

Audi of America, Inc.



<MONTH YEAR>

<CUSTOMER NAME>

<CUSTOMER ADDRESS>

<CUSTOMER CITY STATE ZIPCODE>

This notice applies to your vehicle: <VIN>

**Subject: EPA & CARB Approved Emissions Modification 2015 Model Year Audi 2.0L TDI
Emissions Recall 23Y9 – Emissions Modification – Phase 2**

Audi of America, Inc.
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Dear Audi Owner or Lessee,

On September 18, 2015 the Environmental Protection Agency (EPA) and California Air Resources Board (CARB) informed Audi that 2009 - 2015 Model Year 2.0L TDI vehicles do not comply with federal and California emissions standards. The information in this letter represents a step forward as we continue on the road to making things right for you.

As part of Audi's settlements with the United States Department of Justice (DOJ), EPA, CARB, the California Attorney General's Office (CAAG), the Federal Trade Commission (FTC) and Class Counsel, we notified you about a two-part emissions modification for your 2015 Model Year 2.0L TDI Audi vehicle in January 2017. At that time, Phase 1 was available to you. In Phase 1, we removed the software that reduced the effectiveness of your TDI's emission control system and replaced it with software that directs your vehicle's emission controls to function effectively in all normal driving conditions. In Phase 2, we will install updated emissions control system hardware - specifically a new Diesel Particulate Filter, Diesel Oxidation Catalyst, and Selective Catalytic Reduction Converter - that is needed to maintain emissions performance for the full useful life (150,000 miles) of your vehicle. As part of the Phase 2 modification, we will also install a second NOx sensor and corresponding software to improve the performance of the OBD system.

We are now informing you that the Phase 2 emissions modification is available for 2015 Model Year 2.0L TDI (GEN 3) Audi vehicles. Our records show that you are the owner or lessee of a vehicle affected by this action. The Phase 2 emissions modification for your vehicle has been approved by the EPA and CARB. The purpose of this letter is to inform you of that approval and provide you with information on how you can take the next steps.

The following pages outline the emissions system updates that are now available for your 2015 Model Year Audi 2.0L TDI and the extended emissions warranty coverage that will be provided for vehicles that receive the modification. You can also read about the impact these updates will have on your driving experience as well as instructions on maintaining your vehicle post-modification.

We encourage you to carefully review the information in this letter, and if we can be of further assistance, please let us know.

Please visit AudiCourtSettlement.com for more information on this issue or contact us at 844-98-CLAIM.

What is the issue?

Federal and California laws prohibit the use of defeat devices and the use of engine software designed to reduce the effectiveness of your vehicle's emission control systems. The EPA and CARB have determined that Audi vehicles equipped with a 2.0L 4-cylinder TDI engine do not comply with these laws. Through the agreed upon emissions modification, Audi will remove the software that reduced the effectiveness of your TDI's emission control system and will install new emission control software and hardware designed to function effectively in all normal driving conditions.

What will we do as part of this recall?

EPA and CARB have approved a two-part emissions modification plan. Both phases of the plan need to be completed for the emissions control system to operate properly throughout your vehicle's full useful life. Therefore, vehicle owners who choose the emissions modification instead of vehicle buyback, are expected to complete both phases. Phase 1 was approved in early 2017 and, has been available since then, so you may already have had the Phase 1 update performed on your vehicle. Phase 2 is available now. If you choose to get the emissions modification but have not received the Phase 1 update, your dealer will perform the necessary elements of both phases when you bring your vehicle for the Phase 2 emissions modification.

As described in the January 2017 letter Audi sent when Phase 1 became available, Audi is required to offer a buyback of your vehicle or terminate your existing lease as an alternative to the emissions modification, under settlement agreements reached with the DOJ, EPA, CARB, CAAG, FTC and Class Counsel. It is your choice whether to select the buyback/lease termination or the emissions modification. However, vehicles that have already received Phase 1 of the modification are no longer eligible to receive a buyback. Please see the "What Are My Options" section of this letter for additional information.

You can visit **AudiCourtSettlement.com** to learn more and to file a claim. For owners selecting the emissions modification, eligibility, scheduling information, and details on logistics can be found at www.audicourtsettlement.com, or by calling 844-98-CLAIM.

Phase 2 of the emissions modification will involve outfitting your car with new emission control parts to ensure system reliability and durability over time. We will install a second nitrogen oxides (NOx) sensor and corresponding software to improve the performance of the on-board diagnostic (OBD) system. In addition, the Phase 2 update will include installation of a new Diesel Particulate Filter, Diesel Oxidation Catalyst, and Selective Catalytic Reduction Converter. These components are needed to maintain emissions performance for the full useful life (150,000 miles) of your vehicle. If your vehicle has accumulated less than 40,000 miles (for automatic transmissions) or 70,000 miles (for manual transmissions) at the time of your Phase 2 update, your car may need to have the Diesel Oxidation Catalyst replaced a second time before it reaches 150,000 miles.

If you purchased a vehicle with the Phase 1 emissions modification already applied and your vehicle has accumulated fewer than 40,000 miles (for automatic transmissions) or 70,000 miles (for manual transmissions) at the time of your Phase 2 update, we will not replace the Diesel Particulate Filter, Diesel Oxidation Catalyst, and Selective Catalytic Reduction Converter in your vehicle at that time and we request that you return at a future date for its replacement once your vehicle has accumulated at least 70,000 miles. At the time of this service, you will receive a complimentary maintenance service with a free tank of fuel and have the aforementioned hardware installed at that time.

Phase 2 is available at no cost to you. This will take approximately nine hours. If you come in for the modification, Audi will provide you with a loaner vehicle at zero cost to you.

There are occasionally outstanding recalls that your vehicle may be subject to, that are not related to the emissions modification. Any such open items will be completed at the time of Phase 2 and may require increased time at the dealer. You will be notified of any additional expected recalls and the duration of the service action when calling in to schedule your appointment.

Will this affect my vehicle performance?

If you already received the Phase 1 modification, the Phase 2 modification is not expected to have any further impact on reliability, durability, fuel economy, engine sound, vehicle performance, or drivability.

If you have not yet received the Phase 1 modification, and you choose to get the emissions modification, your dealer will now install new hardware and software to address all elements of the emissions modification. The updates will affect your vehicle in the following ways:

- Engine sound may differ from your vehicle's prior operation. Although unlikely, the engine tone may vary slightly after the emissions modification is complete. This will not result in any noticeable change in the driving characteristics of your vehicle.
- An update to the engine cooling fan operation will allow your vehicle to cool more efficiently and may alter the sound that the vehicle fan makes once the engine has been turned off. This update is not related to the emissions issue, and is addressed in the spirit of continued vehicle performance improvement.
- Sport Mode Changes – While driving in sport mode the automatic transmission will shift earlier at low accelerator positions for improved driving comfort, resulting in lower engine speeds at constant driving.
- Improved Vehicle Drivability – Vehicles with automatic transmissions will exhibit improvement in throttle response, a smoother acceleration and improved driving experience.
- Diesel Exhaust Fluid (DEF) consumption – DEF consumption for your vehicle may increase. The amount of the increase will vary. Some drivers will experience no change, but others will use 1% - 14% more DEF on average (also known as AdBlue®). The amount of the impact will depend on driving style and other factors. This means some drivers will need to refill the DEF tank more frequently.
- On-board diagnostic (OBD) system changes – Your OBD system's operations will be modified and, based upon the agreement with EPA and CARB, certain emission thresholds will be adjusted. These thresholds set new malfunction detection limits that are compliant with agreements. These new levels may be above what inspection and maintenance regulators are familiar with. We don't expect you will have any issues, but the extended warranty coverage outlined in this booklet offers additional protection if your vehicle is still covered under warranty at the time of inspection. These changes should not be noticeable to a driver and do not impact driving characteristics.

As explained in the original notification, your vehicle's emissions will be reduced but will still be higher than the standards to which the vehicle was originally certified.

More information regarding the technical details of this update can be found at **AudiCourtSettlement.com** or **audiusa.com**.

Will this affect my vehicle maintenance intervals?

Phase 2 will not affect vehicle maintenance intervals.

We do not anticipate that the modification will affect the OBD system in a manner that would make identification and repair of any components difficult, compromise warranty coverage, or compromise your vehicle's ability to comply with the inspection and maintenance (Smog Check) test of your vehicle. Furthermore, the extended warranty coverage outlined in this letter offers additional protection for any OBD-related issues. These changes should not be noticeable to you and do not have any impact upon driving characteristics.

What are my options?

If you received Phase 1 and you were eligible for participation in the settlements reached with the DOJ, EPA, CARB, CAAG, FTC and Class Counsel, you can keep your car and receive the Phase 2 approved emissions modification and receive the remainder of your cash payment.

If you did not receive Phase 1 and you are eligible to participate in the settlements reached with the DOJ, EPA, CARB, CAAG, FTC and Class Counsel, you have two options once you have submitted a complete and valid claim under the settlements.

You can keep your car, receive the approved emissions modification as part of this recall and receive a cash payment. Alternatively, you can choose to have Audi buy back your car (or, if you're a lessee, terminate the lease early) and receive a cash payment.

The modification option, described here, enables an eligible consumer to keep his or her vehicle, receive an approved emissions modification free of charge and an additional restitution payment, calculated using two components: 1) a percentage of the September 2015 NADA Used Car Guide Clean Trade including manufacturer-installed options; and 2) a flat dollar amount. Vehicles receiving an approved emissions modification will also receive an extended emissions warranty covering the emissions system of the modified vehicle, which includes a Lemon Law-type remedy to protect against the possibility that the modification causes subsequent service problems.

To receive the approved emissions modification plus the cash payment, file a claim on **AudiCourtSettlement.com**. Once approved, you may schedule an appointment at your preferred dealership. Your Audi dealer will complete Phase 2 in approximately 9 hours. Audi will provide you with a loaner vehicle at zero cost to you.

The alternative buyback option enables an eligible consumer to return his or her vehicle to Audi and receive the buyback payment, which also includes two components: 1) the vehicle return amount derived from the September 2015 NADA Used Car Guide Clean Trade including manufacturer-installed options; plus 2) additional restitution, which is the sum of a set percentage of the vehicle return amount and a flat dollar amount.

For more information about the emissions modification, your options (including when and how to visit a dealer), or to check eligibility and file a claim, please visit **AudiCourtSettlement.com** or contact us at **844-98-CLAIM**.

IMPORTANT: If an affected vehicle received Phase 1 or receives Phase 2 without participation in the Class Action Settlement, the **buyback or early lease termination option under the Class Action Settlement is no longer available.** Nonetheless, Eligible Owners and Lessees (as defined by the terms of the Class Action Settlement Agreement) may still be able to receive a cash payment associated with the modification. Please visit **AudiCourtSettlement.com** for more information.

If you choose to keep your vehicle but decline the emissions modification at this time, you should be aware that certain emissions-related replacement and repair parts may at some point no longer be available from Audi. Accordingly, in the future, if your unmodified vehicle requires Audi and repairs of the emissions system we may need to install parts associated with the emissions modification, or, in some cases, install all aspects of the emissions modification. You should not have any issues with the ability of your vehicle to pass the inspection and maintenance test. This may lead to changes to your vehicle's operation or performance resulting from those modifications as discussed in this booklet.

If the vehicle has been modified by the customer prior to receiving the emissions modification in a manner that may yield a non-compliant emissions system (for example, removal of a catalyst, installation of parts that impact emissions or emissions-related parts, or modifications to the ECU or computer software of the vehicle), Audi may not be able to perform the emissions modification until the customer corrects such modification.

Warranty Extension for Certain Emissions-Related Components

Phase 2 does not affect the warranty. The warranty period for the "Extended Emissions Warranty" continues to be the **greater** of:

- 11 years or 162,000 miles, whichever occurs first, from the vehicle's original in-service date; **OR**
- 5 years or 60,000 miles, whichever occurs first, from the date and mileage of Phase 2

The vehicle's original in-service date is defined as the date the vehicle was delivered to either the original purchaser or the original lessee; or if the vehicle was first placed

in service as a "demonstrator" or "company" car, on the date such vehicle was first placed in service.

The emissions control system warranty covers the entire emissions control system, including (1) all components which are replaced as part of the emissions modification, and (2) any component which can reasonably be impacted by effects of the emissions modification.

The emissions system warranty shall cover the following parts or systems:

- The entire exhaust after treatment system, including the Diesel Oxidation Catalyst (DOC), the Diesel Particulate Filter (DPF), the Selective Catalytic Reduction (SCR) Catalyst, the dosing injector and other DEF system components, the exhaust flap, and all sensors and actuators;
- The entire fuel system, including fuel pumps, high pressure fuel rail, fuel injectors, vibration damper, pressure control valve and all sensors and actuators;
- The Exhaust Gas Recirculation (EGR) system, including EGR valves, EGR cooler, EGR filter, EGR temperature sensor, all related hoses and pipes, and all sensors and actuators;
- The turbocharger, including the turbocharger damper; and
- The On-Board Diagnostic (OBD) system, including SCR DEF quality sensor, and any malfunctions detected by the OBD systems other than those related to the transmission.

Additionally, the engine long block warranty shall cover the engine sub-assembly that consists of the assembled block, crankshaft, cylinder head, camshaft, and valve train.

In our continuing efforts to assure proper performance of Audi vehicles, your dealer will diagnose and replace the emissions-related components listed in this section, if necessary, at no cost to you as long as the vehicle remains within the time and mileage limits of this warranty extension. Please keep this letter with your warranty booklet and deliver it to any new owner, along with the owner's manual.

This warranty extension covers only the diagnosis and replacement of the emissions-related components listed in this section. Should you ever sell the vehicle, this warranty extension is fully transferable to subsequent owners.

This warranty extension will not cover:

- Any damage or malfunctions caused by installation of non-EPA or non-CARB certified emissions related parts, including such damage or malfunction to parts needed for proper diagnosis of a covered part.
- Damage or malfunctions caused by outside influence, such as damage due to an accident, or vehicle misuse or neglect, but only if the damage or malfunction is causally related to the accident or vehicle misuse.

All normal warranty provisions remain in effect. The extended emissions warranty includes parts, labor, and applicable taxes. The extended emissions warranty shall not void or supersede any existing warranty. Conflicts concerning the warranty are to be resolved in favor of the consumer.

More information about your extended emissions warranty coverage is available at www.audidiesellookup.com.

Transferability

This extended emissions warranty is fully transferable to subsequent owners.

Warranty Notices

All normal warranty provisions remain in effect.

What should you do?

Please review the materials on **AudiCourtSettlement.com** to understand what benefits may be available to you under settlements associated with this vehicle. Information there will allow you to determine your eligibility for Class Action benefits and if eligible, instructions on how to file a claim. You can also direct questions to the Settlement Support Team at 844-98-CLAIM. If you choose to receive a modification, the modification will be performed by an authorized Audi dealer.

Instructions on how to schedule those appointments can be can be found at **AudiCourtSettlement.com**.

Lease vehicles and address changes

If you are not the lessee and registered owner of the vehicle identified in this action, please forward this letter immediately via first-class mail to the lessee or registered owner within ten (10) days of receipt. If you have changed your address or sold the vehicle, please fill out the enclosed prepaid Owner Reply card and mail it to us so we can update our records.

Can we assist you further?

If you have any questions regarding this notice or the settlements associated with the referenced vehicle please visit **AudiCourtSettlement.com** or contact Audi at 844-98-CLAIM.

Checking your vehicle for open Recalls and Service Campaigns

To check your vehicle's eligibility for repair under this or any other recall/service campaign, please click on the **Look Up Recalls** link at **audiusa.com** or **AudiCourtSettlement.com** and enter your Vehicle Identification Number (VIN) into the Recall/Service Campaign Lookup tool.