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\$1.3 billion settlement reached in Toyota acceleration class

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Toyota Motor Corp. has agreed to pay more than \$1 billion to settle multi-district litigation over financial losses associated with acceleration problems reported in some Toyota and Lexus vehicles.

The Japanese car maker and plaintiffs lawyers filed a copy of their proposed settlement Wednesday in federal court in Orange County, Calif..

Under the settlement, Toyota agreed to pay \$250 million to compensate class members for economic losses suffered because they sold or traded in a vehicle or terminated a lease during a period when the car's value was diminished due to negative publicity.

In addition, Toyota has agreed to provide free installation of brake override systems for many Toyota and Lexus models — a benefit expected to cover more than three million cars at an estimated expense of roughly \$400 million. For car owners not eligible for the free system upgrade, Toyota agreed to establish a \$250 million fund in lieu of the installation.

The settlement also provides for enhanced customer support to class members, such as extended warranties for vehicle repairs, and a \$30 million program to fund automobile safety research at universities and driver education.

The settlement does not resolve pending personal injury cases.

Plaintiffs lawyers placed the total value of the settlement at roughly \$1.3 billion, calling it "a landmark, if not record, settlement in automobile defect class action in the United States."

"We are very pleased about this result for the class," said Marc Seltzer of Susman Godfrey in Los Angeles, co-lead counsel for economic loss plaintiffs. "This was an exceptionally hard fought case and the relief obtained is also exceptional."

Steve Berman of Hagens Berman Sobol Shapiro in Seattle and Frank Pitre of Cotchett, Pitre & McCarthy in Burlingame, Calif., also served as co-lead counsel for the economic loss class members.

Plaintiffs lawyers filed a series of lawsuits in 2010 on behalf of Toyota owners who claimed their cars suddenly and unintentionally accelerated. Toyota maintained there was no problem with the vehicles and the National Highway Traffic Safety Administration did not find any defects in the cars' electronic systems that would cause the acceleration.

That was just one of the hurdles faced by plaintiffs lawyers if the case went forward. Berman said plaintiffs' would have faced

a major challenge obtaining class certification for plaintiffs covering 50 states and 10 years of Toyota models.

Toyota was represented by Alston & Bird.

In a prepared statement, Christopher Reynolds, chief legal officer of Toyota Motor North America, called the agreement "a step forward" but said the company felt the scientific evidence was on Toyota's side.

"We concluded that turning the page on this legacy legal issue through the positive steps we are taking is in the best interests of the company, our employees, our dealers and, most of all, our customers," Reynolds said.

The settlement must be approved by U.S. District Judge James Selna. Plaintiffs lawyers indicated they would seek \$200 million in fees, which Toyota agreed not to oppose.

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