

## **AUTOMOBILE SAFETY AND EDUCATION PROGRAM**

### **Overview**

As provided in Section II (A)(6) of the Settlement Agreement dated December \_\_, 2012, Toyota has agreed to fund scientific research by leading U.S. universities into the development of new active safety technologies and/or standards, as well as testing guidelines for emerging technologies (all capitalized terms as defined in the Settlement Agreement). In addition, Toyota has agreed to fund a national multi-media and community-based public-education campaign, supported by scientific research, that works to inform, enhance and promote safer driving among consumers. The parties agree that these safety research and education programs are tethered to the nature of, and certain issues in, the Actions and further the interests of Class Members.

Under the Settlement, Toyota has agreed to pay \$30 million for this Safety Research and Education Program following the Final Effective Date of the Settlement. Pursuant to the Settlement Agreement, additional funds may be made available depending on whether or not there are remainders in the two cash funds specified in Sections II (A)(2)(c) and II (A)(4)(c) of the Settlement Agreement. This Exhibit explains how the \$30 million fund will be used to benefit Class Members nationwide and further explains the manner in which decisions will be made concerning the use of any remainders from the cash funds described in Sections II(A)(2) and II (A)(4) of the Settlement Agreement.

### **Toyota's \$30 Million Commitment under Section II (A)(6)**

#### **A. Deposit into Escrow Fund**

Within 30 days of the Final Effective Date, Toyota will deposit into the Escrow Account the sum of \$30 million, which will be distributed as described and pursuant to the instructions specified below. Toyota's payment of this amount into escrow fulfills the entirety of Toyota's financial commitment under this program. Without limiting the foregoing, all of the components identified below, including but not limited to any costs to administer the fund or the programs under the fund, are to be paid from this Escrow Account.

#### **B. Research Focused on Consumer Knowledge and Use of Defensive Driving Techniques**

1. The program will start with a new national consumer study, to be undertaken by a leading U.S. university, focused on driver attitudes, behaviors and levels of understanding concerning defensive driving techniques and the proper use of new automotive technology. It is currently expected that the study will be conducted by the University of Iowa (Public Policy Center), but prior to the Final Approval order, the parties may select another leading university to conduct the study.

- The study will focus on identifying critical gaps in awareness and practice regarding defensive driving skills, as well as on pinpointing the messages and techniques most effective in encouraging safer driver behavior and improving awareness and use of active safety technologies.
- Specific driver behaviors to be studied will include but not be limited to techniques for controlling and stopping vehicles in emergency situations; driver distraction; issues relating to driver pedal misapplication; and proper use by drivers of anti-lock brakes and other

advanced technologies made possible by electronic throttle control systems, such as brake override systems, vehicle stability control and radar cruise control.

- The study will assist the parties in developing the content of the National Driver Safety Education Campaign described below.
- The study will be an academically rigorous field study intended to inform the National Driver Safety Education campaign described below; inform ongoing and future research by other institutions, safety agencies and industry; and support other national and community-based driver safety education campaigns.
- The selected university may choose to retain a survey firm to help to develop and implement the field portions of the study.
- Approximately \$800,000 will be budgeted to fund the study (which includes any expense for the survey firm to help develop and implement the field portions of the study).

2. Plaintiffs' Class Counsel and Toyota's Negotiating Counsel will meet and confer to determine the instructions for distribution from the Escrow Account to pay for this component of the program. If Plaintiffs' Class Counsel and Toyota's Negotiating Counsel cannot reach a written agreement on these issues through their meet-and-confer process, any disagreements shall be resolved by the Settlement Special Master, whose written decision shall be final and binding.

### **C. National Driver Safety Education Campaign**

1. The following National Driver Safety Education campaign will be undertaken by a leading U.S. university or national safety organization. It is currently expected that the campaign will be undertaken by the University of Iowa (Public Policy Center), but the parties may select another leading university or national safety organization prior to the Final Approval order. The campaign will follow the research described above and will be guided by its results. The campaign will include a combination of print, TV, digital and radio advertising to deliver the content of the program.

- The goal for reach/frequency for the program will be 90/12 (*i.e.*, 90% of adults in key target markets would see the company's message 12 times over the length of the campaign). This is based on an audience target of age 18 or older.
- The specific mix of media, as well as particular frequency and reach metrics, will be subject to discussion among Plaintiffs' Class Counsel, Toyota' Negotiating Counsel and the selected education organization partner, based in part on prevailing advertising rates at the time the program is launched.
- The budget would cover all costs of the campaign, including but not limited to the cost of producing the advertisements and buying the media space .
- The selected education organization will develop and suggest a plan, describing in detail the content, components and implementation of the campaign, subject to review by Plaintiffs' Class Counsel and Toyota's Negotiating Counsel. Any disagreements would be resolved through meet and confer among Plaintiffs' Class Counsel, Toyota's Negotiating Counsel and the selected education organization. If the parties cannot resolve any disputes through the

meet-and-confer process, any disagreements shall be resolved by the Settlement Special Master, whose written decision will be final and binding.

- The campaign may utilize consumer research data to inform messaging designed to change public attitudes and improve driving behaviors.
- The campaign would be supported by digital assets -- such as a website providing insights about common driving errors taken from the survey and tools/videos/tests/classroom materials to help educators instruct drivers about what to do in an emergency -- as well as social media.
- Safety experts from Toyota's Collaborative Safety Research Center may be engaged to help educate consumers about defensive driving techniques and active safety technologies as part of this campaign, but shall not be paid from the fund to do so.
- The budget for this campaign will not exceed \$14.2 million; funds would come from the Escrow Account, and counsel would meet and confer to agree upon payment instructions in writing, with the Settlement Special Master resolving, in writing, any disagreements regarding funding.

**D. Safety Research**

1. The third component of the program will fund university-based public research to develop advances in active safety features, vehicle control and driver attention.

- Leading U.S. universities will conduct research for the public benefit with a multi-year mandate to pursue research programs into existing, new or emerging active safety technologies, based around national and regulatory safety priorities, as well as to develop a better understanding of key safety-related behaviors, with findings to be shared broadly across the automotive industry.
- Each of the following universities has expressed interest in conducting this research under this program: Stanford University (CARS), University of Michigan (UMTRI), Texas A&M University (TTI), MIT (Age Lab) and the University of Iowa (Public Policy Center).
- The parties will choose some or all of these institutions to conduct the research and may add or substitute one or more similar universities prior to the Final Approval Order. Based on further discussion with the potential grant recipients, funding will occur either by direct grants to the institutions or by establishing a research consortium of multiple universities, with one university chosen to administer the research and meet the mandate defined by the program.
- Research topics for the research initiatives will benefit Class Members nationwide and will include, but not be limited to, general approaches to crash avoidance, human interface design, and lane departure warning/prevention and driver distraction.
- The budget for this research program will not exceed \$15 million.

- The parties may choose an administrator to oversee the administration of the grants under this program. Any costs and fees of the administrator will come from the fund established through the Settlement.

2. Plaintiffs' Class Counsel and Toyota's Negotiating Counsel will meet and confer to identify the grantee universities, determine the amounts from escrow that will be granted to these institutions, the specific research programs (that must be for the purposes stated above), and the instructions for distribution from the Escrow Account for this component of the program. If Plaintiffs' Class Counsel and Toyota's Negotiating Counsel cannot reach agreement in writing on these issues through their meet-and-confer process, any disagreements shall be resolved by the Settlement Special Master, whose written decision shall be final and binding.

### **Use of any Remainder from Settlement Cash Funds**

**A.** Following expiration of the Claims Period, there may be additional funds that can be used for research and education pursuant to the calculations set forth in Sections II (A)(2)(c) and II (A)(4)(c) of the Settlement Agreement. Whether there will be any remaining funds and the amount of any remaining funds will not be known until after the expiration of the claims period and after the calculations have been made.

**B.** Once the calculations of any such remainder in the cash funds have been made pursuant to Sections II (A)(2)(c) and II (A)(4)(c) have been made, Plaintiffs' Class Counsel and Toyota's Negotiating Counsel will meet and confer to determine, in writing, the specifics regarding the optimal use of any such remainder. Although the specifics will be resolved through the meet-and-confer process, the parties agree that any such remainder will be used to: (1) fund scientific research by leading academic institutions into the development of new active safety technologies and/or standards and testing guidelines for emerging technologies and/or driving behaviors; and/or (2) fund an expansion or addition to the national multi-media and community-based public-education campaign that works to inform, enhance and promote safer driving among consumers. Any disagreements between the parties in this regard will be resolved by the Settlement Special Master, whose written decision will be final and binding. The same process will be used for any budgeted amounts under this program that are not actually spent in connection with the three components of the program.