VIA U.S. MAIL AND ELECTRONIC MAIL

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<td>Volkswagen AG</td>
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<td>Company Secretary</td>
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<td>Volkswagen Group of America, Inc.</td>
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<td>President</td>
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<td>Robert J. Giuffra, Jr. Sharon L. Nelles Sullivan &amp; Cromwell LLP 125 Broad Street New York, New York 10004</td>
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<td>Volkswagen Group of America Chattanooga Operations, LLC</td>
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<td>Granta Nakayama King &amp; Spaulding LLP</td>
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**Re:** Approved Emissions Modification: Certain Vehicles within Test Groups 9VWXV02.035N and 9VWXV02.0U5N of Model Year 2009 Generation 1 2.0 Liter Volkswagen Subject Vehicles

To Whom It May Concern:

Appendix B of the 2.0 liter (2.0L) Partial Consent Decree\(^1\) entered on October 25, 2016, establishes how Settling Defendants shall submit Proposed Emissions Modifications, and how the United States Environmental Protection Agency (EPA) and the California Air Resources

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\(^1\) In Re: Volkswagen “Clean Diesel” Marketing, Sales Practices, and Products Liability Litigation, MDL No. 2672 CRB (JSC), United States District Court, Northern District of California.
Board (CARB) will approve or disapprove any such proposal that Settling Defendants choose to submit. The Partial Consent Decree specifies requirements under which the EPA and CARB must assess a Proposed Emissions Modification and the applicable regulatory calculation methods, test procedures, protocols, processes, or procedures that shall apply. On July 27, 2017, the EPA and CARB issued Approved Emissions Modification: Test Groups 9VWXV02.035N, 9VWXV02.0U5N, AVWXV02.0U5N, BVWXV02.0U5N, CVWXV02.0U5N, DVWXV02.0U5N, and EVWXV02.0U5N of the 2.0 Liter Subject Vehicles. Based on information subsequently disclosed by the Settling Defendants, the EPA and CARB determined that for certain of the vehicles, the Proposed Emissions Modification approved on July 27, 2017 failed to satisfy the requirements of the Partial Consent Decree as these vehicles require a transmission mechatronic hardware change that was not previously included as part of the Proposed Emissions Modification. Thus, on November 9, 2017, the EPA and CARB issued a Notice of Partial Disapproval of Proposed Emissions Modification: Certain Vehicles within Test Groups 9VWXV02.035N and 9VWXV02.0U5N of Model Year 2009 Generation 1 2.0 Liter Volkswagen Subject Vehicles for approximately 2,800 EA189 Generation 1 Model Year 2009 vehicles with software versions 1402 and 1405 within Test Groups 9VWXV02.035N and 9VWXV02.0U5N that require a transmission mechatronic hardware change.

On December 5 and December 28, 2017, Settling Defendants submitted an original and revised Generation 1 Re-Submission for vehicles in test groups 9VWXV02.035N and 9VWXV02.0U5N. The Generation 1 Re-submissions describe the transmission mechatronic hardware change, and include required information and disclosures related to this change. The Generation 1 Re-submissions also includes revised dealer repair instructions for some MY 2010 vehicles with single part exhaust systems. The EPA and CARB are continuing to work with Settling Defendants on finalizing and approving the revised dealer repair instructions related to the MY 2010 vehicles with single part exhaust systems. However, the EPA and CARB have determined that the remainder of the Generation 1 Re-Submissions address the deficiencies specified in EPA’s and CARB’s November 9, 2017 letter. Thus, with the exception of the dealer repair instructions, the EPA and CARB hereby approve Settling Defendants’ Generation 1 Re-submissions for the approximately 2,800 EA189 Generation 1 Model Year 2009 vehicles with software versions 1402 and 1405 within Test Groups 9VWXV02.035N and 9VWXV02.0U5N that require a transmission mechatronic hardware change. The EPA and CARB will continue to work expeditiously with Settling Defendants to finalize the dealer repair instructions related to the MY 2010 vehicles with single part exhaust systems.

Settling Defendants must provide all Eligible Owners and Eligible Lessees with the corrected Approved Emissions Modification Disclosure and Extended Emissions Warranty statement to Eligible Owners and Eligible Lessees no later than December 29, 2017.

Defendants remain obligated to fulfill all other requirements set forth in Appendix B and any other applicable regulatory requirements. Any failure of terms, conditions and regulatory requirements may be subject to stipulated penalties as specified in the Consent Decree.
Approved Emissions Modification: Certain Vehicles within Test Groups 9VWXV02.035N and 9VWXV02.0USN of Model Year 2009 Generation 1 2.0 Liter Volkswagen Subject Vehicles

FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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Office of Civil Enforcement
U.S. Environmental Protection Agency

Byron Bunker, Director
Compliance Division
Office of Transportation and Air Quality
U.S. Environmental Protection Agency
Approved Emissions Modification: Certain Vehicles within Test Groups 9VWXV02.035N and 9VWXV02.0U5N of Model Year 2009 Generation 1 2.0 Liter Volkswagen Subject Vehicles

FOR THE CALIFORNIA AIR RESOURCES BOARD

Annette Hebert, Chief
Emissions Compliance
Automotive Regulations and Science Division
California Air Resources Board

Todd Sax, Chief
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California Air Resources Board
cc:

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