

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

*In re: ZF-TRW Airbag Control Units
Products Liability Litigation*

ALL CASES AGAINST TOYOTA
DEFENDANTS

**DECLARATION OF KIRK D.
KLECKNER IN SUPPORT OF THE
TOYOTA PLAINTIFFS' MOTION
FOR FINAL APPROVAL OF
SETTLEMENT AND REQUEST
FOR ATTORNEYS' FEES AND
COSTS**

MDL No. 2905

DECLARATION OF KIRK D. KLECKNER

KIRK D. KLECKNER, of full age, declares as follows:

1. Valuation Purpose and Scope and Materials Considered

a. This declaration pertains to the valuation of the warranty benefits provided to Class Members as defined in the Settlement Agreement resolving all economic loss claims against the Toyota Defendants¹ in *In re ZF-TRW Airbag Control Units Products Liability Litigation* (ECF No. 756-3). The Toyota Defendants (Defendants) and the Toyota Plaintiffs² are collectively referred to as the Parties.

b. Co-Lead Counsel on behalf of Settlement Class Counsel asked me to independently value the Class Member benefits made available from this class action litigation

¹ The Toyota Defendants are Toyota Motor Corporation, Toyota Motor North America, Inc., Toyota Motor Sales, U.S.A., Inc., and Toyota Motor Engineering & Manufacturing North America, Inc.

² The Toyota Plaintiffs are Mark Altier, Alejandra Renteria, Samuel Choc, Tatiana Gales, Gary Samouris, Michael Hines, Brent DeRouen, Danny Hunt, Evan Green, Joy Davis, and Dee Roberts.

and Settlement Agreement related to the Extended New Parts Warranty for Recalled Vehicles (Recalled Vehicles Warranty Extension)³.

c. In conducting my work and forming my opinion, I was provided and have considered, in addition to my substantial experience in this area, the materials identified in Exhibit B. I believe that the information made available to me, taken as a whole, provided sufficient data from which I could draw a valid valuation conclusion, subject to the Valuation Primary Assumptions and Limiting Conditions (*See* Section 7).

d. My Summary of Opinions, Experience and Qualifications, Valuation Approaches, Information Requested, Valuation Methodology and Valuation Conclusion, Valuation Primary Assumptions and Limiting Conditions, and Certifications and Representations are profiled below.

e. In addition, Co-Lead Counsel asked me to independently estimate the value of the potential Class Member benefits made available from this class action litigation and Settlement Agreement related to the Extended New Parts Warranty for Unrecalled Vehicles (Unrecalled Vehicles Warranty Extension)⁴. The Prospective Calculated Value, subject to Hypothetical Assumptions and Conditions, is provided as supplementary information in Section 8.

2. Summary of Opinions

a. Based on the analyses explained below, I have determined within a reasonable degree of professional certainty that the value of the Settlement Agreement's Recalled Vehicles Warranty Extension exceeds \$69,300,000.

b. Additionally, as explained below, the Prospective Calculated Value for the Unrecalled Vehicles Warranty Extension, subject to the Hypothetical Assumptions and Conditions described in Section 8 below, is approximately 60% of the value of the Recalled Vehicle Warranty Extension.

3. Experience and Qualifications

a. I am a Certified Public Accountant - Retired in the United States with an MBA. I am an Accredited Senior Appraiser (ASA-BV) from the American Society of Appraisers. I have litigation-related experience in valuing economic losses, damages and intangible assets.

b. My experience includes seven years as the Chief Financial Officer (CFO) for a well-respected Top 50 United States automotive dealership group; 19 years with an accounting firm including roles as shareholder, Chief Operating Officer, and Director of Business Valuation and Litigation Support Services; and performing services for hundreds of companies in a wide array of industries, including but not limited to retail dealerships, property and casualty insurance, warranty insurance, and distribution.

³ Settlement Agreement Section III F.1-4.

⁴ Settlement Agreement Section III F.5.

c. As CFO of an automotive dealership group, I worked on service and warranty matters. My duties as CFO included establishing and overseeing extended service contractual relationships, and establishing and overseeing automotive dealer-owned reinsurance entities and structures for extended service warranty contracts and other insurance-related products.

d. My experience as an expert includes numerous warranty extension valuations including the following automotive warranty related class action settlement valuation determinations: 1) Valuation of the nationwide Warranty Extension and other class member benefits provided for by the Volkswagen and Audi Warranty Extension class action settlement agreement (VW/Audi) related to extension of the warranty concerning an alleged engine sludge defect⁵; 2) the valuation of the Customer Support Program related class member benefits provided for class members nationwide by the Toyota-United States class action settlement agreement (Toyota-US) related to the warranty extension concerning an alleged unintended acceleration defect⁶, and the Customer Support Program in the Toyota-Canadian class action settlement agreement (Toyota-Canadian)⁷; and 3) valuation of the Customer Support Programs related class member benefits provided for by each of class action settlement agreements in various vehicle manufacturer Takata Airbag class actions⁸.

e. My *curriculum vitae* is attached as Exhibit A.

4. Valuation Approaches

a. In valuing intangible assets, valuation analysts typically apply one or more of three common approaches: the Market Approach, the Income Approach, and the Cost Approach.

b. The Market Approach estimates a value for the subject intangible asset based on an analysis of prices that similar intangible assets are sold in the marketplace.

i. For the Recalled Vehicles Warranty Extension valuation, the Market Approach is applied since extended service contracts (ESCs)⁹ are purchased in the

⁵ The United States District Court District Of Massachusetts, *In re Volkswagen and Audi Warranty Extension Litigation*, Docket No. 1:07-md-01790

⁶ Central District Of California, Southern Division, *In Re: Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices, and Products Liability Litigation*, United States District Court, Case No. 8:10ML2151 JVS (FMOx)

⁷ Canadian Toyota Unintended Acceleration Marketing, Sales Practices, And Products Liability Litigation Settlement Agreement (various courts)

⁸ The United States District Court for the Southern District of Florida, *In Re: Takata Airbag Products Liability Litigation*, Case 1:15-Md-02599 (Settlement Agreements for BMW, Mazda, Subaru, Toyota, Honda, Nissan, Ford, Volkswagen Group, and Audi)

⁹ An extended service contract, sometimes called an extended warranty or plan, provides a warranty on certain vehicle parts beyond the coverage of the vehicle's original standard manufacturer warranty. Typical ESC levels of coverage vary from "power train only" up to full "bumper to bumper." The ESC is a contractual agreement between the vehicle owner and the ESC obligor (typically an independent warranty / insurance company or manufacturer affiliated warranty / insurance company). Consumers typically purchase an ESC from a dealer at the point of vehicle purchase.

marketplace by vehicle owners and prior courts have subscribed to the belief that market prices are accurate in assessing the value benefits to the class¹⁰.

c. The Income Approach may be applicable when the intangible asset is income-producing. Warranty extensions do not produce income, so this approach is not applicable.

d. The Cost Approach derives the cost that a developer would incur to create an intangible asset with equivalent utility. The estimate of the retail price that a developer would make the intangible asset available to the marketplace is derived by estimating build-up components that include direct costs, indirect costs and the developer's profit/opportunity cost, which is an expected "return" on all the costs. The Cost Approach is typically not as accurate as the Market Approach since the Cost Approach is an indirect estimate of the intangible asset's retail price versus the Market Approach utilizes prices directly from the retail marketplace. I did not apply the Cost Approach since reliable marketplace price data was available to apply the Market Approach.

5. Information Requested

a. I requested the following information from the Parties:

i. To make the Recalled Vehicles Warranty Extension valuation determination:

1. The assumed effective date of the Recalled Vehicles Warranty Extension valuation.
2. A copy of final Settlement Agreement with exhibits.
3. A copy of the Preliminary Approval Order Date.

ii. To determine the number of Subject Vehicles to receive settlement benefits and number of Recalled Vehicles Warranty Extension coverage years:

1. The number of Subject Vehicles originally sold, by Model Year and Model.
2. Confirmation that the Subject Vehicles that are excluded under the terms of the Settlement Agreement will be less than one percent of Subject Vehicles originally sold. Excluded vehicles include: 1) inoperable, salvaged, rebuilt or flood-damaged vehicles, 2) Class Members expected to request

¹⁰ OPINION AND ORDER, JOSEPH A. O'KEEFE Plaintiff v. MERCEDES-BENZ USA, LLC Defendant, Civil Action No. 01-CV-2902, Civil Action No. 03-CV-1480, 214 F.R.D. 266, 305 (E.D. Pa. April 2, 2003), United States District Court, E.D. Pennsylvania, – "We believe that the benefits to the class are most accurately measured by making an estimation of the Extended Coverage Program's market price. We realize that this figure is difficult to estimate because the Extended Coverage Program—or any similar warranty product—is not on the market. Yet, economists, actuaries, investors and businesspeople must estimate and value risk in all types of market transactions. A warranty is simply the ex ante market price of insuring against a foreseeable risk. Any other measure except the market price would over or underestimate the benefit to the class."

exclusion, and 3) vehicles owned by excluded parties (Toyota, Court, and Plaintiffs' Counsel).

3. The New Passenger Vehicle Limited Warranty coverage (e.g., 4-Year / 50,000 mile) for each of the Subject Components, by Model Year and Model.

4. Confirmation that the standard Toyota one-year service and parts warranty applies to the Recall Remedy parts installed.

5. An estimate of the percentage of Recalled Vehicles that had the Recalled Remedy completed as of the Preliminary Approval Order Date and an estimate of the same percentage as of one year prior to that date.

iii. To gain an understanding of Recalled Vehicles Warranty Extension's claim dollar exposure for the Subject Components:

1. Toyota's current or recent U.S. average dealer warranty claim dollars and labor hours to replace each of the Subject Components. List separately the warranty claim amounts for each of labor hours, parts dollars, and other costs dollars.

2. The U.S. average per hour dealer warranty labor reimbursement rate for the most recent annual period available.

iv. To assess the consumer value proposition of extended service contracts sold under the Toyota brand name: 1) the current price the Toyota Financial Services would charge a Toyota dealer for one-year Platinum Vehicle Service Agreement (zero deductible or \$100 deductible if zero is not available) and 2) any applicable coverage mileage limitations to cover each of the following Toyota used vehicles:

1. Toyota Corolla, Model Year 2018, with 73,000 miles.
2. Toyota Corolla, Model Year 2017, with 85,500 miles.
3. Toyota Corolla, Model Year 2016, with 97,500 miles.

v. To provide the Prospective Calculated Value for the Unrecalled Vehicles Warranty Extension, I requested for the "Unrecalled" Subject Vehicles the following information detailed above at:

1. 5.ii.1 (The number of Subject Vehicles originally sold, by Model Year and Model).

2. 5.ii.3 (The New Passenger Vehicle Limited Warranty coverage (e.g., 4-Year / 50,000 mile) for each of the Subject Components, by Model Year and Model).

3. 5.iii.1 (Toyota's current or recent U.S. average dealer warranty claim dollars and labor hours to replace each of the Subject Components. List separately the warranty claim amounts for each of labor hours, parts dollars, and other costs dollars).

b. Although some of the information requested was not available, I believe that the information provided to me, taken as a whole and supplemented by my extensive knowledge of the industry and other extended service contract market price data, provided sufficient data from which I could draw valid valuation conclusions.

6. Recalled Vehicles Warranty Extension – Valuation Methodology and Valuation Conclusion

a. I considered relevant sections of the Settlement Agreement to identify Warranty Extension coverage terms, limitations, and conditions (Key Coverage Elements). The following section in italics are the primary Settlement Agreement provisions pertinent to my analysis:

i. *“Recall” means Toyota’s recall of the ZF-TRW ACUs in Recalled Vehicles dated January 17, 2020.*

ii. *“Recalled Vehicles” means all Subject Vehicles that are subject to a Recall as listed in Exhibit 2.*

iii. *“Remedy” or “Recall Remedy” means the repair and/or countermeasures performed to address the Recall on the Recalled Vehicles.*

iv. *“Subject Vehicles” means those Toyota vehicles listed on Exhibit 2 that contain or contained ZF-TRW ACUs and were distributed for sale or lease in the United States or any of its territories or possessions.*

v. *Extended New Parts Warranty:*

1. *If the Court grants final approval of the Settlement, Toyota shall extend the time period for the service part warranty coverage, which covers any new parts installed pursuant to the Recall. This Extended New Parts Warranty will last for 12 years, measured from the date that the Preliminary Approval Order is entered.*

2. *The Extended New Parts Warranty will cover repairs, or replacement (including parts and labor) that become necessary due to a defect in a part installed pursuant to the Recall. For example, if a problem with a part installed pursuant to the Recall causes the airbag warning light to illuminate, the Extended New Parts Warranty shall cover the repair or replacement of that part.*

3. *A Class Member’s rights under this Section III.F and the Extended New Parts Warranty are transferred with the Subject Vehicle.*

4. *Inoperable vehicles and vehicles with a salvaged, rebuilt or flood-damaged title are not eligible for the Extended New Parts Warranty.*

vi. *Subject Vehicles – Recalled Vehicles:*

| <i>1. Model Years</i> | <i>Make and Model</i> |
|-----------------------|--------------------------------|
| <i>2011 - 2019</i> | <i>Toyota / Corolla</i> |
| <i>2011 - 2013</i> | <i>Toyota / Corolla Matrix</i> |
| <i>2012 – 2018</i> | <i>Toyota / Avalon</i> |
| <i>2013 – 2018</i> | <i>Toyota /Avalon HV</i> |

b. I considered market retail prices that vehicle owners pay for ESCs. I utilized such market price data to estimate what Class Members would pay to purchase a Hypothetical Extended Service Contract (Hypothetical ESC) that is equivalent to the financial protection resulting from the existence of the Recalled Vehicles Warranty Extension. This approach has been accepted by many courts and was incorporated in my valuations—upon which the courts and parties relied—in the *VW/Audi*, *Toyota-US*, *Toyota-Canadian* and *Takata Airbag* class actions mentioned in Section 3 above. Thus, I employed methods and analyses of a type reasonably relied upon by courts in the United States and abroad, and experts in my field in forming opinions or inferences on the subject.

i. In developing the market (or retail) prices of the Hypothetical ESCs, my determinations included the following:

1. Defining the Recalled Vehicles Warranty Extension’s Covered Components.

2. Deriving the consumer’s current expected Retail Repair Cost to replace the Covered Components if the Recalled Vehicles Warranty Extension did not exist.

3. Considering the magnitude of the current Retail Repair Cost when deriving the retail price of a one-year Hypothetical ESC that is equivalent to the Recalled Vehicles Warranty Extension.

4. Deriving a reasonable estimate of the retail price of a one-year, zero-deductible, transferrable, extended service contract (ESC) coverage by considering the following market-based price data sets:

a. Summary claim information provided by vehicle manufacturers enabling the determination of ‘per year’ retail costs consumers would have paid for repair work if not for the existence of applicable new vehicle warranties, as a percentage of the average retail prices paid for the underlying new vehicles.

b. Pricing information from major national third-party warranty companies, enabling the derivation of retail prices paid for ESCs

as a percentage of the retail prices paid for the underlying pre-owned vehicles.

c. Pricing information provided by vehicle manufacturers enabling the analysis of the retail prices of manufacturer-branded ESCs as a percentage of the retail prices paid for the underlying pre-owned vehicles.

c. I determined the number of estimated Covered Vehicles for each model year by adjusting the number of Class Vehicles originally sold that could benefit from the Settlement Agreement for the declining number on the road over time by utilizing vehicle survivability data from the National Highway Traffic Safety Administration (NHTSA).

d. I derived the number of Recalled Vehicles Warranty Extension coverage years (Coverage Years) for each model year by applying the Key Coverage Elements as provided for in the Settlement Agreement and summarized in Section 6.a above.

e. Exhibit D provides the Recalled Vehicle Warranty Extension Valuation Summary and Conclusion, displaying the results from my underlying calculations:

i. Estimated Covered Vehicles: The estimated number of Covered Vehicles (B) that will benefit from the Recalled Vehicles Warranty Extension was derived by considering NHTSA vehicle survivability data (see Section 6.c).

ii. Estimated Coverage Years: The Coverage Years (D) is calculated as the number of Estimated Covered Vehicles by model year (B) multiplied by the number of Estimated Coverage Years that the Recalled Vehicles Warranty Extension would cover for each model year (C) (see Section 6.d).

iii. Estimated Value of Benefits: The Estimated Value of Benefits by Model Year (F) is calculated as the Estimated Coverage Years (D) multiplied by the Estimated Per Year Hypothetical ESC Market Price (E) (see Section 6.b).

f. My Valuation Conclusion for the Recalled Vehicles Warranty Extension:

i. I have determined within a reasonable degree of professional certainty that the value of the Settlement Agreement's Recalled Vehicles Warranty Extension exceeds \$69,300,000.

7. Valuation Primary Assumptions and Limiting Conditions

a. My analyses, opinion, and conclusion are limited only by the Valuation Primary Assumptions and Limiting Conditions outlined in Exhibit C, including that the calculations assume a Valuation Effective Date of July 31, 2023.

8. Supplementary Information: Unrecalled Vehicles Warranty Extension – Prospective Calculated Value

a. Co-Lead Counsel requested that I separately provide the estimated value of the Unrecalled Vehicles Warranty Extension which I calculated utilizing a similar methodology to that used in the valuation provided above for the Recalled Vehicles Warranty Extension, and therefore is subject to relevant Primary Assumptions and Limiting Conditions used therein. In addition, the Unrecalled Vehicles Warranty Extension Prospective Calculated Value is subject to the Hypothetical Assumptions and Conditions described below in Section 8.c.

b. I considered additional relevant sections of the Settlement Agreement to identify Unrecalled Vehicles Warranty Extension coverage terms, limitations, and conditions. The following section in italics are the primary Settlement Agreement provisions pertinent to the calculations:

i. Extended New Parts Warranty:

1. In the event the ZF-TRW ACUs in the Unrecalled Vehicles are recalled in the future, Toyota shall extend the new parts warranty coverage for the parts replaced during the future ZF-TRW ACU recall remedy, subject to the terms of this Section III.F.

ii. Subject Vehicles – Unrecalled Vehicles:

| | |
|-----------------------|-------------------------|
| <i>1. Model Years</i> | <i>Make and Model</i> |
| <i>2012 - 2017</i> | <i>Toyota / Sequoia</i> |
| <i>2012 - 2019</i> | <i>Toyota / Tacoma</i> |
| <i>2012 – 2017</i> | <i>Toyota / Tundra</i> |

c. While applying a similar methodology to my approach for the Recalled Vehicles Warranty Extension, the Prospective Calculated Value for the Unrecalled Vehicles Warranty Extension is subject to the following Hypothetical Assumptions and Conditions that were provided by Co-Lead Counsel:

i. Unrecalled Vehicles are assumed to be recalled.

ii. Unrecalled Vehicles Warranty Extension average effective coverage years is assumed to be ten years with a starting date of July 31, 2025.

iii. The Retail Repair Cost to replace the Covered Components if the Unrecalled Vehicles Warranty Extension did not exist is assumed to be the same as that derived for the Recalled Vehicles.

d. Unrecalled Vehicle data requested was provided for the number of Subject Vehicles by Model Year and Model.

e. Exhibit E provides the Unrecalled Vehicle Warranty Extension Prospective Calculated Value, displaying the results from my underlying calculations in the same format as Exhibit D.

f. The Prospective Calculated Value for the Unrecalled Vehicles Warranty Extension, subject to the Hypothetical Assumptions and Conditions outlined above, is approximately 60% of the value of the Recalled Vehicle Warranty Extension. However, given the prospective nature of these benefits and their valuation, if the actual facts and circumstances vary significantly from the Hypothetical Assumptions and Conditions described in Section 8.c, the result could vary significantly from this Prospective Calculated Value.

9. Certifications and Representations

- a. The statements of fact in this declaration are true and correct.
- b. These are my personal, impartial, and unbiased professional analyses, opinions, and conclusions, all of which are stated to a reasonable degree of professional certainty.
- c. I do not have any bias, present interest, or prospective interest with respect to this matter, or any bias or personal interest with respect to the parties involved with this assignment.
- d. My engagement in this assignment and the compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or any direction in value, the amount of the value opinions, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this valuation. For my work in this matter, I was compensated at my typical hourly rate of \$350.

I declare under penalty of perjury under the laws of the State of Florida that the foregoing is true and correct. Executed this 11th day of September 2023, at Lakewood Ranch, Florida.



KIRK D. KLECKNER

CURRICULUM VITAE OF KIRK D. KLECKNER, CPA-RETIRED MBA ASA-BV

Kirk is currently:

- Principal of ValuationUSA - a valuation, succession planning and litigation support firm serving closely held businesses and their owners www.valuationusa.com

Kirk's experience includes:

- Seven years as Chief Financial Officer for a well-respected Top 50 dealership group known for its world class customer experiences and business processes
- Nineteen years with an accounting firm including roles as shareholder, Chief Operating Officer, and Director of Business Valuation and Litigation Support Services. Kirk provided consulting work for hundreds of companies in an array of industries including but not limited to retail dealership, casualty insurance, distribution, manufacturing, construction, insurance, reinsurance, service, non-profit, bank, retail, tool and die, technology, trucking and warehouse



Kirk is an MBA and is an Accredited Senior Appraiser in Business Valuation (ASA-BV) from the American Society of Appraisers.

Kirk's expertise leverages both his professional and hands-on industry experience as a Chief Financial Officer for a \$500 million-dollar business. Kirk's expertise and experience includes buying, selling and integrating of businesses; managing businesses; succession planning, business and intangible asset valuation for strategic transactions; income, gift and estate tax; owner transactions and litigation purposes.

Kirk is a qualified expert witness with experience in complex business litigation, economic damages calculations, business and intangible asset valuation, owner disputes and lost profits. Kirk has testified as an expert and served as a valuation expert in many matters with damage awards exceeding \$100,000,000.

Kirk is known nationally for his expertise in the automotive industry. Representative matters include: In re Volkswagen & Audi Warranty Extension Litigation (MDL 1790); In re: Toyota Motor Corp. Unintended Acceleration Marketing, Sales Practices, and Products Liability Litigation (No. 8:10ML2151 JVS); Canadian Toyota Unintended Acceleration Marketing, Sales Practices, And Products Liability Litigation Settlement Agreement (various courts); and In Re: Takata Airbag Products Liability Litigation, Case 1:15-Md-02599 (Settlement Agreements for BMW, Mazda, Subaru, Toyota, Honda, Nissan, Ford, Volkswagen Group, and Audi).

STATEMENT OF QUALIFICATIONS

Academic and Professional Credentials

- **ASA-BV** - Accredited Senior Appraiser-Business Valuation, American Society of Appraisers
- **MBA** - Master of Business Administration, Concentration Finance, University of Minnesota
- **Certified Public Accountant - Retired**, State of Minnesota
- **Bachelor of Arts**, Accounting and Business Administration, Wartburg College

Positions and Experience

Principal – ValuationUSA (2008) – Professional services consulting firm specializing in the following areas:

- succession planning, owner wealth accumulation, preservation and transfer planning
- business and intangible asset valuation
- gift and estate tax
- strategic acquisition and divestiture transactions
- value enhancement
- expert opinions – litigation, economic loss / damage analysis and independent opinions / expert testimony

President – Automotive Development Group Capital and Consulting, LLC (2009) – Business specializing in helping dealership groups and their owners with profit and valuation enhancement, valuation, expert witness and business succession planning.

Executive Vice President and Chief Financial Officer - Walser Automotive Group, Minneapolis, MN (2000–2007) - Automobile dealership group with related leasing, collision repair, reinsurance and real estate operations (\$500 million of revenues, fourteen locations and 750 employees)

Chief Operating Officer, Director of Valuation and Consulting Department, and Shareholder - Wilkerson, Guthmann + Johnson, Ltd., St. Paul, MN (1981 – 2000) - Public accounting firm with 40 members and offices in St. Paul, Blaine and Minneapolis. *Industries Served:* Auto dealership, casualty insurance, manufacturing, construction, insurance, service, non-profit, bank, retail, trucking and warehouse.

Professional Affiliations

American Society of Appraisers, a Member and an Accredited Senior Appraiser- Business Valuation (ASA-BV) - ASA is an organization of appraisal professionals. The ASA promotes the exchange of ideas and experiences among its members; maintains the Principles of Appraisal Practice and Code of Ethics for the guidance of its members; maintains universal recognition that members of the Society are objective, unbiased appraisers and consultants, and awards professional designations to qualified members.

Minnesota Society of Certified Public Accountants, a Member

Twin Cities Estate Planning Council, a Member

Select Presentations

- *Business Value: What Leads to a High-Performance Manufacturing Business?*, 2016 Minnesota Manufacturing Executives, Minneapolis, MN
- *Eight Characteristics of High Value Dealerships*, 2014 Michigan Automotive Dealers Conference, Livonia, MI
- *Eminent Domain Asset Identification, Classification and Valuation*, Eminent Domain 2011: Essential Updates and Issues, Hennepin County Bar Association, Minneapolis, MN
- *Eight Characteristics of High Value Dealerships (And Why Dealers Should Care About Them)*, 2010 AICPA Auto Dealership Conference, Phoenix, AZ
- *AICPA / ASA Business Conference Review*, American Society of Appraisers, Minneapolis, MN
- *Fourteen Evolving Dealership Strategies*, Chicago Automobile Trade Association / Compli, Chicago; Dealer Driving Force Group, Charlotte, NC
- *Integrating Business Value Creation and Tax Planning*, 2010 Management & Business Advisers Conference, MN Society of CPAs, Minneapolis, MN
- *Tax Reduction Strategies for Today's Business Environment*, M&I Bank
- *What Leads to Dealership High Performance*, The New Dealership Era Symposium Sponsored by Compli and Wells Fargo, Bloomington, MN
- *Business and Real Estate Valuation Timely Opportunities*, Thrivent Financial Annual Meeting, Roseville, MN
- *Business Valuation for Attorneys*, Various
- *Understanding Financial Statements for Attorneys*, Various

Select Appraisal and Litigation Support Education

- S-Corp Valuations: Avoiding the Chaos and Selecting the Proper Methodology, 2021
- 4 Critical Factors to Create Sustainable Growth, 2021
- Aligning Budgets to Strategy, Key to Long Term Profitability, 2020
- Succession Planning and Knowledge Capture/Transfer, 2020
- Advanced Topics in Business Valuation, 2019
- AICPA Global Manufacturers and Controllers Conference, 2019
- Confessions of Two Reluctant Expert Witnesses, 2019
- Economic Damages - Reasonable Certainty, Lost Profits and Intellectual Property 2019
- Valuation for M&A, 2019
- AICPA National Dealership Conference, 2021, 2018, 2016, 2010, 2002
- Appraising Real Estate Centered Entities by Business Appraiser, 2018
- Valuing Small Businesses Worth Less Than \$10 Million, 2018
- The Role of IRS Revenue Rulings and Tax Court Cases in Business Valuation, 2018
- The Impact of TCIA on Cost of Capital, 2018
- Key Tax Law Changes That Impact Business Valuation, 2018
- Valuing Non-Controlling Interests in S-Corps For Federal Tax Purposes, 2017
- Best Income Tax, Estate Tax and Financial Planning Ideas, 2017, 2013
- Fairness and Solvency Opinions Advanced Issues and Best Practices, 2017, 2010
- Valuing Undivided Interests in Real Estate, 2016
- A Detailed Look at Terminal Value Estimation, 2016
- Complying With USPAP in the Litigation Setting, 2016
- MNCPA Business Valuation Conference, 2020, 2016, 2015, 2013, 2009, 2008
- MNCPA Annual Tax Conference, 2015, 2009, 2005, 2001, 1999
- ASA Advanced Business Valuation Conference, 2015, 2008
- Discounts for Lack of Marketability, 2015, 2008
- ASAMN Annual Business Valuation Conference, 2015, 2014, 2008
- Price and Value: Discerning the Difference, 2015
- USPAP for Business Valuation, 2020, 2014, 1996
- Michigan CPA Automobile Dealers Conference, 2014
- Buying and Selling a Privately-Owned Business, 2014
- Valuing Early Stage Companies, 2013
- Special Topics in the Valuation of Intangible Assets, 2012
- Using Market Data to Support Real Estate Partnership Discounts, 2012
- Reasonable Compensation, 2011, 2010, 2008
- AICPA National Business Valuation Conference, 2011, 2008
- 20th Annual National Expert Witness Conference, 2011
- Pluris Discount for Lack of Marketability Study Results, 2010
- Valuation Issues in Estate and Gift Tax, 2010
- Reconciling the Lack of Marketability Discount Theories, 2009
- Cost of Capital, 2008
- Multi-Dealership CFO Conference, 2003, 2002

EXHIBIT B – Primary Materials and Information Considered

- Joint Declaration of Plaintiffs’ Co-Lead Counsel in Support of Plaintiffs; Motion for Preliminary Approval of Class Action Settlement and Direction of Class Notice, July 14, 2023
- Volume One of Consolidated Amended Class Action Complaint (Factual Allegations), May 26, 2022
- Volume Two of Consolidated Amended Class Action Complaint (Nationwide Counts), May 26, 2022
- Volume Three of Consolidated Amended Class Action Complaint (State Counts), May 26, 2022
- Chart of Sold Class Vehicles, August 15, 2023
- Responses to Information Requests – August and September 2023
- Toyota Safety Recall 20TA03 (Interim Notice 20TB03) – Remedy Notice, March 12, 2020
- Toyota Warranty & Maintenance Guide(s) for all Class Models, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019
- Toyota Parts Warranty Information <https://autoparts.toyota.com/warranty-information>
- NHTSA <https://www.nhtsa.gov/>
- EPA Emissions Warranties for 1995 and Newer Light-duty Cars and Trucks under 8,500 Pounds GVWR, October 2015
- Results of research regarding U.S. inoperable vehicles and vehicles with salvaged, rebuilt or flood-damaged titles
- Results of research regarding U.S. vehicle survivability, age and miles driven
- *Vehicle Survivability and Travel Mileage Schedules*, January 2006. National Highway Traffic Safety Administration
- Various interviews with extended service contract professionals familiar with the U.S. markets
- Various interviews with parts and service professionals familiar with the U.S. vehicle service department pricing, operations and warranty versus retail pricing rates

- Various analyses of retail market price relationships between pre-owned vehicle purchase prices and extended service contract purchase prices
- Various analyses of retail market price relationship between new vehicle purchase prices and vehicle manufacturer new vehicle warranty costs
- New vehicle warranty terms and conditions for various manufacturers
- Allstate vehicle service agreements and prices
- C.N.A. National Warranty Corporation vehicle service agreements and prices
- Protective vehicle service agreements and prices
- Various warranty insurance company state filings showing rate filings and rate manual guidelines
- Extended service contract information for various vehicle manufacturer programs

EXHIBIT C –Valuation Primary Significant Assumptions and Limiting Conditions

- My calculations assume a Valuation Effective Date of July 31, 2023, for the Recalled Vehicles Warranty Extension; if the timing of the final approval date of the Settlement Agreement occurs as expected during the second half of 2023, my valuation conclusions will be materially accurate. The calculations reflect facts and conditions existing at the Effective Date. Subsequent events were not considered, and I have no obligation to update this affidavit for such events and conditions.
- Information provided by the Defendant and the Plaintiffs' Counsel is accurate and responsive to the information request. I did not audit or verify such information. Accordingly, I provide no guarantee as to the accuracy or completeness of such information.
- I have assumed that the Defendant and its dealership network will honor the intent and terms of the Settlement's Extended New Parts Warranty.
- While I believe my valuation conclusions are valid, I reserve the right to submit a revised valuation to consider new information and/or to correct any inadvertent errors or omissions given the complexity of this valuation.
- Possession of this declaration, or a copy thereof, does not carry with it the right of publication of all or part of it, nor may it be used for any purpose by anyone without the previous written consent of VUSA. This valuation declaration is valid only for the purpose specified herein.

Exhibit D

Recalled Vehicle Warranty Extension Valuation Summary and Conclusion

| Estimated Covered Vehicles | | Estimated Coverage Years | | Valuation Summary | |
|-----------------------------|--------------------|--------------------------------------|--------------------|--|---|
| Model Year | Number of Vehicles | Average Coverage Years by Model Year | Coverage Years | Estimated Per Year Hypothetical ESC Market Price | Estimated Value of Benefits By Model Year |
| (A) | (B) | (C) | (D) (B X C = D) | (E) | (F) (D X E = F) |
| 2011 | 140,000 | 11.71 | 1,639,400 | \$2.49 | \$ 4,082,100 |
| 2012 | 154,100 | 11.71 | 1,804,500 | \$2.49 | \$ 4,493,200 |
| 2013 | 292,300 | 11.71 | 3,422,800 | \$2.49 | \$ 8,522,800 |
| 2014 | 318,000 | 11.71 | 3,723,800 | \$2.49 | \$ 9,272,300 |
| 2015 | 356,800 | 11.71 | 4,178,100 | \$2.49 | \$ 10,403,500 |
| 2016 | 394,000 | 11.71 | 4,613,700 | \$2.49 | \$ 11,488,100 |
| 2017 | 309,900 | 11.71 | 3,628,900 | \$2.49 | \$ 9,036,000 |
| 2018 | 241,500 | 11.71 | 2,828,000 | \$2.49 | \$ 7,041,700 |
| 2019 | 178,000 | 11.10 | 1,975,800 | \$2.49 | \$ 4,919,700 |
| | <u>2,384,600</u> | | <u>27,815,000</u> | | <u>\$ 69,259,400</u> |
| Valuation Conclusion | | | | | \$ 69,300,000 |

Exhibit E

Unrecalled Vehicle Warranty Extension Prospective Calculated Value

| Estimated Covered Vehicles | | Estimated Coverage Years | | Valuation Summary | |
|-----------------------------|--------------------|--------------------------------------|--------------------|--|---|
| Model Year | Number of Vehicles | Average Coverage Years by Model Year | Coverage Years | Estimated Per Year Hypothetical ESC Market Price | Estimated Value of Benefits By Model Year |
| (A) | (B) | (C) | (D) (B X C = D) | (E) | (F) (D X E = F) |
| 2012 | 122,100 | 10.000 | 1,221,000 | \$2.49 | \$ 3,041,300 |
| 2013 | 164,900 | 10.000 | 1,649,000 | \$2.49 | \$ 4,105,300 |
| 2014 | 202,500 | 10.000 | 2,025,000 | \$2.49 | \$ 5,043,200 |
| 2015 | 229,100 | 10.000 | 2,291,000 | \$2.49 | \$ 5,705,100 |
| 2016 | 253,700 | 10.000 | 2,537,000 | \$2.49 | \$ 6,317,400 |
| 2017 | 342,300 | 10.000 | 3,423,000 | \$2.49 | \$ 8,523,500 |
| 2018 | 179,000 | 10.000 | 1,790,000 | \$2.49 | \$ 4,457,300 |
| 2019 | 232,900 | 10.000 | 2,329,000 | \$2.49 | \$ 5,799,000 |
| | <u>1,726,500</u> | | <u>17,265,000</u> | | <u>\$ 42,992,100</u> |
| Valuation Conclusion | | | | | \$ 43,000,000 |