

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

JUNE 13, 2019

TABLE OF CONTENTS

I. Executive Summary	1
II. Volkswagen’s Performance Metrics	3
A. Consumer Registrations	4
B. Claim Submission and the First Ten-Business-Day Review Period	7
C. Preliminary Eligibility Determinations and Deficiencies	14
D. The “Pause” Period	19
E. The Second Ten-Business-Day Review Period.....	19
F. Offer Letters	23
G. Appointments, Closings, and Repair Participation Payments	30
H. Progress Toward the 85% Targets.....	35
III. Consumer Experience.....	39
A. Claims Program Updates.....	39
1. Non-Standard Claims	39
2. Extended Warranty and Service Contract Refund Program.....	42
3. Claims Review Committee.....	44
4. Notification of Claims Program Deadlines	44
5. Post-Closing Processing of Vehicles.....	45
B. Customer Service	46
IV. Conclusion.....	48

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 March 8, 2019 to June 9, 2019.

I. Executive Summary

During the quarterly reporting period, Volkswagen continued to effectively and efficiently administer the Claims Program. The vast majority of consumers proceeded through the claims process without issue, and eligible consumers generally were able to complete Buybacks, Early Lease Terminations, Trade-Ins, and AEMs within the timeframes contemplated by the 3.0 Liter Resolution Agreements.

Volkswagen maintained progress throughout the quarter processing non-standard claims, including those submitted by consumers who purchased vehicles in the United States but registered them in Canada, and military personnel stationed overseas with their vehicles. The Claims Review Committee (“CRC”) also resolved 217 additional consumer appeals.

Claims volume continued to decline consistent with trends from recent reporting periods, although a small increase in new claims was experienced leading up to the June 1, 2019 deadline for eligible consumers with Generation One vehicles to submit a claim. In the months preceding the deadline, the company had provided notices to impacted consumers who had registered but not completed a claim. These notices -- which supplemented the Reminder Notices sent from November 2018 through January 2019 -- were provided to 2,114 consumers in early April 2019 and 1,938 consumers in early May 2019.² The notices reminded recipients of the June 1, 2019

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 set forth below, the total number of Generation One 3.0 Liter Subject Vehicles is 19,602.

deadline to complete their claim, the June 30, 2019 deadline to change their current remedy selection, and the September 30, 2019 deadline to complete an approved remedy.³ Following transmission of these notices, the company provided an extension of time -- from June 1, 2019 to June 30, 2019 -- for consumers with Generation One vehicles who had submitted a claim by June 1, 2019 to cure any deficiencies and potentially remain eligible to receive a remedy.

The statistics below cumulatively present key 3.0 Liter Claims Program metrics as of June 9, 2019:

- 85,543 registrations had been created in Volkswagen's Claims Portal;
- 71,927 consumers had submitted claims for Volkswagen to review;
- 68,032 consumers had been issued offer letters, the aggregate value of which totaled \$1,067,901,930.28;
- 66,132 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$1,049,836,006.86;
- 16,347 consumers with Generation One vehicles had closed on their Buyback or Trade-In, and Volkswagen had paid \$661,824,895.06 to, or on behalf of, consumers in connection with these claims;
- 1,192 consumers with Generation One vehicles had completed a Reduced Emissions Modification ("REM"), including 1,014 consumers who also had completed the claims process, and Volkswagen had paid \$9,854,562.63 to consumers in connection with completed REM claims;⁴
- 46,256 consumers with Generation Two vehicles had completed an Emissions Complaint Repair ("ECR"), including 42,691 consumers who also had completed

³ These deadlines apply only to consumers with Generation One vehicles. There are separate deadlines, occurring later in the Claim Period, for consumers with Generation Two vehicles.

⁴ Data related to AEMs are as of June 7, 2019.

the claims process, and Volkswagen had paid \$335,434,346.90 to consumers, which includes Repair Participation Payments and ECR payments;

- For Generation One vehicles, 654 Former Owners, 62 Owners with totaled vehicles, and 9 Former Lessees had received Restitution Payments, and the aggregate values of these payments totaled \$3,372,207.60, \$617,963.16, and \$49,846.33, respectively;
- For Generation Two vehicles, 2,313 Former Lessees, 1,110 Former Owners, and 163 consumers with totaled vehicles had received Repair Payments, and the aggregate values of these payments totaled \$4,625,000.00, \$4,716,390.21, and \$1,296,671.35, respectively;
- Volkswagen had paid a total of \$65,420.33 in connection with 534 extended warranty or service contract refund claims; and
- Volkswagen had removed from commerce or modified 92.0% of all Generation One Subject Vehicles, 92.2% of all Generation Two Subject Vehicles, 92.3% of all Generation One Subject Vehicles registered in California, and 92.7% 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

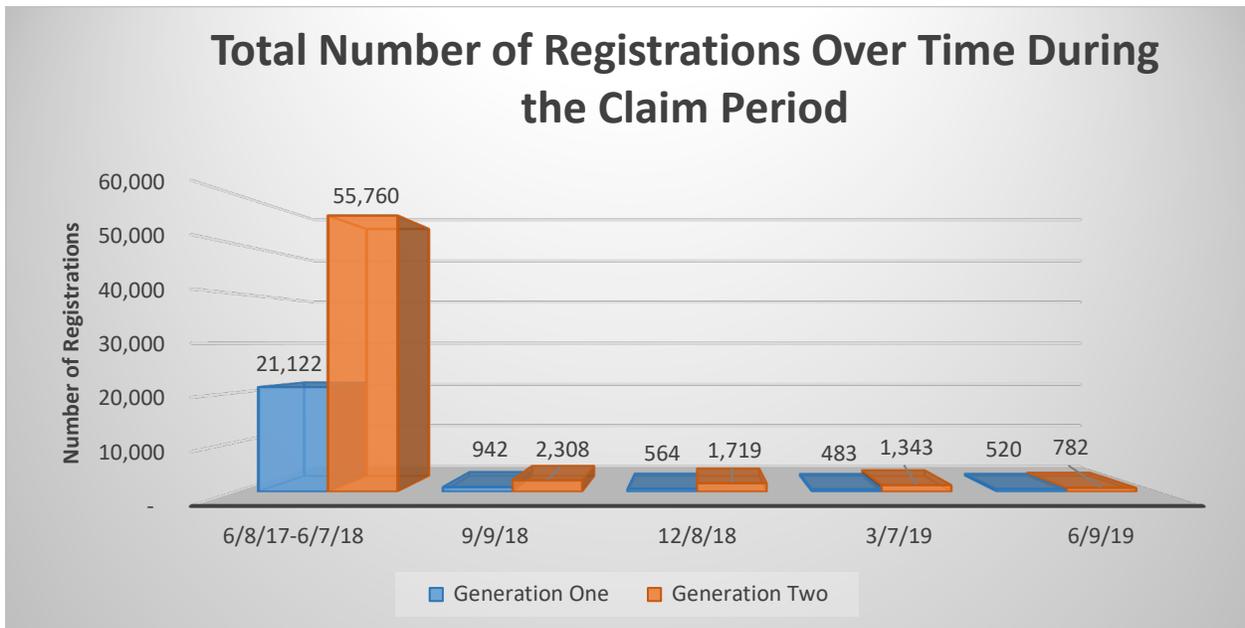
This section discusses the status of Volkswagen's 3.0 Liter Claims Program and the company's compliance with certain requirements mandated in the 3.0 Liter Resolution Agreements. All data is as of June 9, 2019, unless otherwise specified. Information relating to Generation One and Generation Two vehicles 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 March 8, 2019 through June 9, 2019.

A. Consumer Registrations

As of June 9, 2019, there had been a total of 85,543 registrations in Volkswagen’s system, including 1,302 registrations created during this quarter.⁵ 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, 23,631 related to Generation One vehicles (21,211 individuals and 2,420 businesses), and 61,912 related to Generation Two vehicles (55,133 individuals and 6,779 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



⁵ 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.

Charts 2-2 and 2-3 reflect all registrations created by consumers according to eligibility category across Generation One and Generation Two vehicles through June 9, 2019. The “No Category Selected” population consists of consumers who had created a registration as of June 9, 2019, but had not yet provided details identifying their eligibility category.

Chart 2-2

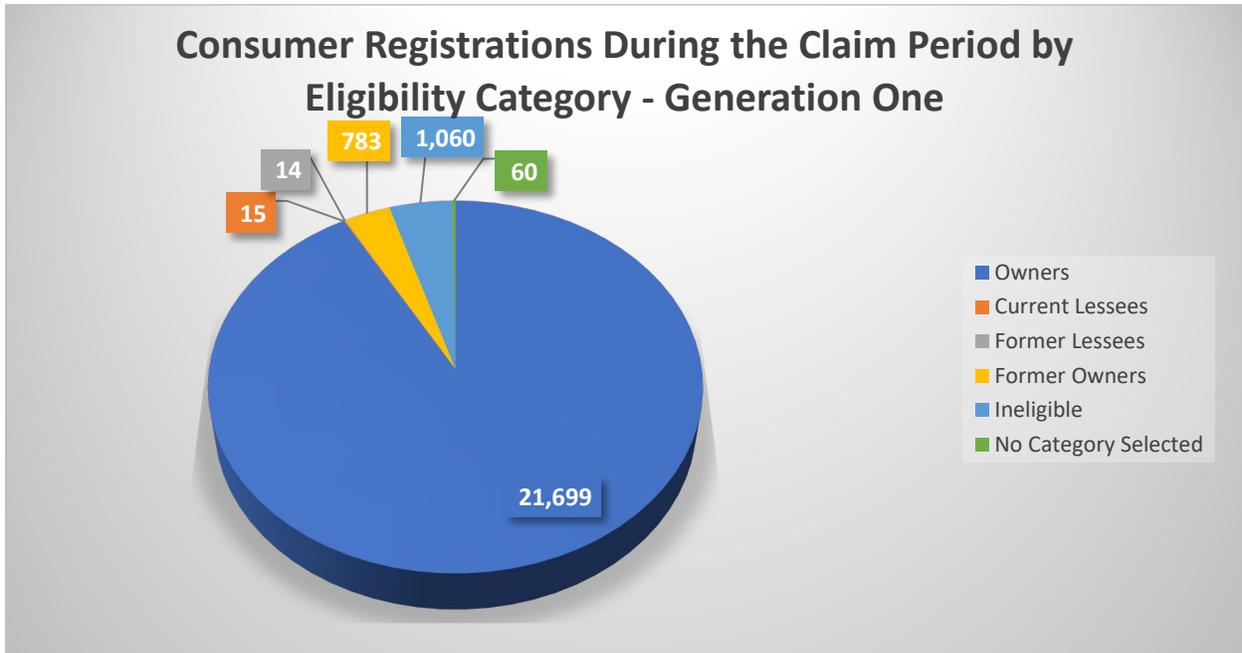


Chart 2-3

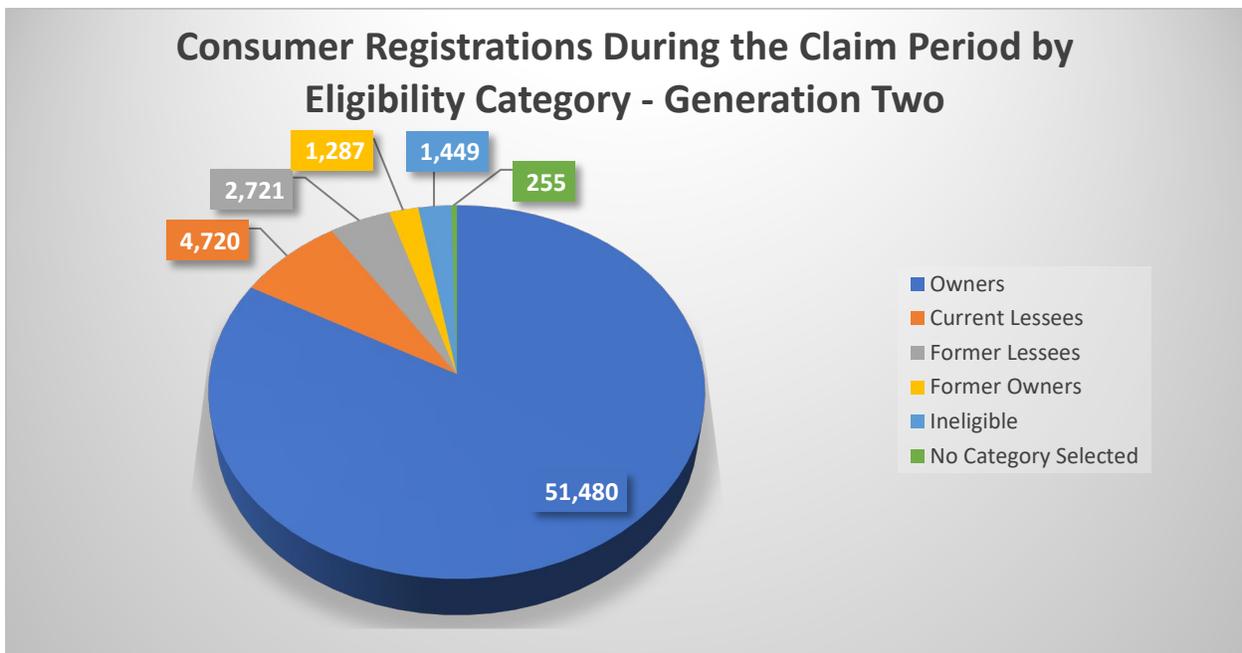


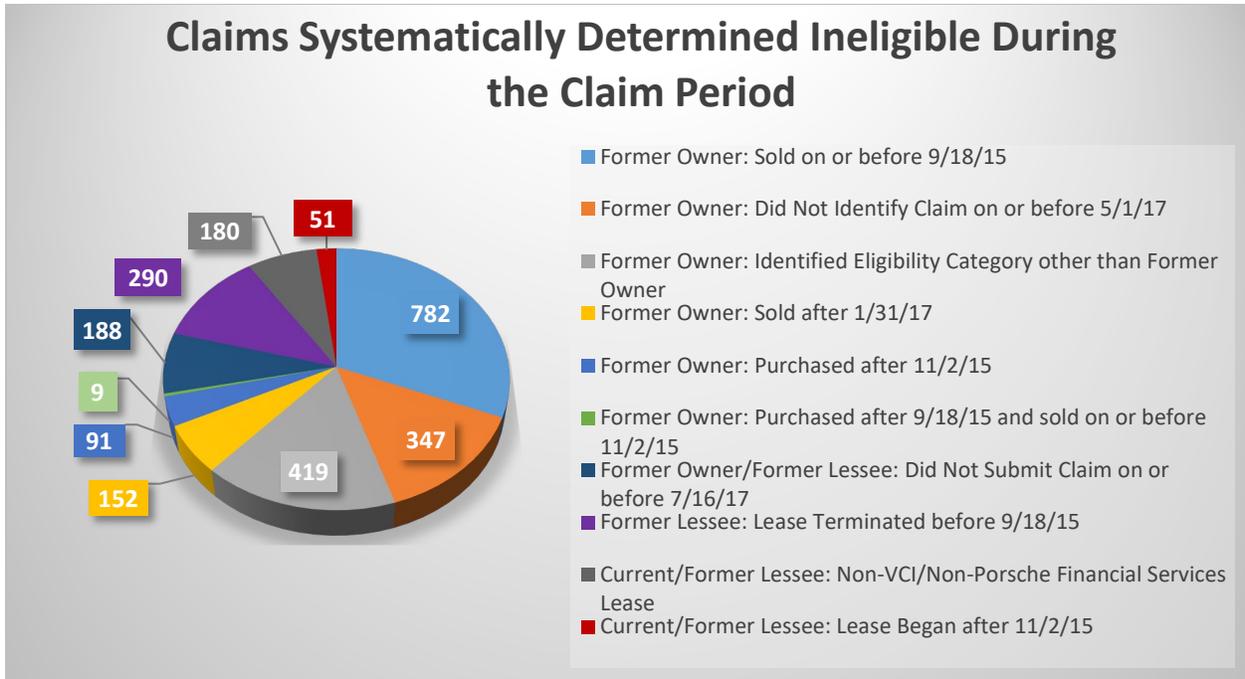
Chart 2-4 shows, among the population of vehicles associated with registered claims, the most common states where the vehicles are registered.

Chart 2-4



With respect to the population of 2,509 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 eighteen new systematic ineligibility determinations. The Claims Supervisor reviewed all of these determinations and confirmed that Volkswagen's systematic ineligibility logic continues to operate appropriately.

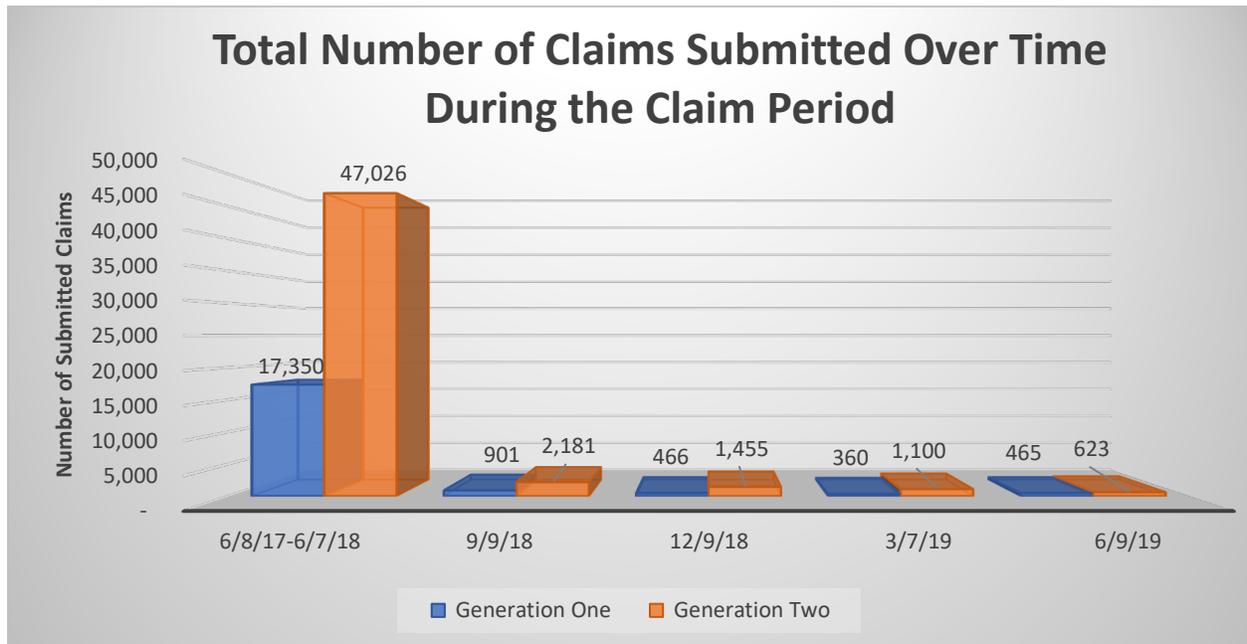
B. Claim Submission and the First Ten-Business-Day Review Period

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 June 9, 2019, a total of 71,927 unique claims had been submitted by consumers for Volkswagen to review, including 1,088 claims submitted by consumers during this quarter.⁶ Of these, 19,542 related to Generation One vehicles (17,853 individuals and 1,689 businesses), and 52,385 related to Generation Two vehicles (47,369 individuals and 5,016 businesses).

⁶ "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.

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.⁷

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

Chart 2-7

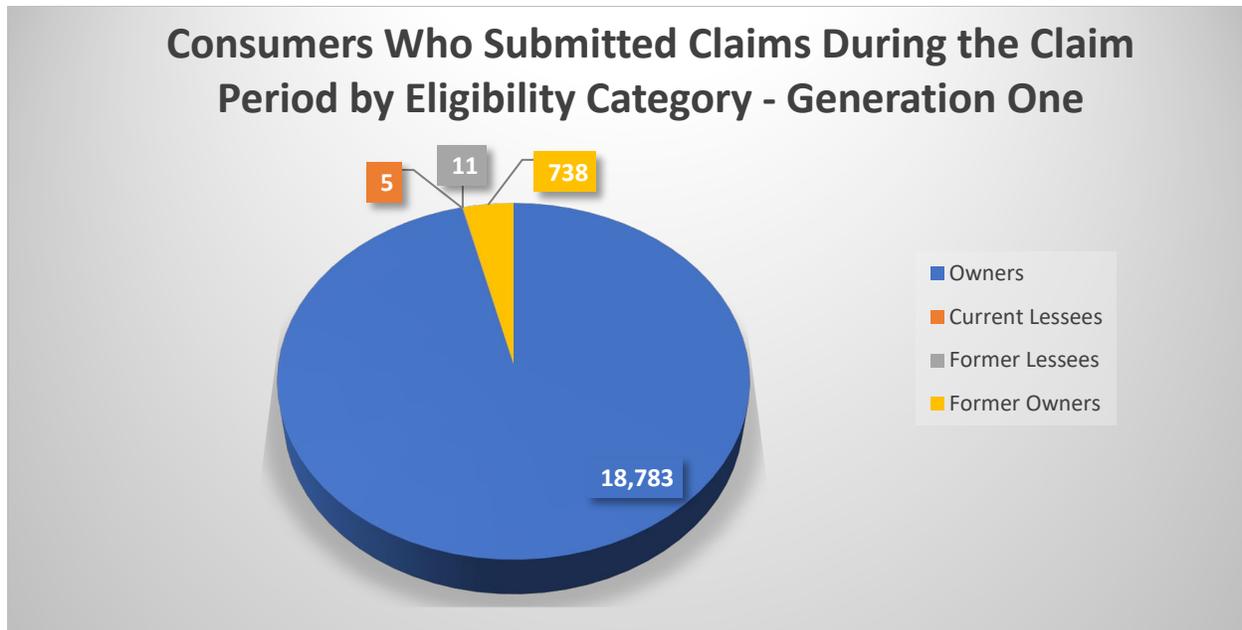


Chart 2-8

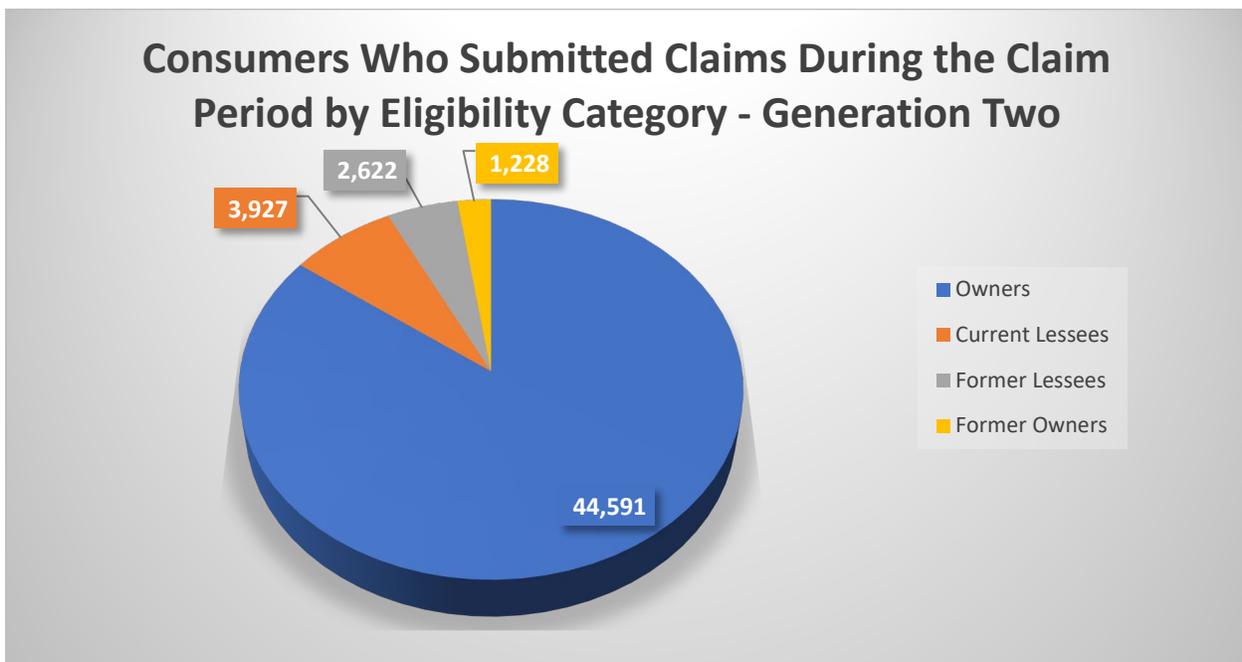
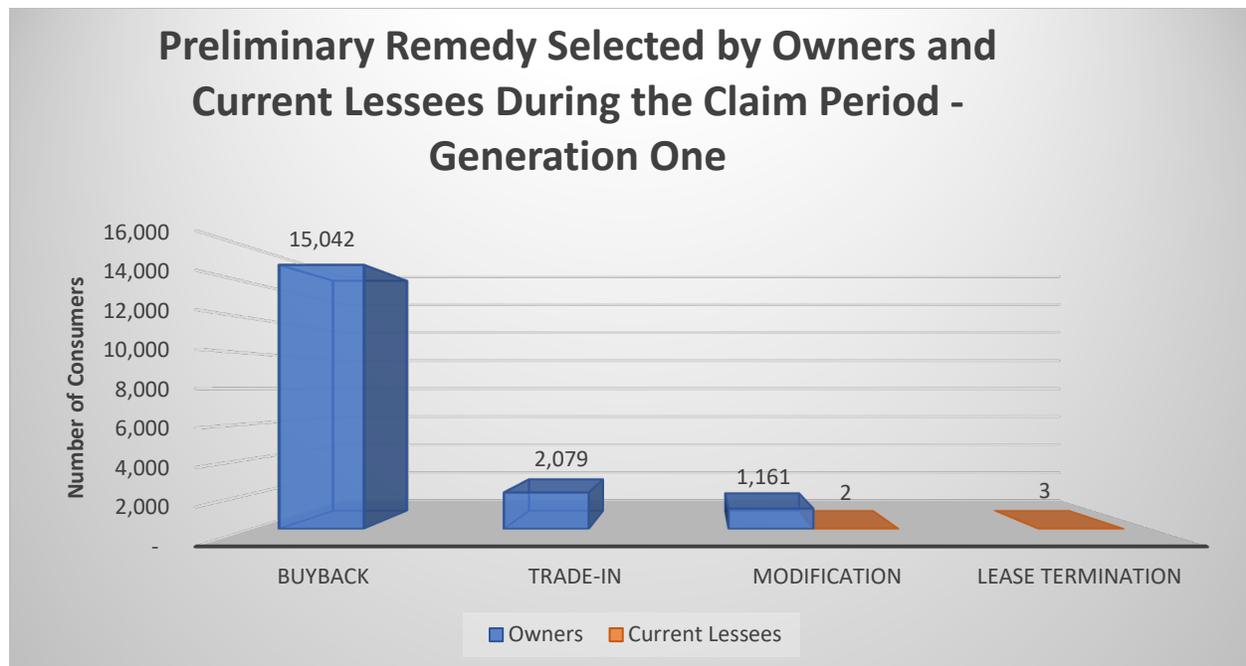


Chart 2-9 shows the preliminary remedy selections for Owners and Current Lessees of Generation One vehicles who had submitted claims through June 9, 2019.

Chart 2-9⁸

The only remedy available to the 43,373 Owners and 3,749 Current Lessees of Generation Two vehicles who had submitted claims through June 9, 2019 is an ECR. A Repair Payment is the only remedy available for the 2,578 Former Lessees, as well as 1,215 Former Owners, and 187 consumers with totaled vehicles who had submitted claims associated with Generation Two vehicles. Additionally, there were 1,266 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 consumer. As of June 9, 2019, excluding the 10 claims that were pending a determination but

⁸ Chart 2-9 does not include remedy selections for 724 Former Owners, 69 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 447 claims that were cancelled, usually due to the submission of duplicate claims or at the consumer's request, as well as 5 claims that were deemed not eligible.

for which the first ten-business-day review period had not yet elapsed, Volkswagen had been required to make 109,991 first ten-business-day review period determinations. The company timely rendered 109,381 decisions for an overall first ten-business-day review period compliance rate of 99.4%. During this quarter, Volkswagen was required to make 1,866 first ten-business-day review period decisions and timely did so in 1,823 instances for a reporting period-specific first ten-business-day review period compliance rate of 97.7%. As of June 9, 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

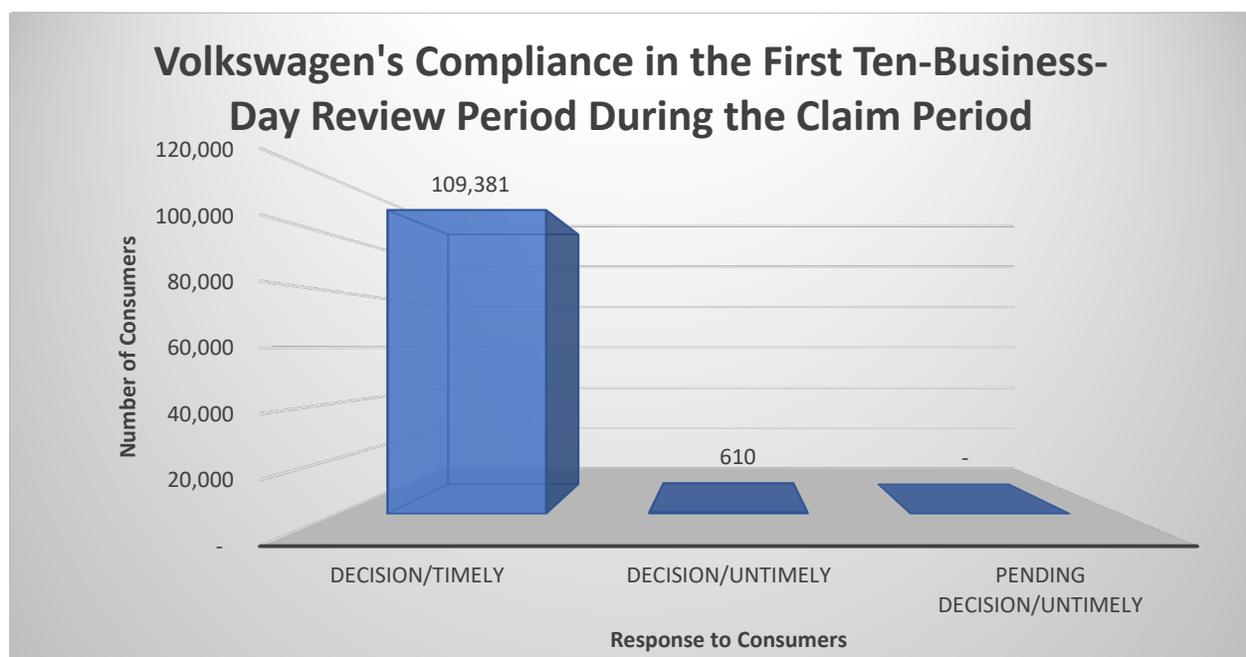


Chart 2-11⁹

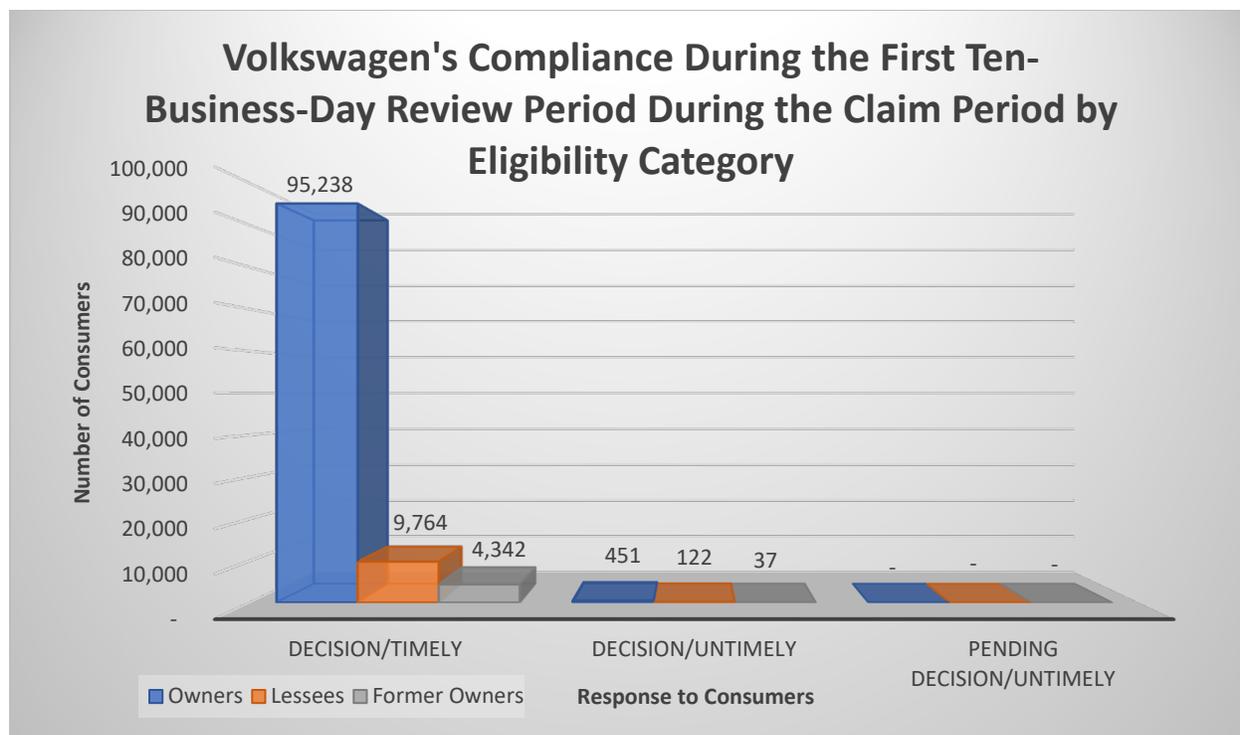
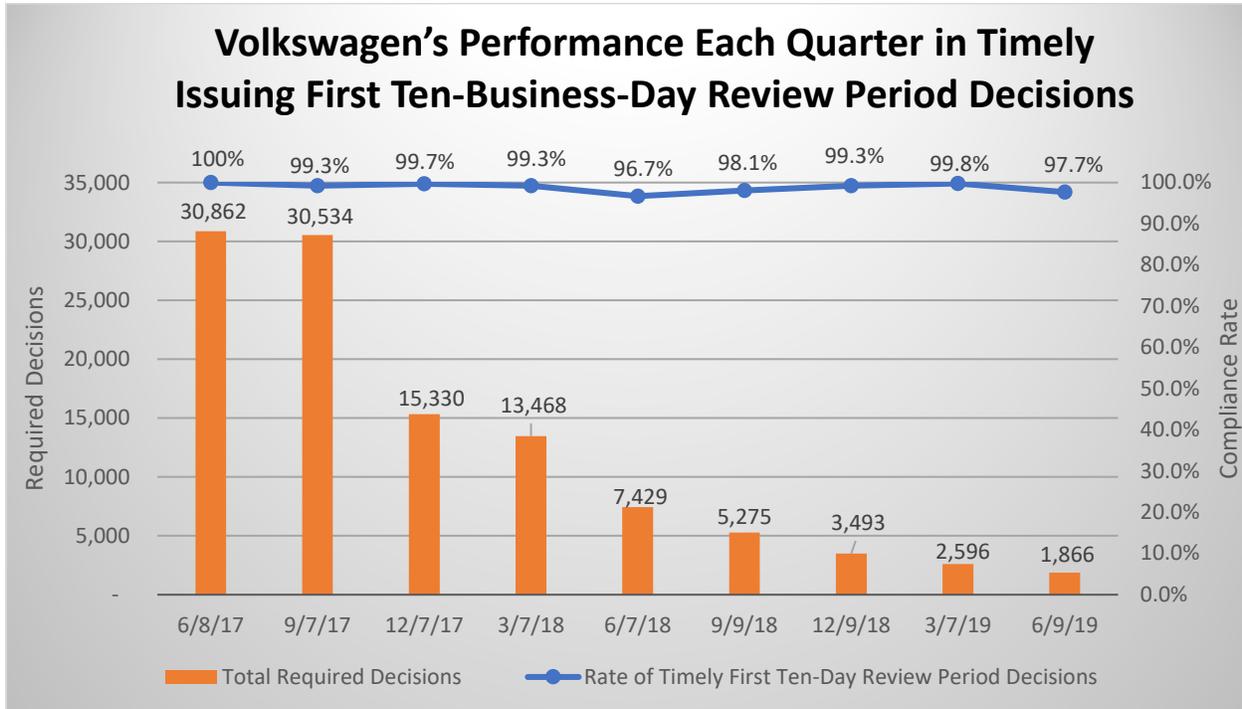


Chart 2-12 shows the number of required decisions as well as Volkswagen’s performance in timely issuing first ten-business-day review period decisions across all quarters of the Claim Period, including during this quarter.

⁹ The thirty-seven claims not reflected in Chart 2-11 were all claims that were timely deemed not eligible.

Chart 2-12¹⁰

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.¹¹ As of June 9, 2019, there was one active claim submitted by a consumer who initially purchased the vehicle in the United States

¹⁰ The aggregated total of all claims in Chart 2-12 is 862 decisions (0.8%) greater than the aggregated total of 109,991 required decisions through June 9, 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.

¹¹ 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.

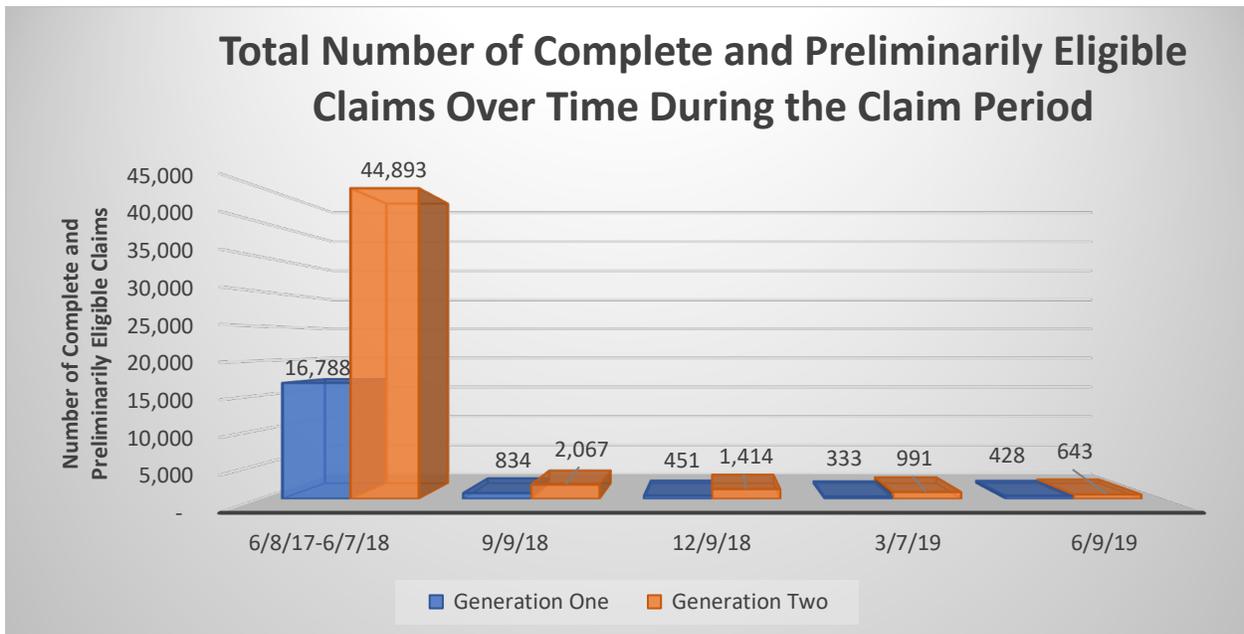
but registered it in Canada. There were no active claims from consumers within the other two categories.¹² Further discussion of non-standard claims is set forth in Section III below.

C. Preliminary Eligibility Determinations and Deficiencies

Through June 9, 2019, a total of 68,842 claims had been determined by Volkswagen to be complete and preliminarily eligible, including 1,071 unique claims during this quarter. Across these claims, 18,834 claims related to Generation One vehicles (17,338 individuals and 1,496 businesses) and 50,008 claims related to Generation Two vehicles (45,597 individuals and 4,411 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



¹² 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.

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 June 9, 2019.¹³

Chart 2-14

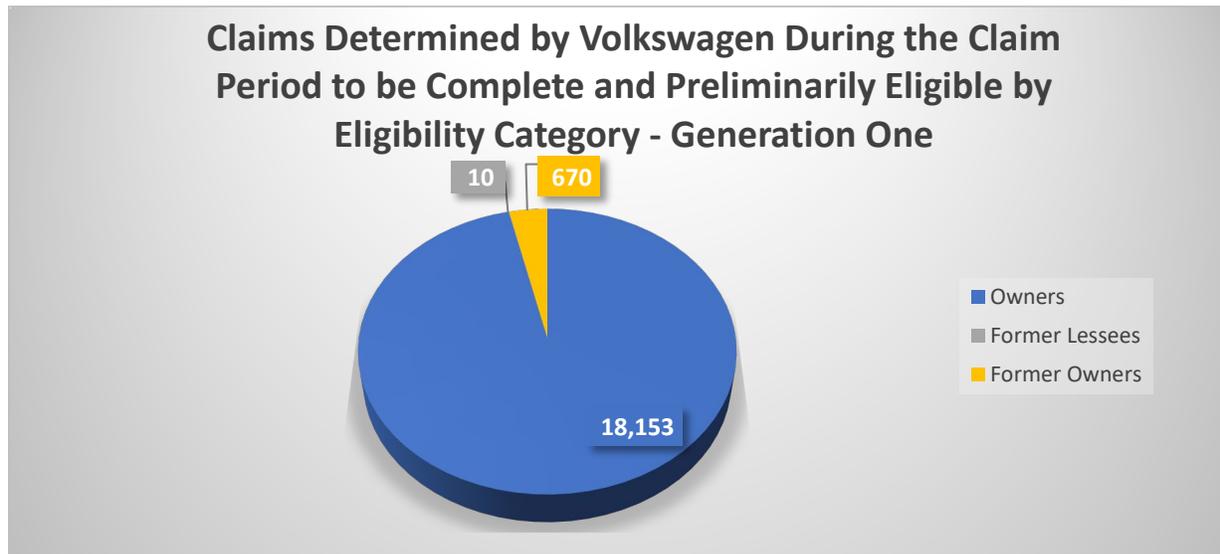
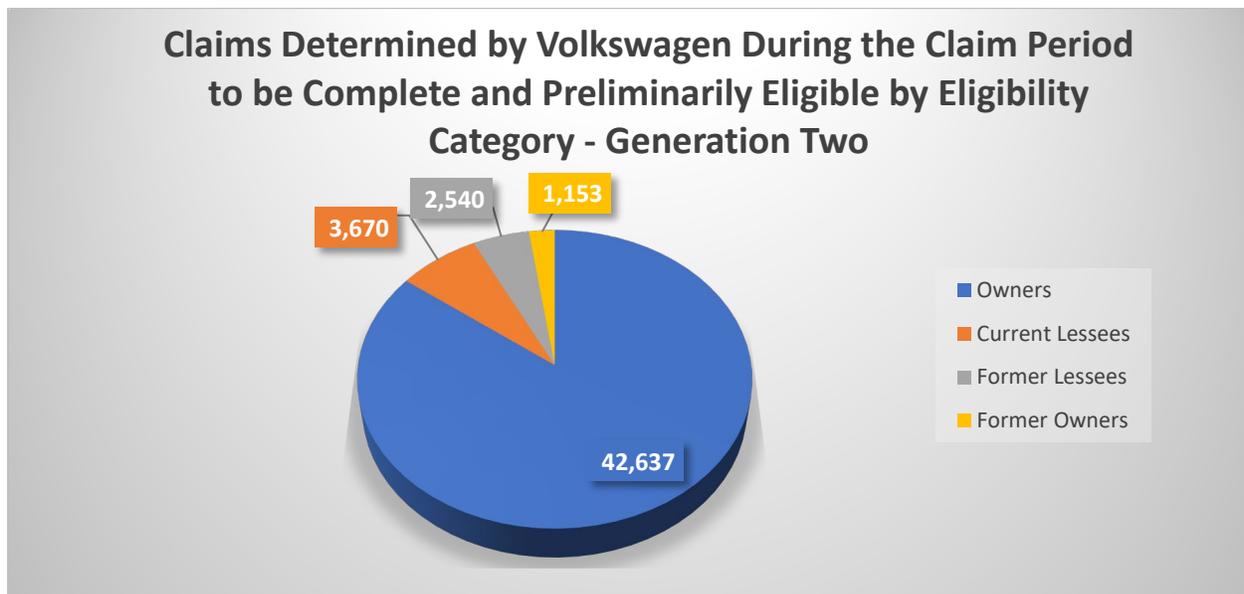


Chart 2-15



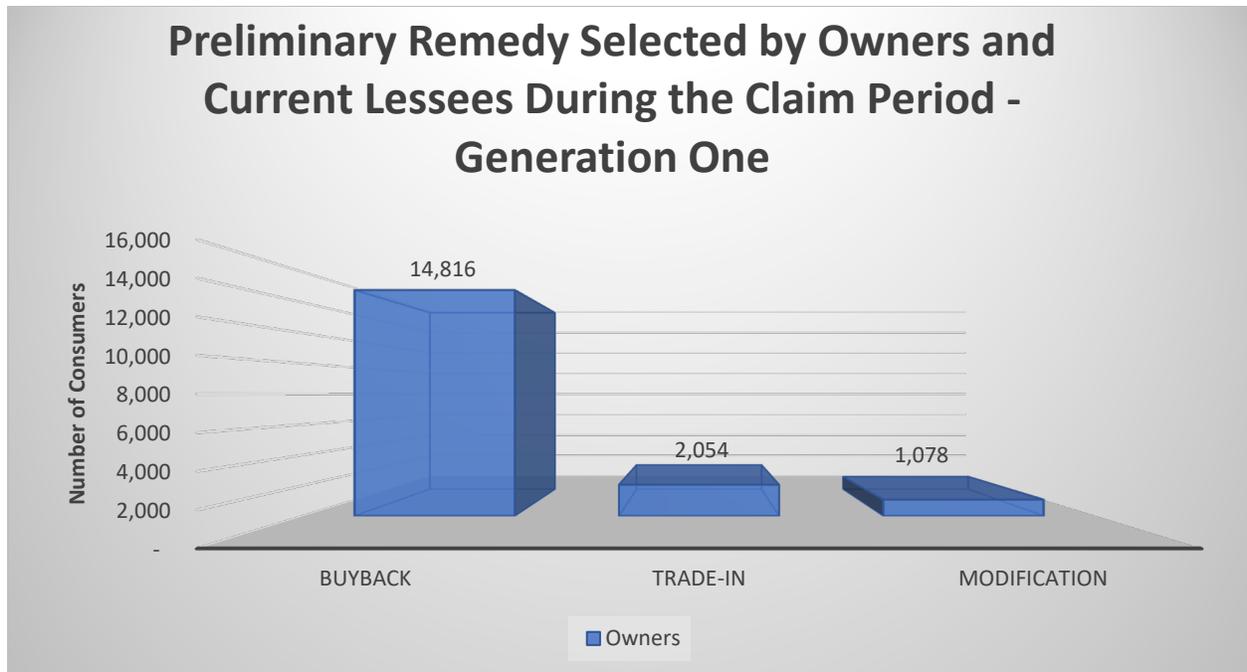
¹³ The one claim not accounted for in Chart 2-14 and eight claims not accounted for in Chart 2-15 were ultimately deemed not eligible.

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 June 9, 2019, the remedy selected by Owners and Current Lessees of Generation One vehicles whose claims Volkswagen had deemed complete and preliminarily eligible.

Chart 2-17¹⁴

For Generation Two vehicles, there is only one remedy option available to consumers. As a result, all claims of the 42,129 Owners and 3,594 Current Lessees of Generation Two vehicles that had been deemed complete and preliminarily eligible by Volkswagen through June 9, 2019 were for the ECR remedy. A Repair Payment is the only remedy available for 2,525 Former Lessees, as well as for 1,150 Former Owners, and 175 Owners with totaled vehicles who had submitted claims associated with Generation Two vehicles that, through June 9, 2019, had been deemed complete and preliminarily eligible by Volkswagen. There were an additional 427 cancelled claims and 8 claims that ultimately had been deemed not eligible.

Through June 9, 2019, there were 34,810 instances where Volkswagen had deemed a claim deficient during its first ten-business-day review period. More than 58,500 individual deficiency codes had been applied by Volkswagen as of that date, as multiple deficiencies may

¹⁴ Chart 2-17 excludes 668 Former Owners, 66 Owners with totaled vehicles, and 10 Former Lessees because Restitution is the only remedy available to those consumers. It also excludes 141 cancelled claims and 1 claim that was deemed ineligible.

be associated with a single claim submission. The most common deficiency codes have been: (i) an incorrect document was uploaded (15,312 claims); (ii) a document was illegible (10,290 claims); (iii) a document was incomplete or the document image was cut off (7,702 claims); and (iv) a document was missing pages (4,918 claims).

As the same claim may be resubmitted to Volkswagen after initially being deemed deficient, the 34,810 instances of deficiency determinations were associated with 22,993 unique claims. Of those 22,993 unique claims, consumers had made at least one attempt to cure in connection with 21,961 claims (95.5%), while no attempt to cure had been made with respect to the remaining 1,032 claims (4.5%). Across the 21,961 claims where consumers had attempted to cure: (i) for 20,796 claims (94.7%), consumers successfully cured the deficiency; (ii) for 1,159 claims (5.3%), consumers had not subsequently resubmitted claims after their initial attempt to cure the deficiency was unsuccessful; and (iii) for 6 claims (0.02%), consumers had resubmitted claims that were pending a completeness determination by Volkswagen as of June 9, 2019.

Through June 9, 2019, there were 900 consumer claims with active deficiencies. The most common deficiency codes among active deficient claims were: (i) an incorrect document was uploaded (365 claims); (ii) a document was illegible (219 claims); (iii) a name on a document did not match the name in the Claims Portal (105 claims); and (iv) a document was incomplete or the document image was cut off (80 claims).

During this quarterly reporting period, the Claims Supervisor reviewed a sample of 115 documents deemed deficient 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 110 instances (95.7%). This concurrence rate is

relatively consistent with that of previous quarters. The five documents where Ankura disagreed with the initial deficiency determination all related to “complex documents.”¹⁵

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 June 9, 2019, there had been 791 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 June 9, 2019, there was one actively paused claim pending receipt of loan payoff information from a lender, and that claim had been pending for two business days.

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 issue an offer letter.¹⁶

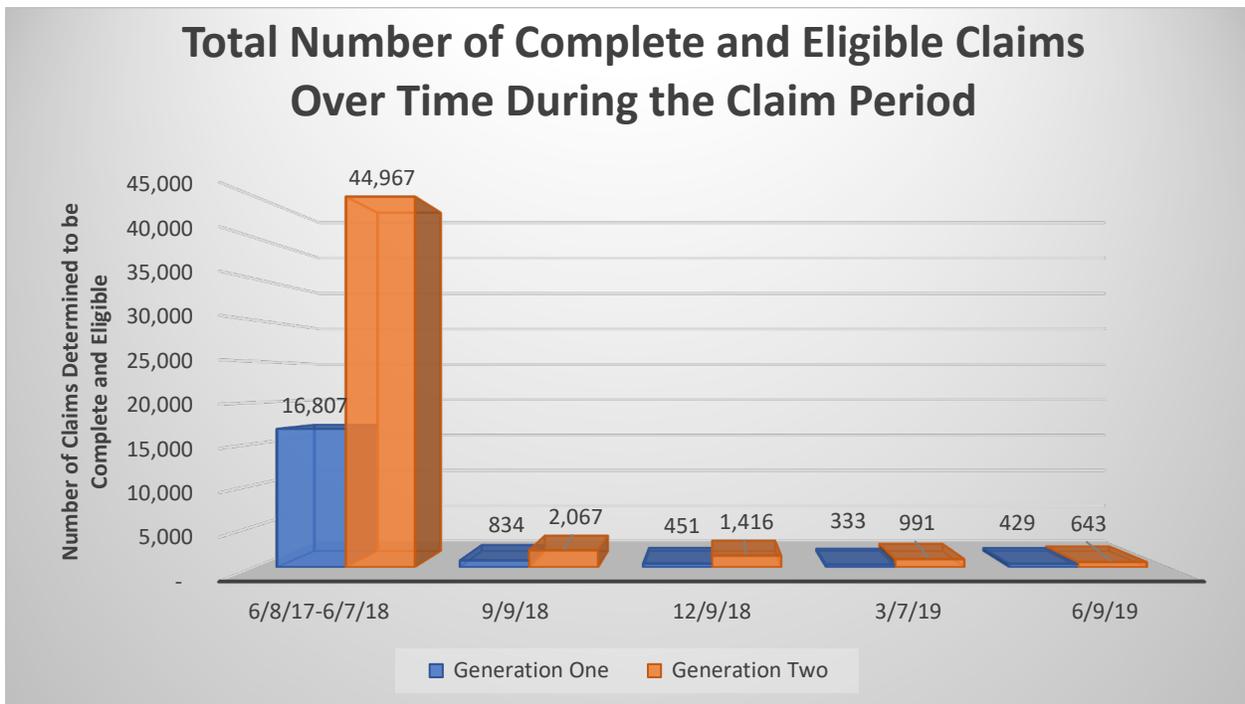
¹⁵ “Complex documents” include: power of attorney; death certificate; proof of VCI account; corporate document; previous registration; proof of acquisition; proof of name change; proof of vehicle transfer to insurance; proof of lease conversion; paper claim forms; and proof of sale documents. Notably, 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.

¹⁶ 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 June 9, 2019, there had been 1,409 instances in which claims had been deemed ineligible upon review by Volkswagen. For 1,179 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.

As of June 9, 2019, a total of 68,938 consumers had reached the second ten-business-day review period after having been deemed preliminarily eligible by Volkswagen, including 1,072 such consumers during this quarter.¹⁷ Of these, 18,854 claims related to Generation One vehicles (17,357 individuals and 1,497 businesses) and 50,084 claims related to Generation Two vehicles (45,670 individuals and 4,414 businesses). Across this population, 68,032 consumers (98.7%) had been issued offer letters, including 1,073 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.

Chart 2-18



¹⁷ As described above, there were 68,842 consumers whose claims were deemed complete and preliminarily eligible by Volkswagen, but 68,938 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.

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 June 9, 2019, excluding the 21 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 75,306 second ten-business-day review period decisions. The company timely rendered determinations in 73,536 instances, for a second ten-business-day review period compliance rate of 97.6%. During this quarter, Volkswagen was required to make 1,250 second ten-business-day review period decisions, and timely did so in 1,238 instances for a reporting period-specific compliance rate of 99.0%. As of June 9, 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

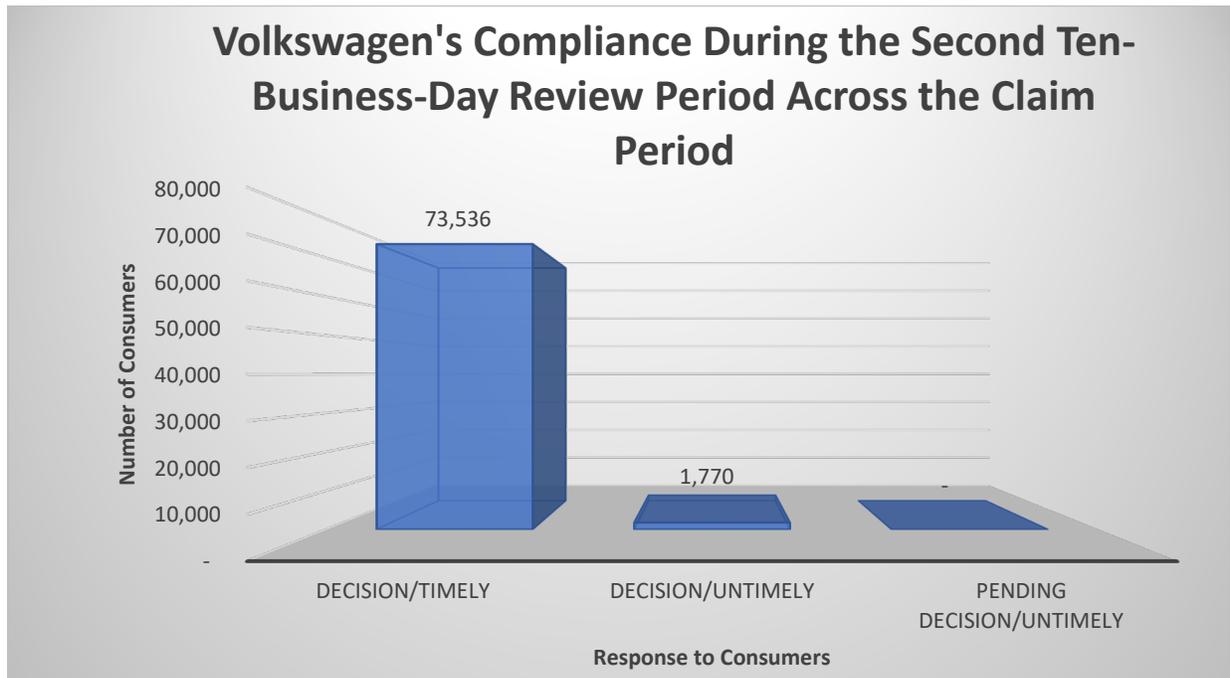


Chart 2-20¹⁸

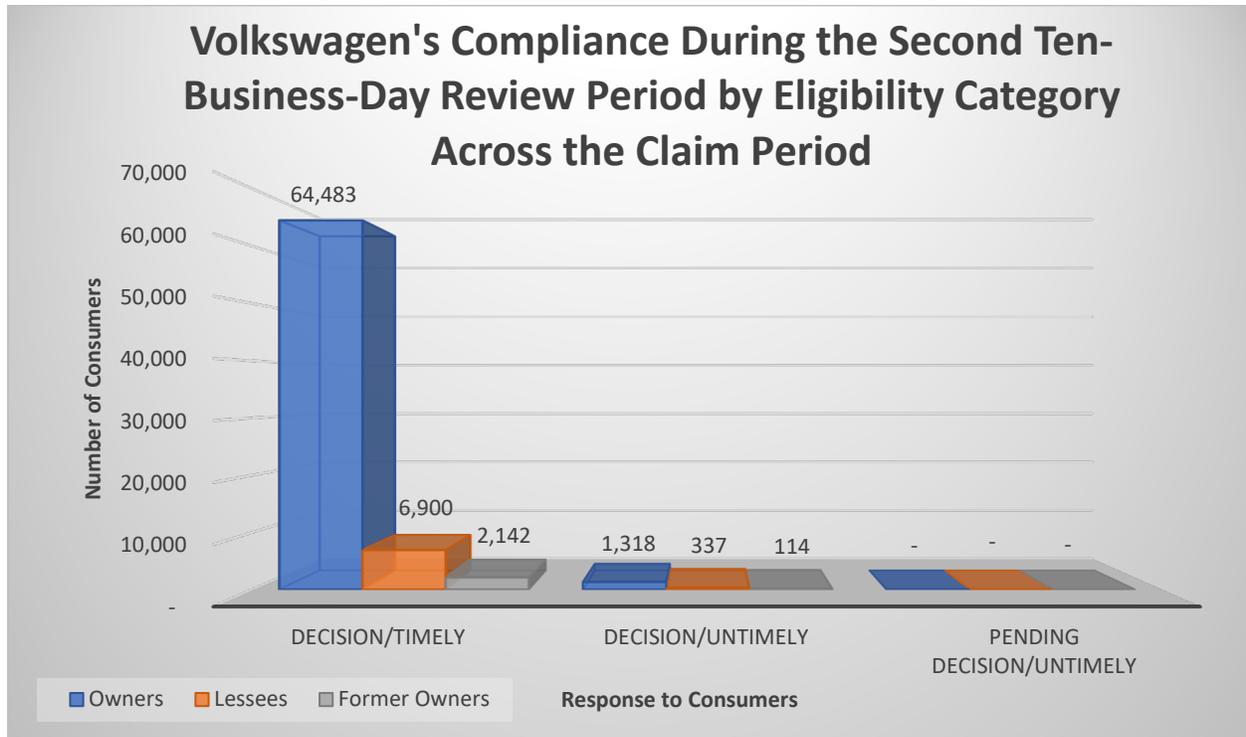
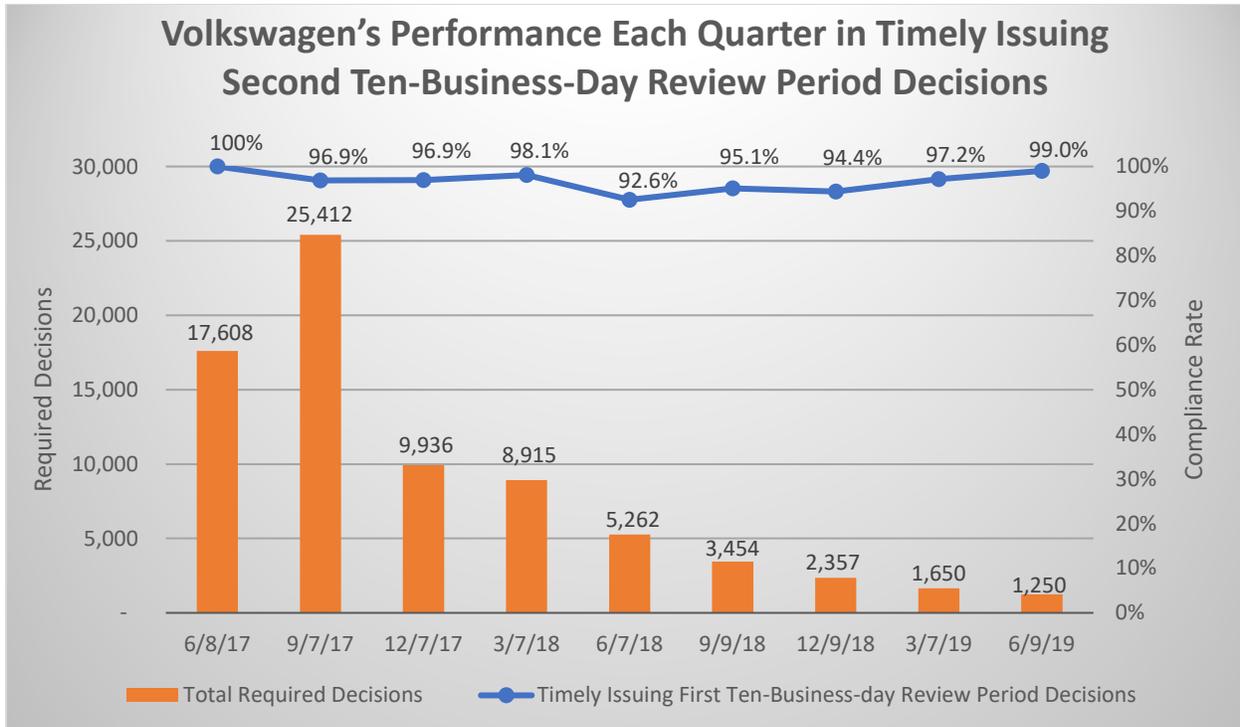


Chart 2-21 reflects the total number of required decisions as well as Volkswagen's performance in timely issuing second ten-business-day review period decisions across each quarter of the Claim Period.

¹⁸ 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 2-21¹⁹

F. Offer Letters

Through June 9, 2019, Volkswagen had issued 68,032 offer letters, the aggregate value of which totaled \$1,067,901,930.28, including 1,073 offer letters issued during this quarter aggregately valued at \$20,706,451.44.²⁰ Of these, 18,671 offer letters with an aggregate value of \$701,489,243.93 related to Generation One vehicles (17,204 offers to individuals with an aggregate value of \$646,428,424.39, and 1,467 offers to businesses with an aggregate value of

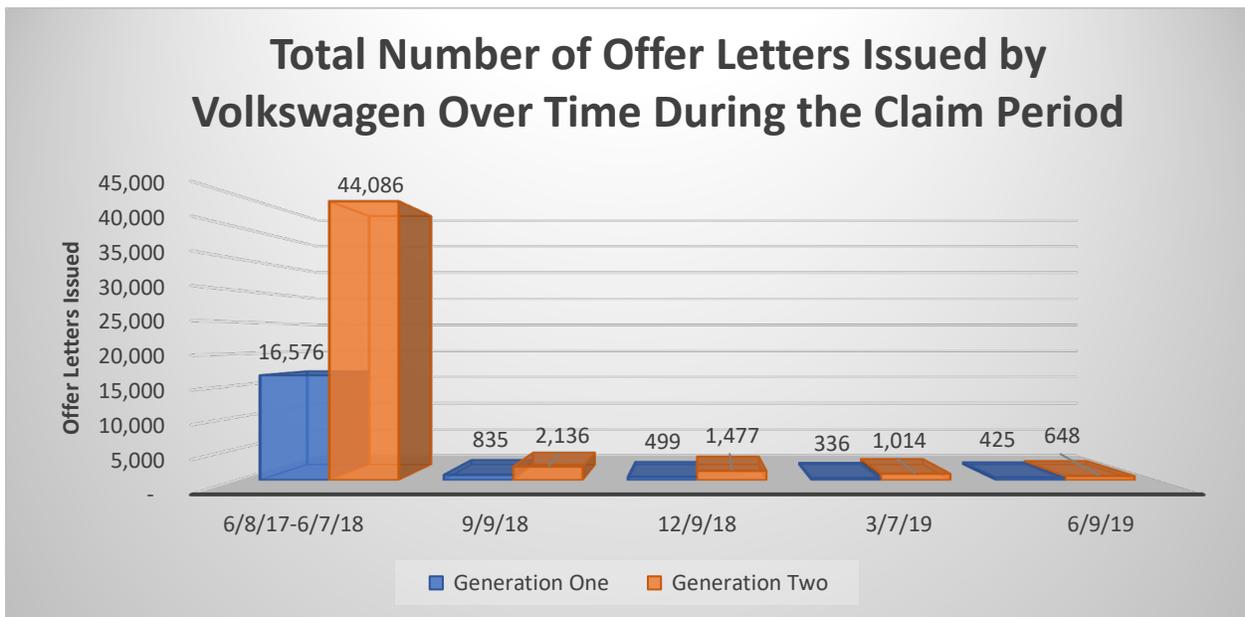
¹⁹ For the same reasons described in footnote 10, the aggregated total of required decisions reflected in Chart 2-21 is 538 decisions (0.7%) greater than the 75,306 required second ten-business-day review period decisions set forth above.

²⁰ The Claims Supervisor identified 1,052 claims -- 34 claims related to Generation One vehicles and 1,018 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 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.

\$55,060,819.54). The remaining 49,361 offer letters with an aggregate value of \$366,412,686.35 related to Generation Two vehicles (45,089 offers to individuals with an aggregate value of \$334,982,045.13, and 4,272 offers to businesses with an aggregate value of \$31,430,641.22).

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.

Chart 2-23²¹

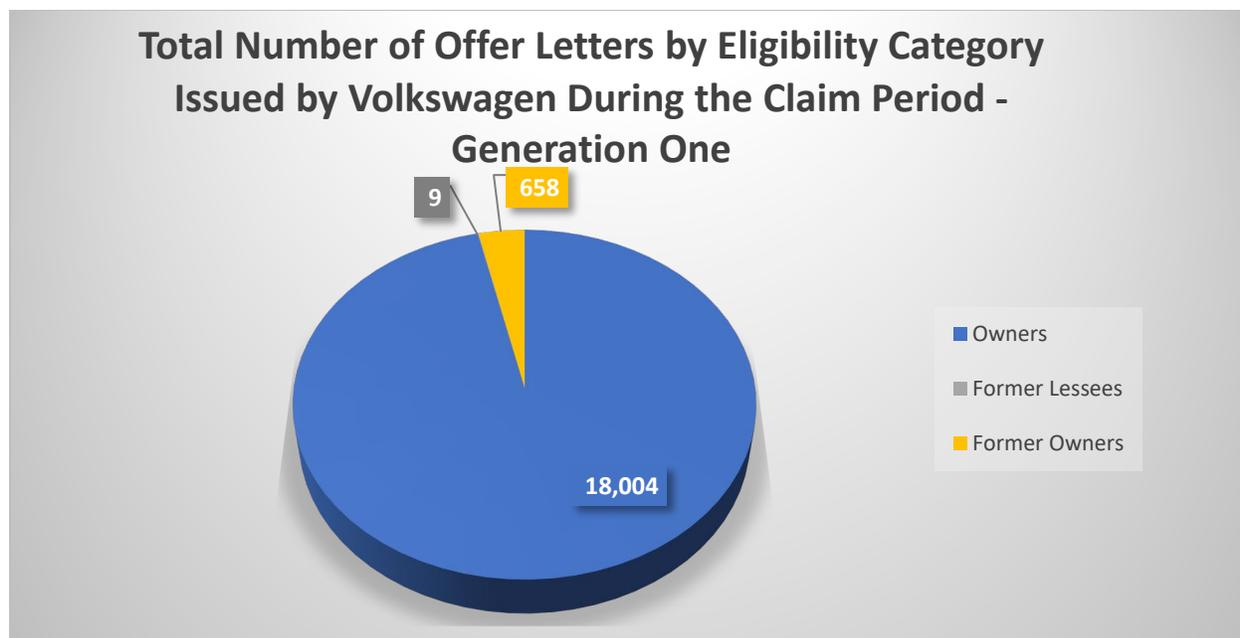
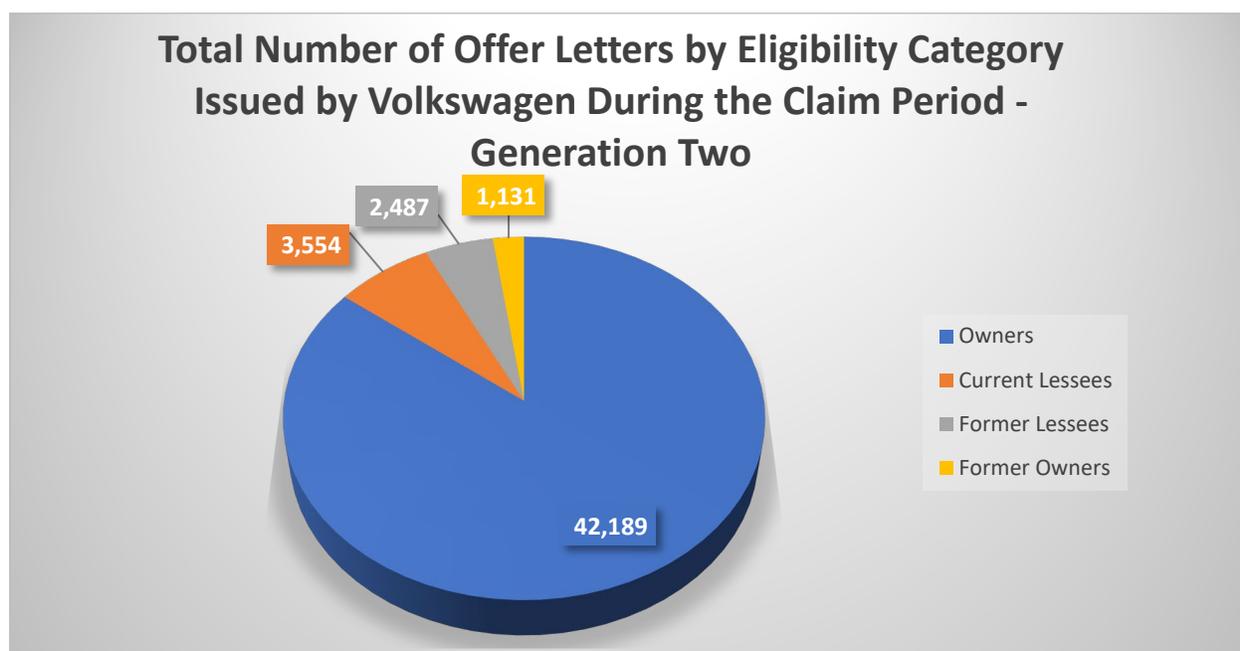


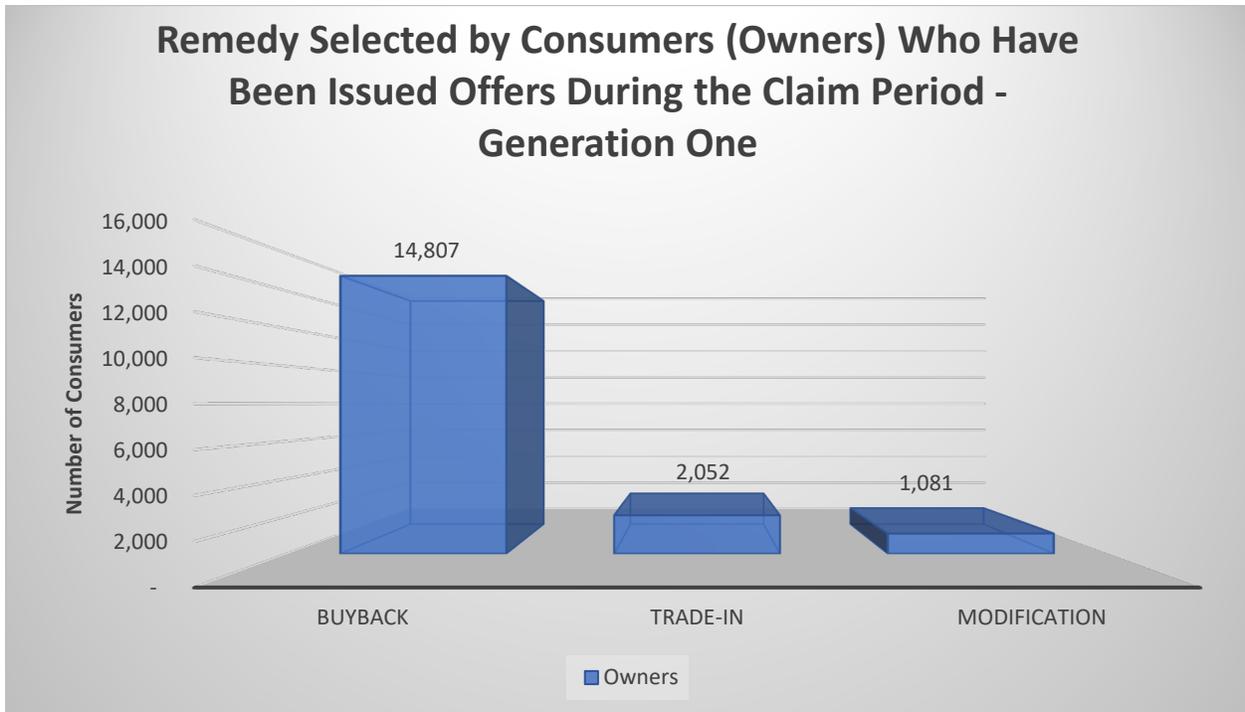
Chart 2-24



²¹ Through June 9, 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 2-25²²



As to Generation Two vehicles, a total of 42,015 Owners and 3,554 Current Lessees had received offer letters for an ECR, while 2,487 Former Lessees, 1,131 Former Owners, and 174 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 June 9, 2019.

²² Chart 2-25 excludes 658 Former Owners, 64 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 June 9, 2019, of the approximately \$701.49 million corresponding to the offer letters issued by Volkswagen relating to Generation One vehicles, Owners account for about \$698.05 million. Across these consumers: about \$464.59 million related to Owners without loans; about \$232.81 million related to Owners with loans; \$638,650.89 related to sixty-four 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.²³ The remainder was split among Former Owners (658 offer letters valued in the aggregate at about \$3.39 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 June 9, 2019.

²³ Through June 9, 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 2-27²⁴

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – Buyback	\$40,554.30	\$13,575.00 ²⁵	\$64,846.12
Owner – Trade In	\$41,886.27	\$18,055.75	\$62,984.50
Current Lessee – REM	\$10,164.01	\$3,990.00	\$13,679.05
Owner – Totaled Vehicle Restitution	\$9,978.92	\$4,808.48	\$12,516.20
Former Lessee Restitution	\$5,538.48	\$5,100.00	\$6,344.12
Former Owner Restitution	\$5,148.76	\$2,612.17	\$6,997.50

Through June 9, 2019, of the approximately \$366.41 million associated with offer letters to consumers with Generation Two vehicles, Owners accounted for about \$346.56 million. The remainder was split among: Current Lessees (3,554 offer letters valued in the aggregate at \$7.067 million); Former Lessees (2,487 offer letters valued in the aggregate at \$4.974 million); and Former Owners (1,131 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 June 9, 2019.

²⁴ Chart 2-27 excludes the thirty-four Generation One claims discussed in footnote 20 above that were categorized as Owner instead of Eligible Lessee claims.

²⁵ 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 2-28²⁶

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – ECR	\$8,379.60	\$1,830.44 ²⁷	\$16,113.64
Owner – Totaled Vehicle Restitution	\$7,909.24	\$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	\$4,253.12	\$1,841.69	\$5,722.12

Finally, Chart 2-29 shows, through June 9, 2019, data related to two categories of non-standard claimants: (i) military personnel deployed overseas with their vehicles; and (ii) decedent estates.

Chart 2-29²⁸

	Military Overseas	Decedent Estates
Registrations	96	183
Submitted Claims	94	176
Deemed Complete and Eligible	94	170
Offer Letters Issued	94	170
Total Offer Amounts	\$1,840,074.17	\$2,907,261.14

²⁶ With respect to the figures for Owner-ECR claims, Chart 2-28 excludes the 1,018 Generation Two claims discussed in footnote 20 above that were categorized as Owner instead of Eligible Lessee claims.

²⁷ 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.

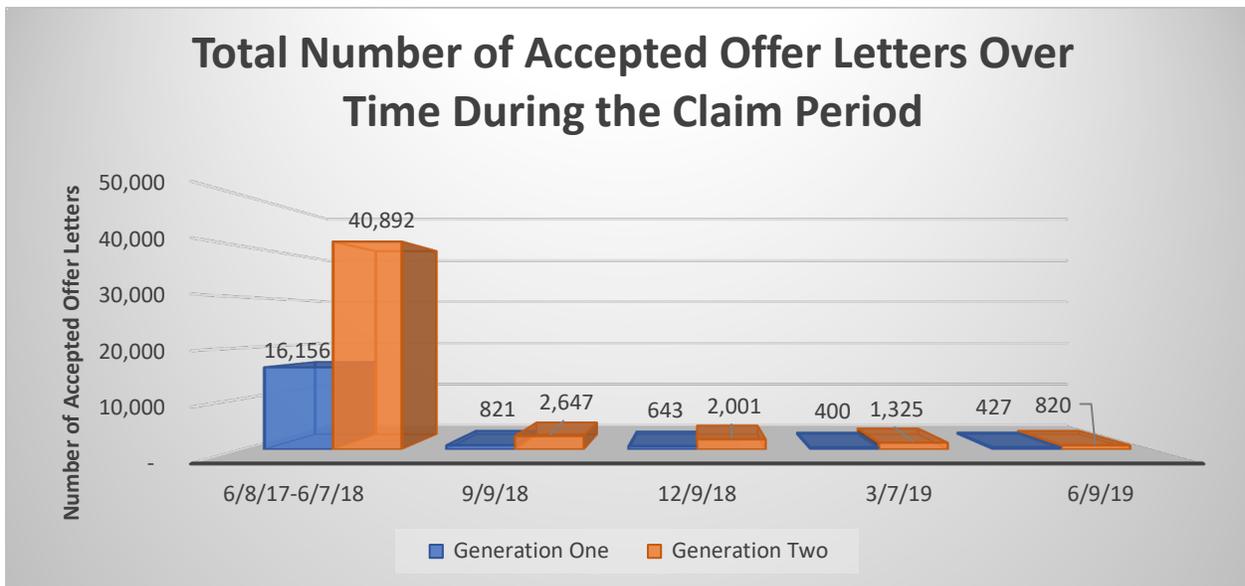
²⁸ Military overseas claims are categorized as non-standard claims because of the unique issues they present in terms of claims processing and closing logistics. While decedent estate claims present unique claims processing issues, closings generally follow the standard process, so information regarding 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 June 9, 2019, a total of 66,132 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$1,049,836,006.86.²⁹ This includes 18,447 accepted offer letters associated with Generation One vehicles valued in the aggregate at \$694,020,383.78, and 47,685 accepted offer letters associated with Generation Two vehicles valued in the aggregate at \$355,815,623.08. During this quarter, 1,247 offer letters were accepted by consumers with an aggregate value of \$22,136,377.71.

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

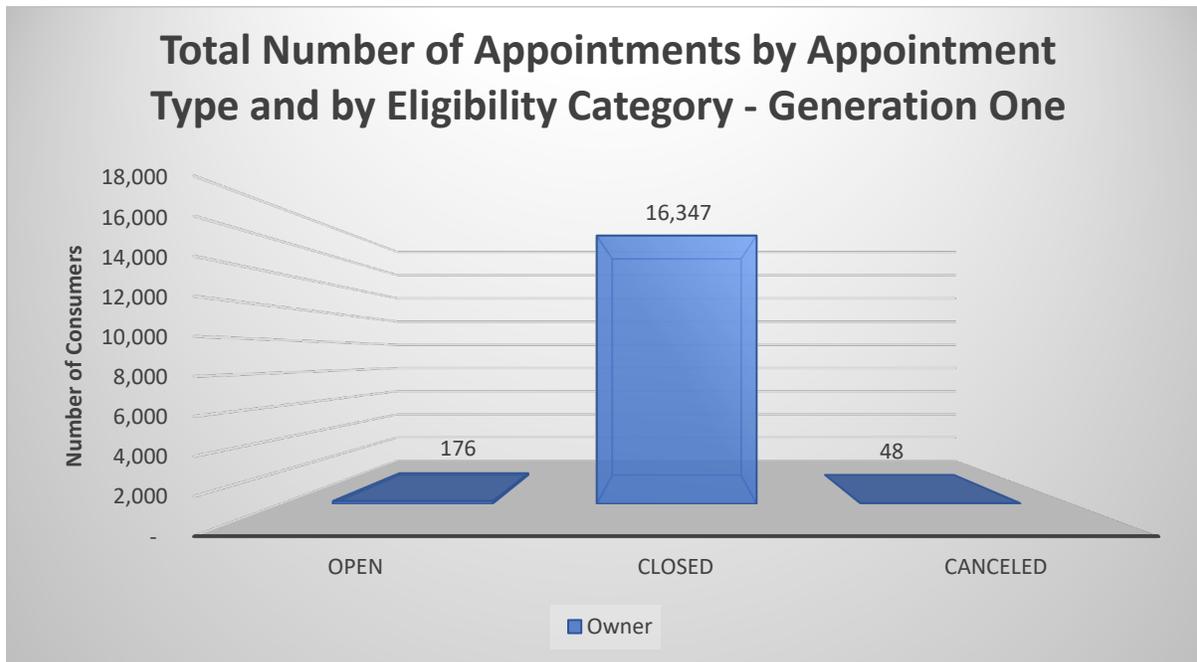


Of the 18,447 consumers with Generation One vehicles who had accepted offer letters as of June 9, 2019, 17,719 were Owners. Within that group of 17,719 consumers, 16,571

²⁹ 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 June 9, 2019.³⁰ 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.³¹

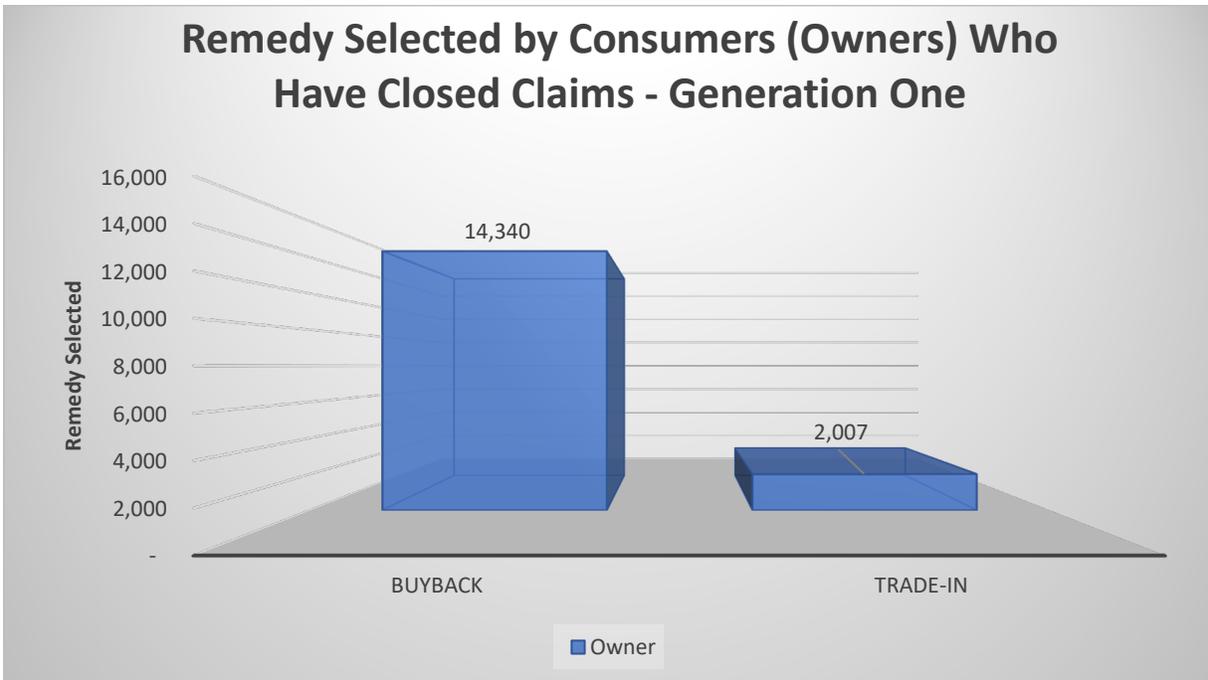
Chart 2-31



³⁰ Information regarding completed REMs on Generation One vehicles is set forth below.

³¹ As of June 9, 2019, there had been 5,756 instances where a scheduled Buyback or Trade-In appointment for a Generation One vehicle had resulted in cancellation. Of these, 5,481 appointments (95.2%) were cancelled at the consumer's request. Other common reasons for cancellations included: (i) the customer did not show up to the appointment (126 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). Notably, most cancelled appointments reflected in Chart 2-31 are instances where the consumer changed his or her remedy selection from a Buyback or Trade-In to an REM.

Chart 2-32



As set forth in Chart 2-32, there had been 16,347 Buyback and Trade-In appointments associated with Generation One vehicles that had resulted in closing as of June 9, 2019, the aggregate value of the offer letters for which totaled \$664,337,234.45. This includes 345 closings during this quarter with offer letters aggregately valued at \$14,548,749.16. 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 June 9, 2019, Volkswagen had issued payments totaling \$661,824,895.06 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 June 7, 2019, Volkswagen had completed 1,192 REMs on Generation One vehicles and 46,256 ECRs on Generation Two vehicles, while the vehicles were in the possession of consumers. 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 while in a Consumer's Possession	1,014	42,691
Pending Completion of the Claims Process ³²	37	1,539
No Claim Registered, Claim Ineligible, or Claim Cancelled	141	2,026

As of June 7, 2019, Volkswagen had paid \$9,854,562.63 in connection with REMs on Generation One vehicles and \$335,434,346.90 in connection with ECRs on Generation Two vehicles. This includes \$800,457.71 and \$7,357,767.18 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. Charts 2-35 and 2-36 show the number and amount of Generation One and Generation Two payments associated with these claims, respectively.

Chart 2-35

Generation One - Eligibility Category	Total Number of Payments Issued	Total Amount of Payments Issued
Former Owners	654	\$3,372,207.60
Former Lessees	9	\$49,846.33
Consumers with Claims Related to Totaled Vehicles	62	\$617,963.16

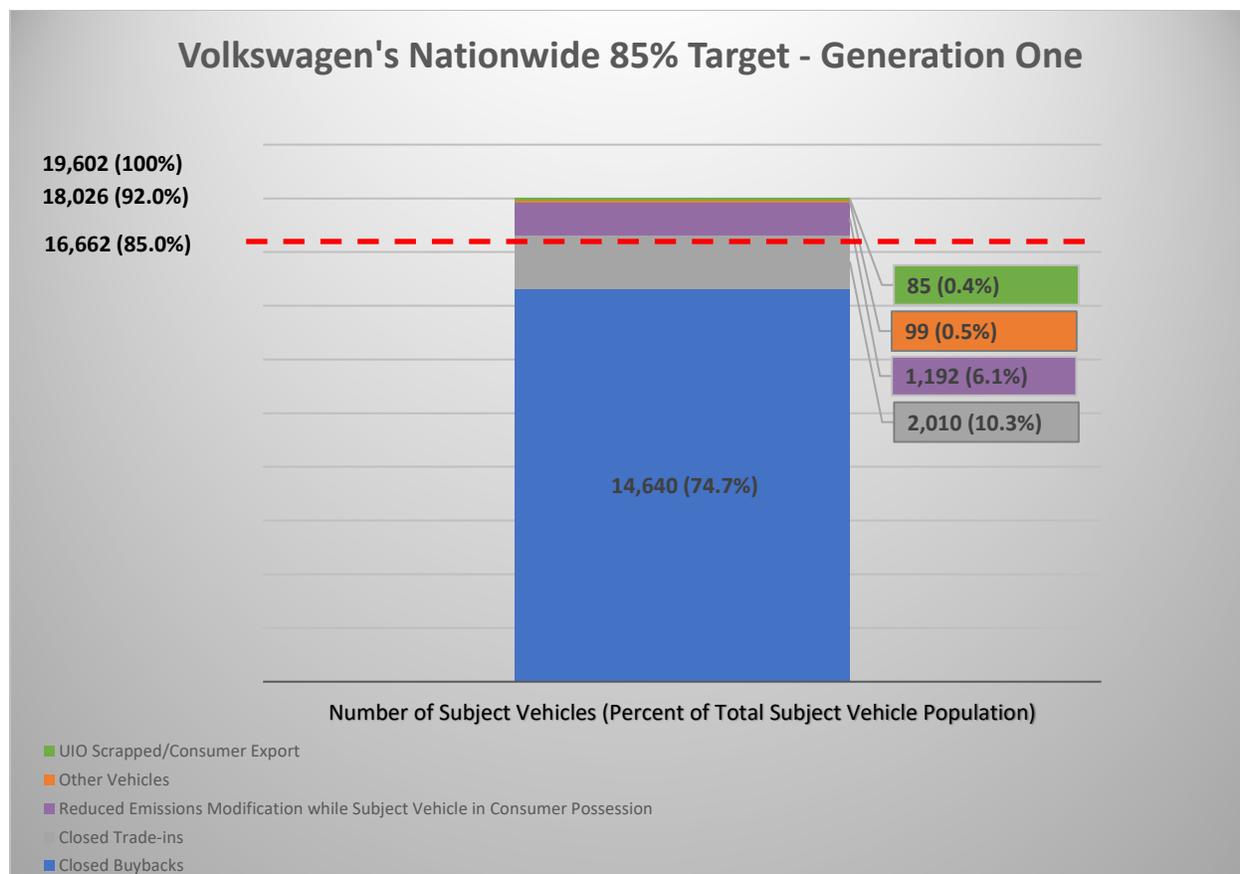
³² The overwhelming majority of these claims are instances in which offers had been extended by Volkswagen to consumers but had not yet been accepted.

Chart 2-36

Generation Two - Eligibility Category	Total Number of Payments Issued	Total Amount of Payments Issued
Former Owners	1,110	\$4,716,390.21
Former Lessees	2,313	\$4,625,000.00
Consumers with Claims Related to Totaled Vehicles	163	\$1,296,671.35

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

Chart 2-37³³

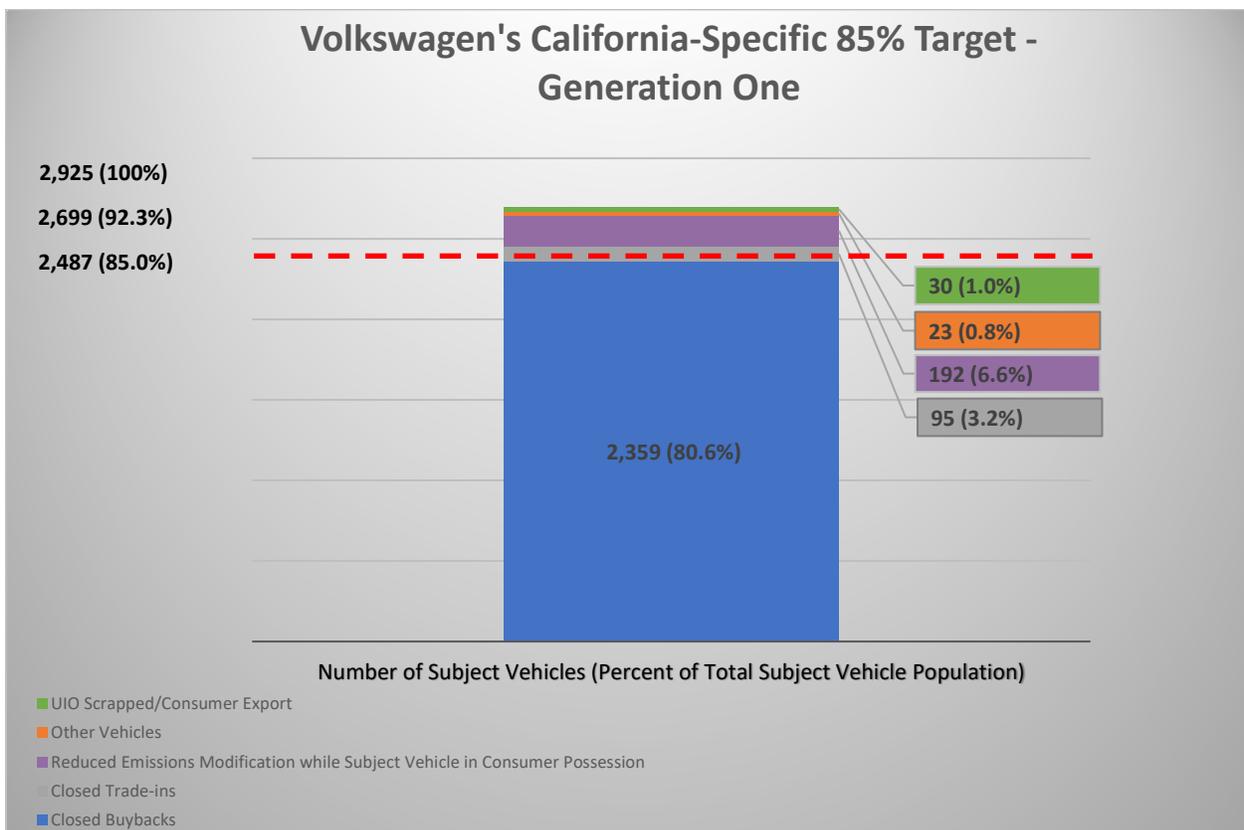
The “Other Vehicles” category depicted in Chart 2-37 (and Charts 2-38, 2-39, and 2-40 below) represents vehicles Volkswagen has removed from commerce outside of the Claims

³³ Figures in Charts 2-37 through 2-40 relating to Polk Units in Operation (“UIO”) Scrapped and Other Vehicles are based on Volkswagen data as of March 31, 2018. The population of Other Vehicles includes certain vehicles associated with completed Buyback, Trade-In, and ECR appointments. To avoid double-counting, these vehicles are excluded from the Buyback, Trade-In, and ECR figures reflected in Charts 2-37 through 2-40 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 May 8, 2019. Data on Canadian-registered Generation Two vehicles that have received an ECR 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. Across Charts 2-37 through 2-40, vehicles initially categorized as scrapped never account for more than 1% of the total population of vehicles removed from commerce or modified. Finally, the REM and ECR figures in Charts 2-37 through 2-40 are based on data provided by Volkswagen as of June 7, 2019.

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 2-38 reflects data on the number of Generation One Subject Vehicles registered in California that had been modified or removed from commerce.

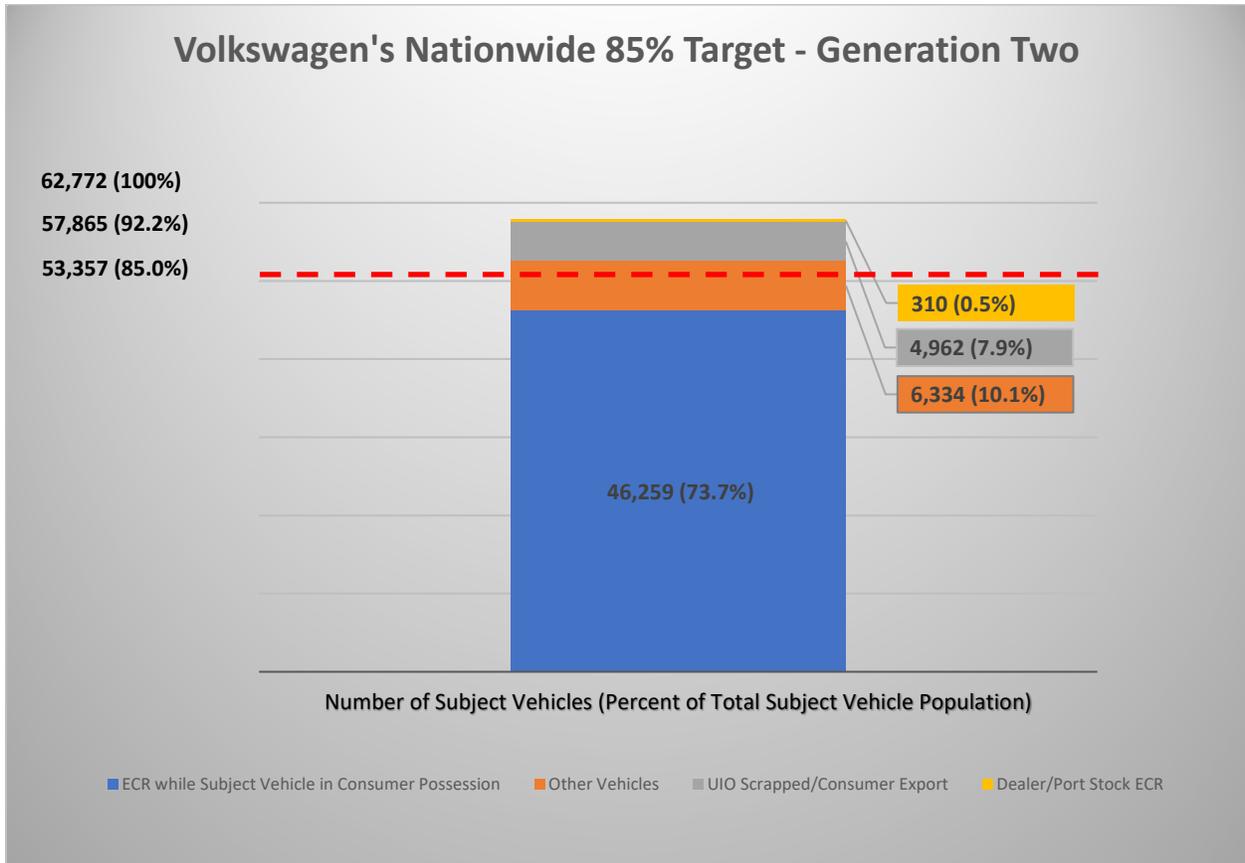
Chart 2-38



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 2-39 generally reflects data on the number of Generation Two Subject Vehicles that had been modified or removed from commerce.

Chart 2-39³⁴

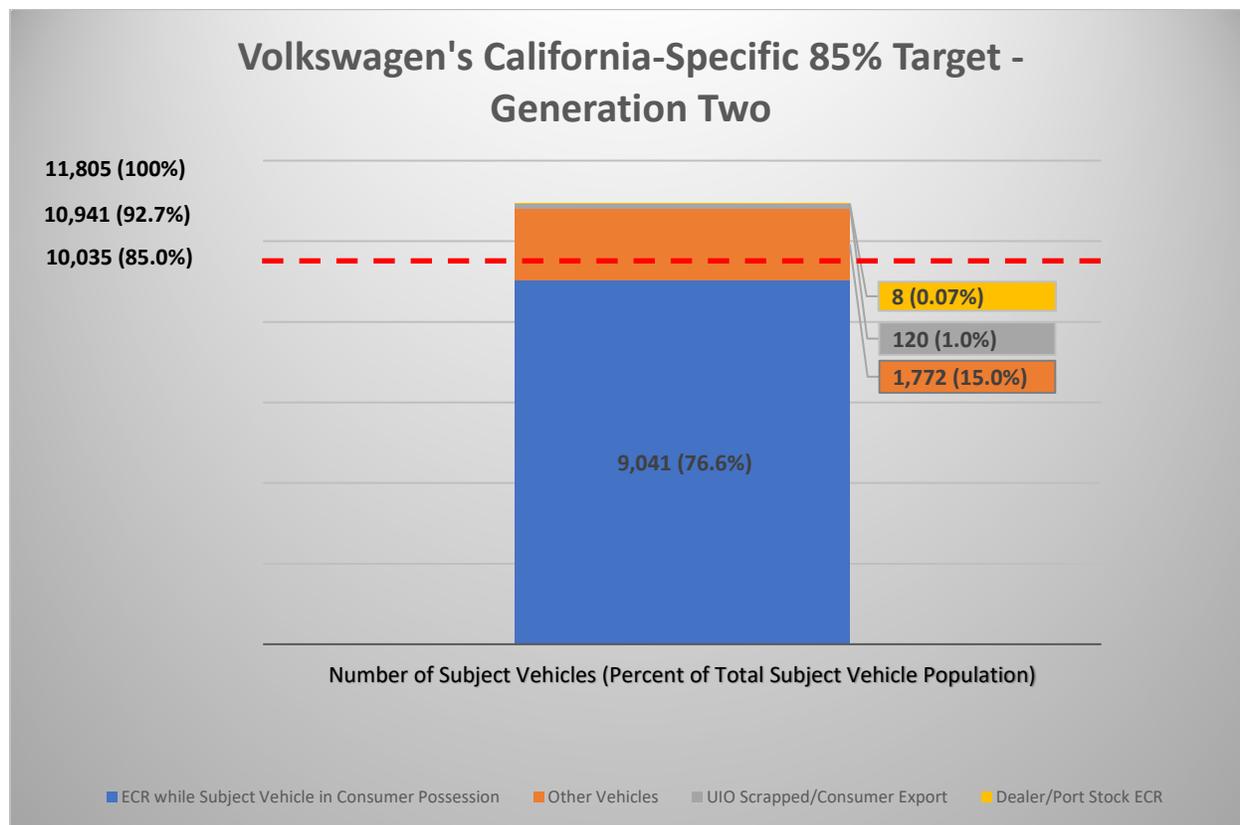


As of the October 2018 reporting period, Volkswagen also had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that, by May 31, 2020, the company permanently remove from commerce or perform an ECR on at least 85% of Generation Two 3.0 Liter Subject Vehicles that were registered in California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

³⁴ 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.

California is 11,805.” Chart 2-40 generally reflects data on the number of Generation Two Subject Vehicles registered in California that had been modified or removed from commerce.

Chart 2-40



III. Consumer Experience

A. Claims Program Updates

1. Non-Standard Claims

a) Canadian Claims

During the quarter, Volkswagen continued to progress claims submitted by consumers who had purchased a vehicle in the United States but registered it in Canada.³⁵ As of June 4, 2019, the company reported that it had received 432 such claims (32 of which were submitted

³⁵ 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.

during the quarter) and completed 320 claims (44 of which were completed during the quarter).³⁶ At the conclusion of the quarter, the company reported processing 82.9% of all submitted claims, including thirty-eight claims that were determined to be ineligible. Chart 3-1 reflects the number of completed Canadian claims and the claims remaining to be completed by remedy selection.

Chart 3-1³⁷

Canadian Claims by Remedy Selection	Total Eligible/Completed Claims	Eligible/Completed Claims During the Quarter	Claims Remaining to be Completed
Buyback/Trade-In	240	32	36
AEM	75	11	37
Seller Restitution	2	0	0
Owner Restitution	3	1	1

b) Military Overseas Claims

Volkswagen made additional progress processing claims submitted by military personnel stationed overseas with their vehicles. The company reported that, as of June 4, 2019, it had received a total of eighty-eight such claims (two of which were submitted during the quarter). The eighty-eight total claims were comprised of fifty-five AEM claims and thirty-three Buyback claims.³⁸ The company reported completing seventy-eight (88.6%) of these claims, comprised of forty-seven AEMs and thirty-one Buybacks. Chart 3-2 reflects the number of completed military overseas claims and those remaining to be completed by country and remedy selection.

³⁶ At the conclusion of the quarter, Volkswagen had identified seventy-four pending claims submitted by consumers who initially purchased vehicles in the United States but registered them in Canada. This figure includes one active claim (as defined in footnote 12), as well as claims 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).

³⁷ Chart 3-1 excludes the thirty-eight claims that had been deemed ineligible.

³⁸ The AEM claims include both REM and ECR claims.

Chart 3-2

Overseas Military Claims					
Consumer and Vehicle Location	Total Claims	Buybacks Completed	Buybacks Remaining	AEMs Completed	AEMs Remaining
Germany	69	25	1	41	2
Italy	5	1	1	1	2
South Korea	4	2			2
Belgium	3	1		2	
United Kingdom	2	1			1
Macedonia	1			1	
Malaysia	1			1	
Mexico	1				1
TBD	1	1			
Turkey	1			1	
TOTAL	88	31	2	47	8

Volkswagen reported completing four AEMs during the quarter (two in Germany, one in Macedonia, and one in Turkey), as well as one Buyback in Italy. The company advised that it is continuing to work toward completing the eight pending AEM claims involving vehicles located in Germany, Italy, Mexico, South Korea, and the United Kingdom, as well as the two Buyback claims associated with vehicles located in Germany and Italy.

c) Branded Title Claims

Volkswagen continued to process the relatively few pending claims involving vehicles with branded titles in accordance with the general framework developed by the Parties and the CRC in February 2018.³⁹ As of June 9, 2019, the company had completed 415 such claims -- including 34 claims during the quarter.⁴⁰ Chart 3-3 reflects the total number of related claims

³⁹ 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.

⁴⁰ Within the group of 415 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

that Volkswagen had completed as of June 9, 2019, as well as the number of claims completed during the quarter by the company's eligibility determination.

Chart 3-3⁴¹

Branded Title Claims Determinations	Total Claims	Claims Completed During the Quarter
Eligible	148	1
Ineligible	267	33

At the conclusion of the quarter, there were twenty-three pending claims for which additional information was required from consumers before a determination by the company could be rendered. The most common forms of outstanding documentation required from consumers included a copy of the proof of vehicle acquisition (10) and certificate of title (7).

2. Extended Warranty and Service Contract Refund Program

Consistent with recent reporting periods, the vast majority of consumers who submitted claims in connection with the extended warranty and service contract refund program received timely and accurate determinations through Volkswagen's vendor.

As of June 9, 2019, the company's vendor had communicated decisions for all but one claim that had been submitted (2,117 out of 2,118), including 22 decisions communicated during the quarter. Of the 2,117 total decisions rendered, 1,393 claims (65.8%) had been deemed ineligible, 718 claims (33.9%) had been deemed eligible, and 6 claims (0.3%) had been deemed deficient and required additional information from the consumer to complete processing.⁴²

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.

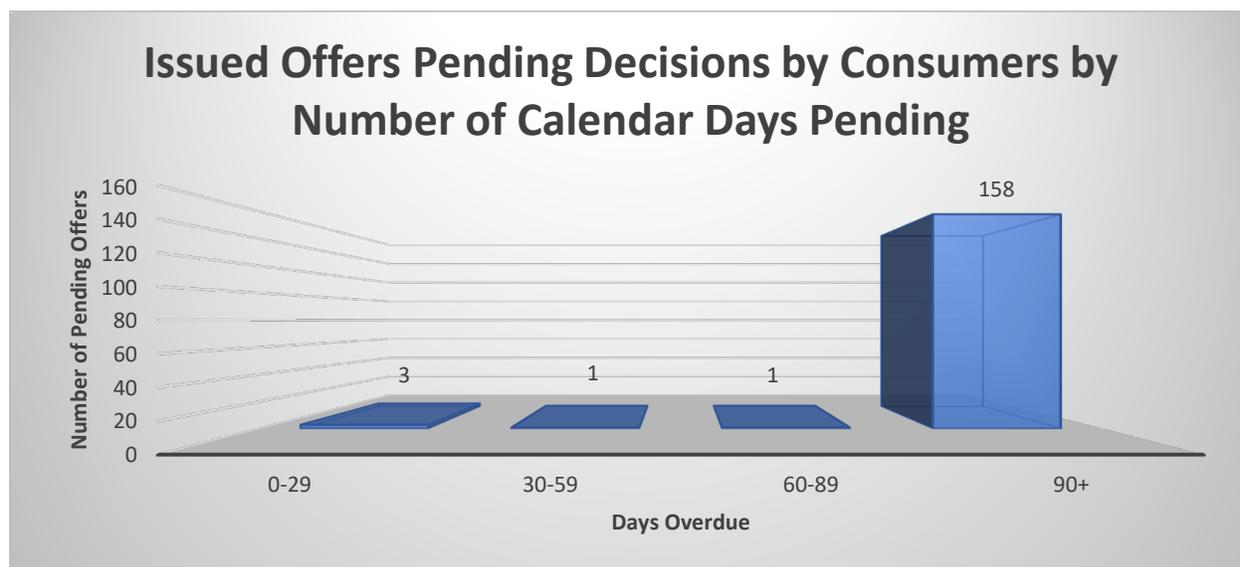
⁴¹ As previously reported, the majority of eligible claims have involved vehicles with rebuilt titles obtained by February 26, 2018, and the majority of ineligible claims have involved vehicles that had salvage titles after February 26, 2018.

⁴² Consumers may challenge their refund determination and/or offer amount by submitting an appeal to the CRC.

Of the 718 eligible claims, Volkswagen had initiated payment on 534 claims, including 19 during the quarter. At the conclusion of the quarter, the company had rendered total payments to consumers of \$65,420.33 -- an average of \$122.51 per eligible claim.

Of the 184 claims for which payment had not been initiated: (i) 163 claims involved instances in which the consumer had not yet decided whether to accept or reject the offer; (ii) 5 claims involved offers that were rejected by the consumer; and (iii) 1 claim involved an accepted offer for which Volkswagen was in the process of initiating payment.⁴³ Chart 3-4 depicts the number of days that the 163 pending offers had been outstanding.⁴⁴

Chart 3-4



The Claims Supervisor reviewed the twenty determinations reached by the vendor during the quarterly reporting period and concurred with all but one.⁴⁵ After further consideration, the

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 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.

⁴⁵ The twenty determinations made this quarter include both eligibility and deficiency determinations reached by the vendor. The Claims Supervisor may review multiple determinations in connection with a single claim.

vendor ultimately agreed that the single determination with which the Claims Supervisor did not concur had been made in error. The Claims Supervisor will continue to validate all determinations and award calculations reached by Volkswagen's vendor.

3. Claims Review Committee

The CRC continued to make progress adjudicating consumer appeals. As of June 9, 2019, consumers had submitted 1,137 unique appeals (1.6% of all submitted claims), including 110 unique appeals over the quarter. These appeals challenge, among other issues, Volkswagen's eligibility decisions and award calculations. At the conclusion of the quarterly reporting period, the CRC had reached determinations with respect to 592 of the 1,137 total unique appeals (52.1%), including 217 determinations reached during the quarter.⁴⁶

Of the 217 determinations reached this quarter: (i) 175 were denials; (ii) 27 involved instances in which the issues that were the subject of the appeal had previously been resolved, thus mooting the appeal; and (iii) 15 involved instances in which the consumer was advised that he or she may be eligible for benefits subject to review and confirmation of related documentation.⁴⁷ 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. Notification of Claims Program Deadlines

As detailed in the March 2019 Report, Volkswagen sent two Reminder Notices (the first in November 2018 and the second over the months of December 2018 and January 2019) to potentially eligible consumers who had not submitted a claim, elected a remedy, or scheduled a

⁴⁶ The total number of adjudicated appeals actually increased by 218 determinations (as opposed to 217 determinations) from the March 2019 Report as a result of one appeal -- adjudicated during a prior reporting period -- also being counted toward the total.

⁴⁷ One such instance involved a consumer potentially being awarded compensation in accordance with the branded title protocols.

closing appointment.⁴⁸ The Reminder Notices informed recipients of, among other things, the deadlines to file a claim and/or schedule an appointment to receive compensation.

On April 2 and 3, 2019, the company sent an additional notice to 2,114 consumers with Generation One vehicles who had registered a claim but still had not completed a remedy (the “April Notice”). The April Notice reminded these consumers of the June 1, 2019 deadline to complete a claim and submit all required documentation, and the September 30, 2019 deadline to complete a remedy and be eligible for compensation under the terms of the Resolution Agreements. The April Notice also advised consumers that: (i) they are permitted to switch their remedy prior to July 1, 2019; (ii) if they change their remedy after June 1, 2019, they must submit all required documents within three days of the change (and no later than July 3, 2019); (iii) they may only change their remedy once after June 1, 2019; and (iv) if they do not complete the necessary steps to change their remedy, their claim will revert to the originally selected remedy.

On May 2, 2019, the company sent an additional notice to 1,938 consumers with Generation One vehicles who had registered a claim but had not completed a remedy (the “May Notice”). Consistent with the April Notice, the May Notice served as an additional reminder of the relevant deadlines to submit a claim and complete a remedy, as well as the process for switching a remedy selection prior to July 1, 2019.

Following the April Notice and May Notice, the company provided an extension -- from June 1, 2019 to June 30, 2019 -- for consumers who had submitted a claim on a Generation One vehicle by June 1, 2019 to cure any deficiencies associated with their claim.

⁴⁸ Volkswagen sent the First Reminder Notice by regular mail to 7,513 consumers with Generation One vehicles and 22,035 consumers with Generation Two vehicles, and by e-mail to 2,558 consumers with Generation One vehicles and 7,786 consumers with Generation Two vehicles for whom Volkswagen had e-mail addresses. Volkswagen sent the Second Reminder Notice by regular mail to 7,312 consumers with Generation One vehicles and 21,518 consumers with Generation Two vehicles, and by e-mail to 1,596 consumers with Generation One vehicles and 5,770 consumers with Generation Two vehicles for whom Volkswagen had e-mail addresses.

5. Post-Closing Processing of Vehicles

As discussed in prior reports, once a Buyback or Trade-In appointment is completed on a Generation One vehicle, 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 March 31, 2019, Volkswagen had reacquired 16,379 Eligible Vehicles through the Claims Program, resold 4,120 Eligible Vehicles, and destroyed 2 Eligible Vehicles. Accordingly, approximately 12,250 Eligible Vehicles were housed in storage facilities as of March 31, 2019.

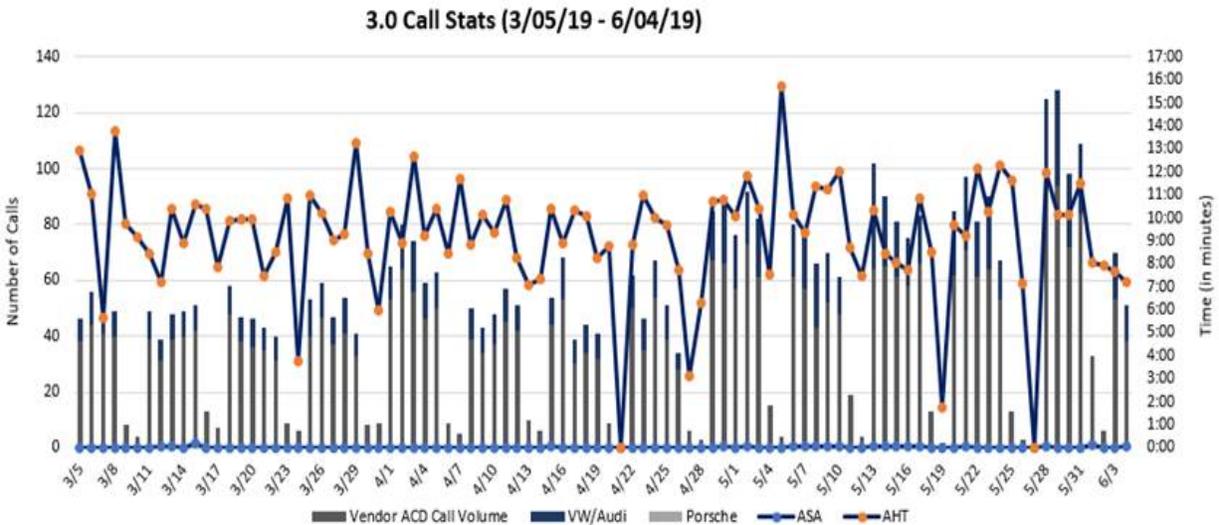
B. Customer Service

Volkswagen's customer support agents continued to generally deliver prompt and effective assistance to consumers through the company's call hotline, chat portal and Resolution Team.

Average weekday call volume decreased slightly this quarter compared to the last quarter from an average of 72 calls per weekday to an average of 65 calls per weekday. The average call abandonment rate fell below 1.0% during the quarter, and the average speed to answer was approximately one second per call. Chart 3-5 depicts the daily hotline call volume and related data from March 5, 2019 to June 4, 2019.⁴⁹

⁴⁹ ASA is the abbreviation for average speed of answer and AHT represents average handle time.

Chart 3-5



Average weekday chat volume decreased from 42 chats per weekday last quarter to an average of 24 chats per weekday this quarter, while the chat abandonment rate increased from 6.7% last quarter to 13.1% this quarter.

The Claims Supervisor reviewed a sample of 342 recorded calls and 522 chats that occurred between March 1, 2019 and May 31, 2019, and determined that only one call and one chat were not successful due to incorrect information being provided.

Volkswagen's Resolution Team remained effective in addressing more complex consumer issues. During the quarter, the Resolution Team received 114 consumer inquiries (the vast majority of which involved payment issues) and resolved 127 consumer inquiries, including several from prior months. As of June 4, 2019, the Resolution Team had resolved a total of 2,583 inquiries since the beginning of the Claims Program.

Consumer complaint volume remained relatively low. The limited complaints received by the company related to, among other things, vehicle performance following the completion of an AEM, general frustration with the claims process, and payment issues.⁵⁰

⁵⁰ The Claims Supervisor is aware of 106 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.

IV. Conclusion

During the quarter, Volkswagen remained effective and efficient in processing consumer claims, and administering the Claims Program in accordance with the terms of the Resolution Agreements. As of June 9, 2019, the company had completed 47,448 AEMs for consumers, 14,340 Buybacks, and 2,007 Trade-Ins, and made associated payments of \$1,021,857,303.57 to eligible consumers.

Volkswagen continued to provide generally responsive customer support throughout the quarter. In doing so, the company kept potentially eligible consumers with Generation One vehicles who had registered but not completed a claim apprised of upcoming Claims Program deadlines, including the June 1, 2019 deadline to submit a complete claim. The company also continued to process various non-standard claims, including those involving vehicles manufactured for sale in the United States but registered in Canada, and military personnel stationed overseas with their vehicles. Additionally, the CRC adjudicated 217 more consumer appeals.

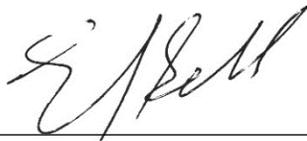
In accordance with the requirements of the 3.0 Liter Resolution Agreements, the Claims Supervisor will continue to evaluate and report on Volkswagen's progress with and adherence to the terms of the 3.0 Liter Resolution Agreements as the Claims Program continues.

Sincerely,

Ankura Consulting Group, LLC



Terrence S. Brody
Senior Managing Director



Edward J. Bell
Senior Managing Director



Gary Wingo
Senior Managing Director

Submitted: June 13, 2019

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.