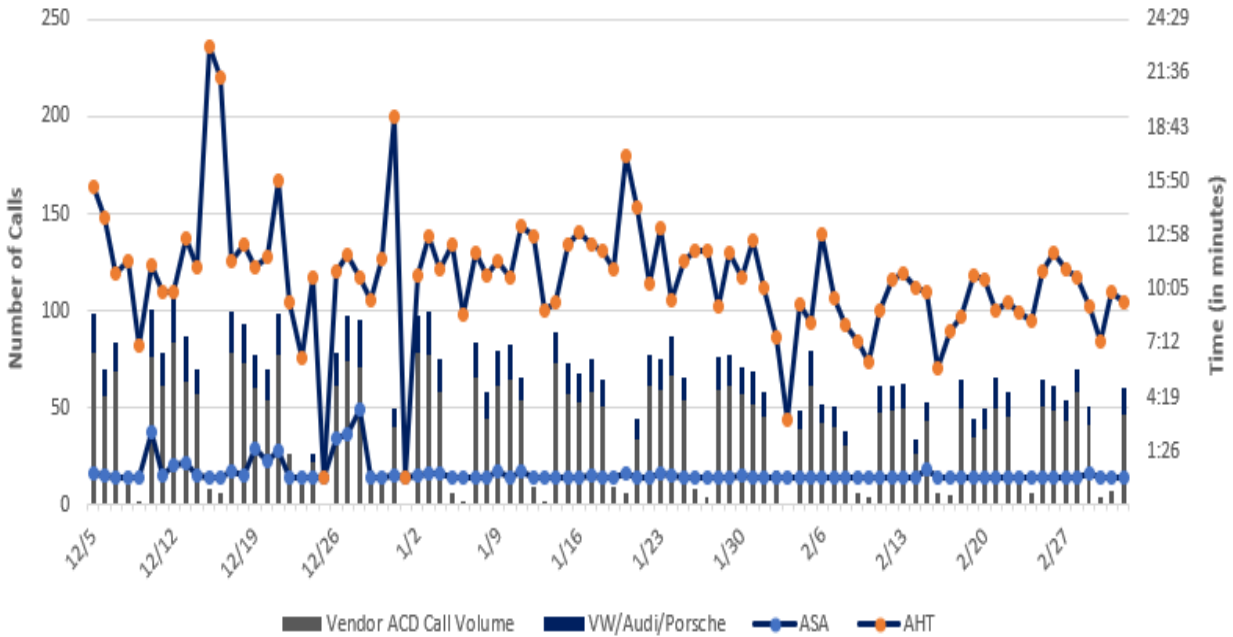
As discussed in prior reports, once a Buyback or Trade-In appointment is completed, arrangements are made by Volkswagen to transfer the vehicle to one of several secure storage facilities throughout the country, at which point each vehicle is inspected to determine if it should be destroyed or undergo 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 reflected that, as of December 31, 2018, Volkswagen housed approximately 15,900 Eligible Vehicles in storage.

B. Customer Service

Consumer call and chat volume continued to decline this quarter. From December 5, 2019 to March 4, 2019, call volume averaged 72 calls per weekday compared to an average of 93 calls per weekday the prior quarter. The average abandonment rate was 1.0% -- consistent with the prior quarter -- and the average speed to answer remained under thirty seconds. Chart 3-5

depicts the daily hotline call volume and related data from December 5, 2018 to March 4, 2019.⁴⁵

Chart 3-5



Average weekday chat volume decreased from the prior quarter from an average of 60 chats per weekday to an average of 42 chats per weekday. The abandonment rate also decreased from 14.0% to 6.7%.

The Claims Supervisor reviewed a sample of 342 recorded calls and 522 chats that occurred between December 1, 2018 and February 27, 2019, and determined that Volkswagen continued to effectively provide customer support. All sample calls were deemed successful and approximately 99% of sample chats were deemed successful. The few chats that were not deemed successful involved instances in which customer support agents failed to properly verify the identity of a consumer.

⁴⁵ ASA is the abbreviation for average speed of answer and AHT represents average handle time.

Volkswagen's Resolution Team continued to successfully address more complex claims issues. From December 2018 through February 2019, the Resolution Team received 112 inquiries (the vast majority of which involved payment issues) and resolved 145 consumer inquiries, including several from prior reporting periods. Since the inception of the Claims Program, the company had resolved all inquiries it received -- more than 2,400 in total.

Consumer complaint volume remained low. The limited complaints received related to, among other things, dissatisfaction with vehicle performance following the completion of an AEM, document submission requirements, and payment issues.⁴⁶

IV. Conclusion

During the quarterly reporting period, Volkswagen generally continued to administer the Claims Program as contemplated by the 3.0 Liter Resolution Agreements, resulting in the timely processing of claims for the vast majority of consumers who submitted claims. As of March 7, 2019, the company had completed 46,166 AEMs for consumers, 14,031 Buybacks, and 1,971 Trade-Ins. Aggregate payments in the amount of \$998,802,142.35 were also made to, or on behalf of, eligible consumers.

Volkswagen continued to make progress in resolving non-standard claims for consumers, including those involving: (i) vehicles manufactured for sale in the United States but registered in Canada; (ii) military personnel stationed overseas with their vehicles; and (iii) consumers whose vehicles had branded titles. In addition, the company sent the Second Reminder Notice to potentially eligible consumers who had not yet submitted a claim or completed an approved

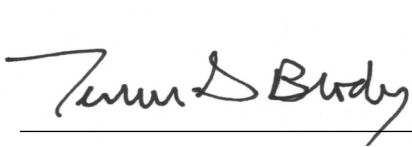
⁴⁶ The Claims Supervisor is aware of 103 unique complaints relating to post-AEM vehicle performance issues since the inception of the Claims Program, which amounts to approximately 0.2% of all completed ECRs and REMs. Volkswagen has advised that specially trained customer care representatives assist consumers in determining whether perceived vehicle changes are attributable to an AEM, including evaluation by a dealership, when necessary.

remedy, reminding them of, among other things, important Claims Program deadlines. During the reporting period, Volkswagen also maintained appropriate staffing to provide responsive customer support to address consumer inquiries.

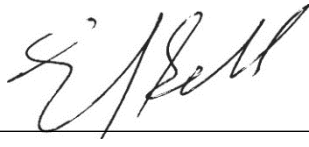
Consistent with the requirements of the 3.0 Liter Resolution Agreements, the Claims Supervisor will continue to evaluate and report on Volkswagen's progress with and adherence to the terms of the 3.0 Liter Resolution Agreements as the Claims Program progresses.

Sincerely,

Ankura Consulting Group, LLC



Terrence S. Brody
Senior Managing Director



Edward J. Bell
Senior Managing Director



Gary Wingo
Senior Managing Director

Submitted: March 13, 2019