

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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

ALL ACTIONS AGAINST THE
HYUNDAI AND KIA
DEFENDANTS

**DECLARATION OF KIRK D.
KLECKNER IN SUPPORT OF THE
HYUNDAI-KIA PLAINTIFFS'
MOTION FOR FINAL
SETTLEMENT APPROVAL**

MDL No. 2905

I, Kirk D. Kleckner, declares as follows:

**1) Valuation Purpose, Scope and Primary Materials and Information
Considered**

- a) This declaration pertains to the valuation of the warranty benefits provided to Class Members as defined in the Settlement Agreement resolving the economic loss claims against the Hyundai and Kia Defendants¹ in *In re ZF-TRW Airbag Control Units Products Liability Litigation* (ECF No 1027-1).

¹ The Hyundai and Kia Defendants are Defendants Hyundai Motor Company, Hyundai Motor America, Kia Corporation, and Kia America, Inc.

1 The Hyundai and Kia Defendants (Defendants), and the Hyundai and Kia
2 Plaintiffs² are collectively referred to as the Parties.

3 b) Co-Lead Counsel on behalf of Settlement Class Counsel asked me to
4 independently value the Class Member benefits made available from this
5 class action litigation and Settlement Agreement related to the New Parts
6 Warranty for Recalled Vehicles (Recalled Vehicles Warranty Extension)³.

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

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

18 e) In addition, Co-Lead Counsel asked me to independently estimate the value
19 of the potential Class Member benefits made available from this class action
20 litigation and Settlement Agreement related to the New Parts Warranty for
21 Unrecalled Vehicles (Unrecalled Vehicles Warranty Extension)⁴. The
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24 ² The Hyundai and Kia Plaintiffs are Larae Angel, Bobbi Jo Birk-LaBarge, John Colbert, Brian
25 Collins, Gerson Damens, Bonnie Dellatorre, Dylan DeMoranville, Joseph Fuller, Tina Fuller,
26 Lawrence Graziano, Michael Hernandez, Kinyata Jones, Diana King, Richard Kintzel, Carl Paul
27 Maurilus, Kenneth Ogorek, Burton Reckles, Dan Sutterfield, Amanda Swanson, and Lore Van
Houten.

28 ³ Settlement Agreement Section III F.1-4.

⁴ Settlement Agreement Section III F.5.

1 Prospective Calculated Value, subject to Hypothetical Assumptions and
2 Conditions, is provided as supplementary information in Section 8.

3 **2) Summary of Opinions**

4
5 a) Based on the analyses explained below, I have determined within a
6 reasonable degree of professional certainty that the value of the Settlement
7 Agreement's Recalled Vehicles Warranty Extension exceeds \$13,600,000.

8 b) Additionally, as explained below, the Prospective Calculated Value for the
9 Unrecalled Vehicles Warranty Extension, subject to the Hypothetical
10 Assumptions and Conditions described in Section 8 below, exceeds
11 \$50,500,000.

12 **3) Experience and Qualifications**

13
14 a) I am a Certified Public Accountant - Retired in the United States with an
15 MBA. Prior to retirement I was an Accredited Senior Appraiser (ASA-BV)
16 from the American Society of Appraisers. I have litigation-related experience
17 in valuing economic losses, damages and intangible assets.

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

25 c) As CFO of an automotive dealership group, I worked on service and
26 warranty matters. My duties as CFO included establishing and overseeing
27 extended service contractual relationships, and establishing and overseeing
28

1 automotive dealer-owned reinsurance entities and structures for extended
2 service warranty contracts and other insurance-related products.

3 d) My experience as an expert includes numerous warranty extension valuations
4 including the following automotive warranty related class action settlement
5 valuation determinations: 1) Valuation of the Extended New Parts Warranty
6 provided by the Toyota ZF-TRW Airbag Control Units class action
7 settlement agreement⁵; 2) Valuation of the nationwide Warranty Extension
8 and other class member benefits provided for by the Volkswagen and Audi
9 Warranty Extension class action settlement agreement (VW/Audi) related to
10 extension of the warranty concerning an alleged engine sludge defect⁶; 3) the
11 valuation of the Customer Support Program related class member benefits
12 provided for class members nationwide by the Toyota-United States class
13 action settlement agreement (Toyota-US) related to the warranty extension
14 concerning an alleged unintended acceleration defect⁷, and the Customer
15 Support Program in the Toyota-Canadian class action settlement agreement
16 (Toyota-Canadian)⁸; and 4) valuation of the Customer Support Programs
17 related class member benefits provided for by each of class action settlement
18 agreements in various vehicle manufacturer Takata Airbag class actions⁹.

19 e) My curriculum vitae is attached as Exhibit A.
20

21 ⁵ *In re: ZF-TRW Airbag Control Units Products Liability Litigation*, Case No. 2:19-ml-02905-
22 JAK-JPR (“MDL”)

23 ⁶ The United States District Court District of Massachusetts, *In re Volkswagen and Audi*
Warranty Extension Litigation, Docket No. 1:07-md-01790

24 ⁷ Central District Of California, Southern Division, *In Re: Toyota Motor Corp. Unintended*
25 *Acceleration Marketing, Sales Practices, and Products Liability Litigation*, United States District
Court, Case No. 8:10ML2151 JVS (FMOx)

26 ⁸ Canadian Toyota Unintended Acceleration Marketing, Sales Practices, And Products Liability
27 Litigation Settlement Agreement (various courts)

28 ⁹ 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)

1 **4) Valuation Approaches**

- 2 a) In valuing intangible assets, valuation analysts typically apply one or more of
3 three common approaches: the Market Approach, the Income Approach, and
4 the Cost Approach.
- 5 b) The Market Approach estimates a value for the subject intangible asset based
6 on an analysis of prices that similar intangible assets are sold in the
7 marketplace.
- 8 i) For the Recalled Vehicles Warranty Extension valuation, the Market
9 Approach is applied since extended service contracts (ESCs)¹⁰ are
10 purchased in the marketplace by vehicle owners and prior courts have
11 subscribed to the belief that market prices are accurate in assessing the
12 value benefits to the class¹¹.
- 13 c) The Income Approach may be applicable when the intangible asset is
14 income-producing. Warranty extensions do not produce income, so this
15 approach is not applicable.
- 16 d) The Cost Approach derives the cost that a developer would incur to create an
17 intangible asset with equivalent utility. The estimate of the retail price that a
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20 ¹⁰ An extended service contract, sometimes called an extended warranty or plan, provides a
21 warranty on certain vehicle parts beyond the coverage of the vehicle's original standard
22 manufacturer warranty. Typical ESC levels of coverage vary from "power train only" up to full
23 "bumper to bumper." The ESC is a contractual agreement between the vehicle owner and the
24 ESC obligor (typically an independent warranty / insurance company or manufacturer affiliated
25 warranty / insurance company). Consumers typically purchase an ESC from a dealer at the point
26 of vehicle purchase.

27 ¹¹ OPINION AND ORDER, JOSEPH A. O'KEEFE Plaintiff v. MERCEDES-BENZ USA, LLC
28 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."

1 developer would make the intangible asset available to the marketplace is
2 derived by estimating build-up components that include direct costs, indirect
3 costs and the developer's profit/opportunity cost, which is an expected
4 "return" on all the costs. The Cost Approach is typically not as accurate as
5 the Market Approach since the Cost Approach is an indirect estimate of the
6 intangible asset's retail price versus the Market Approach utilizes prices
7 directly from the retail marketplace. I did not apply the Cost Approach since
8 reliable marketplace price data was available to apply the Market Approach.

9 **5) Information Requested**

10 a) I requested the following information from the Parties:

11 i) To make the Recalled Vehicles Warranty Extension determination:

12 (1) The assumed effective date of the Recalled Vehicles Warranty
13 Extension valuation.

14 (2) A copy of the final Settlement Agreement with exhibits.

15 (3) A copy of the Preliminary Approval Order Date.

16 ii) To determine the number of Subject Vehicles to receive settlement
17 benefits and number of Recalled Vehicles Warranty Extension coverage
18 years:

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

21 (2) Confirmation that the following categories of Subject Vehicles that are
22 excluded under the terms of the Settlement Agreement represent less
23 than one percent of Subject Vehicles originally sold: 1) rebuilt or
24 flood-damaged vehicles, 2) vehicles with altered mileage, racing or
25 similarly modified vehicles intended for non-street use, 3) Class
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Members expected to request exclusion, and 4) vehicles owned by excluded parties (Hyundai and Kia, 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) The coverage term (e.g., 1-Year) for the standard Hyundai and Kia service and parts warranties and confirmation that the service and parts warranties apply 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) Hyundai and Kia'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) Hyundai and Kia's 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 Hyundai and Kia brand names: 1) the current purchase price paid by Hyundai and Kia dealers for a one-year "Platinum" level 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 used vehicles:

1 (1)Kia Optima, Model Year 2017, with 97,500 miles

2 (2)Kia Optima Hybrid, Model Year 2017, with 97,500 miles

3 (3)Hyundai Sonata, Model Year 2017, with 97,500 miles

4 (4)Hyundai Sonata Hybrid, Model Year 2017, with 97,500 miles

5
6 v) To provide the Prospective Calculated Value for the Unrecalled Vehicles
7 Warranty Extension:

8 (1) The number of Unrecalled Subject Vehicles originally sold, by Model
9 Year and Model.

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

13 (3) Hyundai and Kia's current or recent U.S. average dealer warranty
14 claim dollars and labor hours to replace each of the Subject
15 Components for the Unrecalled Subject Vehicles. List separately the
16 warranty claim amounts for each of labor hours, parts dollars, and
17 other costs dollars.
18

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

24
25 **6) Recalled Vehicles Warranty Extension – Valuation Methodology and**
26 **Valuation Conclusion**

27 a) I considered relevant sections of the Settlement Agreement to identify
28 Warranty Extension coverage terms, limitations, and conditions (Key

1 Coverage Elements). The following section in italics are the primary
2 Settlement Agreement provisions pertinent to my analysis:

3 i) *“Recalls” means NHTSA Recall No. 18v-137 and NHTSA Recall No. 18v-*
4 *363.*

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

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

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

13 v) *New Parts Warranty:*

14 (1) *If the Court grants final approval of the Settlement, Hyundai and Kia*
15 *shall provide a warranty for the new parts installed pursuant to the*
16 *Recalls to address potential airbag non-deployment due to electrical*
17 *overstress for ten (10 years from the date of the Preliminary Approval*
18 *Order).*

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

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

1 (4) *Inoperable or junkyard vehicles, vehicles with a scrapped, salvaged,*
2 *rebuilt, or flood-damaged title, vehicles with altered mileage, racing*
3 *or similarly modified vehicles intended for non-street use or vehicles*
4 *that are dismantled, crushed, or fire damaged, are not eligible for the*
5 *New Parts Warranty.*

6 vi) *Exhibit 2 - Subject Vehicles – Recalled Vehicles.*

7
8 b) I considered market retail prices that vehicle owners pay for ESCs. I utilized
9 such market price data to estimate what Class Members would pay to
10 purchase a Hypothetical Extended Service Contract (Hypothetical ESC) that
11 is equivalent to the financial protection resulting from the existence of the
12 Recalled Vehicles Warranty Extension. This methodology that I
13 incorporated into my valuation has been accepted by many courts, including
14 this Court for the Toyota Settlement in this case; this approach has also been
15 relied upon by courts and parties in the *VW/Audi, Toyota-US, Toyota-*
16 *Canadian and Takata Airbag* class actions mentioned in Section 3 above.
17 Thus, I employed methods and analyses of a type reasonably relied upon by
18 courts in the United States and abroad, and experts in my field, in forming
19 opinions or inferences on the subject.

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

22 (1) Defining the Recalled Vehicles Warranty Extension's Covered
23 Components.

24 (2) Deriving the consumer's current expected Retail Repair Cost to
25 replace the Covered Components if the Recalled Vehicles Warranty
26 Extension did not exist.
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- 1 (3) Considering the magnitude of the current Retail Repair Cost when
- 2 deriving the retail price of a one-year Hypothetical ESC that is
- 3 equivalent to the Recalled Vehicles Warranty Extension.
- 4 (4) Deriving a reasonable estimate of the retail price of a one-year, zero-
- 5 deductible, transferable, extended service contract (ESC) coverage by
- 6 considering the following market-based price data sets:
- 7 (a) Summary claim information provided by vehicle manufacturers
- 8 enabling the determination of ‘per year’ retail costs consumers
- 9 would have paid for repair work if not for the existence of
- 10 applicable new vehicle warranties, as a percentage of the average
- 11 retail prices paid for the underlying new vehicles.
- 12 (b) Pricing information from major national third-party warranty
- 13 companies, enabling the derivation of retail prices paid for ESCs as
- 14 a percentage of the retail prices paid for the underlying pre-owned
- 15 vehicles.
- 16 (c) Pricing information provided by vehicle manufacturers enabling the
- 17 analysis of the retail prices of manufacturer-branded ESCs as a
- 18 percentage of the retail prices paid for the underlying pre-owned
- 19 vehicles.
- 20 (c) I determined the number of estimated Covered Vehicles for each model year
- 21 by adjusting the number of Class Vehicles originally sold that could benefit
- 22 from the Settlement Agreement for the declining number on the road over
- 23 time by utilizing vehicle survivability data from the National Highway
- 24 Traffic Safety Administration (NHTSA).
- 25 (d) I derived the number of Recalled Vehicles Warranty Extension coverage
- 26 years (Coverage Years) for each model year by applying the Key Coverage
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1 Elements as provided for in the Settlement Agreement and summarized in
2 Section 6(a) above.

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

6 i) Estimated Covered Vehicles: The estimated number of Covered Vehicles
7 (B) that will benefit from the Recalled Vehicles Warranty Extension was
8 derived by considering NHTSA vehicle survivability data (see Section
9 6(c)).

10 ii) Estimated Coverage Years: The Coverage Years (D) is calculated as the
11 number of Estimated Covered Vehicles by model year (B) multiplied by
12 the number of Estimated Coverage Years that the Recalled Vehicles
13 Warranty Extension would cover for each model year (C) (see Section
14 6(d)).

15 iii) Estimated Value of Benefits: The Estimated Value of Benefits by Model
16 Year (F) is calculated as the Estimated Coverage Years (D) multiplied by
17 the Estimated Per Year Hypothetical ESC Market Price (E) (see Section
18 6(b)).

19 f) My Valuation Conclusion for the Recalled Vehicles Warranty Extension:
20

21 i) I have determined within a reasonable degree of professional certainty
22 that the value of the Settlement Agreement's Recalled Vehicles Warranty
23 Extension exceeds \$13,600,000.
24

25 **7) Valuation Primary Assumptions and Limiting Conditions**

26 a) My analyses, opinion, and conclusion are limited only by the Valuation
27 Primary Assumptions and Limiting Conditions outlined in Exhibit C,
28

1 including that the calculations assume a Valuation Effective Date of April 14,
2 2025.

3 **8) Supplementary Information: Unrecalled Vehicles Warranty Extension –**
4 **Prospective Calculated Value**

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

13
14 b) I considered additional relevant sections of the Settlement Agreement to
15 identify Unrecalled Vehicles Warranty Extension coverage terms,
16 limitations, and conditions. The following section in italics are the primary
17 Settlement Agreement provisions pertinent to the calculations:

18 *i) New Parts Warranty:*

19 *(1) In the event the ZF-TRW ACUs in Unrecalled Vehicles are recalled in*
20 *the future, Hyundai and Kia shall extend the New Parts Warranty's*
21 *coverage for the parts installed pursuant to the future recall, subject to*
22 *the terms of this Section III.F, except that the New Parts Warranty's*
23 *coverage will be for ten (10 years from the date of the future recall).*

24
25 *ii) Exhibit 2 - Subject Vehicles – Unrecalled Vehicles.*

26 c) While applying a similar methodology to my approach for the Recalled
27 Vehicles Warranty Extension, the Prospective Calculated Value for the
28 Unrecalled Vehicles Warranty Extension is subject to the following

1 Hypothetical Assumptions and Conditions that were provided by Co-Lead
2 Counsel:

- 3 i) Unrecalled Vehicles are assumed to be recalled.
- 4 ii) Unrecalled Vehicles Warranty Extension average effective coverage years
5 is assumed to be ten years with a starting date of April 14, 2027.
- 6 iii) The Retail Repair Cost to replace the Covered Components if the
7 Unrecalled Vehicles Warranty Extension did not exist is assumed to be
8 the same as that derived for the Recalled Vehicles.
- 9
- 10 d) Unrecalled Vehicle data requested was provided for the number of Subject
11 Vehicles by Model Year and Model.
- 12 e) Exhibit E provides the Unrecalled Vehicle Warranty Extension Prospective
13 Calculated Value, displaying the results from my underlying calculations in
14 the same format as Exhibit D.
- 15
- 16 f) The Prospective Calculated Value for the Unrecalled Vehicles Warranty
17 Extension, subject to the Hypothetical Assumptions and Conditions outlined
18 above, exceeds \$50,500,000. However, given the prospective nature of these
19 benefits and their valuation, if the actual facts and circumstances vary
20 significantly from the Hypothetical Assumptions and Conditions described in
21 Section 8(c), the result could vary significantly from this Prospective
22 Calculated Value.

23 **9) Certifications and Representations**

- 24 a) The statements of fact in this declaration are true and correct.
- 25
- 26 b) These are my personal, impartial, and unbiased professional analyses,
27 opinions, and conclusions, all of which are stated to a reasonable degree of
28 professional certainty.

1 c) I do not have any bias, present interest, or prospective interest with respect to
2 this matter, or any bias or personal interest with respect to the parties
3 involved with this assignment.

4 d) My engagement in this assignment and the compensation for completing this
5 assignment is not contingent upon the development or reporting of a
6 predetermined value or any direction in value, the amount of the value
7 opinions, the attainment of a stipulated result, or the occurrence of a
8 subsequent event directly related to the intended use of this valuation. For my
9 work in this matter, I was compensated at my typical hourly rate of \$350.

10 I declare under penalty of perjury under the laws of the State of Florida that
11 the foregoing is true and correct. Executed this on the 11th day of July 2025 at
12 Lakewood Ranch, Florida.

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A handwritten signature in black ink, appearing to read "Kirk Kleckner", written over a horizontal line.

Kirk D. Kleckner

EXHIBIT A – Curriculum Vitae of Kirk D. Kleckner CPA-Retired MBA ASA-BV

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

Kirk is currently:

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

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 was 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 RETIRED** – formerly an Accredited Senior Appraiser-Business Valuation, American Society of Appraisers
- **MBA** - Master of Business Administration, Concentration Finance, University of Minnesota
- **CPA Retired** - Certified Public Accountant, 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 former 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.

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

- Settlement Agreement Case 2:19-ml-02905-JAK-JPR, March 17, 2025
- Order RE: Motion for Preliminary Approval of Class Settlement and Direction of Notice Under FED. R. CIV. P. 23(E)(DKT.1027), April 14, 2025
- Responses to Information Requests – May and June 2025
- Hyundai Motor America Part 573 Safety Recall Report 18V-137, February 27, 2018
- Kia Motors America Part 573 Safety Recall Report 18V-363, June 1, 2018
- Hyundai America's Best Warranty Information <https://www.hyundaiusa.com/us/en/assurance/america-best-warranty>
- NHTSA <https://www.nhtsa.gov/>
- Google Search <https://www.google.com/>
- 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 April 14, 2025, for the Recalled Vehicles Warranty Extension. 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 Defendants 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 Defendants and their dealership networks will honor the intent and terms of the Settlement's 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**

<u>Estimated Covered Vehicles</u>		<u>Estimated Coverage Years</u>		<u>Valuation Summary</u>	
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)
2010	31,800	9.66	307,200	\$2.79	\$ 857,100
2011	178,100	9.66	1,720,400	\$2.79	\$ 4,799,900
2012	203,500	9.66	1,965,800	\$2.79	\$ 5,484,600
2013	90,500	9.66	874,200	\$2.79	\$ 2,439,000
	<u>503,900</u>		<u>4,867,600</u>		<u>\$ 13,580,600</u>
Valuation Conclusion					\$ 13,600,000

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)
2011	36,300	10.00	363,000	\$2.79	\$ 1,012,800
2012	34,100	10.00	341,000	\$2.79	\$ 951,400
2013	83,600	10.00	836,000	\$2.79	\$ 2,332,400
2014	118,000	10.00	1,180,000	\$2.79	\$ 3,292,200
2015	176,900	10.00	1,769,000	\$2.79	\$ 4,935,500
2016	206,300	10.00	2,063,000	\$2.79	\$ 5,755,800
2017	219,500	10.00	2,195,000	\$2.79	\$ 6,124,100
2018	282,400	10.00	2,824,000	\$2.79	\$ 7,879,000
2019	300,600	10.00	3,006,000	\$2.79	\$ 8,386,700
2020	165,100	10.00	1,651,000	\$2.79	\$ 4,606,300
2021	64,200	10.00	642,000	\$2.79	\$ 1,791,200
2022	60,900	10.00	609,000	\$2.79	\$ 1,699,100
2023	62,000	10.00	620,000	\$2.79	\$ 1,729,800
	<u>1,809,900</u>		<u>18,099,000</u>		<u>\$ 50,496,300</u>
Calculated Value					\$ 50,500,000