

VOLKSWAGEN

GROUP OF AMERICA

Kathleen Demeter
Director, Office of Defects Investigations
U.S. Department of Transportation
National Highway Traffic Safety Administration
1200 New Jersey Ave, S.E.
Washington, DC 20590

JOHN MADDOX NAME
PRODUCT COMPLIANCE/TREAD OFFICER TITLE
PRODUCT COMPLIANCE DEPARTMENT
248-754-5000 PHONE
248-754-5093 FAX
April 15, 2008 DATE

Subject: **PE08-012 NVS-212.pco; Frontal Airbag Crash Sensor**

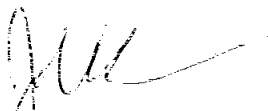
Dear Ms. Demeter:

VOLKSWAGEN GROUP OF AMERICA, INC.
3800 HAMLIN ROAD
AUBURN HILLS, MI 48326
PHONE +1 248 754 5000

Pursuant to a telephone conversation with Mr. Thomas Cooper on April 15, 2008, Volkswagen is submitting a Notice of Defect along with this response to your letter dated February 22, 2008 requesting information concerning the alleged airbag warning light illumination due to the malfunctioning of the frontal crash sensor assembly on certain Volkswagen New Beetle vehicles.

Please contact me if you have any questions regarding this response.

Regards,



John Maddox
Product Compliance/TREAD Officer
Service and Quality

Attachments

Volkswagen is providing its response to questions 1 through 6, accompanied with a Notice of Defect, Part 573, Title 49 of Code of Federal Regulations (49 CFR 573 (2008)).

The attached Notice of Defect covers vehicles equipped with Dual Stage Driver and Passenger Frontal Airbags. This Dual Stage Airbag System includes the two subject Longitudinal Acceleration Sensors located in the front fascia of the subject vehicles designed to detect frontal impact intensity.

Request 1.

State, by model and model year, the number of subject vehicles VW has manufactured for sale or lease in the United States. Separately, for each subject vehicle manufactured to date by VW, state the following:

- a. Vehicle identification number (VIN);
- b. Make;
- c. Model;
- d. Model Year;
- e. Date of manufacture (in "yyyy/mm/dd" date format);
- f. Date warranty coverage commenced (in "yyyy/mm/dd" date format); and
- g. The State in the United States where the vehicle was originally sold or leased (or delivered for sale or lease).

Provide the table in Microsoft Access 2000, or a compatible format, entitled "PRODUCTION DATA."

Response 1.

In response to this inquiry, Volkswagen has identified the following subject vehicle population:

Volkswagen	MY 2003	MY2004	MY2005	MY2006	MY 2007	MY 2008
New Beetle Sedan	N/A	20,915	14,580	20,784	14,741	11,278
New Beetle Convertible	18,647	24,051	19,890	20,649	12,512	9,639

N/A – Dual Stage Airbag System with the subject frontal crash sensors not introduced until MY2004 for New Beetle Sedan

Our response to this request including subparagraphs a. through g. is provided in a Microsoft Access file entitled, "PRODUCTION DATA.mdb" attached hereto as Exhibit to Request 1.

Source: Business Objects

Date Gathered: Through the date of the inquiry

Exhibit to Request 1

PRODUCTION DATA

Data is provided in Microsoft Access format on PE08-012 Data Collection Disc

Request 2

State the number of each of the following, received by VW, or of which VW is otherwise aware, which relate to, or may relate to, the alleged defect in the subject vehicles:

- a. Consumer complaints, including those from fleet operators;
- b. Field reports, including dealer field reports;
- c. Reports involving a crash, injury, or fatality, based on claims against the manufacturer involving a death or injury, notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage claims, consumer complaints, or field reports;
- d. Property damage claims; and
- e. Third-party arbitration proceedings where VW is or was a party to the arbitration; and
- f. Lawsuits, both pending and closed, in which VW is or was a defendant or codefendant.

For subparts "a" through "d," state the total number of each item (e.g., consumer complaints, field reports, etc.) separately. Multiple incidents involving the same vehicle are to be counted separately. Multiple reports of the same incident are also to be counted separately (i.e., a consumer complaint and a field report involving the same incident in which a crash occurred are to be counted as a crash report, a field report and a consumer complaint).

In addition, for items "c" through "f," provide a summary description of the alleged problem and causal and contributing factors and VW's assessment of the problem, with a summary of the significant underlying facts and evidence. For items "e" and "f" identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

Response 2

- a. In response to this inquiry, Volkswagen has identified 223 consumer complaints from 217 unique vehicles, none of which are from fleet operators, which relate to the alleged defect in the subject vehicles. Volkswagen notes that 2 of the consumer complaints are duplicative of the provided VOQs. Volkswagen is also providing copies of consumer complaints in which the allegations do not allow Volkswagen to determine if they may or may not be related to the alleged defect in the subject vehicles.
- b. In response to this inquiry, Volkswagen has identified 114 Field Reports from 110 unique vehicles, one of which is duplicative of a consumer complaint case, which relate to the alleged defect in the subject vehicles. Volkswagen is also providing copies of Field Reports in which the allegations do not allow Volkswagen to determine if they may or may not be related to the alleged defect in the subject vehicles.
- c. In response to this inquiry, Volkswagen has not identified any consumer complaints alleging a crash, injury or fatality notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage claims, consumer complaints, or field reports.
- d. In response to this inquiry, Volkswagen has not identified any property damage claims.
- e. In response to this inquiry, Volkswagen has not identified any third-party arbitration proceedings, where Volkswagen is or was a party to the arbitration.
- f. In response to this inquiry, Volkswagen has identified 22 breach of warranty lawsuits from 22 unique vehicles in which Volkswagen is or was a defendant or codefendant. Volkswagen notes that 2 of the breach of warranty lawsuits are duplicative of consumer complaints cases. Volkswagen is also providing copies of breach of warranty lawsuits in which the allegations do not allow Volkswagen to determine if they may or may not be related to the alleged defect in the subject vehicles.

Source: LISTEN, PL, FRED, TACS

Date Gathered: Through the date of the inquiry

Question 3

Separately, for each item (complaint, report, claim, notice, or matter) within the scope of your response to Request No. 2, state the following information:

- a. VW's file number or other identifier used;
- b. The category of the item, as identified in Request No. 2 (i.e., consumer complaint, field report, etc.);
- c. Vehicle owner or fleet name (and fleet contact person), address, and telephone number;
- d. Vehicle's VIN;
- e. Vehicle's make, model and model year;
- f. Vehicle's mileage at time of incident;
- g. Incident date (in "yyyy/mm/dd" date format);
- h. Report or claim date (in "yyyy/mm/dd" date format);
- i. Whether a crash is alleged;
- j. Whether property damage is alleged;
- k. Number of alleged injuries, if any; and
- l. Number of alleged fatalities, if any.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "REQUEST NUMBER TWO DATA."

Response 3

Responses to subparagraphs a. through l. are provided in the REQUEST NUMBER TWO DATA folder attached hereto as Exhibit to Request 3. These cases are organized by category then by case number.

Source, Date Gathered: See Response Two

Exhibit to Request 3

**REQUEST NUMBER TWO DATA
&
NON-SPECIFIC NUMBER TWO DATA**

**Data is provided in Microsoft Excel format in the REQUEST NUMBER TWO DATA folder on
PE08-012 Data Collection Disc**

Question 4

Produce copies of all documents related to each item within the scope of Request No. 2. Organize the documents separately by category (i.e., consumer complaints, field reports, etc.) and describe the method VW used for organizing the documents.

Response 4

In response to this inquiry, Volkswagen is providing copies of documents identified for each item in Response 2. The documents are provided in an Adobe Acrobat file entitled "REQUEST NUMBER FOUR DATA.pdf" attached hereto as Exhibit to Request 4. These cases are organized by category then by case number.

Volkswagen is also providing copies of consumer complaints in which the reason for the report does not contain sufficient information for Volkswagen to determine if they may or may not be related to the alleged defect in the subject vehicles. Information on these reports is provided in an Adobe Acrobat file entitled "NON-SPECIFIC NUMBER FOUR DATA.pdf" attached hereto as Exhibit to Request 4. These cases are organized by category then by case number.

Source, Date Gathered: See Response Two

Exhibit to Request 4

**REQUEST NUMBER FOUR DATA
&
NON-SPECIFIC NUMBER FOUR DATA**

**Data is provided in Adobe Acrobat format in the REQUEST NUMBER FOUR DATA folder on
PE08-012 Data Collection Disc**

Question 5

State, by model and model year, a total count for all of the following categories of claims, collectively, that have been paid by VW to date that relate to, or may relate to, the alleged defect in the subject vehicles: warranty claims; extended warranty claims; claims for good will services that were provided; field, zone, or similar adjustments and reimbursements; and warranty claims or repairs made in accordance with a procedure specified in a technical service bulletin or customer satisfaction campaign.

Separately, for each such claim, state the following information:

VW's claim number;

- m. Vehicle owner or fleet name (and fleet contact person) and telephone number;
- n. VIN;
- o. Repair date (in "yyyy/mm/dd" date format);
- p. Vehicle mileage at time of repair;
- q. Repairing dealer's or facility's name, telephone number, city and state or ZIP code;
- r. Labor operation number;
- s. Problem code;
- t. Replacement part number(s) and description(s);
- u. Concern stated by customer; and
- v. Comment, if any, by dealer/technician relating to claim and/or repair.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "WARRANTY DATA."

Response 5

In response to this inquiry, Volkswagen has identified 38,262 warranty claims from 29,936 unique vehicles which relate to the alleged defect in the subject vehicles. Volkswagen notes that 6 of these claims are duplicative of the provided VOQs, 161 are duplicative of consumer complaints, 89 are duplicative of field reports, and 20 are duplicative of breach of warranty lawsuits.

Our response to this request is provided in Microsoft Excel format in the REQUEST NUMBER FIVE DATA folder attached hereto as Exhibit to Request 5. These cases are organized by case number.

Source: Business Objects Warranty Claims Universe Date Gathered: Through the date of the inquiry

Exhibit to Request 5

WARRANTY DATA

**Data is provided in Microsoft Excel format in the REQUEST NUMBER FIVE DATA folder on
PE08-012 Data Collection Disc**

Question 6

Describe in detail the search criteria used by VW to identify the claims identified in response to Request No. 5, including the labor operations, problem codes, part numbers and any other pertinent parameters used. Provide a list of all labor operations, labor operation descriptions, problem codes, and problem code descriptions applicable to the alleged defect in the subject vehicles. State, by make and model year, the terms of the new vehicle warranty coverage offered by VW on the subject vehicles (i.e., the number of months and mileage for which coverage is provided and the vehicle systems that are covered). Describe any extended warranty coverage option(s) that VW offered for the subject vehicles and state by option, model, and model year, the number of vehicles that are covered under each such extended warranty.

Response 6

In response to this inquiry, the following methods were used to identify paid warranty claims in response to request number five.

1. **Model year 2004-2008 New Beetle Sedan and 2003-2008 New Beetle Convertible subject vehicles manufactured for sale or lease in the United States equipped with Dual Stage Airbags.**

AND

2. **All warranty claims containing the following subject part numbers:**

**1F0 906 606
6Q0 906 606 H**

Volkswagen notes that the standard Labor Operation Number associated with removal and installation of the front crash sensor is 69651950.

Volkswagen has identified, through screening the resultant claims, a list of problem codes and problem code descriptions that were used in claims relating to the alleged defect in the subject vehicles. The following overviews these findings:

- 10 – Mechanical Defect**
- 11 – Incorrectly Adjusted**
- 12 – Incorrect Standard Equipment**
- 15 – Torn, broken, Electrical open circuit**
- 16 – Ineffective**
- 17 – Stiff**
- 18 – Loose**
- 20 – Noisy**
- 30 – Unsatisfactory Appearance**
- 39 – Software Fault**
- 40 – Electrical Defects**
- 50 – Leaking**
- 80 – Scratches**
- 88 – Vehicle Towed in to Dealership**

Volkswagen notes that when entering a warranty claim dealership service personnel may not consistently use the appropriate Damage Code, Part Identifier and/or causal part information.

The following is a list, by make and model year, of the terms of the new vehicle warranty coverage offered by Volkswagen on the subject vehicles:

Model Year	Warranty Terms and Vehicle	Coverage Type
2003-2008	4 Years / 50,000 miles: VW New Beetle Sedan and New Beetle Convertible	Bumper to Bumper

Volkswagen offers a 2 year 24,000 mile extended bumper to bumper warranty for Certified Pre-owned Vehicles

Volkswagen has not offered any other extended warranty options covering the subject component on the subject vehicles.

Source: VWGoA Date Gathered: Through the date of the updated inquiry