VIA CERTIFIED MAIL AND ELECTRONIC MAIL

SEP - 7 2017

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Attention: Group General Counsel
Attention: Company Secretary

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Attention: Company Secretary

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Attention: President
Attention: U.S. General Counsel
Attention: Company Secretary

Volkswagen Group of America
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Attention: Company Secretary

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Re: Notice of Disapproval of Proposed Emissions Modification: Test Groups CVWXV02.0U4S, DVWXV02.0U4S and EVWXV02.0U4S of 2.0 Liter Subject Vehicles Covering Model Year 2012, 2013 and 2014 Volkswagen Passat Diesel Vehicles with Manual Transmissions

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

[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.

the United States Environmental Protection Agency (EPA) and the California Air Resources 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 Emission Modification and the applicable regulatory calculation methods, test procedures, protocols, processes, or procedures that shall apply. The EPA and CARB have determined that the Proposed Emissions Modification for the Test Groups CVWXV02.0U4S, DVWXV02.0U4S and EVWXV02.0U4S of 2.0L Subject Vehicles covering model year 2012, 2013 and 2014 Volkswagen Passat diesel vehicles with manual transmissions fails to satisfy the requirements of the Partial Consent Decree. Accordingly, the EPA and CARB hereby issue this Notice of Disapproval.

Required Demonstration of Compliance

The 2.0L Partial Consent Decree requires the Settling Defendants to demonstrate compliance with the Maximum Emissions Modification Limit of 0.190 grams of NMOG+NOx at the full useful life mileage of the applicable vehicles. Settling Defendants must provide vehicles that have been modified with the Proposed Emissions Modification to the EPA and CARB so the agencies may perform testing and determine whether the vehicles meet the requirements of Appendix B. If the vehicles provided to the agencies are not at their full useful life mileage point, Appendix B 4.3.2.i and 40 C.F.R. § 86.1823-08 require that the compliance demonstration account for emissions deterioration via the application of a deterioration factor (DF). The DF must be applied to the emission test results in order to demonstrate compliance with the applicable emissions limits. As specified in 40 C.F.R. § 86.1823-08, the deterioration factor must be based on a linear regression, or another regression technique if approved in advance by the Administrator. Since the Settling Defendants did not seek EPA or CARB approval for a different regression technique, a linear regression was required.

Basis for Disapproval

Pursuant to Paragraph III.3.1.7 of Appendix B, the Settling Defendants delivered one manual transmission vehicle to EPA and one manual transmission vehicle to CARB. Both vehicles had received the Proposed Emissions Modification. These vehicles were emission tested and, after accounting for emissions deterioration via application of a DF and an infrequent regeneration factor (IRAF) that is used to account for increased emissions caused by periodic regeneration of the Diesel Particulate Filter (DPF), both vehicles failed to meet the applicable Maximum Emissions Limit (see Attachment 1 for emission test results). Specifically, Vehicle #0002 tested at EPA had one FTP test result of 0.191 grams NOx+NMHC per mile which exceeds the 0.190 Maximum Emission Limit. Similarly, vehicle #28 tested at CARB had FTP emissions results of 0.219 and 0.247 grams NOx+NMHC per mile. Settling Defendants provided a third vehicle to CARB (#33) for testing. Vehicle #33 had an initial passing result but in its second FTP 75 test had a result of 0.195 grams NOx+NMHC per mile.

Pursuant to 40 C.F.R. § 86.1835-01(a)(2)(i) and Title 13 of the California Code of Regulations Paragraph 1961, Settling Defendants subsequently inspected the vehicles to determine if there was any defect that would have contributed to the observed emissions failures. A representative of the Settling Defendants inspected the test vehicles and found that the vehicles did not need any adjustment or repair.

The Partial Consent Decree provides that no Proposed Emissions Modification will be approved if the Emissions Levels exceed the Maximum Emissions Modification Limits. Thus, the EPA and CARB hereby disapprove Settling Defendants' Proposed Emissions Modification for the Test Groups CVWXV02.0U4S, DVWXV02.0U4S and EVWXV02.0U4S of 2.0L Subject Vehicles covering model year 2012, 2013 and 2014 Volkswagen Passat diesel vehicles with manual transmissions.

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FOR THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Phillip A. Brooks, Director
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Office of Civil Enforcement
U.S. Environmental Protection Agency

Mary J. Manners for
Byron Bunker, Director
Compliance Division
Office of Transportation and Air Quality
U.S. Environmental Protection Agency

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FOR THE CALIFORNIA AIR RESOURCES BOARD

FOR Annette Hebert, Chief
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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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Attachment 1 – Proposed Emission Modification Confirmatory Testing

EPA - VW 2.0L Generation 2 Manual Transmission FTP Emission Results (g/mile)														
EPA Vehicle ID Number/Date of Testing	NO_X				NMHC				NO_x+NMHC	DF Apportioned = ULDF* (120k-Mileage)/(120k-4k)			NO_X+NMHC +DF+IRAF	Appendix B Emissions Modification Limit
	Bag1	Bag2	Bag3	Weighted	Bag1	Bag2	Bag3	Weighted	Weighted	ULDF	DF	IRAF		
0002 (58,432 miles)														
3/17/2017	0.152	0.06	0.140	0.100	0.07	0.009	0.021	0.025	0.125	0.095	0.050	0.016	**0.191**	0.190
3/30/2017	0.363	0.02	0.067	0.104	0.06	0.002	0.013	0.016	0.120	0.095	0.050	0.016	**0.186**	0.190

CARB - VW 2.0L Generation 2 Manual Transmission FTP Emission Results (g/mile)														
CARB Vehicle ID Number/Date of Testing	NO_X				NMHC				NO_x+NMHC	DF Apportioned = ULDF* (120k-Mileage)/(120k-4k)			NO_X+NMHC +DF+IRAF	Appendix B Emissions Modification Limit
	Bag1	Bag2	Bag3	Weighted	Bag1	Bag2	Bag3	Weighted	Weighted	ULDF	DF	IRAF		
28 (23,401 miles)														
2/16/17	0.156	0.057	0.145	0.102	0.081	0.006	0.007	0.022	0.123	0.096	0.080	0.016	**0.219**	0.190
3/2/17	0.199	0.067	0.201	0.131	0.081	0.004	0.004	0.020	0.151	0.096	0.080	0.016	**0.247**	0.190
33 (18,281 miles)														
4/4/17	0.106	0.005	0.014	0.028	0.108	0.003	0.002	0.025	0.053	0.096	0.084	0.016	0.153	0.190
4/12/17	0.157	0.020	0.114	0.074	0.088	0.003	0.003	0.021	0.095	0.096	0.084	0.016	**0.195**	0.190