

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

DECEMBER 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 September 9, 2019 to December 9, 2019.

I. Executive Summary

During the quarterly reporting period, Volkswagen continued to provide the necessary resources to administer the Claims Program in accordance with the requirements of the 3.0 Liter Resolution Agreements. The vast majority of consumers with eligible claims were able to proceed through the claims process without issue, resulting in the timely completion of Buybacks, Trade-Ins, and AEMs, as well as the receipt of associated payments.

Leading up to the September 30, 2019 deadline for consumers with Generation One vehicles to complete an approved claim, the company provided numerous reminders to eligible consumers of the deadline, and provided assistance with the scheduling of Buyback, Trade-In, and AEM appointments.² This assistance included offering accommodations to consumers who requested appointments on short notice and during times when appointments were not ordinarily available.

Shortly after the passage of the September 30, 2019 deadline, Volkswagen identified the claims for which an approved remedy was not timely completed and, following validation by the Claims Supervisor, issued ineligibility determinations. Consumers with Generation Two vehicles must submit a complete claim by December 31, 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 Consumers with Generation One vehicles still are eligible to receive an AEM but, in accordance with the terms of the 3.0 Liter Resolution Agreements, are ineligible to receive compensation because of the passage of the September 30, 2019 deadline.

Consumers with Generation One vehicles were provided until October 21, 2019 to submit an appeal to the Claims Review Committee (“CRC”) challenging an ineligibility determination or award amount. Consumers with Generation Two vehicles have until May 21, 2020 to submit an appeal. At the end of the reporting period, the CRC had adjudicated a total of 990 appeals, including 110 between September 13, 2019 and December 9, 2019. A total of 287 appeals remained pending (9 of which involved Generation One vehicles, and 278 of which involved Generation Two vehicles).

Volkswagen’s customer support agents continued to provide effective assistance in response to consumer inquiries through the company’s call hotline, chat portal, and Resolution Team. Consistent with recent quarterly reporting periods, the company received few consumer complaints.

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

- 86,941 registrations had been created in Volkswagen’s Claims Portal;
- 72,928 consumers had submitted claims for Volkswagen to review;
- 68,904 consumers had been issued offer letters, the aggregate value of which totaled \$1,075,528,340.25;
- 67,472 consumers had accepted offer letters, the aggregate value of which totaled \$1,066,485,567.50;
- 16,831 consumers with Generation One vehicles had closed on their Buyback or Trade-In, and Volkswagen had paid \$683,836,376.52 to, or on behalf of, consumers in connection with these claims;
- 1,358 consumers with Generation One vehicles had completed a Reduced Emissions Modification (“REM”), including 1,069 consumers who also had

completed the claims process, and Volkswagen had paid \$10,625,577.06 to consumers in connection with completed REM claims;³

- 47,638 consumers with Generation Two vehicles had completed an ECR, including 43,980 consumers who also had completed the claims process, and Volkswagen had paid \$344,730,580.54 to consumers, which includes Repair Participation Payments and Repair Payments;
- For Generation One vehicles, 656 Former Owners, 64 Owners with totaled vehicles, and 9 Former Lessees had received Restitution Payments, and the aggregate values of these payments totaled \$3,389,521.88, \$640,632.45, and \$49,846.33, respectively;
- For Generation Two vehicles, 2,333 Former Lessees, 1,112 Former Owners, and 172 consumers with totaled vehicles had received Repair Payments, and the aggregate values of these payments totaled \$4,665,000.00, \$4,728,972.82, and \$1,369,102.61, respectively;
- Volkswagen had paid a total of \$66,241.68 in connection with 552 extended warranty or service contract refund claims; and
- Volkswagen had removed from commerce or modified 95.2% of all Generation One Subject Vehicles, 94.3% of all Generation Two Subject Vehicles, 96.5% of all Generation One Subject Vehicles registered in California, and 95.0% of all Generation Two Subject Vehicles registered in California, and thus has exceeded the required 85% threshold for each Subject Vehicle category.

³ Data related to AEMs are as of December 10, 2019, and include both REMs and Emissions Compliant Repairs (“ECR”).

II. Volkswagen's Performance Metrics

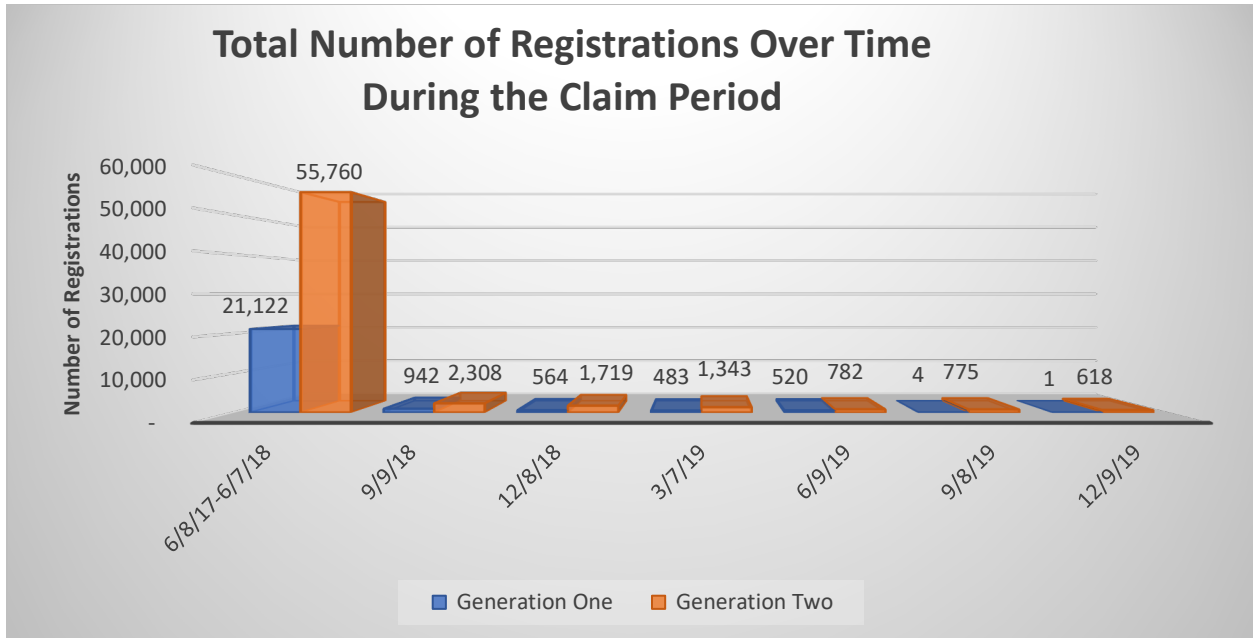
This section discusses the status of Volkswagen's 3.0 Liter Claims Program and the company's compliance with certain requirements mandated in the 3.0 Liter Resolution Agreements. All data is as of December 9, 2019, unless otherwise specified. Information relating to Generation One and Generation Two vehicles generally is reported separately because the 3.0 Liter Resolution Agreements afford different remedies to consumers depending on the generation of vehicle. References to Volkswagen's performance during "this quarter" refer to the period from September 9, 2019 through December 9, 2019.

A. Consumer Registrations

As of December 9, 2019, there had been a total of 86,941 registrations in Volkswagen's system, including 619 registrations created during this quarter.⁴ 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, 23,636 related to Generation One vehicles (21,215 individuals and 2,421 businesses), and 63,305 related to Generation Two vehicles (56,335 individuals and 6,970 businesses). Chart 2-1 shows the total number of registrations created by consumers over time during the Claim Period, including during this quarter.

⁴ 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.

Chart 2-1⁵



Charts 2-2 reflects all registrations created by consumers according to eligibility category across Generation Two vehicles through December 9, 2019.⁶ The “No Category Selected” population consists of consumers who had created a registration as of December 9, 2019, but had not provided details identifying their eligibility category.

⁵ The one Generation One registration during this quarter, and subsequent claim submission and review, was associated with a granted CRC appeal.

⁶ The claim submission period for Generation One vehicles, inclusive of the extended deficiency cure period Volkswagen provided to consumers, concluded on June 30, 2019. Comprehensive historical information regarding Generation One registrations, with the exception of the additional claim registered during this quarter following a successful CRC appeal, can be found in the Claims Supervisor’s public report of September 13, 2019.

Chart 2-2

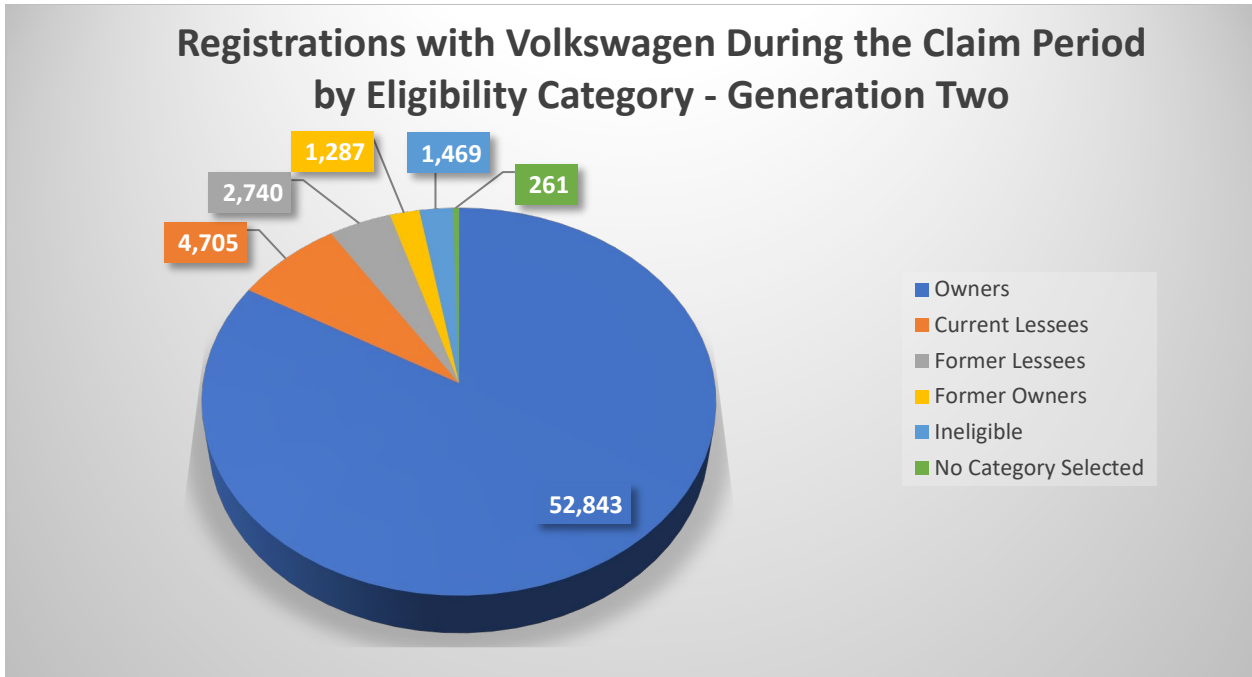
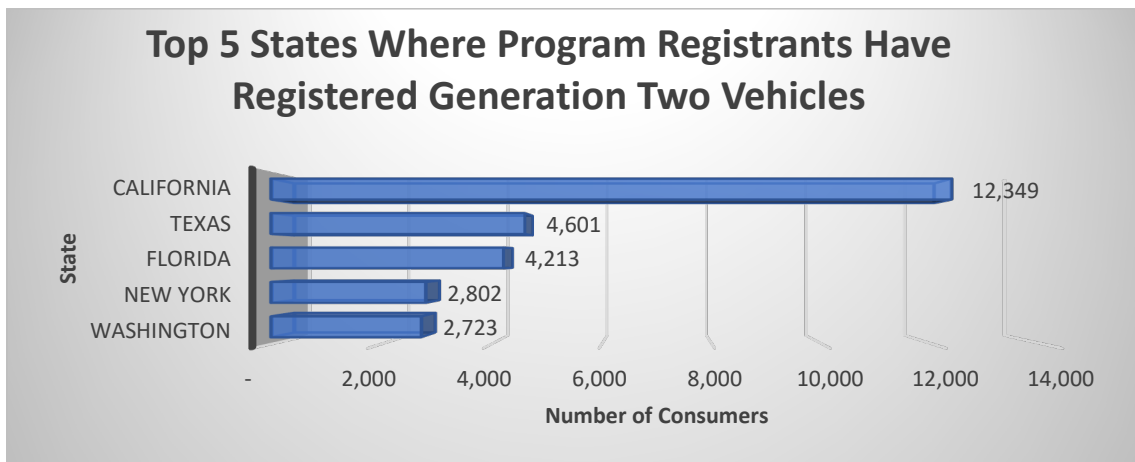


Chart 2-3 shows, among the population of vehicles associated with registered claims for Generation Two vehicles, the states where the largest number of vehicles are registered.

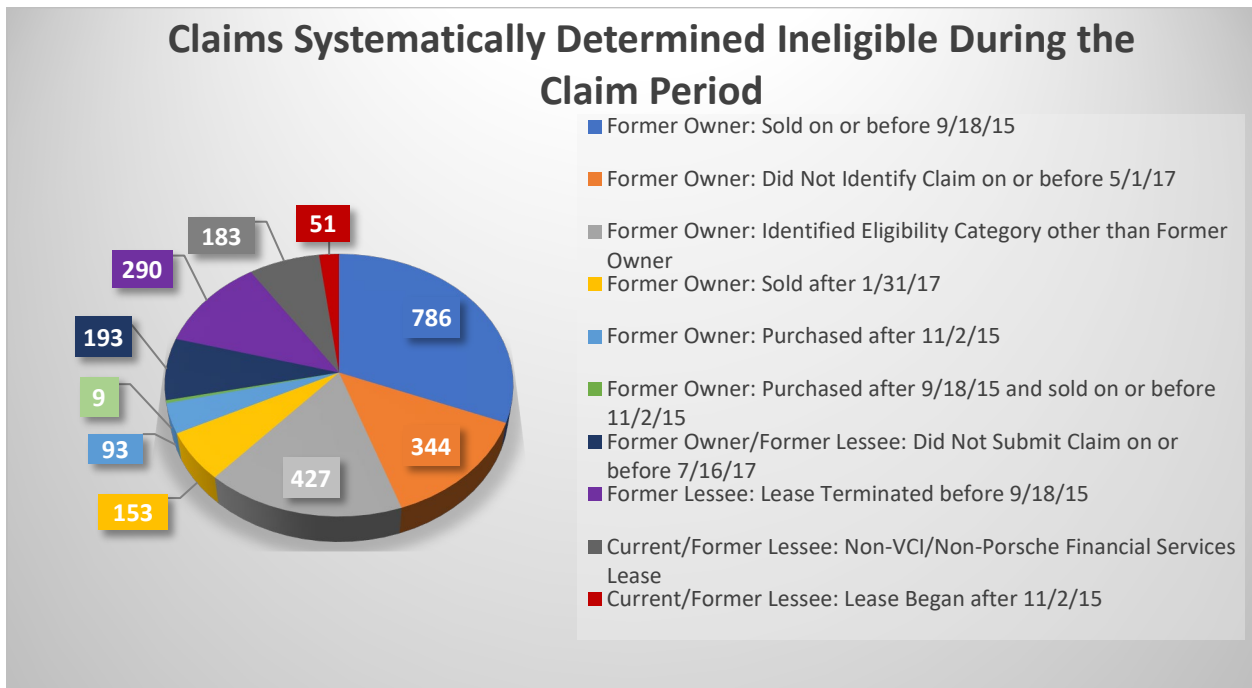
Chart 2-3



Volkswagen’s system 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 2-4 shows the reasons for ineligibility determinations across the claims that have been deemed systematically ineligible, including claims associated with Generation One and Generation Two vehicles.

Chart 2-4



During this quarter, there were thirteen 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 December 9, 2019, a total of 72,928 unique claims had been submitted by consumers for Volkswagen to review, including 515 claims submitted by

consumers during this quarter.⁷ Of these, 19,549 related to Generation One vehicles (17,860 individuals and 1,689 businesses), and 53,379 related to Generation Two vehicles (48,179 individuals and 5,200 businesses).

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

Chart 2-5⁸

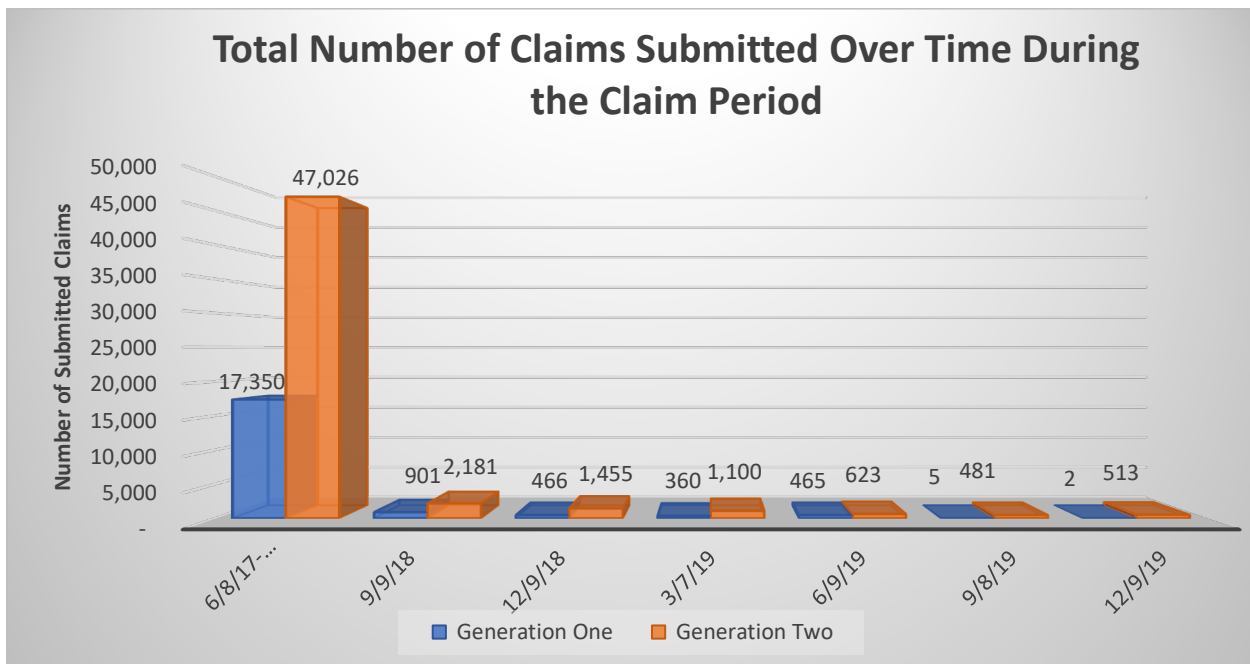
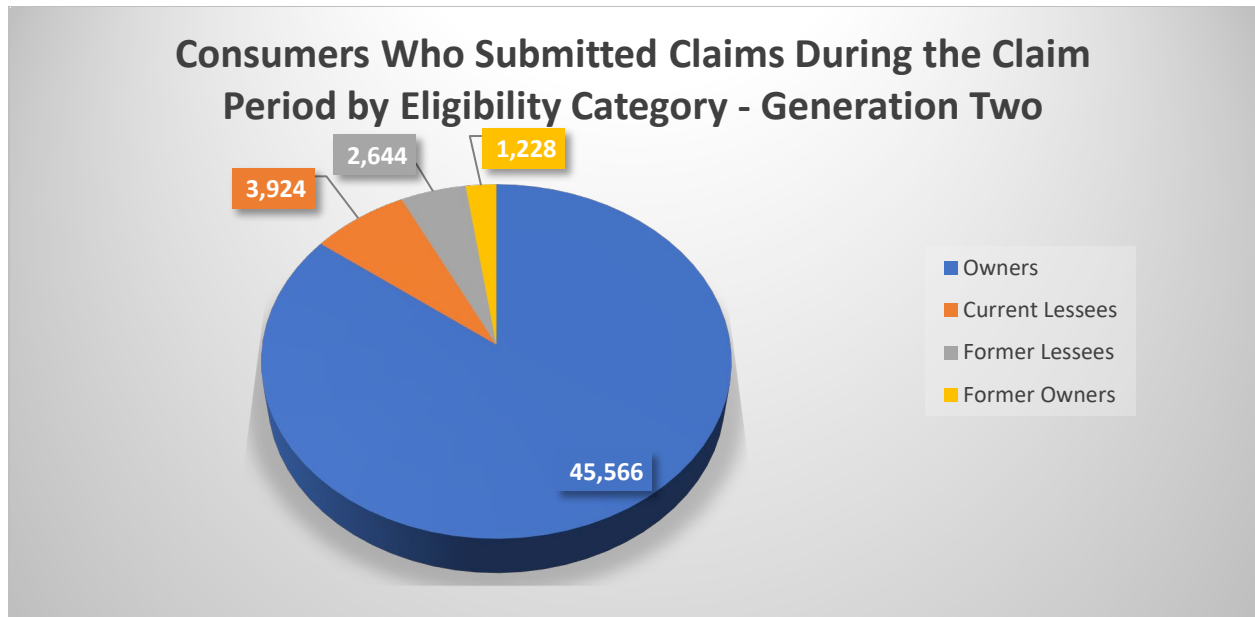


Chart 2-6 shows, for Generation Two vehicles, the total population of consumers who had submitted claims by eligibility category.

⁷ “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. A claim by one Owner who owns five separate vehicles is counted as five unique claims.

⁸ One of the submitted Generation One vehicle claims during this quarter is related to a consumer’s successful CRC appeal. The other claim submission during this quarter was attributable to an Owner who timely submitted an eligible individual claim that, based on information subsequently provided by the consumer, needed to be resubmitted as a business claim after the claim submission period closed. Comprehensive historical information regarding Generation One first ten-business-day submissions and preliminary remedy selections, exclusive of the two claims referenced here, can be found in the Claims Supervisor’s public report of September 13, 2019.

Chart 2-6⁹



The only remedy available to the 44,304 Owners and 3,744 Current Lessees of Generation Two vehicles who had submitted and not subsequently cancelled claims through December 9, 2019 is an ECR. A Repair Payment is the only remedy available for the 2,598 Former Lessees, as well as 1,215 Former Owners, and 195 consumers with totaled vehicles who had submitted claims associated with Generation Two vehicles. Additionally, there were 1,306 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.

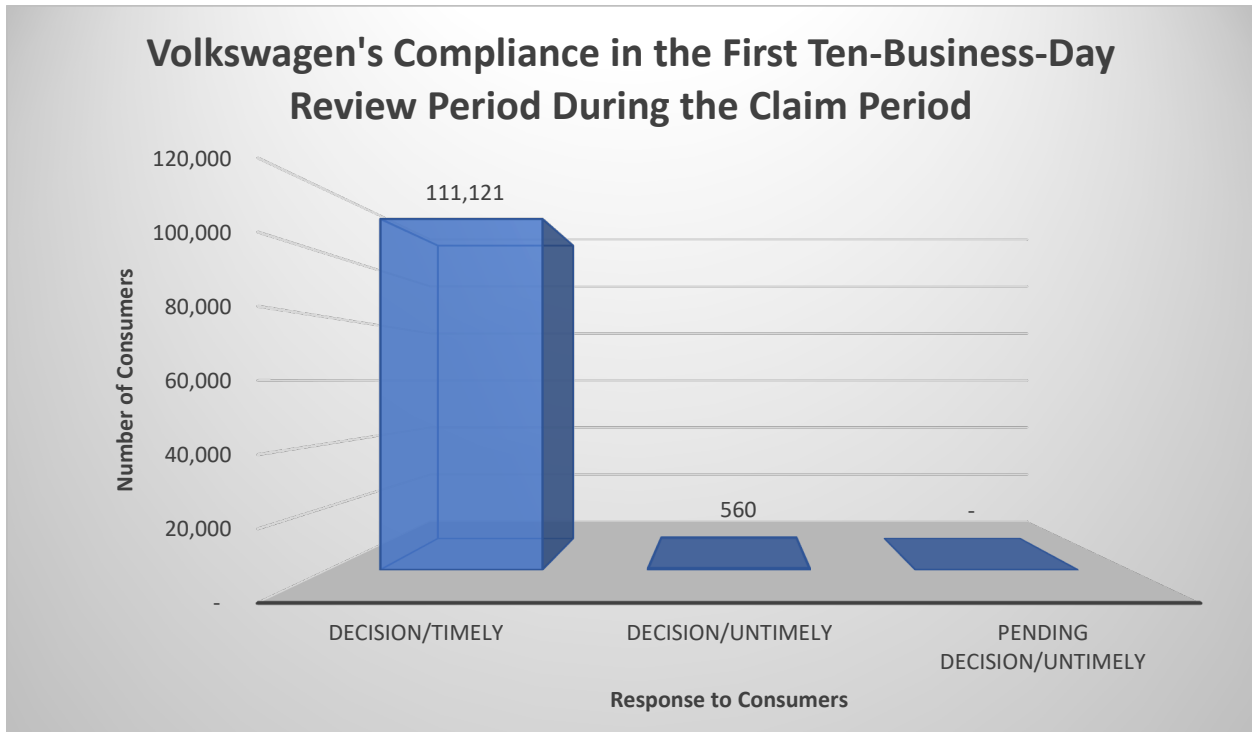
Throughout the Claim Period, Volkswagen has continued to substantially satisfy the requirement that it timely issue a determination of whether a claim was complete and preliminarily eligible (or ineligible) within ten business days of the claim submission by the consumer. As of December 9, 2019, excluding the 15 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 111,681 first ten-business-day review period determinations. The company

⁹ The seventeen claims not reflected in Chart 2-6 relate to claims that were determined to be ineligible.

timely rendered 111,121 decisions for an overall first ten-business-day review period compliance rate of 99.5%. During this quarter, Volkswagen was required to make 821 first ten-business-day review period decisions and timely did so in all instances for a reporting period-specific first ten-business-day review period compliance rate of 100%. As of December 9, 2019, there were no overdue claims pending in the first ten-business-day review period.

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

Chart 2-7¹⁰



¹⁰ Three claims that had been submitted before this quarter and had originally been categorized as Canadian claims -- and, therefore were exempt from the first ten-business-day review period timeliness analysis -- were recategorized during this quarter as non-Canadian claims. The first ten-business-day review period determinations were not timely rendered on these claims. For this reason, historical untimely decisions increased by three during this quarter despite that Volkswagen’s first ten-business-day review period compliance rate specific to determinations required during this quarter was 100%.

Chart 2-8¹¹

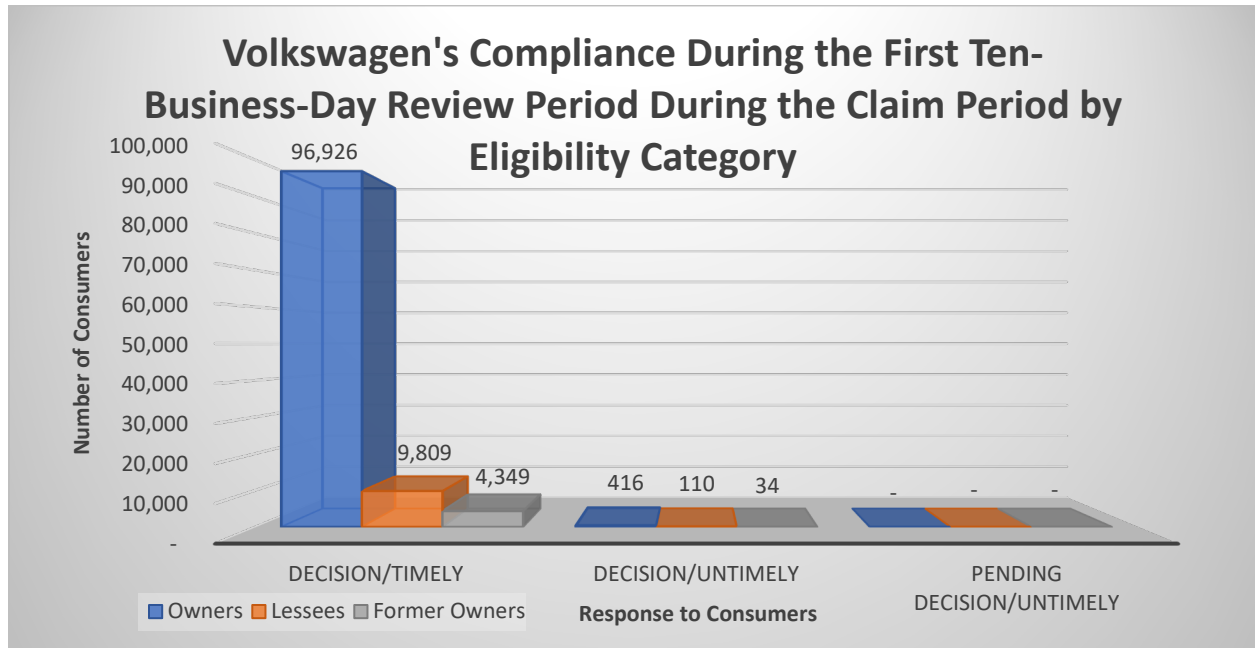
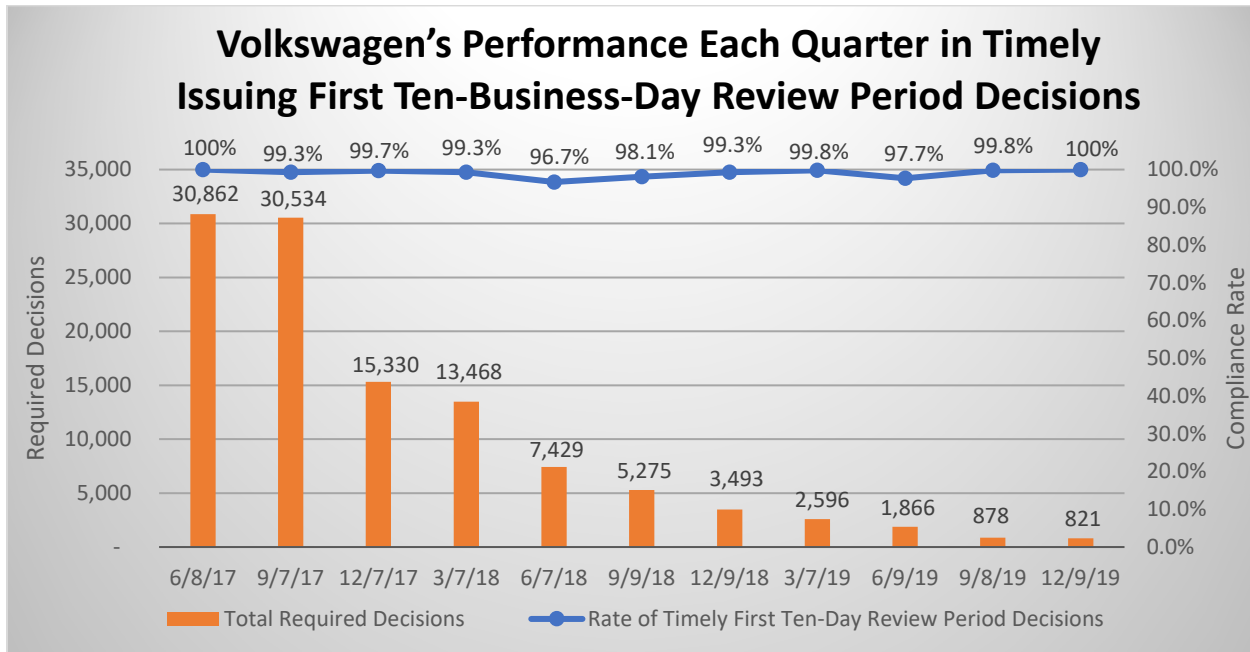


Chart 2-9 shows the number of required decisions as well as Volkswagen's performance in timely issuing first ten-business-day review period decisions across all quarters of the Claim Period, including during this quarter.

¹¹ The thirty-seven claims not reflected in Chart 2-8 were all claims that were timely deemed not eligible.

Chart 2-9¹²



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.¹³ As of December 9, 2019, there was one active claim pending by a consumer who initially purchased the vehicle in the United States but registered it in Canada, and no active claims submitted by consumers within the other two categories.¹⁴ Further discussion of non-standard claims is set forth in Section III below.

¹² The aggregated total of all claims in Chart 2-9 is 871 decisions (0.8%) greater than the aggregated total of 111,681 required decisions through December 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 2-9 reflects the required number of decisions by quarter based on the exclusionary rules that were applied at the time of each quarter, while the aggregated total of required decisions and timely decisions set forth above yields Volkswagen's overall compliance rate based on applying the current exclusionary rules across the entire Claim Period.

¹³ 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.

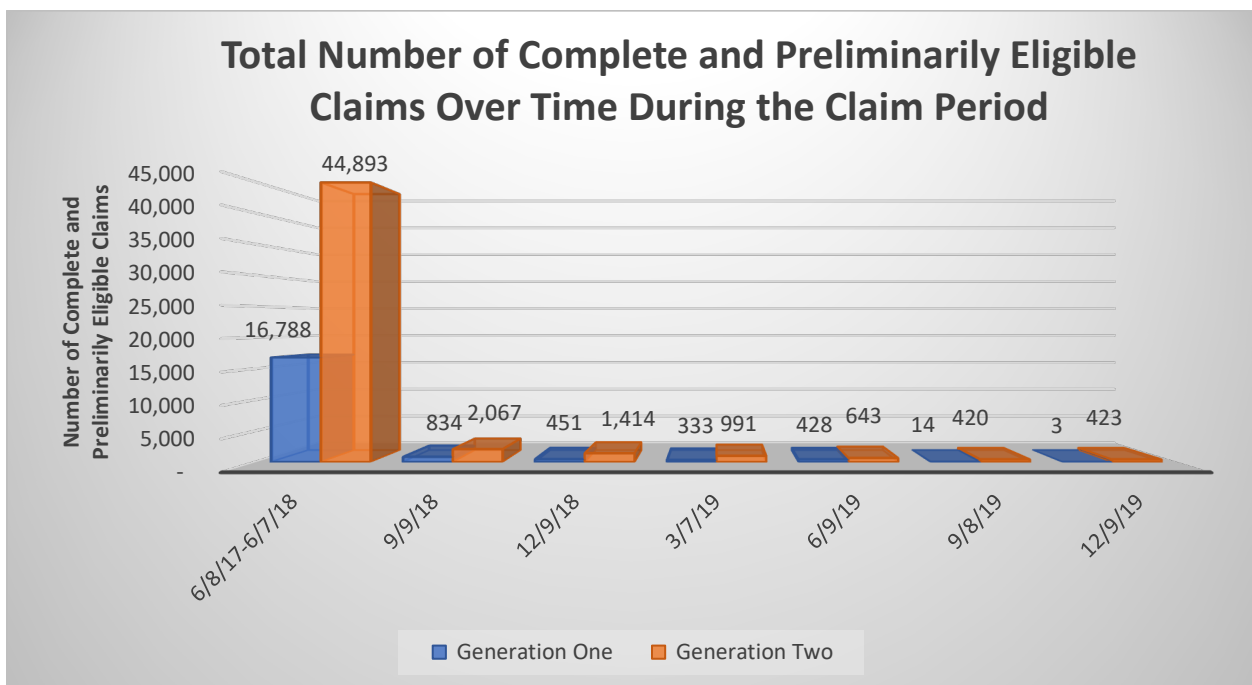
¹⁴ For these purposes, a claim is considered "active" once a consumer submits it, but before a final determination on eligibility and award (or ineligibility) has been rendered.

C. Preliminary Eligibility Determinations and Deficiencies

Through December 9, 2019, a total of 69,702 claims had been determined by Volkswagen to be complete and preliminarily eligible, including 426 unique claims during this quarter. Across these claims, 18,851 claims related to Generation One vehicles (17,351 individuals and 1,500 businesses) and 50,851 claims related to Generation Two vehicles (46,271 individuals and 4,580 businesses).

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

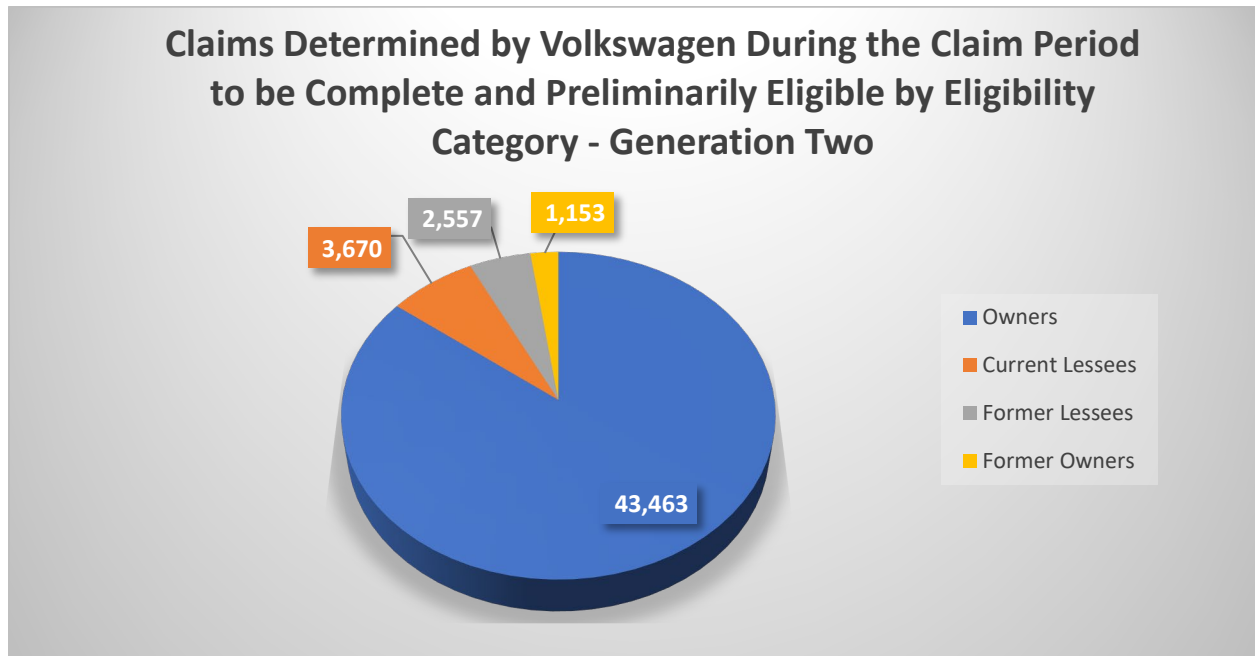
Chart 2-10¹⁵



¹⁵ Two of the additional Generation One first ten-business-day preliminary eligibility decisions during this quarter involved unique circumstances associated with Buyback claims for vehicles located overseas. The other decision arose from a consumer's successful CRC appeal. Comprehensive historical information regarding Generation One first ten-business-day preliminary eligibility decisions and remedy selections, exclusive of the three claims referenced here, can be found in the Claims Supervisor's public report of September 13, 2019.

Charts 2-11 reflects the number of claims Volkswagen determined to be complete and preliminarily eligible by eligibility category across Generation Two vehicles as of December 9, 2019.

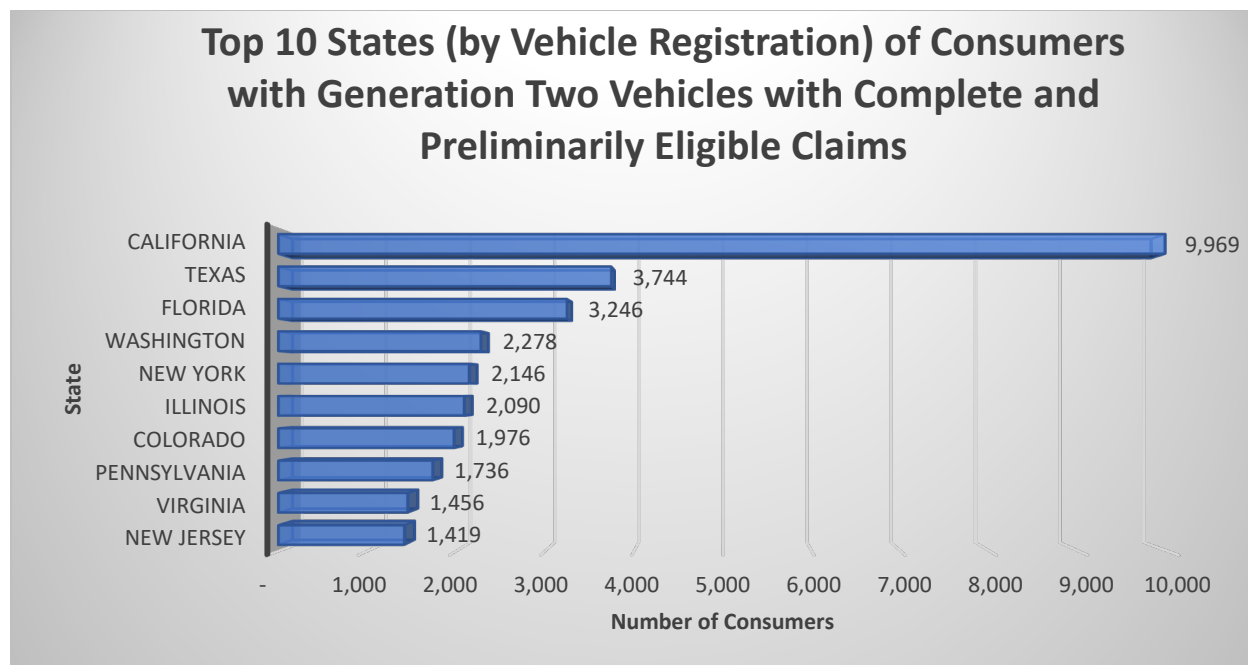
Chart 2-11¹⁶



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

¹⁶ The eight claims not accounted for in Chart 2-11 were ultimately deemed not eligible

Chart 2-12



As discussed above, consumers with Generation Two vehicles only have one remedy option available. As a result, all claims of the 42,937 Owners and 3,592 Current Lessees of Generation Two vehicles that had been deemed complete and preliminarily eligible by Volkswagen through December 9, 2019 were for the ECR remedy. A Repair Payment is the only remedy available for 2,541 Former Lessees, as well as for 1,150 Former Owners, and 184 Owners with totaled vehicles who had submitted claims associated with Generation Two vehicles that, through December 9, 2019, had been deemed complete and preliminarily eligible by Volkswagen. There were an additional 439 cancelled claims and 8 claims that ultimately had been deemed not eligible.

Through December 9, 2019, there were 35,340 instances where Volkswagen had deemed a claim deficient during its first ten-business-day review period. More than 59,500 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 (15,608 claims); (ii) a document was illegible (10,324

claims); (iii) a document was incomplete or the document image was cut off (7,769 claims); and (iv) a document was missing pages (4,991 claims).

As the same claim may be resubmitted to Volkswagen after initially being deemed deficient, the 35,340 instances of deficiency determinations were associated with 23,293 unique claims. Of those 23,293 unique claims, consumers had made at least one attempt to cure in connection with 22,286 claims (95.7%), while no attempt to cure had been made with respect to the remaining 1,007 claims (4.3%). Across the 22,286 claims where consumers had attempted to cure: (i) for 21,111 claims (94.7%), consumers successfully cured the deficiency; (ii) for 1,172 claims (5.3%), consumers had not resubmitted claims after their most recent attempt to cure the deficiency was unsuccessful; and (iii) for 3 claims (0.01%), consumers had resubmitted claims that were pending a completeness determination by Volkswagen as of December 9, 2019. For the last category, Volkswagen determined, after December 9, 2019, that consumers for two of the claims had successfully cured the deficiency and those claims were moved to the offer phase. The remaining claim was determined to still be deficient and the deficiency was communicated to the consumer to afford the consumer another opportunity to cure.

Through December 9, 2019, there were 732 consumer claims with active deficiencies. The most common deficiency codes among active deficient claims were: (i) an incorrect document was uploaded (309 claims); (ii) a document was illegible (168 claims); (iii) a name on a document did not match the name in the Claims Portal (89 claims); and (iv) a document was incomplete or the document image was cut off (72 claims).

During this quarterly reporting period, the Claims Supervisor reviewed a sample of 383 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 360 instances (94.0%). This concurrence rate is relatively consistent with previous quarters. Ankura engages with Volkswagen in all instances

where there is a disagreement on a deficiency determination that precludes a first ten-business-day review period preliminary eligibility determination.

D. The Second Ten-Business-Day Review Period

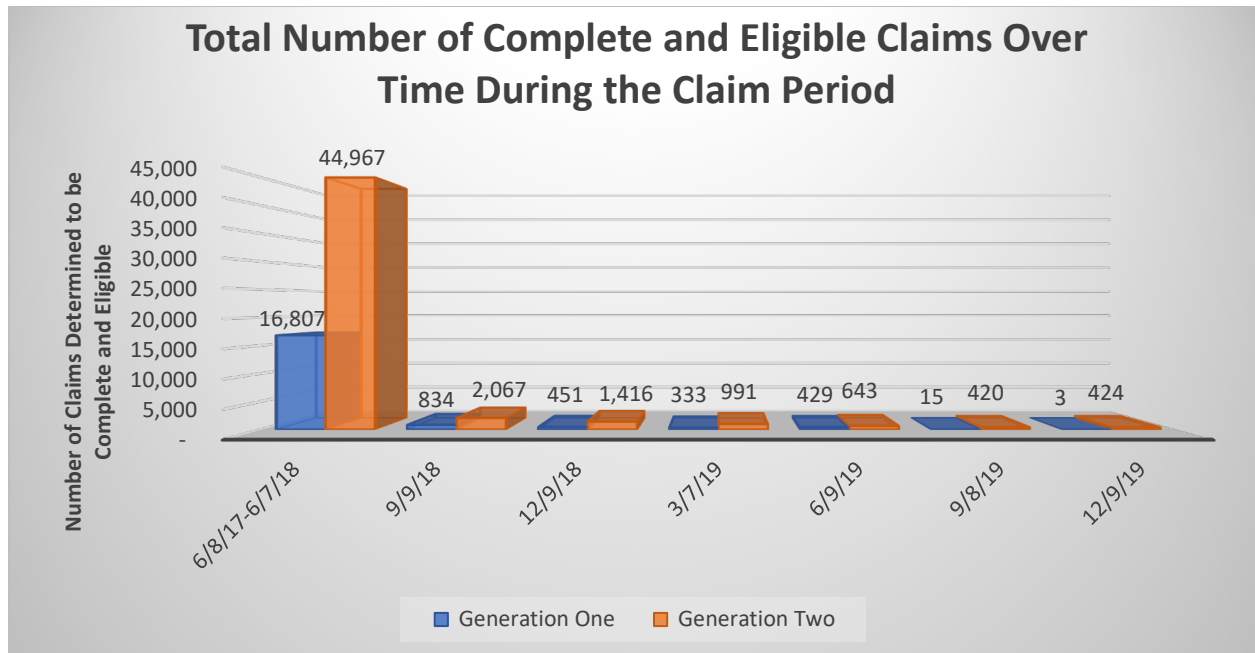
Volkswagen generally has ten business days from the date it concludes that a consumer's claim is complete and preliminarily eligible to issue an offer letter.¹⁷ As of December 9, 2019, a total of 69,800 consumers had reached the second ten-business-day review period after having been deemed preliminarily eligible by Volkswagen, including 427 such consumers during this quarter.¹⁸ Of these, 18,872 claims related to Generation One vehicles (17,370 individuals and 1,502 businesses) and 50,928 claims related to Generation Two vehicles (46,344 individuals and 4,584 businesses). Across this population, 68,904 consumers (98.7%) had been issued offer letters, including 423 offer letters issued during this quarter.

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

¹⁷ 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 December 9, 2019, there had been 1,804 instances in which claims related to Generation One or Generation Two vehicles had been deemed ineligible upon review by Volkswagen. For 1,545 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.

¹⁸ As described above, there were 69,702 consumers whose claims were deemed complete and preliminarily eligible by Volkswagen, but 69,800 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 2-13¹⁹



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 December 9, 2019, excluding the 28 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 76,576 second ten-business-day review period decisions. The company timely rendered determinations in 74,783 instances, for a second ten-business-day review period compliance rate of 97.7%. During this quarter, Volkswagen was required to make 611 second ten-business-day review period decisions, and timely did so in 600 instances for a reporting period-specific compliance rate of 98.2%. As of December 9, 2019, there were no overdue claims pending in the second ten-business-day review period.

¹⁹ The same two claims referenced in footnote 15 above account for the two Generation One vehicles that reached the second ten-business-day review period during this quarter.

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

Chart 2-14

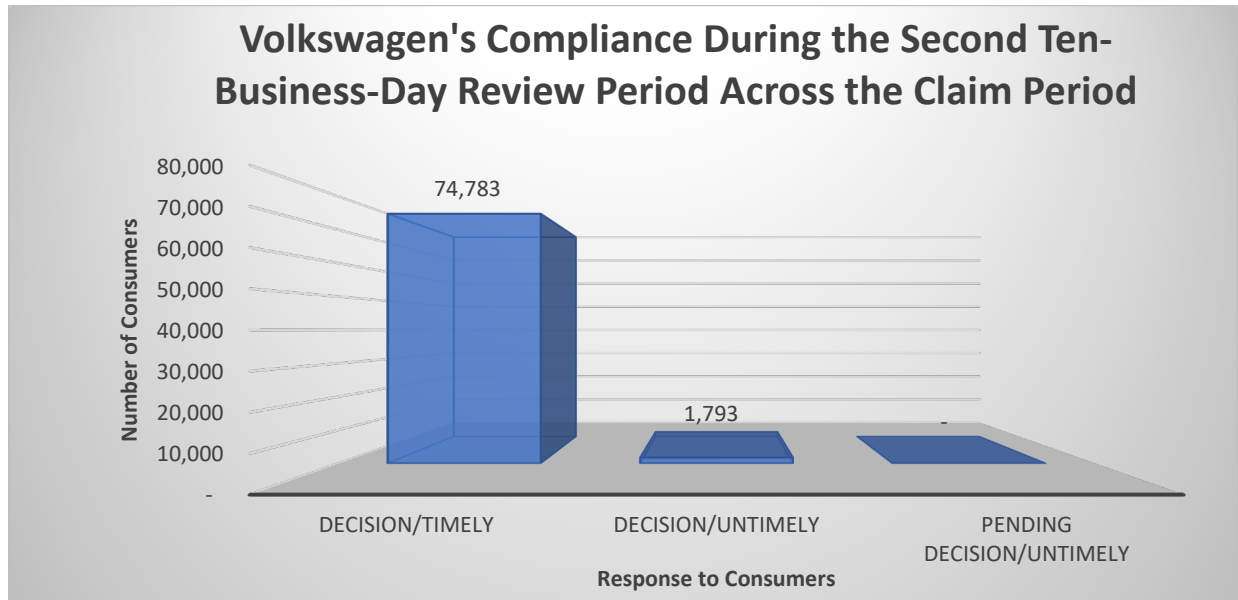
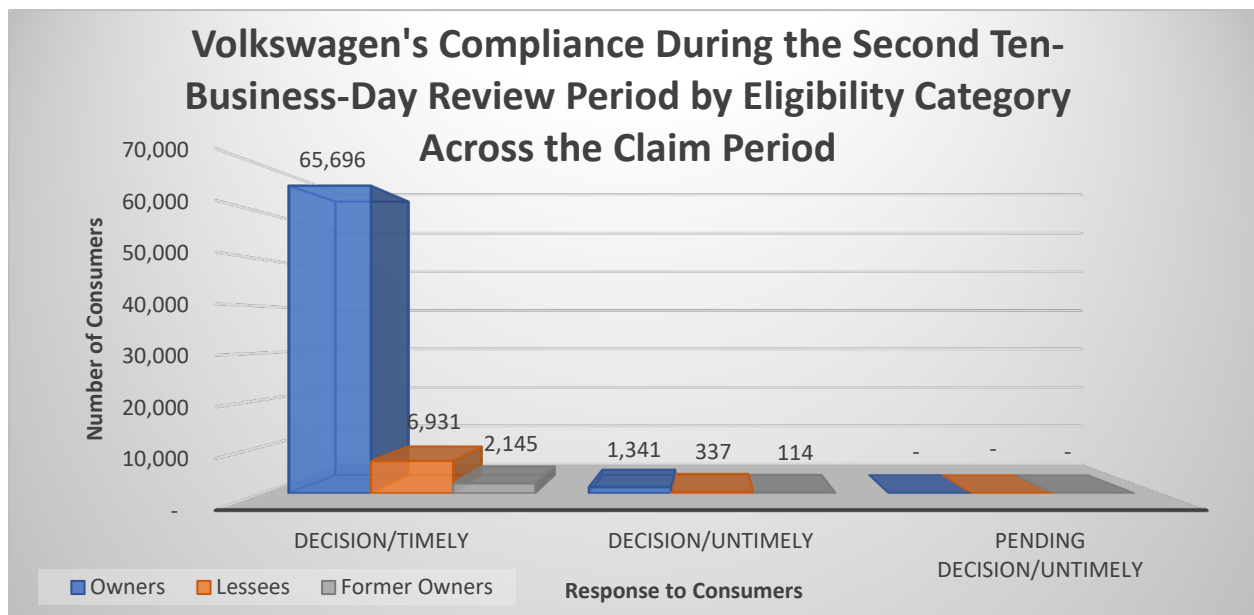


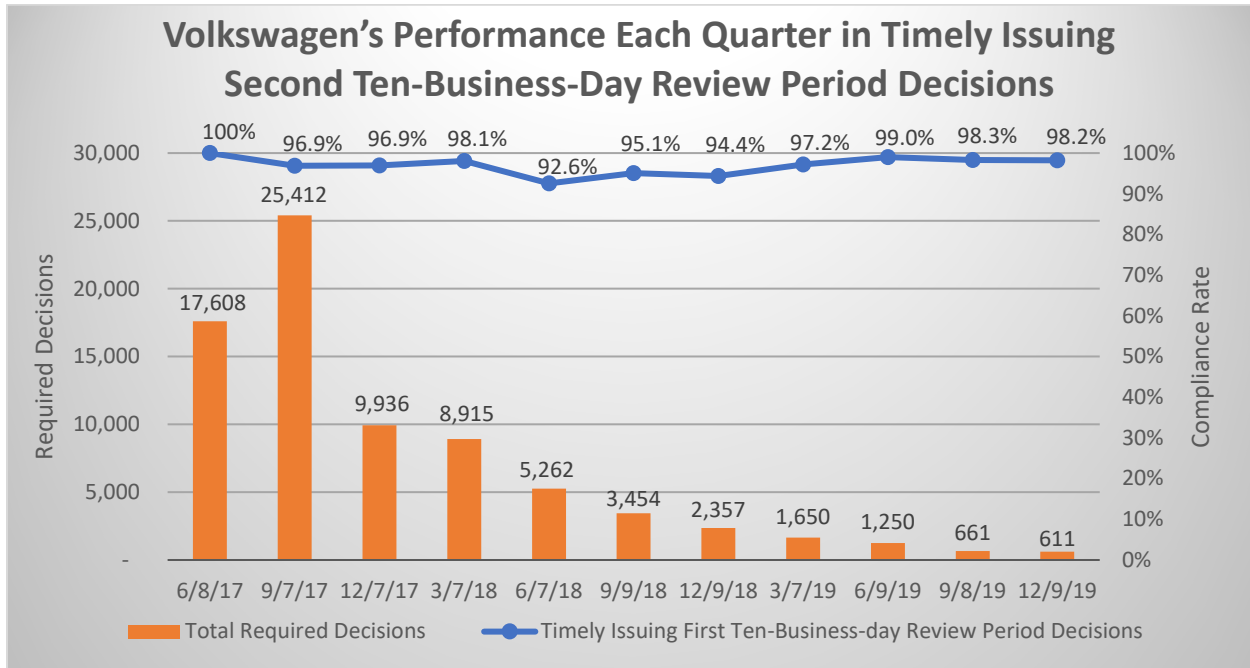
Chart 2-15²⁰



²⁰ The twelve claims not accounted for in Chart 2-15 were deemed not eligible, eleven of which were timely decisions and one of which was untimely.

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

Chart 2-16²¹



E. Offer Letters

Through December 9, 2019, Volkswagen had issued 68,904 offer letters, the aggregate value of which totaled \$1,075,528,340.25, including 423 offer letters issued during this quarter aggregately valued at \$3,647,531.31.²² Of these, 18,697 offer letters with an aggregate value of

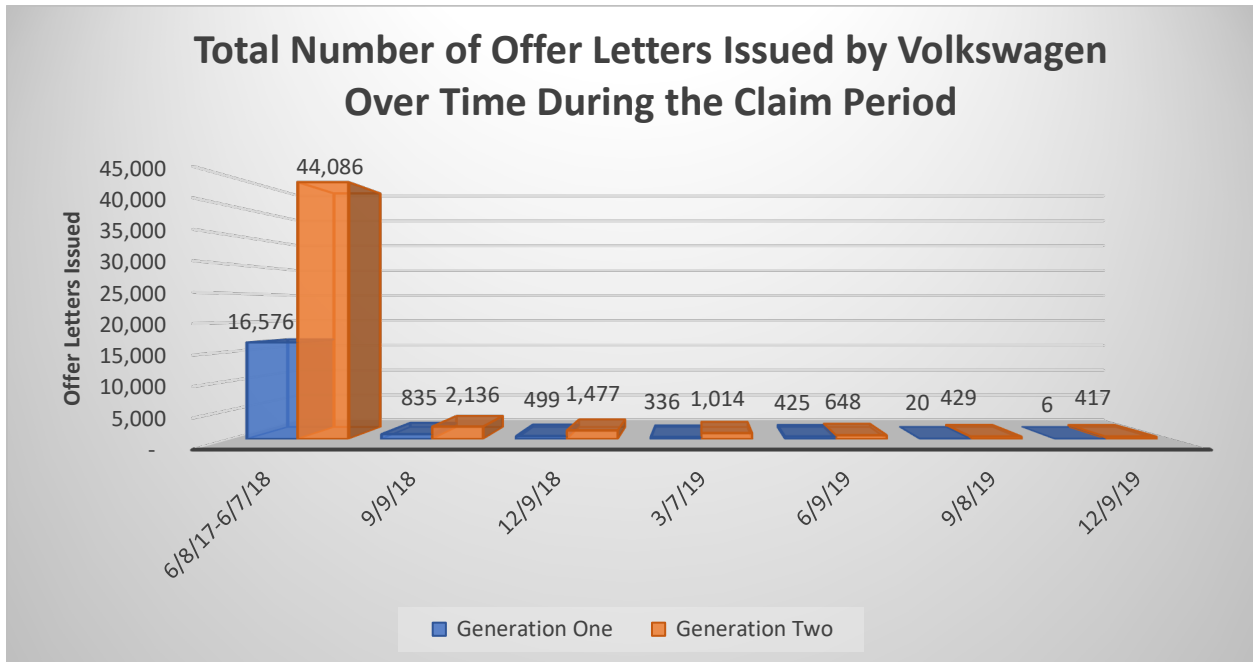
²¹ For the same reasons described in footnote 12, the aggregated total of required decisions reflected in Chart 2-16 is 540 decisions (0.7%) greater than the 76,576 required second ten-business-day review period decisions set forth above.

²² The Claims Supervisor identified 1,144 claims -- 34 claims related to Generation One vehicles and 1,110 claims related to Generation Two vehicles -- where it appears that consumers who leased Eligible Vehicles and later purchased the vehicles after January 31, 2017 had claims that were categorized as Owner (Lease Conversion) claims when they may be more appropriately categorized as Eligible Lessee claims under Section 2.38 of the 3.0 Liter Class Action Settlement Agreement. A review of the claims showed that when offers were extended, those offers were appropriately valued using the Lessee valuation formulas for Generation One and Generation Two vehicles. Therefore, this issue is not substantively affecting consumers. It is purely one of data categorization that affects the aggregation of figures for reporting. For purposes of this report, unless otherwise noted, these claims will be captured as Owner claims, as that is how they are currently reflected in Volkswagen’s claims system.

\$702,417,036.49 related to Generation One vehicles (17,224 offers to individuals with an aggregate value of \$647,149,460.73 and 1,473 offers to businesses with an aggregate value of \$55,267,575.76). The remaining 50,207 offer letters with an aggregate value of \$373,111,303.76 related to Generation Two vehicles (45,760 offers to individuals with an aggregate value of \$340,284,763.42, and 4,447 offers to businesses with an aggregate value of \$32,826,540.34).

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

Chart 2-17



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

Chart 2-18²³

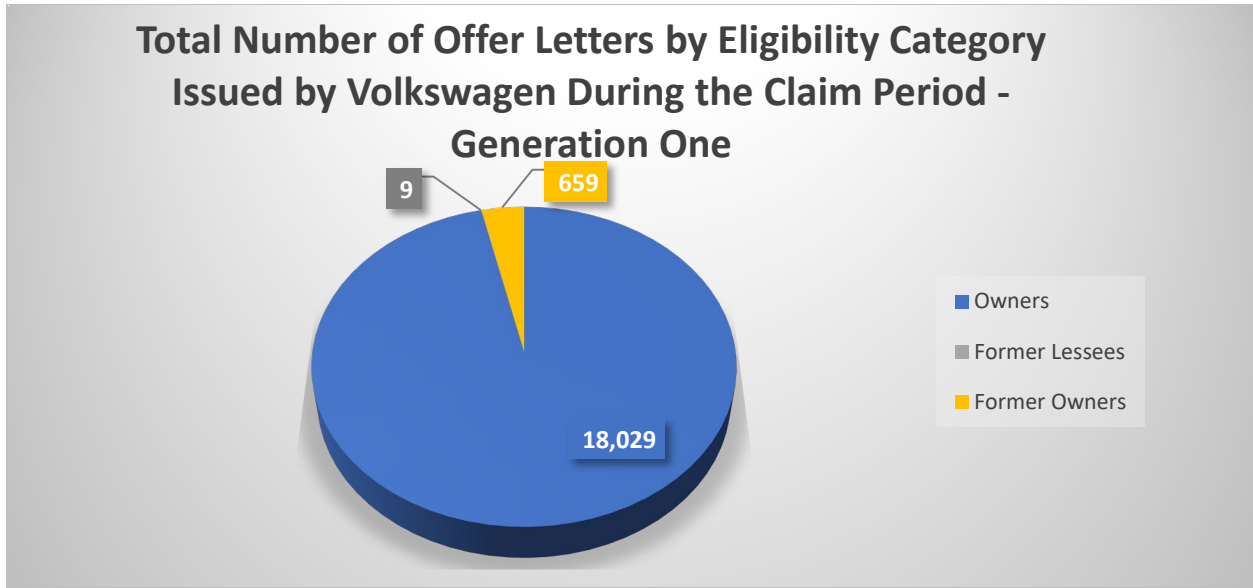


Chart 2-19

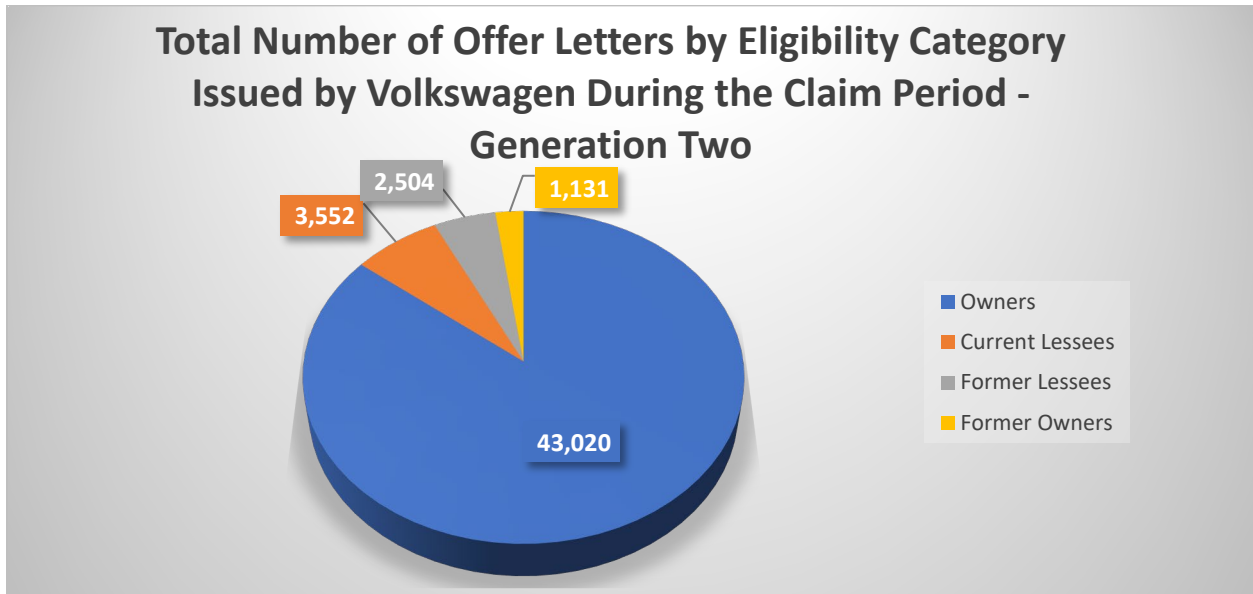
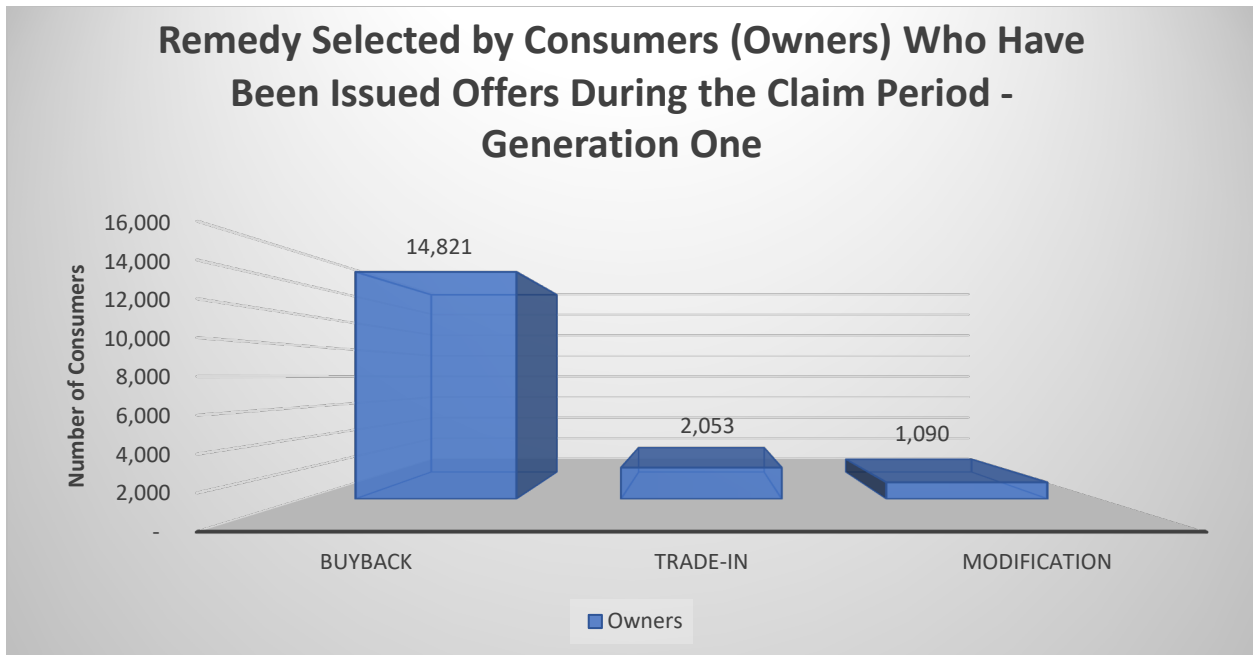


Chart 2-20 shows offer letters related to Generation One vehicles issued to Owners by remedy selections.

²³ No offers were extended to Generation One Current Lessees. Only five such claims were submitted for Volkswagen to review, and none reached the second ten-business-day review period. The small number of these claims and processing outcomes likely are a function of the earlier model years of Generation One vehicles.

Chart 2-20²⁴

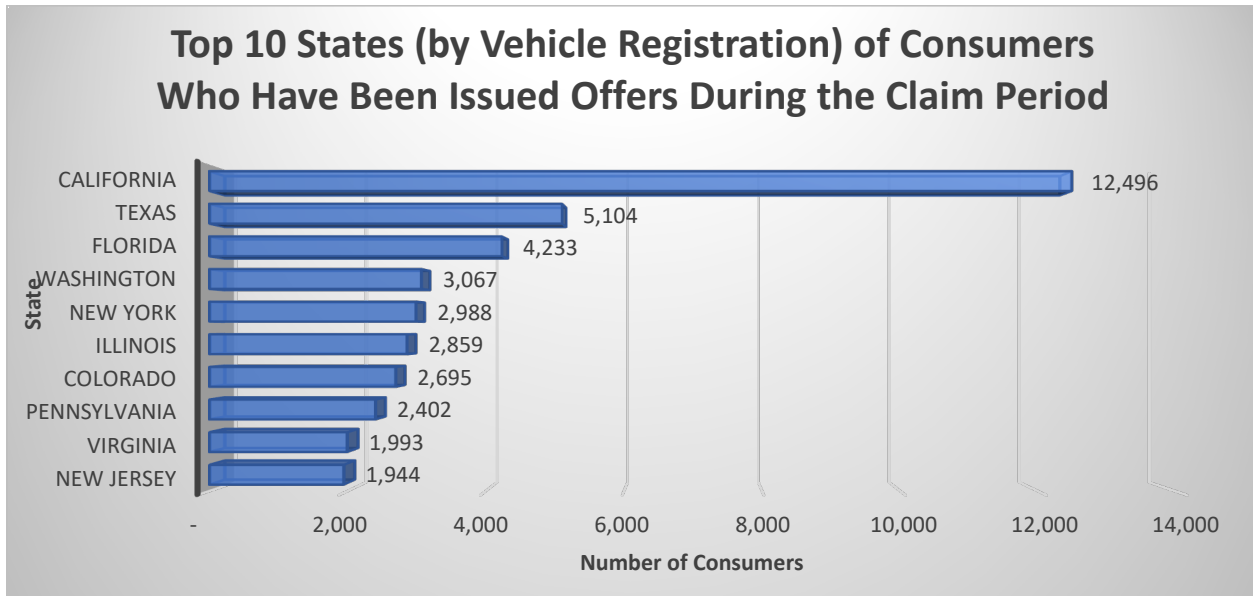


As to Generation Two vehicles, a total of 42,837 Owners and 3,552 Current Lessees had received offer letters for an ECR, while 2,504 Former Lessees, 1,131 Former Owners, and 183 Owners with totaled vehicles had received offer letters associated with Repair Payments.

Chart 2-21 shows the top ten states by vehicle registration of consumers who had received offer letters through December 9, 2019.

²⁴ Chart 2-20 excludes 659 Former Owners, 65 Owners with totaled vehicles, and 9 Former Lessees who had received offer letters because the only remedy available to those consumers is Restitution.

Chart 2-21



Through December 9, 2019, of the approximately \$702.42 million corresponding to the offer letters issued by Volkswagen relating to Generation One vehicles, Owners account for about \$698.97 million. Across these consumers: about \$465.23 million related to Owners without loans; about \$233.08 million related to Owners with loans; \$650,088.70 related to sixty-five Owners with totaled vehicles; and \$11,291.75 related to two Owners who purchased their vehicle between September 18, 2015 and January 31, 2017, following the expiration of a lease.²⁵ The remainder was split among Former Owners (659 offer letters valued in the aggregate at about \$3.40 million) and Former Lessees (9 offer letters valued in the aggregate at \$49,846.33).

²⁵ There was one instance where a loan amount on a Generation One vehicle that was the subject of a Buyback or a Trade-In claim exceeded 130% of the award amount. The difference between the loan value and 130% of the award value was approximately \$3,300.

Chart 2-22 shows the average, minimum, and maximum awards issued to consumers with Generation One vehicles by eligibility category and offer selection through December 9, 2019.²⁶

Chart 2-22

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – Buyback	\$40,564.33	\$9,976.83 ²⁷	\$64,846.12
Owner – Trade In	\$41,905.68	\$18,055.75	\$62,984.50
Current Lessee – REM	\$10,175.63	\$3,990.00	\$13,607.83
Owner – Totaled Vehicle Restitution	\$10,001.36	\$4,808.48	\$12,516.20
Former Lessee Restitution	\$5,538.48	\$5,100.00	\$6,344.12
Former Owner Restitution	\$5,162.02	\$2,627.01	\$6,997.50

Through December 9, 2019, of the approximately \$373.11 million associated with offer letters to consumers with Generation Two vehicles, Owners accounted for about \$356.22 million. The remainder was split among: Current Lessees (3,552 offer letters valued in the aggregate at \$7.06 million); Former Lessees (2,504 offer letters valued in the aggregate at \$5.008 million); and Former Owners (1,131 offer letters valued in the aggregate at about \$4.82 million).

Chart 2-23 shows the average, minimum, and maximum awards issued to consumers with Generation Two vehicles based on eligibility category and offer selection through December 9, 2019.

²⁶ Chart 2-22 excludes the thirty-four Generation One claims discussed in footnote 22 above that were categorized as Owner instead of Eligible Lessee claims.

²⁷ 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 2-23²⁸

Eligibility Category and Offer Selection	Average Value	Minimum Value	Maximum Value
Owner – ECR	\$8,382.18	\$1,830.44 ²⁹	\$16,113.64
Owner – Totaled Vehicle Restitution	\$7,928.08	\$1,977.94	\$10,466.84
Current Lessee – ECR	\$2,000.00	\$2,000.00	\$2,000.00
Former Lessee – Restitution	\$2,000.00	\$2,000.00	\$2,000.00
Former Owner – Restitution	\$4,260.29	\$2,019.81	\$5,722.12

Finally, Chart 2-24 shows, through December 9, 2019, data related to two categories of non-standard claimants: (i) military personnel deployed overseas with their vehicles; and (ii) decedent estates.

Chart 2-24³⁰

	Military Overseas	Decedent Estates
Registrations	96	188
Submitted Claims	96	183
Deemed Complete and Eligible	96	175
Offer Letters Issued	95	175
Total Offer Amounts	\$1,848,195.91	\$2,953,211.74

²⁸ With respect to the figures for Owner-ECR claims, Chart 2-23 excludes the 1,110 Generation Two claims discussed in footnote 22 above that were categorized as Owner instead of Eligible Lessee claims.

²⁹ 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.

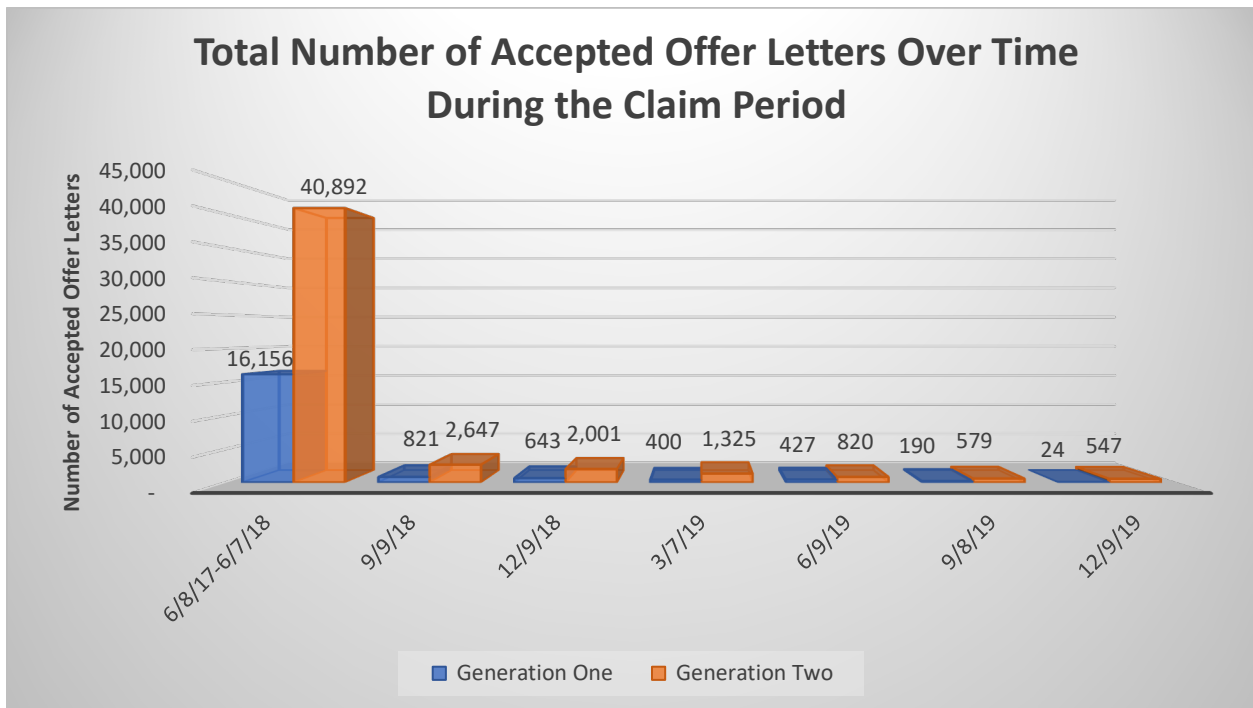
³⁰ Military overseas claims are categorized as non-standard claims because of the unique issues they present in terms of claims processing and closing logistics. While decedent estate claims present unique claims processing issues as well, closings generally follow the standard process, so information regarding these claims is included within the closing data in this Section along with other standard claims.

F. Appointments, Closings, and Payments

As of December 9, 2019, a total of 67,472 consumers had accepted offer letters from Volkswagen, the aggregate value of which totaled \$1,066,485,567.50.³¹ This includes 18,661 accepted offer letters associated with Generation One vehicles valued in the aggregate at \$701,821,232.53, and 48,811 accepted offer letters associated with Generation Two vehicles valued in the aggregate at \$364,664,334.97. During this quarter, 571 offer letters were accepted by consumers with an aggregate value of \$5,235,489.52.

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

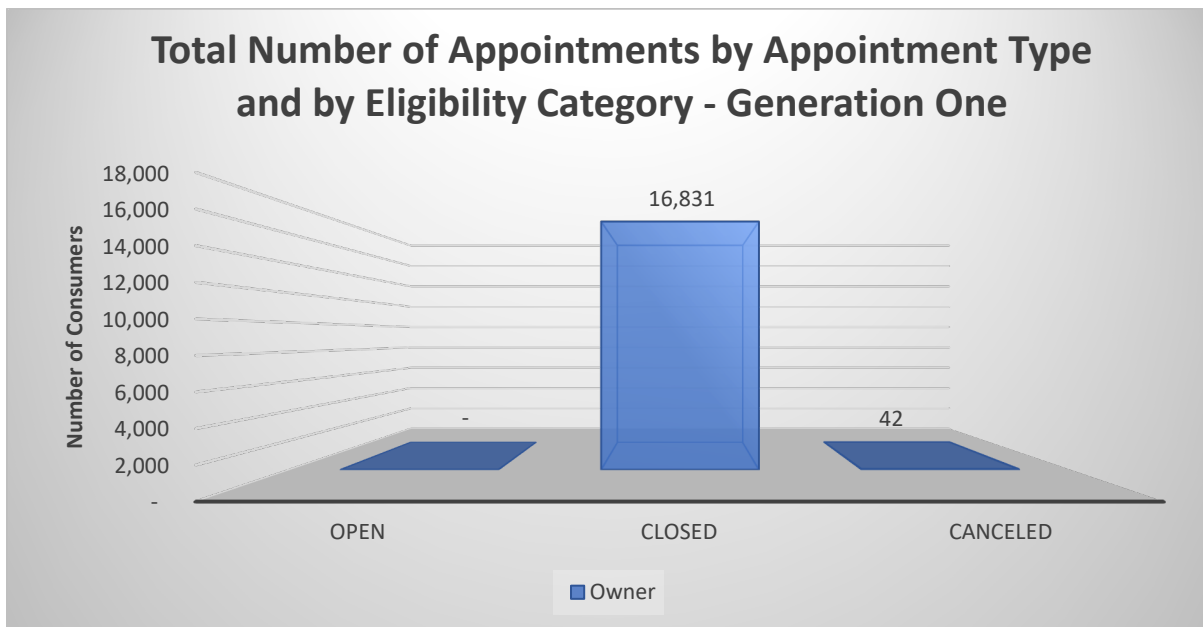
Chart 2-25



³¹ 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.

Of the 18,661 consumers with Generation One vehicles who had accepted offer letters as of December 9, 2019, 17,932 were Owners. Within that group of 17,932 consumers, 16,873 consumers (94.1%) had scheduled Buyback or Trade-In closing appointments as of December 9, 2019.³² Chart 2-26 shows for these consumers the total number of appointments by appointment type across eligibility categories, and Chart 2-27 shows the remedy selection of consumers with closed appointments.³³

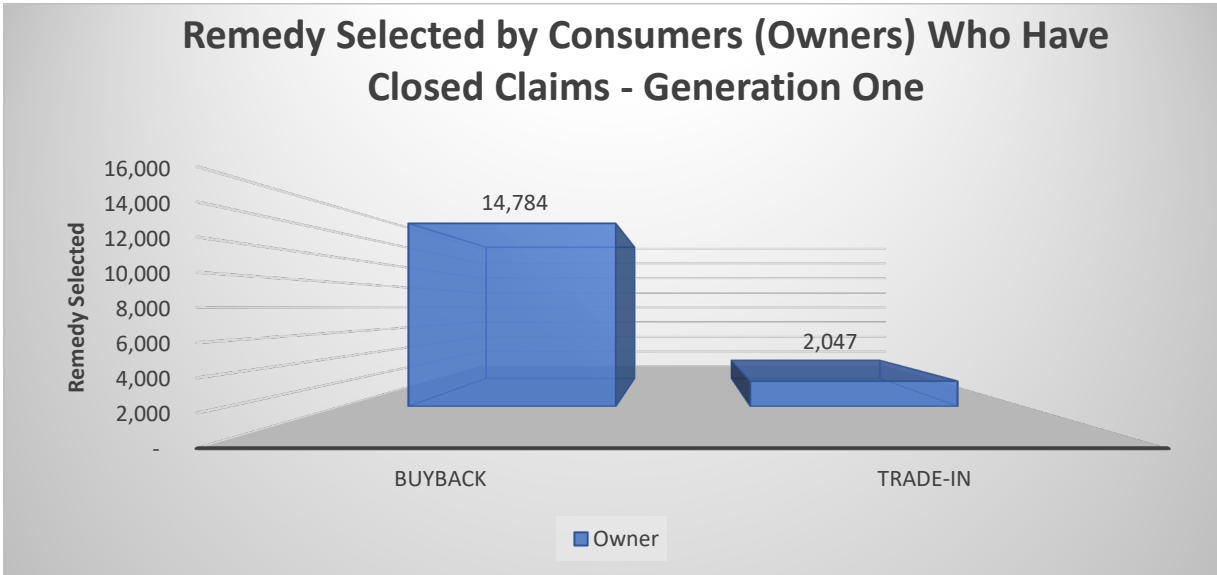
Chart 2-26



³² Information regarding completed REMs on Generation One vehicles is set forth below.

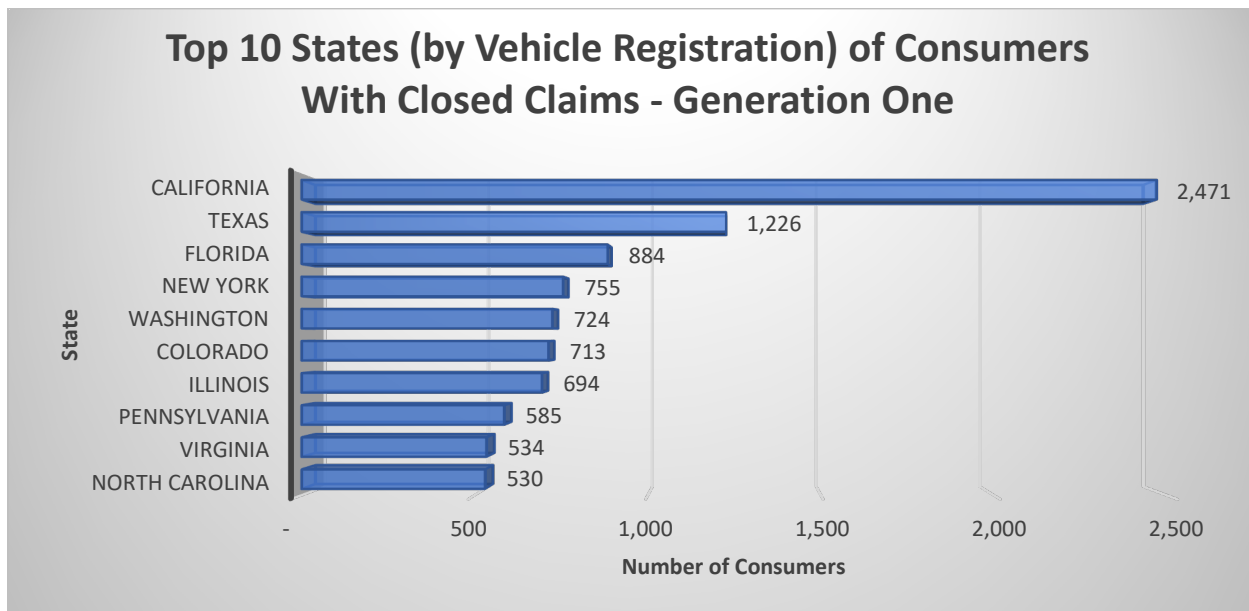
³³ As of December 9, 2019, there had been 5,967 instances where a scheduled Buyback or Trade-In appointment for a Generation One vehicle had resulted in cancellation. Of these, 5,691 appointments (95.4%) were cancelled at the consumer's request. Other common reasons for cancellations included: (i) the 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 2-26 are instances where the consumer changed the remedy selection from a Buyback or Trade-In to a REM.

Chart 2-27



As set forth in Chart 2-27, there had been 16,831 Buyback and Trade-In appointments associated with Generation One vehicles that had resulted in closing as of December 9, 2019, the aggregate value of the offer letters for which totaled \$685,542,763.14. This includes 187 closings during this quarter with offer letters aggregately valued at \$8,466,160.56. Chart 2-28 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 2-28



Through December 9, 2019, Volkswagen had issued payments totaling \$683,836,376.52 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 December 10, 2019, Volkswagen had completed 1,358 REMs on Generation One vehicles and 47,638 ECRs on Generation Two vehicles, while the vehicles were in the possession of consumers. Chart 2-29 shows the status of these completed modifications relative to whether the consumer also had completed the claims process and received payment.

Chart 2-29

	Completed REM: Generation One Vehicles	Completed ECR: Generation Two Vehicles
Completed Claims Process while in a Consumer's Possession	1,069	43,980
Pending Completion of the Claims Process ³⁴	1 ³⁵	1,488
No Claim Registered, Claim Ineligible, or Claim Cancelled	288	2,170

As of December 10, 2019, Volkswagen had paid \$10,625,577.06 in connection with REMs on Generation One vehicles and \$344,730,580.54 in connection with ECRs on Generation Two vehicles. This includes \$313,417.07 and \$4,055,578.38 paid during the past sixty 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 2-30 and 2-31 show the

³⁴ The overwhelming majority of these claims are instances in which offers had been extended by Volkswagen to consumers but had not yet been accepted.

³⁵ The one Generation One REM claim that remained pending involved unique issues that needed to be addressed before processing could be completed.

number and amount of Generation One and Generation Two payments associated with these claims, respectively.

Chart 2-30

Generation One - Eligibility Category	Total Number of Payments Issued	Total Amount of Payments Issued
Former Owners	656	\$3,389,521.88
Former Lessees	9	\$49,846.33
Consumers with Claims Related to Totaled Vehicles	64	\$640,632.45

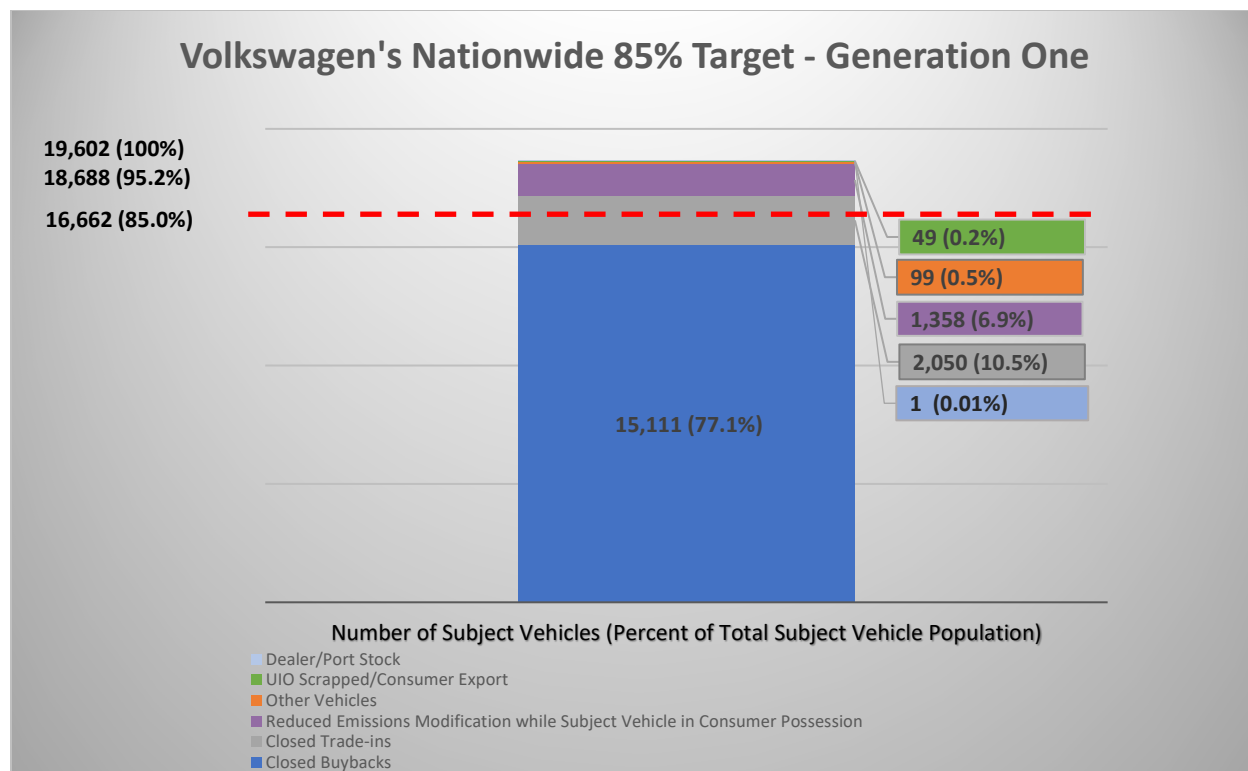
Chart 2-31

Generation Two - Eligibility Category	Total Number of Payments Issued	Total Amount of Payments Issued
Former Owners	1,112	\$4,728,972.82
Former Lessees	2,333	\$4,665,000.00
Consumers with Claims Related to Totaled Vehicles	172	\$1,369,102.61

G. Volkswagen’s 85% Targets

As of the October 2018 reporting period, Volkswagen had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that the company permanently remove from commerce or perform an AEM on at least 85% of Generation One 3.0 Liter Subject Vehicles by November 30, 2019. The 3.0 Liter DOJ Consent Decree provides that “the total number of Generation 1.x 3.0 Liter Subject Vehicles is 19,602.” Chart 2-32 reflects data on the number of Generation One Subject Vehicles that Volkswagen had removed from commerce or modified.

Chart 2-32³⁶

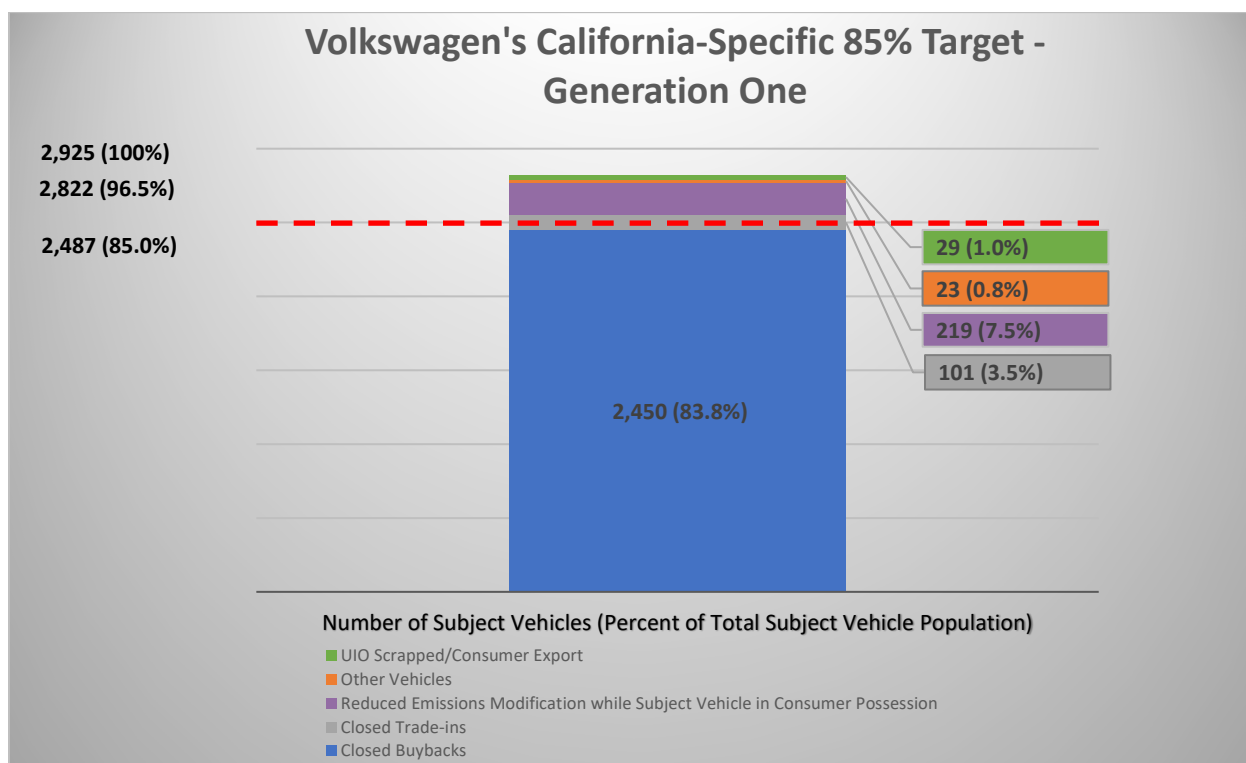


The “Other Vehicles” category depicted in Chart 2-32 (and Charts 2-33, 2-34, and 2-35 below) represents vehicles Volkswagen has removed from commerce outside of the Claims Program. This includes, among others, used vehicles that Volkswagen acquired from dealerships and company cars previously utilized by Volkswagen employees that have since been retired.

³⁶ Figures in Charts 2-32 through 2-35 relating to Polk Units in Operation (“UIO”) Scrapped and Other Vehicles are based on Volkswagen data as of September 30, 2019. The population of Other Vehicles includes certain vehicles associated with completed Buyback, Trade-In, or AEM appointments. To avoid double-counting, these vehicles are excluded from the Buyback, Trade-In, and AEM figures reflected in Charts 2-32 through 2-35 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 December 9, 2019. Data on Canadian-registered vehicles that have received an AEM are subsumed within the REM and ECR figures shown by vehicle generation. Vehicles initially characterized as scrapped that proceeded through the claims process, often after a consumer took steps to obtain a rebuilt title, are counted toward the 85% requirement to give Volkswagen credit for addressing these operable and polluting vehicles. Across Charts 2-32 through 2-35, vehicles initially categorized as scrapped never account for more than about 1% of the total population of vehicles removed from commerce or modified. 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.

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 2-33 reflects data on the number of Generation One Subject Vehicles registered in California that had been modified or removed from commerce.

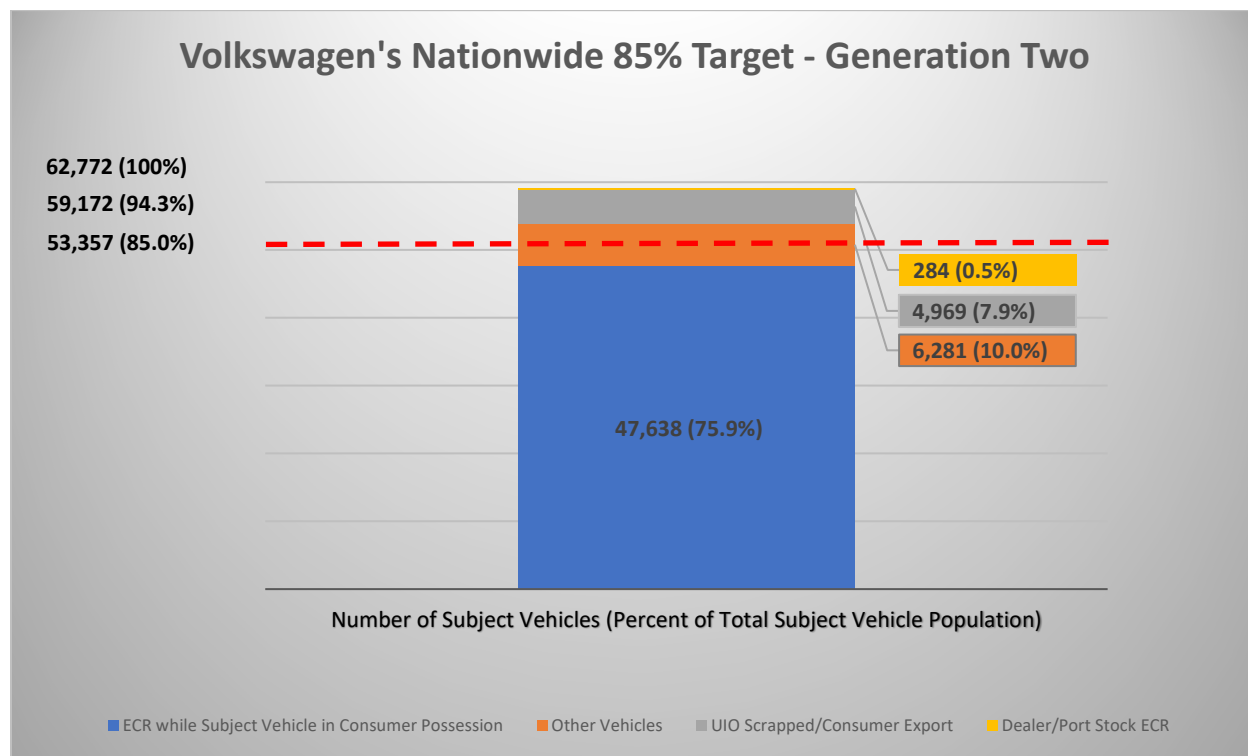
Chart 2-33



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 2-34

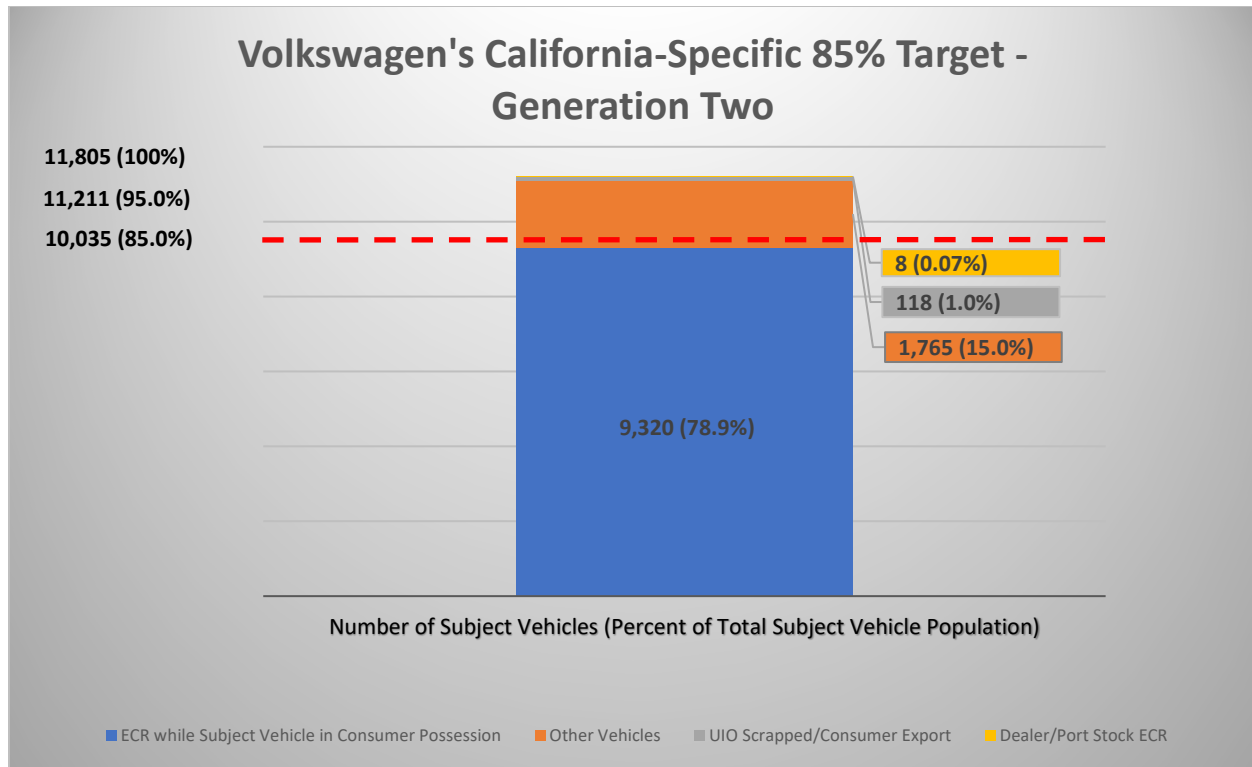
generally reflects data on the number of Generation Two Subject Vehicles that had been modified or removed from commerce.

Chart 2-34



As of the October 2018 reporting period, Volkswagen also had satisfied the requirement in the 3.0 Liter DOJ Consent Decree that, by May 31, 2020, the company permanently remove from commerce or perform an ECR on at least 85% of Generation Two 3.0 Liter Subject Vehicles that were registered in California as of November 2, 2015. The 3.0 Liter DOJ Consent Decree states that “the total number of all Generation 2.x 3.0 Liter Subject Vehicles registered in California is 11,805.” Chart 2-35 generally reflects data on the number of Generation Two Subject Vehicles registered in California that had been modified or removed from commerce.

Chart 2-35



III. Consumer Experience

A. Claims Program Updates

1. Non-Standard Claims

a) Canadian Claims

As of December 4, 2019, the company reported that it had completed processing 408 of the 431 claims submitted by consumers who purchased a vehicle in the United but registered it in Canada.³⁷ Of those 408 claims, 356 resulted in a completed remedy and 52 were deemed ineligible.³⁸ From September 5, 2019 to December 4, 2019, a total of five claims were completed (three AEMs and two Buybacks). A total of twenty-three claims remained pending.

³⁷ 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.

³⁸ The number of ineligible claims decreased by six from the September 2019 Report as a result of certain claims being reopened following successful CRC appeals.

Chart 3-1 reflects the number of completed Canadian claims and the claims remaining to be completed by remedy selection.

Chart 3-1

Canadian Claims by Remedy Selection	Eligible/Completed Claims	Eligible/Completed Claims From 9/5/19 - 12/4/19	Ineligible Claims	Claims Remaining to be Completed
Buyback/Trade-In	266	2	34	4
AEM	85	3	17	19
Seller Restitution	2	-	-	-
Owner Restitution	3	-	1	-
TOTAL	356	5	52	23

b) Military Overseas Claims

As of December 4, 2019, the company reported completing eighty-three of the eighty-seven (95.4%) claims that it had received from military personnel stationed overseas with their vehicles, including three claims between September 5, 2019 and December 4, 2019 (one Buyback and one AEM in Germany, and one AEM in Mexico).³⁹ Chart 3-2 reflects the number of completed military overseas claims and those remaining to be completed by country and remedy selection.

Chart 3-2

Overseas Military Claims					
Consumer and Vehicle Location	Total Claims	Buybacks Completed	Buybacks Remaining	AEMs Completed	AEMs Remaining
Germany	71	26	-	43	2
Italy	4	2	-	2	-
Belgium	3	1	-	2	-
South Korea	3	2	-	-	1
Kazakhstan	1	-	-	-	1
Macedonia	1	-	-	1	-
Malaysia	1	-	-	1	-
Mexico	1	-	-	1	-
Turkey	1	-	-	1	-
United Kingdom	1	1	-	-	-
TOTAL	87	32	-	51	4

³⁹ The total number of claims submitted decreased by one since the September 2019 Report as the result of the recategorization of certain claims.

With respect to the four pending claims, the company extended two offers in connection with AEM claims in Germany, and two additional AEM claims remained pending in Kazakhstan and South Korea.

c) Branded Title Claims

Volkswagen continued to timely process the few pending claims involving vehicles with branded titles in accordance with the framework developed by the Parties and CRC in February 2018.⁴⁰ At the conclusion of the reporting period, the company had completed 432 such claims, including 6 during the quarter.⁴¹ Chart 3-3 reflects the total number of related claims that Volkswagen had completed as of December 9, 2019, as well as the number of claims completed during the quarter by eligibility determination.

Chart 3-3⁴²

Branded Title Claims Determinations	Total Claims	Claims Completed During the Quarter
Eligible	151	-
Ineligible	281	6

⁴⁰ 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.

⁴¹ The group of 432 completed claims includes claims submitted by consumers who Volkswagen identified as having acquired a significant number of vehicles with branded titles for the purpose of participating in the Claims Program. As previously reported, although some of these consumers also submitted claims involving vehicles with non-branded, clean titles, Volkswagen previously placed all claims submitted by these consumers on hold while it continued discussions with the PSC and the CRC, and analyzed the details surrounding these consumers' acquisitions of their vehicles.

⁴² 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.

At the end of the quarter, there were eleven pending claims -- all of which required additional information from consumers before the company could render a determination. The most common forms of outstanding documentation required from consumers were proof of ownership (4) and proof of vehicle purchase (4).

2. Claims Program Deadline Reminders and Accommodations

As set forth in the September 2019 Report, Volkswagen provided numerous reminders to consumers with Generation One vehicles of the relevant Claims Program deadlines, including the September 30, 2019 deadline for eligible consumers to complete their approved remedy.⁴³ As the September 30, 2019 deadline approached, the company and its dealers offered accommodations to dozens of consumers to facilitate the completion of their approved remedy. The accommodations included: (i) offering appointments to consumers on short notice and during times when appointments ordinarily were not available; (ii) providing consumers who attended closing appointments without proper documentation the opportunity to quickly reschedule a new appointment; and (iii) allowing consumers who were running early or late to complete their appointment without the need to reschedule.

3. Extended Warranty and Service Contract Refund Program

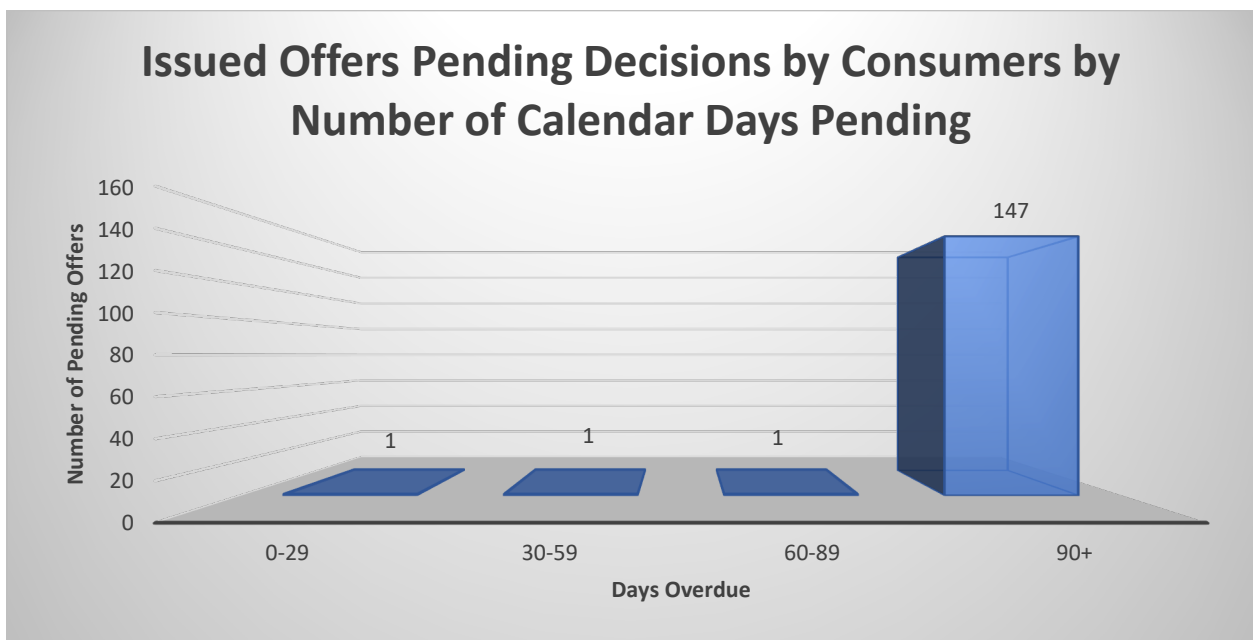
Volkswagen's vendor continued to accurately process claims submitted by consumers under the extended warranty and service contract refund program and, for approved claims, timely render associated payments.

At the conclusion of this quarter, the company's vendor had reached determinations on 2,132 of the 2,139 (99.7%) extended warranty or service contract claims. Of those 2,132

⁴³ As detailed in the September 2019 Report, Volkswagen sent Reminder Notices between November 2018 through January 2019 (as required by the terms of the 3.0 Liter Resolution Agreements), as well as additional reminders in April, May, July, and September 2019. These reminders encouraged consumers to, among other things, complete their claims and submit required documentation as soon as possible. The reminders also advised consumers that, in accordance with the terms of the 3.0 Liter Resolution Agreements, they would not be eligible to receive compensation if they failed to meet Claims Program deadlines.

determinations, 1,402 claims (65.8%) had been deemed ineligible, 725 claims (34.0%) had been deemed eligible, and 5 claims (0.2%) had been deemed deficient and required additional information from the consumer to complete processing. Volkswagen had initiated payment on 552 of the 725 eligible claims, including 5 during this quarter. Payments to consumers totaled \$66,241.68, which is, on average, \$120.00 per eligible claim. Of the 173 eligible claims for which payment had not been initiated: (i) 150 were pending a response by the consumer to the offer; (ii) 5 had resulted in an offer being rejected by the consumer; and (iii) 3 had resulted in an accepted offer for which Volkswagen was in the process of initiating payment.⁴⁴ Chart 3-4 depicts the number of days that the 150 pending offers had been outstanding.⁴⁵

Chart 3-4



⁴⁴ There were also fifteen claims that involved eligible contracts for which no payment was due. Because consumers only are entitled to a refund of “unused and otherwise nonrefundable portion of the purchase price” of an eligible contract, they do not receive compensation from Volkswagen when the provider is required to directly refund to them the unused portion of the purchase price of the contract.

⁴⁵ 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.

The Claims Supervisor continues to review all eligibility and award determinations reached by Volkswagen's vendor, and concurred with all but one of the eighteen determinations reached by the vendor during the quarter.⁴⁶ The vendor was in the process of re-reviewing that determination. The Claims Supervisor will continue to validate all determinations and award calculations reached by Volkswagen's vendor for the duration of the extended warranty and service contract refund program.⁴⁷

4. CRC Appeals

The CRC continued to make progress adjudicating consumer appeals, particularly those involving Generation One vehicles for which the deadline to submit an appeal was October 21, 2019.⁴⁸ As of December 9, 2019, consumers had submitted 1,277 unique appeals (1.8% of all submitted claims), including 64 unique appeals since the September 2019 Report. These appeals have challenged, among other issues, Volkswagen's eligibility decisions and award calculations.

At the end of the quarter, the CRC had reached determinations with respect to 990 unique appeals (77.5%), including 110 determinations between September 13, 2019 and December 9, 2019 (107 of which involved Generation One vehicles and 3 of which involved Generation Two vehicles). Of those 110 determinations: (i) 96 were denials; (ii) 11 involved instances in which the consumer was advised that he or she may be eligible for benefits subject to receipt and confirmation of additional documentation;⁴⁹ and (iii) 3 involved instances in which the issues that were the subject of the appeal had previously been resolved, thus mooting the appeal.

⁴⁶ This total includes eligibility and deficiency determinations reached by the vendor. The Claims Supervisor may review multiple determinations in connection with a single claim.

⁴⁷ Pursuant to the terms of the 3.0 Liter Class Action Settlement Agreement, consumers have thirty days following a Buyback to submit a complete refund claim.

⁴⁸ The deadline for consumers with Generation Two vehicles to submit an appeal is May 21, 2020.

⁴⁹ One such instance involved a consumer potentially being awarded compensation in accordance with the branded title protocols.

A total of 287 appeals remained to be adjudicated (9 of which involved Generation One vehicles and 278 of which involved Generation Two vehicles). Volkswagen and the PSC have reported that they will continue to work together to resolve pending appeals and will seek the assistance of the court-appointed neutral if necessary.

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 reflects that, as of September 30, 2019, Volkswagen had reacquired 17,169 Eligible Vehicles through the Claims Program, resold 12,070 Eligible Vehicles, and destroyed 37 Eligible Vehicles. Accordingly, the company housed approximately 5,062 Eligible Vehicles at storage facilities as of September 30, 2019.

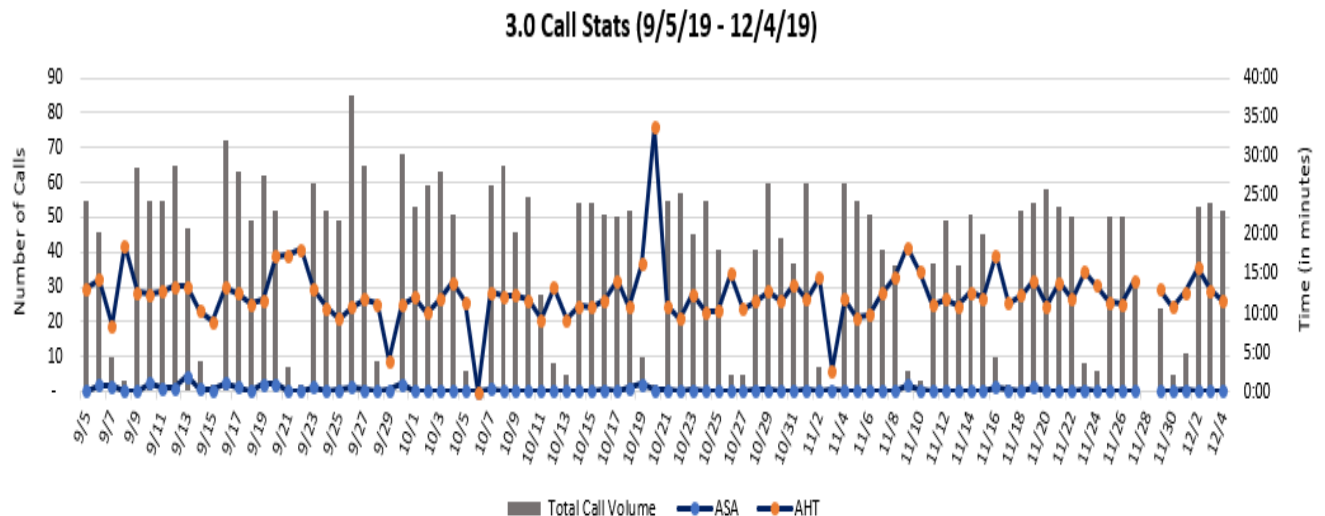
B. Customer Service

Volkswagen continued to dedicate the resources necessary to deliver effective customer support through its call hotline, chat portal, and Resolution Team. The company experienced slightly reduced call and chat volume during the quarter.

Call volume averaged fifty-two calls per weekday from September 5, 2019 to December 4, 2019 compared to fifty-seven calls averaged per weekday from June 5, 2019 to September 4, 2019. The average call abandonment rate was 2.2%, and the average speed to answer was fifteen

seconds per call. Chart 3-5 depicts the daily hotline call volume and related data from September 5, 2019 to December 4, 2019.⁵⁰

Chart 3-5



Chat volume averaged twelve chats per weekday from September 5, 2019 to December 4, 2019 compared to fourteen chats per weekday from June 5, 2019 to September 4, 2019. The chat abandonment rate was 7.2%.

The Claims Supervisor reviewed a sample of 204 recorded calls and 120 chats that occurred between September 3, 2019 and November 29, 2019, and determined that the company’s customer support agents continued to deliver an appropriate level of customer support. Only one call was deemed unsuccessful due to a failure to provide correct information.

In addition, Volkswagen’s Resolution Team remained effective in handling more complicated consumer issues. Over the course of the quarter, the Resolution Team received and resolved thirty-six consumer inquiries (the vast majority of which involved payment issues). As of December 4, 2019, the Resolution Team had resolved a total of 2,677 inquiries since the inception of the Claims Program.

⁵⁰ ASA is the abbreviation for average speed of answer and AHT represents average handle time.

Consumer complaint volume remained low. The limited complaints received by the company related to, among other things, vehicle performance following the completion of an AEM and general frustration with the claims process.⁵¹

IV. Conclusion

As reflected above, Volkswagen continued to effectively and efficiently administer the Claims Program consistent with the terms of the 3.0 Liter Resolution Agreements. During the quarter, the company was able to timely process standard and non-standard claims, and generally provided responsive customer support. As of December 9, 2019, a total of 48,996 consumer AEMs, 14,784 Buybacks, and 2,047 Trade-Ins had been completed, and \$1,054,101,851.89 in associated payments had been rendered to, or on behalf of, eligible consumers.

In advance of the September 30, 2019 deadline for eligible consumers with Generation One vehicles to complete an approved remedy, Volkswagen provided numerous reminders, and the company facilitated the offering of special accommodations by its dealers to dozens of consumers seeking assistance with scheduling appointments to complete Buybacks, Trade-Ins and AEMs. These accommodations included offering appointments on shorter notice, as well as during timeframes that were not ordinarily available. Following the passage of the September 30, 2019 deadline, the company issued notifications of ineligibility determinations to consumers with Generation One vehicles who did not complete their approved remedy. Consumers with Generation Two vehicles have until December 31, 2019 to submit a complete claim.

In addition, the CRC continued to make progress adjudicating consumer appeals leading up to and following the October 21, 2019 deadline for consumers with Generation One vehicles

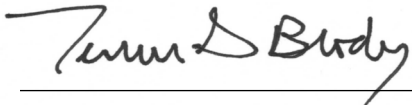
⁵¹ The Claims Supervisor is aware of 114 unique complaints relating to post-AEM vehicle performance issues since the inception of the Claims Program, which amounts to approximately 0.2% of all completed ECRs and REMs. Volkswagen has advised that specially trained customer care representatives assist consumers in determining whether perceived vehicle changes are attributable to an AEM, including evaluation by a dealership, when necessary.

to challenge an eligibility or award determination. The CRC completed 110 appeals between September 13, 2019 and December 9, 2019, while 287 appeals remained pending (9 of which involved Generation One vehicles and 278 of which involved Generation Two vehicles).

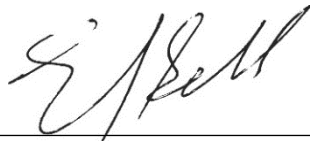
In accordance with the requirements of the 3.0 Liter Resolution Agreements, the Claims Supervisor will continue to evaluate and report on Volkswagen's progress with and adherence to the terms of the 3.0 Liter Resolution Agreements as the Claims Program continues.

Sincerely,

Ankura Consulting Group, LLC



Terrence S. Brody
Senior Managing Director



Edward J. Bell
Senior Managing Director



Gary Wingo
Senior Managing Director

Submitted: December 13, 2019