

VWoA Compliance

From: Volkswagen Dealer Communications <lists@volkswagenresources.com>
Sent: Wednesday, July 11, 2018 5:13 PM
To: VWoA Compliance
Subject: NER July Production Newsletter



July 11, 2018

TO: Dealer Principals and General Managers

RE: NER July Production Newsletter

Dear Dealer Partners,

Attached you will find the July edition of the Production Newsletter, which contains an outlook of June, July, and August production. Along with your region's projected pipeline, you will see updates relating to launch dates, key production restrictions, and any production mix changes.

Updates on key supply issues are as follows:

- Replacement parts have been ordered for the brake stop sale campaigns (47N8/47N9) and we expect dealer and customer repairs to begin in mid-July.
- Tiguan LWB units impacted by the rear-shock absorber (42i7) and lower ball joint issues (40N4/40N5) have begun to be repaired by dealers with replacement parts. As of June 28th, less than 600 units remain on hold for the ball joint issue, and only 619 units remain on hold for the rear shock absorber issue.

Chattanooga's annual holiday shut down will take place during the first week of July, leading to lower production for the month. However, the grille rework, caused by the supplier fire in Mexico, is complete and we will no longer be facing delays in deliveries due to this issue. Atlas captain's chair capacities are now targeting a substantial increase in November, while sunroof capacity improvements for Tiguan are targeted for October/November production.

Atlas SEL Premium mix remains strong through July, with effects of the restriction on SEL & SEL Premium bumper covers and door panels being more apparent in August. While facing this challenge, we will continue to order the highest possible mix while also maintaining overall production volumes. More details are included in the newsletter.

We apologize for any potential impact that these challenges may have on your business as we are mindful of the great influence that these issues may have on your organization. We assure you that we will continue to address these issues promptly while also keeping you as informed as possible.

NER JULY PRODUCTION NEWSLETTER

Sincerely,

The Volkswagen Sales & Distribution Team