

Volkswagen Diesel Emissions Mitigation Trust for Indian Tribe Beneficiaries
Semi Annual Reporting Table of Contents
For the Reporting Period Ending December 31, 2017

Report Name	Page Number
Trust Management Letter	1
Tribe Asset Statements and Investments Listing	3
Tribe Trust Payments and Administration Costs Line Item	4
Administration Costs Beneficiary Allocations	5
Administration Costs Three Year Projected Budget	6

Subparagraph 3.3.1.2.iii

No activity in the reporting period

Subparagraph 3.3.1.2.iv

No eligible mitigation action submitted in the reporting period

Subparagraph 3.3.1.4

Semi-Annual Reporting Package includes a 3-year projected annual budget for the Tribal Administration Cost Subaccount, as well as balance statements for all subaccounts as of December 31, 2017. As the Trustee has not processed any disbursements related to approved Eligible Mitigation Actions in the Reporting Period, at this time we have insufficient data to attempt a meaningful analysis of a 3-year projected relating to investment earnings and likely balances for an itemized annual budget for the Tribal Allocation Subaccount or any other subaccounts.

Volkswagen Diesel Emissions Environmental Mitigation Trust for Indian Tribe Beneficiaries

Trustee Descriptive Report for Period 10/2/2017 to 12/31/2017

Date: April 2, 2018

Establishment, Purpose, and Funding of the Indian Tribe Trust

On October 25, 2016, Volkswagen AG (“VW”) and certain subsidiaries entered into a Partial Consent Decree, and on May 17, 2017 entered into a Second Partial Consent Decree, in US District Court, Northern District of California, San Francisco Division, which require VW to make payments in the amounts of \$2.7 billion and \$225 million, respectively, to fulfill their environmental mitigation obligations pursuant to the Decrees. The Consent Decrees required the Defendants to establish the Environmental Mitigation Trust for Indian Tribe Beneficiaries (the “Indian Tribe Trust” or “Indian Tribe Mitigation Trust”) and to fund the Indian Tribe Trust with funds to be used for environmental mitigation projects that reduce emissions of nitrogen oxides (“NOx”) where the Subject Vehicles were, are, or will be operated (“Eligible Mitigation Actions”), and to pay for Trust Administration Costs as set forth in the Indian Tribe Trust Agreement.

On March 15, 2017, the court appointed Wilmington Trust, N.A. (“WTNA”) as the Trustee for Indian Tribe Mitigation Trust. The Indian Tribe Trust’s purpose is to fund eligible environmental mitigation projects that reduce emissions of nitrogen oxide. The Indian Tribe Trust also provides for the payment of Trust Administration costs. On October 2, 2017, the Indian Tribe Trust was established and approximately \$41.4 million was deposited into the Trust before the end of 2017.

3.3.1.7 Actions taken in 2017 in accordance with Trust Agreement and Consent Decrees

Commencement of the Process for Certification of Indian Tribe Trust Beneficiaries

During the period, federally-recognized Indian Tribes commenced the process to become Designated Beneficiaries of the Indian Tribe Trust. The deadline for filing with the Court and the Trustee a Certification for Beneficiary Status is January 2, 2018. In accordance with the terms of the Indian Tribe Trust Agreement, the certification of Beneficiaries is required to occur by no later than 120 days after the Trust Effective Date, and the Trustee is required to file the Notice of Beneficiary Designation with the Court and publish such on its public-facing website.

Receipt of Funding

In the period, the Indian Tribe Trust Account received from the Defendants (either directly or via the Court Registry) funding totaling **\$41,416,357.24** (principal: \$41,304,529.48 plus interest: \$111,827.76) which the Trustee allocated to the appropriate Beneficiary and Trust Administration Cost Subaccounts consistent with the average allocation rates set forth in Appendix D-1B.

**Volkswagen Diesel Emissions Environmental Mitigation Trust
for Indian Tribe Beneficiaries**

Payment of Start-up Costs and Trust Bills

In the period, the Indian Tribe Trust paid \$17,000 in Trust Administration Costs. The Indian Tribe Trust also paid approximately \$592,000 in costs to third-party professionals, which included a one-time insurance premium of \$306,000 (as a prepaid expense) for 10-year D&O/E&O policies for the Indian Tribe Trust, with the remaining amount funding the Indian Tribe Trust's share of start-up costs.

3.3.1.6 Previously unreported action taken by Indian Tribe Trust that materially adversely affects Trust

Nothing to report.

Wilmington Trust, N.A., as Trustee

Volkswagen Diesel Emission Environmental Mitigation Trust for Indian Tribe Beneficiaries
Trust Asset Statement and Investment Listing
December 31, 2017

(\$ in thousands)

Portfolio(s)	Maturity Date	Rating	Amount
Tribal Allocation Subaccount			
Cash			\$ 13
BlackRock Liquidity Fund			80
Marketable Securities at Costs			
U.S. Treasury Bills	01/11/2018	AAA	5,082
U.S. Treasury Bills	05/10/2018	AAA	5,081
U.S. Treasury Bills	02/08/2018	AAA	5,080
U.S. Treasury Bills	03/22/2018	AAA	3,606
U.S. Treasury Bills	04/12/2018	AAA	1,801
U.S. Treasury Bills	05/24/2018	AAA	3,605
U.S. Treasury Bills	06/21/2018	AAA	987
U.S. Treasury Bills	11/08/2018	AAA	1,803
U.S. Treasury Bills	04/12/2018	AAA	1,723
U.S. Treasury Bills	07/19/2018	AAA	1,804
U.S. Treasury Bills	08/16/2018	AAA	1,801
U.S. Treasury Bills	09/13/2018	AAA	1,803
U.S. Treasury Bills	10/11/2018	AAA	1,801
Marketable Securities at Costs Total			35,977
Accrued Interest Income			52
Tribal Allocation Subaccount Total			\$ 36,122
Tribal Tech Advisor Subaccount			
Cash			\$ 1
BlackRock Liquidity Fund			497
Marketable Securities at Costs			
U.S. Treasury Bills	05/10/2018	AAA	268
U.S. Treasury Bills	03/22/2018	AAA	189
U.S. Treasury Bills	04/12/2018	AAA	95
U.S. Treasury Bills	05/24/2018	AAA	189
U.S. Treasury Bills	11/08/2018	AAA	94
Marketable Securities at Costs Total			835
Accrued Interest Income			2
Tribal Tech Advisor Subaccount Total			\$ 1,335
Tribal Administration Cost Subaccount			
Cash			\$ 1
BlackRock Liquidity Fund			1,065
Marketable Securities at Costs			
U.S. Treasury Bills	01/11/2018	AAA	464
U.S. Treasury Bills	05/10/2018	AAA	224
U.S. Treasury Bills	02/08/2018	AAA	304
U.S. Treasury Bills	03/22/2018	AAA	304
U.S. Treasury Bills	04/12/2018	AAA	149
U.S. Treasury Bills	05/24/2018	AAA	303
U.S. Treasury Bills	06/21/2018	AAA	64
U.S. Treasury Bills	11/08/2018	AAA	153
Marketable Securities at Costs Total			1,965
Accrued Interest Income			4
Tribal Administration Cost Subaccount Total			\$ 3,035
Tribal Tax Subaccount			
Cash			\$ 53
Tribal Tax Subaccount Total			\$ 53
Tribal Advisory Council Subaccount			
Cash			\$ -
BlackRock Liquidity Fund			15
Marketable Securities at Costs			
U.S. Treasury Bills	05/10/2018	AAA	10
U.S. Treasury Bills	02/08/2018	AAA	5
Marketable Securities at Costs Total			15
Accrued Interest Income			-
Tribal Advisory Council Subaccount Total			\$ 30
Indian Tribe Trust Total			
Cash			\$ -
BlackRock Liquidity Fund			2
Marketable Securities at Costs		AAA	39
Accrued Interest Income			-
Indian Tribe Trust Total			\$ 41

Volkswagen Diesel Emission Environmental Mitigation Trust for Indian Tribe Beneficiaries
Indian Tribe Trust Payments and Administration Cost Line Item
December 31, 2017

(\$ in thousands)

Recipient	Cumulative Paid
Tribal Allocation	
Trust Administrator Costs	\$ 2
Tribal Allocation Total	\$ 2
Tribal Tech Advisor	
Trust Administrator Costs	\$ -
Tribal Tech Advisor Costs	567
Tribal Allocation Total	\$ 567
Tribal Administration Cost	
Trust Administrator Costs	\$ 11
Trust Counsel	32
Insurance	307
Website Support	2
Intralink	1
Tax Counsel	1
Tribal Administration Cost Total	\$ 45,347
Tribal Advisory Council	
Trust Administrator Costs	\$ 2
Tribal Advisory Council Total	\$ 2
Indian Tribe Trust Total	\$ 45,918

Subparagraphs:

3.3.1.1.iii

3.3.1.3.i

Volkswagen Diesel Emission Environmental Mitigation Trust for Indian Tribe Beneficiaries
Trust Asset Allocation and Allocation Adjustment
2017

(\$ in thousands)

	Funding		Tax Transfer from Tribal Allocation and Administration Costs Subaccounts to Tribe Tax
	October 31, 2017	November 30, 2017	
Tribal Allocation	\$ 20,333	\$ 15,723	\$ (48)
Tribal Tech Advisor	1,070	828	-
Tribal Administration Cost	1,874	1,509	(5)
Tribal Advisory Council	30	-	-
	\$ 23,307	\$ 18,060	\$ (53)
Tribal Tax Subaccount	-	-	53
Total	\$ 23,307	\$ 18,060	\$ -

**Volkswagen Diesel Emissions Environmental Trust for Indian Tribe
Administration Costs Three Year Projected Budget**

	YE 2018	YE 2019	YE 2020	Total 3-year projected budget
Governance Costs				
Trust Administrator (Wilmington Trust) *	\$24,000	\$22,500	\$22,500	\$69,000
Subtotal for Governance Costs	\$24,000	\$22,500	\$22,500	\$69,000
Trust Professionals				
Trust Counsel	\$300,000	\$45,000	\$151,000	\$496,000
Trust Accountants	30,000	30,000	30,000	90,000
Tax Return Preparation	15,000	15,000	15,000	45,000
Trust Auditors	65,000	65,000	65,000	195,000
Consultants	50,000	10,000	-	60,000
Website support **	400	400	400	1,200
Intralinks **	768	768	768	2,304
Insurance ***	-	-	-	-
Tax Counsel	10,000	10,000	10,000	\$30,000
Subtotal for Trust Professionals	\$471,168	\$176,168	\$272,168	\$919,504
Other Expenses				
Contingency	\$25,000	\$25,000	\$25,000	\$75,000
Subtotal for Other Expenses	\$25,000	\$25,000	\$25,000	\$75,000
Total Reporting Costs	\$520,168	\$223,668	\$319,668	\$1,063,504

* includes quarterly Trustee Administration Fees, annual QSF Administration Fee, and estimated Trustee out-of-pocket expenses

** represents 2% of shared cost with State Trust (see subparagraph 2.1.3.2 of Indian Tribe Trust)

*** Insurance Assumptions: \$306k Premium for 10 year D&O/E&O Coverage