

Exhibit 1

Settlement Program Summary

EXHIBIT “1”

Settlement Program Summary

This Exhibit is presented for informational purposes only.

This Exhibit does not deal with all circumstances in which benefits may be available, or the amounts of all benefits. The Settlement Agreement should be consulted for the complete terms and conditions. In the event of any inconsistency between this Exhibit and the Settlement Agreement, the Settlement Agreement will govern.

Unless otherwise provided in this Exhibit, capitalized terms have the same meaning as set forth in the Settlement Agreement, and all amounts referred to are in Canadian dollars.

For more information, visit www.VWCanadaSettlement.ca or call the Claims Administrator at 1-888-670-4773.

SETTLEMENT PROGRAM SUMMARY

This Exhibit provides a summary of some of the benefits under the Settlement Agreement that Settlement Class Members may receive if they are Eligible Claimants. The types of payment and benefits available will depend on whether an Eligible Claimant falls under the claimant category: Eligible Owner, Eligible Seller, Eligible Purchaser or Eligible Lessee. This is further illustrated by the examples in Part E of this Exhibit. Benefits are available only to those Settlement Class Members who do not opt out of the Settlement Agreement, timely and properly submit a Claim and obtain their eligible benefits before the end of the Claims Period.

A. ELIGIBLE CLAIMANTS

1. Eligible Owners

a) Eligible Owners who choose:

- i. Buyback will receive a payment for the sum of:

Vehicle Value + Owner Damages Payment

-or-

- ii. Trade-In will have all or a portion of their vehicle's Fair Market Value at the time of the Trade-In applied towards the purchase price of a new or used Volkswagen or Audi vehicle, and will receive a payment for the sum of:

(Vehicle Value – portion of Fair Market Value used for trade in) + Owner Damages Payment

-or-

- iii. Approved Emissions Modification will receive the Approved Emissions Modification Extended Warranty, and are eligible to receive the Owner Damages Payment, when they complete the Approved Emissions Modification.

b) **Lien and Debt Obligations.** To receive a Buyback or Trade-In, Eligible Owners must arrange to resolve any outstanding Loan Obligations and unpaid Québec traffic tickets and fines on their vehicle before it is surrendered.

- i. **Loan Obligations.** For Eligible Owners who have a Loan Obligation on their vehicle, arrangements must be made to satisfy the Loan Obligation in full in order to complete a Buyback or Trade-In. To assist with this process, VW will make payments out of Eligible Claimants' benefits directly to their lenders towards satisfaction of a Loan Obligation if directed to do so. In the case of a Buyback, some or all of the Vehicle Value and Owner Damages Payment may be paid by

VW to lenders. In the case of a Trade-In, some or all of Vehicle Value, less the portion of the Fair Market Value applied for the Trade-In, and Owner Damages Payment may be paid by VW to lenders. In either case, in order to receive a Buyback or Trade-In, an Eligible Owner is responsible for payment of any balance of a Loan Obligation remaining after any payments made by VW. Alternatively, Eligible Owners may pay off all or portion of their Loan Obligation independently, in which case the amount of their takeaway payment will increase accordingly.

- ii. **Loan Forgiveness.** In the event that there is no Approved Emissions Modification by June 15, 2017, where a Loan Obligation exceeds the sum of the Vehicle Value and Owner Damages Payment, the Eligible Owner will qualify for a Loan Forgiveness payment up to a maximum of 30% of this sum, payable towards satisfaction of the Loan Obligation, with certain exceptions set forth in the Settlement Agreement. Loan Forgiveness is only payable towards satisfaction of the portion of a Loan Obligation exceeding the sum of the Vehicle Value and Owner Damages Payment. If the Loan Forgiveness payment is not sufficient to satisfy the Loan Obligation, the Eligible Owner must arrange to resolve any remaining balance in order to receive a Buyback or Trade-In.
- c) **Vehicle Value.** A vehicle's Vehicle Value for a Buyback or Trade-In will be determined from the CBB Wholesale Category applicable to a vehicle based on its current mileage ("Current Mileage") no more than twenty (20) days before it is surrendered to a Volkswagen or Audi dealer (the "Surrender Proxy Date"), provided that, when the vehicle is actually surrendered, its mileage is within the Allowance from the Current Mileage set forth in Schedule "B".

For those vehicles whose Current Mileage places them in the highest mileage CBB Wholesale Category, their Vehicle Value will be further determined by establishing by calculation their mileage as of September 18, 2015.

First, an average number of daily kilometres (km) driven during the period from the vehicle's Original In Service Date to the Surrender Proxy Date (the "**Average Daily KM Rate**") will be determined using the following formula:

$$\frac{\text{Current Mileage}}{(\text{Days from Original In Service Date to Surrender Proxy Date})}$$

For example, an Eligible Owner chooses the Buyback and makes an appointment to surrender a vehicle on June 9, 2017. To prepare for the Buyback, the vehicle's Current Mileage is reported 20 days before the scheduled appointment, on May 20, 2017, as 160,900 km. Based on the Current Mileage, the vehicle falls into the highest mileage CBB Wholesale Category. The vehicle was first sold in Canada as a new vehicle on February 1, 2010. The number of days between February 1, 2010 and the Surrender Proxy Date of May 20, 2017 is 2,665 days. Based on this example, the Average Daily KM Rate, rounded to the nearest whole number, is:

$$\frac{160,900 \text{ km}}{2,665 \text{ days}} = 60 \text{ km/day}$$

The Average Daily KM Rate is used to establish the vehicle's mileage as of September 18, 2015 (the "**September 2015 Mileage**") using the following formula:

Current Mileage – (Average Daily KM Rate x (Days from Sept. 18, 2015 to Surrender Proxy Date))

Using the same example, the number of days between September 18, 2015 and the May 20, 2017 Surrender Proxy Date is 610 days. As a result, the September 2015 Mileage is:

$$160,900 \text{ km} - (60 \text{ km/day} \times 610 \text{ days}) = 124,300 \text{ km}$$

In this example where a vehicle's Current Mileage places it in the highest mileage CBB Wholesale Category, the Vehicle Value is the CBB Wholesale Value based on the vehicle's calculated September 2015 Mileage of 124,300 km.

2. Eligible Sellers will receive the Non-Owner Damages Payment.

3. Eligible Purchasers

- a) Eligible Purchasers that purchased an Eligible Vehicle that was under lease from VCCI to someone else on September 18, 2015 will receive the Approved Emissions Modification Option, the Approved Emissions Modification Extended Warranty, and are eligible to receive 50% of the Non-Owner Damages Payment, when they complete the Approved Emissions Modification.
- b) All other Eligible Purchasers will receive the Approved Emissions Modification Option, the Approved Emissions Modification Extended Warranty, and are eligible to receive the Non-Owner Damages Payment, when they complete the Approved Emissions Modification.

4. Eligible Lessees

- a) Eligible Lessees with active leases when they obtain their benefits may choose:
 - i. Early Lease Termination and will receive the Non-Owner Damages Payment when they bring their Eligible Vehicle in to a Volkswagen or Audi dealer. To obtain this benefit, Eligible Lessees must pay any delinquent balance, along with any other fees due, pursuant to the terms of their lease;
- or-**
- ii. Approved Emissions Modification Option and will receive the Approved Emissions Modification Extended Warranty, and are eligible to receive the Non-Owner Damages Payment, when they complete the Approved Emissions Modification.

- b) Eligible Lessees who have concluded leases when they obtain their benefit, and who have not purchased their leased vehicle, will receive the Non-Owner Damages Payment.
- c) Eligible Lessees who purchased their leased vehicle will receive the Approved Emissions Modification, the Approved Emissions Modification Extended Warranty, and are eligible to receive the Non-Owner Damages Payment, when they complete the Approved Emissions Modification.
- d) Eligible Lessees who purchased their leased vehicle and have since sold their vehicle before receiving any stage of an Approved Emissions Modification are eligible to receive 50% of the Non-Owner Damages Payment.

B. DAMAGES PAYMENT

1. Damages Payment. The Damages Payment means the amount payable to Eligible Owners, Eligible Sellers, Eligible Purchasers or Eligible Lessees based on the brand and model year of their vehicle as set out below:

Volkswagen-Brand Eligible Vehicles

MODEL YEAR	OWNER DAMAGES PAYMENT	NON-OWNER DAMAGES PAYMENT
2009	\$5,100	\$2,550
2010	\$5,100	\$2,550
2011	\$5,100	\$2,550
2012	\$5,250	\$2,625
2013	\$5,500	\$2,750
2014	\$5,950	\$2,975
2015	\$7,000	\$3,500

Audi-Brand Eligible Vehicles

MODEL YEAR	OWNER DAMAGES PAYMENT	NON-OWNER DAMAGES PAYMENT
2010	\$5,200	\$2,600
2011	\$5,200	\$2,600
2012	\$5,350	\$2,675
2013	\$5,950	\$2,975
2015	\$8,000	\$4,000

C. APPROVED EMISSIONS MODIFICATION OPTION

Eligible Claimants in possession of their Eligible Vehicle may receive the Approved Emissions Modification Option at no charge. However, any costs to complete the Approved Emissions Modification that are necessitated by reason of an aftermarket modification to the vehicle are not included. The Approved Emissions Modification Option will only be available if the emissions modification is approved by appropriate regulators.

Volkswagen is working with U.S. regulators to develop Approved Emissions Modifications. The final deadlines for Volkswagen to submit to them proposed emissions modifications for each vehicle engine generation are shown in the table below. U.S. regulators will use their best efforts to approve or disapprove any proposal within 45 days of submission of the proposal. If they initially disapprove Volkswagen's proposed emissions modification, Volkswagen may challenge the decision through a dispute resolution procedure.

Because the necessary regulatory review process and possible subsequent dispute resolution procedure will take place in the U.S., followed by a regulatory process in Canada, it is difficult to predict whether and when there will be Approved Emissions Modifications for vehicles.

1st Generation Engine Vehicles	Final Submittal Deadline to U.S. Regulators
2009-2014 VW Jetta 2009 VW Jetta Wagon 2010-2013 VW Golf 2013-2014 VW Beetle 2010-2013 Audi A3 2010-2014 Golf Wagon TDI	January 27, 2017

2nd Generation Engine Vehicles	Final Submittal Deadline to U.S. Regulators
2012-2014 VW Passat	March 3, 2017
3rd Generation Engine Vehicles	Final Submittal Deadline to U.S. Regulators
2015 VW Jetta 2015 VW Golf 2015 VW Golf Sportwagon 2015 VW Beetle 2015 VW Passat 2015 Audi A3	Stage 1 Modification: October 14, 2016 Stage 2 Modification: October 30, 2017

Class Updates will be made available by mail, e-mail and at www.VWCanadaSettlement.ca to keep Settlement Class Members apprised of the process and of the availability of Approved Emissions Modifications. Notifications of Approved Emissions Modifications will include a clear and accurate disclosure regarding all of their effects that may be reasonably important to Settlement Class Members.

Eligible Claimants who receive the Approved Emissions Modification will receive the Approved Emissions Modification Extended Warranty and their applicable Damages Payment, with one possible exception. As reflected in the above table, it is anticipated that an Approved Emissions Modification for model year 2015 Eligible Vehicles will require a two-stage modification process. In this case, 50% of the applicable Damages Payment will be paid to the Eligible Claimant who completes the first stage of the Approved Emissions Modification. The remaining 50% will be paid to the Eligible Claimant, or a subsequent purchaser if ownership of the vehicle changes, when the second stage is completed. An oil change with respective engine oil filter will also be provided at no charge on completion of the second stage.

If there is no Approved Emissions Modification for vehicles with a particular generation of engine by June 15, 2018, Settlement Class Members who own such vehicles will be informed that they will have a second opportunity to opt out of the Settlement Class during the period from June 15, 2018 through August 15, 2018, if they have not already made a Claim, or received benefits under the Settlement Agreement. If these Settlement Class Members do not opt out, they can choose a Buyback or Trade-In and will receive their applicable Damages Payment. Eligible Lessees with active leases of such vehicles can select an Early Lease Termination and will receive their applicable Damages Payment.

If the second stage of the Approved Emissions Modification for model year 2015 vehicles is not approved by June 15, 2018, Settlement Class Members who own such vehicles on which the first stage of the modification has been performed will be informed that they can choose a Buyback or Trade-In and will receive the second half of their applicable Damages Payment. Eligible Lessees with active leases of such vehicles can select an Early Lease Termination and will receive the second half of their applicable Damages Payment.

D. SURRENDER FOR INOPERABILITY

In order to receive a Buyback, Trade-In or Approved Emissions Modification Option, an Eligible Vehicle must be Operable when brought in to a Volkswagen or Audi dealer. In the case of vehicles that are Inoperable, but otherwise eligible, Eligible Claimants may surrender their vehicle to VW and receive their applicable Damages Payment, but not Vehicle Value. These Eligible Claimants must arrange to resolve any outstanding Loan Obligations and unpaid Québec traffic tickets and fines on their vehicle before it is surrendered. Loan Forgiveness will not be available to Eligible Claimants surrendering Inoperable vehicles.

E. EXAMPLES

Examples illustrating how benefits are calculated under the Settlement Agreement are set out below. These examples are based on the following assumptions, as applicable:

Assumptions	
Eligible Vehicle	2012 Volkswagen Passat*
Vehicle Value as of September 18, 2015	\$18,000
Fair Market Value at time of Trade-In	\$14,000
Vehicle Value less Fair Market Value applied for Trade-In	= \$18,000 - \$14,000 = \$4,000
Cost of a replacement vehicle	\$30,000
Owner Damages Payment	\$5,100
Maximum Loan Forgiveness that may apply to an Eligible Owner	= (\$18,000 + \$5,100) x 30% = \$6,930**
Loan Forgiveness available to an Eligible Owner with a \$25,000 Loan Obligation	= \$25,000 – (\$18,000 + \$5,100) = \$1,900
Loan Forgiveness available to an Eligible Owner with a \$32,000 Loan Obligation	= \$32,000 – (\$18,000 + \$5,100) = \$8,900 <i>capped at \$6,930 maximum amount</i>
Non-Owner Damages Payment	= \$5,100 x 50% = \$2,550

*Assume single stage Approved Emissions Modification available for model year 2012 Passat.

**If there is no Approved Emissions Modification for their vehicle by June 15, 2017, Eligible Owners may qualify for a Loan Forgiveness payment up to 30% of the sum of their Vehicle Value and Owner Damages Payment.

Example 1: Eligible Owners Selecting a Buyback

Eligible Owners who choose a Buyback will receive a total payment of their Vehicle Value plus Owner Damages Payment, less any portion of this amount that is directed to be paid by VW towards satisfying any outstanding Loan Obligation.

a) Buyback and No Outstanding Loan Obligation

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Net VW Payment to Eligible Owner	\$23,100

b) Buyback and Loan Obligation Less than Settlement Benefits

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Loan Obligation at Surrender Date (including all fees)	\$ 4,500
VW Payment to Lender	<u>-\$ 4,500</u>
Loan Obligation Balance (to be paid by Eligible Owner)	\$ 0
Net VW Payment to Eligible Owner	\$18,600

c) Buyback and Loan Obligation Greater than, but Less than 130% of, Settlement Benefits (if Loan Forgiveness Is Available)

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Loan Forgiveness Available	\$ 1,900
Loan Obligation at Surrender Date (including all fees)	\$25,000
VW Payment to Lender	<u>-\$23,100</u>
Available Loan Forgiveness Applied	<u>-\$ 1,900</u>
Loan Obligation Balance (to be paid by Eligible Owner)	\$ 0
Net VW Payment to Eligible Owner	\$ 0

d) Buyback and Loan Obligation Greater than 130% of Settlement Benefits (if Loan Forgiveness Is Available)

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Loan Forgiveness Available	\$ 6,930
Loan Obligation at Surrender Date (including all fees)	\$32,000
VW Payment to Lender	-\$23,100
Available Loan Forgiveness Applied	-\$ 6,930
Loan Obligation Balance (to be paid by Eligible Owner)	\$ 1,970
Net VW Payment to Eligible Owner	\$ 0

Example 2: Eligible Owners Selecting a Trade-In

Eligible Owners who choose a Trade-In toward the purchase of a replacement new or used VW or Audi vehicle may receive a total payment of their Vehicle Value, less Fair Market Value trade-in credit, plus Owner Damages Payment. For Eligible Owners with a Loan Obligation, some or all of their payment remaining may be directed to be used towards satisfying their Loan Obligation.

a) Trade-In and No Outstanding Loan Obligation

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Replacement Vehicle Cost	\$30,000
Fair Market Value Credit	-\$14,000
Net Replacement Vehicle Cost	\$16,000
Net VW Payment to Eligible Owner	\$ 9,100

b) Trade-In and Loan Obligation Less than Remainder of Settlement Benefits After Trade-In Credit

Vehicle Value	\$18,000
Owner Damages Payment	<u>\$ 5,100</u>
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Replacement Vehicle Cost	\$30,000
Fair Market Value Credit	<u>-\$14,000</u>
Net Replacement Vehicle Cost	\$16,000
Loan Obligation at Surrender Date (including all fees)	\$ 4,500
VW Payment to Lender	<u>-\$ 4,500</u>
Loan Obligation Balance (to be paid by Eligible Owner)	\$ 0
Net VW Payment to Eligible Owner	\$ 4,600

c) Trade-In and Loan Obligation Greater than Remainder of Settlement Benefits After Trade-In Credit

Vehicle Value	\$18,000
Owner Damages Payment	<u>\$ 5,100</u>
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Replacement Vehicle Cost	\$30,000
Fair Market Value Credit	<u>-\$14,000</u>
Net Replacement Vehicle Cost	\$16,000
Loan Obligation at Surrender Date (including all fees)	\$11,000
VW Payment to Lender	<u>-\$ 9,100</u>
Loan Obligation Balance (to be paid by Eligible Owner)	\$ 1,900
Net VW Payment to Eligible Owner	\$ 0

d) Trade-In and Loan Obligation Greater than Remainder of Settlement Benefits After Trade-In Credit, but Less than 130% of Settlement Benefits (if Loan Forgiveness Is Available)

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Loan Forgiveness Available	\$ 1,900
Replacement Vehicle Cost	\$30,000
Fair Market Value Credit	-\$14,000
Net Replacement Vehicle Cost	\$16,000
Loan Obligation at Surrender Date (including all fees)	\$25,000
VW Payment to Lender	-\$ 9,100
Available Loan Forgiveness Applied	-\$ 1,900
Loan Obligation Balance (to be paid by Eligible Owner)*	\$14,000
Net VW Payment to Eligible Owner	\$ 0

**Loan Forgiveness, if available, is only applicable towards satisfaction of any portion of a Loan Obligation exceeding the sum of the Vehicle Value and Owner Damages Payment, up to a maximum of 30% of this sum. Accordingly, in the scenario where a Loan Obligation is less than the 130% cap, Eligible Owners choosing a Trade-In must pay the amount of the Loan Obligation corresponding to the value of the Fair Market Value trade-in credit. The Loan Forgiveness payment satisfies the remaining balance of the Loan Obligation in this scenario.*

e) Trade-In and Loan Obligation Greater than 130% of Settlement Benefits (if Loan Forgiveness Is Available)

Vehicle Value	\$18,000
Owner Damages Payment	\$ 5,100
Total Settlement Benefits Payable to Eligible Owner	\$23,100
Loan Forgiveness Available	\$ 6,930
Replacement Vehicle Cost	\$30,000
Fair Market Value Credit	-\$14,000
Net Replacement Vehicle Cost	\$16,000
Loan Obligation at Surrender Date (including all fees)	\$32,000
VW Payment to Lender	-\$ 9,100
Available Loan Forgiveness Applied	-\$ 6,930
Loan Obligation Balance (to be paid by Eligible Owner)*	\$15,970
Net VW Payment to Eligible Owner	\$ 0

**Loan Forgiveness, if available, is only applicable towards satisfaction of any portion of a Loan Obligation exceeding the sum of the Vehicle Value and Owner Damages Payment, up to a maximum of 30% of this sum. Accordingly, in the scenario where a Loan Obligation exceeds the 130% cap, Eligible Owners choosing a Trade-In are required to pay the amount of the Loan Obligation corresponding to the value of the Fair Market Value trade-in credit, plus the amount of the Loan Obligation exceeding the 130% cap.*

Example 3: Eligible Owners Selecting the Approved Emissions Modification Option

Eligible Owners may choose to keep their vehicle and have the Approved Emissions Modification performed.

Settlement Benefits	VW Payment to Eligible Owner
Approved Emissions Modification + Approved Emissions Modification Extended Warranty + Owner Damages Payment	\$5,100

Example 4: Eligible Sellers

Eligible Sellers who owned an Eligible Vehicle on September 18, 2015 and subsequently sold their vehicle before January 4, 2017 will receive the Non-Owner Damages Payment.

Settlement Benefits	VW Payment to Eligible Seller
Non-Owner Damages Payment	\$2,550

Example 5: Eligible Purchasers

Eligible Purchasers who acquired an Eligible Vehicle after September 18, 2015 and continue to own the vehicle may receive the Approved Emissions Modification.

Settlement Benefits	VW Payment to Eligible Purchaser
Approved Emissions Modification* + Approved Emissions Modification Extended Warranty + Non-Owner Damages Payment	\$2,550**

**If an Approved Emissions Modification is not available for the vehicle by June 15, 2018, Eligible Purchasers will become eligible to choose a Buyback or Trade-In.*

***Eligible Purchasers will receive 50% of the Non-Owner Damages Payment if they acquire ownership of an Eligible Vehicle that previously had an active lease issued by VCCI to someone else as of September 18, 2015.*

Example 6: Eligible Lessees with Active Leases

Eligible Lessees with active leases when they obtain their benefits may choose Early Lease Termination or the Approved Emissions Modification.

Settlement Benefits	VW Payment to Eligible Lessee
Early Lease Termination + Non-Owner Damages Payment	\$2,550
Approved Emissions Modification + Approved Emissions Modification Extended Warranty + Non-Owner Damages Payment	\$2,550*

**If an Approved Emissions Modification is not available for the vehicle by the lease-end date, the Non-Owner Damages Payment will be payable on the lease-end date.*

Example 7: Eligible Lessees with Concluded Leases

Eligible Lessees who have concluded leases when they obtain their benefits, and who have not purchased their leased vehicle, will receive the Non-Owner Damages Payment.

Settlement Benefits	VW Payment to Eligible Lessee
Non-Owner Damages Payment	\$2,550

Example 8: Eligible Lessees Who Purchase Their Leased Eligible Vehicle

Eligible Lessees who purchase their leased vehicle pursuant to the lease terms may receive the Approved Emissions Modification.

Settlement Benefits	VW Payment to Eligible Lessee
Approved Emissions Modification* + Approved Emissions Modification Extended Warranty + Non-Owner Damages Payment	\$2,550**

**If an Approved Emissions Modification is not available for the vehicle by June 15, 2018, those Eligible Lessees will become eligible to choose a Buyback or Trade-In.*

***Eligible Lessees may receive 50% of the Non-Owner Damages Payment if they sell their vehicle without an Approved Emissions Modification.*