

Notice of Pendency and Proposed Settlement of Class Action

To: Persons who have purchased or leased Mercedes-Benz vehicles Model Years 2005–2007 equipped with M272 or M273 engines bearing serial numbers up to 2729..30 468993 or 2739 ..30 088611, respectively

Records indicate you may have owned one of the Subject Vehicles. Your rights may be affected by the Litigation and Proposed Settlement discussed in this court-authorized Notice. This Notice is to inform you of the conditional certification of a settlement class, the nature of the claims at issue, your right to participate in or exclude yourself from the class, and the effect of exercising your various options. You are not being sued.

| YOUR LEGAL RIGHTS AND OPTIONS | |
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| DO NOTHING | If you do nothing, you will be bound by the Settlement, if it is approved. |
| FILE A CLAIM | Review the Settlement Claim Form to see if you are eligible to make a claim. |
| EXCLUDE YOURSELF | Write to the Settlement Administrator if you do not want to benefit from or be bound by this Settlement. You will not be permitted to object to the Settlement if you exclude yourself from the Settlement Class. |
| OBJECT | File an Objection with the Court if you are not satisfied with the Settlement but wish to remain a Settlement Class Member if the Court approves the Settlement. |
| GO TO A HEARING | Ask for permission to speak in Court about the fairness of the Settlement. |

Your legal rights and options – **and the deadlines to exercise them** – are explained in this Notice. Your legal rights may be affected whether you act or do not act. Please read this Notice carefully. Capitalized terms in this Notice have the same meaning as provided in the “Definitions” section of the Class Action Settlement Agreement on file with the Court and viewable at www.BalanceShaftSettlement.com.

1. Why did the Court issue this Notice?

This Notice is given to inform you that (1) a class action is pending before the Honorable Thelton E. Henderson entitled *Seifi, et al. v. Mercedes-Benz USA, LLC*, No. 12-cv-05493 (TEH) (“the Litigation”); (2) you may be a Settlement Class Member; (3) the parties have proposed to settle the Litigation; (4) the Proposed Settlement may affect your legal rights; and (5) you have a number of options.

2. What is this Litigation about?

Plaintiffs Majeed Seifi, Tracey Deakin, and Ronald Reyner allege a defect in balance shaft sprockets in M272 (V-6) engines and idle gears in M273 (V-8) engines in certain model year 2005-2007 Mercedes-Benz vehicles that causes the gears to wear prematurely. In their complaint, Plaintiffs contend that Mercedes-Benz USA, LLC (“MBUSA”) had a duty to disclose this information to consumers at the time they purchased their vehicles. Based on this conduct, Plaintiffs allege claims for violations of the New Jersey Consumer Fraud Act, California’s Consumer Legal Remedies Act and Unfair Competition Law.

MBUSA denies all of the material allegations made by Plaintiffs and denies any wrongdoing or liability of any kind. Among other things, MBUSA maintains that the balance shaft sprockets and idle gears are of high quality and do not violate any law. Further, MBUSA denies that the balance shaft sprockets or idle gears contain defects. Accordingly, neither this Notice nor the Proposed Settlement reflect any admission by MBUSA that there is a defect in any Mercedes-Benz vehicle or that it violated any law or rights of consumers.

3. How do I know if I am part of the Settlement Class?

The Court has conditionally certified a Settlement Class INCLUDING: All current and former owners and lessees of Mercedes-Benz branded automobiles model years 2005, 2006 and 2007 that are equipped with M272 or M273 engines bearing serial numbers up to 2729..30 468993 or 2739 ..30 088611, respectively (the "Subject Vehicles") who purchased or leased their Subject Vehicles within the United States. The engine serial number may appear on repair orders or invoices that you would need to make a claim. You may also enter the Vehicle Identification Number ("VIN") on the settlement website to determine if your vehicle was initially built with an engine that falls within the applicable range.

Even if you are or were the owner or lessee of a Subject Vehicle, you are EXCLUDED from the Settlement Class and *not* covered by this Settlement if you are:

- a) Persons who validly and timely exclude themselves from the Settlement Class, using the procedure set forth below in Sections 9 and 10;
- b) Persons who have settled with, released, or otherwise had claims adjudicated on the merits against MBUSA that are substantially similar to those alleged in this matter;
- c) A member of MBUSA, its subsidiaries and affiliates, officers, directors and employees;
- d) Persons who have suffered personal injury, wrongful death or property damage (to property other than the Subject Vehicle) as a result of the defects alleged;
- e) Insurers or other providers of extended service contracts or warranties for the vehicles owned by Settlement Class Members; and
- f) The Honorable Thelton E. Henderson and the Honorable Jacqueline Scott Corley and members of their respective families.

Model years 2005-07 of the following model vehicles *may* fall within the engine serial number range above: ML350, SLK280/300, SLK 350, C230, C280, C350, C350 4Matic, C280 Wagon 4Matic, CLK350, CLK350 Cabriolet, E350, E350 4Matic, E350 Wagon, R350, R350 4Matic, ML550 4Matic, GL450 4Matic, GL550 4Matic, CLK550, CLK550 (Cabriolet), E550, E550 4Matic, CL550, CLS550, S550, S550 4Matic, SL550. Note, however, that *not* all such vehicles have qualifying engine serial numbers. To make a valid claim, you must have (among other things) an engine serial number within the range specified above.

4. What are the reasons for the Settlement?

The Court did not decide in favor of the Plaintiffs or MBUSA. Instead, both sides agreed to a settlement that they believe is a fair, reasonable, and adequate compromise of their respective positions. The parties reached this agreement only after long negotiations, many exchanges of information, and independent consideration of the risks and benefits of settlement through the assistance of an experienced Mediator.

Class Counsel have considered the substantial benefits from the Settlement that will be given to the Settlement Class Members and balanced these benefits with the risk that a trial could end in a verdict for MBUSA. They also considered the value of the immediate benefit to Settlement Class Members versus the costs and delay of litigation through trial and appeals and the risk that a class would not be certified. Even if Plaintiffs were successful in these efforts, Settlement Class Members would not receive any benefits for years.

5. What does the Proposed Settlement provide?

Benefits. If the Proposed Settlement is ultimately approved by the Court, it will provide several forms of relief to Settlement Class Members. In return, the Settlement Class Members release their rights to pursue any claims against MBUSA and related entities relating to the facts at issue in this Litigation.

A. COVERAGE FOR QUALIFIED FUTURE REPAIRS UP TO 10 YEARS OR 125,000 MILES

MBUSA has agreed to offer to Settlement Class Members to make qualified repairs through Authorized Mercedes-Benz Dealers, if and as needed, to the sprocket of the balance shaft gear (M272 engines) or the idle gear (M273 engines): (i) contained in engines with the specified engine numbers found of the 2005-2007 model year vehicles set forth in the Settlement Agreement; and (ii) if such engines have not already received a new balance shaft sprocket/idle gear in or after November 2006. These repairs are also subject to the following conditions:

MBUSA will offer to perform the repair defined in LI03.30-P-050027 (the "LI") (viewable at www.BalanceShaftSettlement.com) upon confirmation of the need for repair of the sprocket of the balance shaft or the idle gear per the procedures specified in the LI, and also that the conditions above are met. Such consideration will be offered up to a maximum of 10 years or 125,000 miles, whichever is less (commencing from the In Service Date), subject to the limitations herein, including:

- For balance shafts or idle gears needing replacement of the part(s) that are repaired, and which repair date occurs up to and including the lesser of 8 years or 80,000 miles, MBUSA will cover 70% of the reasonable repair amount;
- For balance shafts or idle gears needing replacement of the part(s) that are repaired, and which repair date occurs up to and including the lesser of 10 years or 125,000 miles, but greater than 8 years or 80,000 miles, whichever comes first, MBUSA will cover 37.5% of the reasonable repair amount;
- For balance shafts or idle gears needing replacement of the part(s) that are repaired, and which repair date occurs after the earlier of either 10 years or after 125,000 miles, MBUSA shall not be required to offer any coverage.

All repairs must be performed by an Authorized Mercedes-Benz Dealer to be covered.

B. REIMBURSEMENT OF COSTS FOR PRIOR REPLACEMENTS

MBUSA agrees to reimburse Settlement Class Members who previously paid for qualified repairs to their balance shaft sprocket (M272 engines) or idle gear (M273) if such parts were produced before November 2006, because of a failure of that part, diagnosed and repaired in accord with the procedures specified in the LI up to 10 years or 125,000 miles, whichever is less (commencing from the In Service Date). Claimants also must meet the following conditions:

1. To be eligible for reimbursement, Settlement Class Members must submit a timely and validly completed Claim Form and the required documentation. You can obtain a Claim Form by entering the VIN of the Subject Vehicle on the settlement website (www.BalanceShaftSettlement.com). If the VIN is associated with an engine within the applicable serial number range, you will be linked to a Claim Form. You can also obtain a Claim Form by letter request enclosing a self-addressed, stamped envelope to *Seifi v. MBUSA* Settlement Administrator, P.O. Box 43351, Providence, RI 02940-3351.
 - (a) If the repair described in the Claim Form and submitted for reimbursement meets all of the criteria in the Agreement and the repair was completed,
 - Between the lesser of 4 years or 50,000 miles up to and including the lesser of 8 years or 80,000 miles, reimbursement will total 70% the reasonable repair amount;
 - Up to and including the lesser of 10 years or 125,000 miles, but greater than 8 years or 80,000 miles, whichever comes first, reimbursement will total 37.5% of the reasonable repair amount;
 - After the earlier of either 10 years or 125,000 miles, MBUSA shall not be required to offer any reimbursement.
 - (b) If the repair submitted for reimbursement was performed at an Independent Service Provider (*i.e.* a non-Authorized Mercedes-Benz Dealer), the "reasonable repair amount" will be the lesser of the actual amount charged or \$4,000.
2. Any claim accruing prior to May 13, 2015, must be made on or before September 25, 2015. Any claim accruing on or after the date Notice is mailed, but before the Effective Date, must be submitted within forty-five (45) days of the date accrued. No claims for reimbursement can be made if the claim accrues on or after the Effective Date; rather, Settlement Class Members must have applicable repairs made as described in Section 5.A, above, and pursuant to the terms of this Agreement. The term "accruing" or "accrued" means the date the Settlement Class Member paid for the balance shaft sprocket or idle gear repair or replacement.
3. If the repair is required to a Subject Sprocket after the Effective Date of the Settlement, the Subject Vehicle should be brought to an Authorized Mercedes-Benz Dealer to have the repair performed under the terms of this Settlement.
4. There shall be no double recovery under the Proposed Settlement. Thus, if a Settlement Class Member received goodwill, extended warranty coverage, or any other form of coverage for the repair previously, the total amount of reimbursement shall be offset against prior amounts given, and shall not exceed the limits set forth above (*e.g.*, if the repair occurred at 7 years and 72,000 miles, and was performed at an Authorized Mercedes-Benz Dealer, but 30% of the repair was previously covered by goodwill or something else, the claimant may recover only up to 40% of the reasonable repair cost assuming other qualifications are met).

Release. Unless you exclude yourself from the Settlement Class, approval of this Settlement will result in a release by you of all claims against MBUSA and other related entities that arise out of or are related in any way to this Litigation. This release does not bar any claims for personal injury or damage to property other than your Settlement Class Vehicle.

Proposed Payment to Named Plaintiffs Majeed Seifi, Tracey Deakin and Ronald Reyner. Class Counsel has requested a payment to the class representatives Majeed Seifi, Tracey Deakin and Ronald Reyner, not to exceed \$9,000 each for Messrs. Seifi and Deakin and \$3,000 for Ronald Reyner. MBUSA has agreed not to oppose this request. This payment will not reduce any benefits recoverable by members of the Settlement Class. The award of any payment to any class representative is subject to the Court's approval.

6. Do I have a lawyer in the case?

Yes. The Court has appointed the following counsel for the Class: Roy A. Katriel of the Katriel Law Firm, 4225 Executive Square, Suite 600, La Jolla, CA 92037, and Gary S. Graifman of Kantrowitz Goldhamer & Graifman, P.C., 747 Chestnut Ridge Road, Chestnut Ridge, New York 10977; Email at: MBSettlement@kgglaw.com.

7. How will the lawyers for the Settlement Class be paid?

If the Court approves the Settlement, it will also determine what amount of attorneys' fees and costs should be paid to Class Counsel for their representation of Plaintiffs and the Settlement Class in this Litigation. Payment of attorneys' fees and costs to Class Counsel will not reduce any benefit available to you as part of the Settlement. MBUSA has agreed not to oppose any request by Class Counsel for attorneys' fees and costs that does not exceed the sum of \$2,475,000, and to pay Class Counsel an amount to be fixed by the Court as reasonable attorneys' fees and costs, as long as the amount does not exceed \$2,475,000.

8. What happens if I do nothing after receiving this Notice?

If you do nothing and the Court approves the Settlement, you will be bound by the terms of the Settlement and will be unable to pursue claims against MBUSA relating to the facts at issue in this Litigation.

As long as you do not request exclusion from the Settlement Class, you are entitled to the benefits described in Sections 5.A or 5.B. If you are eligible for relief under 5.B, you must complete and submit a Claim Form postmarked on or before the dates above, or your claim will not be considered. Should you need to replace your balance shaft sprocket or idle gear after the Effective Date, and your vehicle qualifies for the benefits under 5.A, you must take your car to an Authorized Mercedes-Benz Dealer and request the repair.

9. What does it mean to request exclusion from the Settlement Class?

If you come within the Settlement Class definition, you will be a member of the Settlement Class and will be bound by the settlement if the Court approves it unless you exclude yourself from the Settlement Class (also known as "opting out"). Being "bound by the settlement" means that you will be precluded from bringing, or participating as a claimant in, a similar lawsuit. Persons who exclude themselves from the Settlement Class will not be bound by the terms of the Settlement and will not be eligible to receive any benefits from the Settlement, but they will retain the right to sue MBUSA at their own cost.

You cannot exclude yourself from the Settlement Class and the Settlement if you wish to object to the Settlement and/or appear before the Court during the Final Approval Hearing (*see* Sections 11 and 12), as you need to be a Settlement Class Member affected by the Settlement to object or appear.

10. How do I request exclusion?

You may exclude yourself from the Settlement Class (*i.e.*, "opt-out") provided that your request is made in writing and postmarked on or before June 27, 2015. To exclude yourself, send a letter that (a) includes the opt-out's name, current address, and telephone number; (b) provides the Vehicle Identification Number associated with the vehicle giving rise to standing to "opt-out," the dates of ownership for said vehicle, and the sender's status as a person who would be a Settlement Class Member but for the "opt-out;" (c) provides a statement indicating an election to be excluded from the Settlement Class; and (d) is signed by the Settlement Class Member. Your written request to exclude yourself from the Settlement must be sent to *Seifi v. MBUSA* Settlement Administrator, P.O. Box 43351, Providence, RI 02940-3351.

You will only be excluded from the Settlement if your request is *postmarked* on or before June 27, 2015, and includes the required information. The Court shall rule on the validity of exclusions at the Final Approval Hearing, at which time they will become effective if they meet the above criteria. The date of the postmark on the return-mailing envelope shall be the exclusive means used to determine whether a request for exclusion has been timely submitted. Settlement Class Members who fail to submit a valid and timely request for exclusion on or before the date specified, shall be bound by all terms of the Settlement and the Final Order and Judgment, regardless of whether they have requested exclusion from the Settlement.

In determining whether you want to exclude yourself from the Settlement, you are advised to consult your own attorney, as there may be issues particular to your circumstances that require consideration.

11. What if I do not like the Settlement?

If you are a Settlement Class Member, you can object to the Settlement. You cannot ask the Court to change the terms of the Settlement; the Court can only approve or deny the Settlement. The Objection must be in writing and must (1) clearly identify the case name and number (*Seifi v. Mercedes-Benz USA, LLC*, No. 12-cv-05493 (TEH)), (2) be submitted to the Court either by mailing the materials to the Class Action Clerk, U.S. District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102, or by filing them in person at any location of the U.S. District Court for the Northern District of California, and (3) be filed or postmarked on or before June 27, 2015. Copies of any such Objection papers must also be mailed within forty-five (45) days from the date of mailing of Notice (May 13, 2015) to Class Counsel and Counsel for MBUSA listed in this Notice. The Objection should: (a) set forth your full name, current address, and telephone number; (b) provide the Vehicle Identification Number associated with the vehicle giving rise to standing to make an Objection, and the dates of ownership of said vehicle; (c) state that you have reviewed the Settlement Class definition and understand that you are a Settlement Class Member, and have not opted out of the Settlement Class; (d) set forth a complete statement of all legal and factual bases for any Objection that you wish to assert; and (e) provide copies of any documents that you wish to submit relating to your position. In addition, you must indicate in writing whether you intend to appear at the Final Approval Hearing either with or without separate counsel. No Settlement Class Member shall be entitled to be heard at the Final Approval Hearing (whether individually or through separate counsel) or to object to the Settlement, and no written Objections or briefs submitted by any Settlement Class Member shall be received or considered by the Court at the Final Approval Hearing, unless written notice of the Settlement Class Member's intention to appear at the Final Approval Hearing and copies of any written Objections or briefs have been timely submitted and a copy has been mailed to the following addresses:

Class Counsel: Roy A. Katriel of the Katriel Law Firm, 4225 Executive Square, Suite 600, La Jolla, CA 92037, and Gary S. Graifman of Kantrowitz Goldhamer & Graifman, P.C., 747 Chestnut Ridge Road, Chestnut Ridge, New York 10977;

Counsel for MBUSA: Troy M. Yoshino, Carroll, Burdick & McDonough LLP, 44 Montgomery Street, Suite 400, San Francisco, California 94104.

If your Objections do not meet the requirements above, they will be deemed invalid and will be overruled.

12. When and where will the Court determine whether to approve the Proposed Settlement?

The Court has scheduled a Final Approval Hearing at 10:00 a.m. on August 17, 2015, at the U.S. District Court for the Northern District of California, 450 Golden Gate Avenue, Courtroom 2, 17th Floor, San Francisco, CA 94102. This hearing may be continued or rescheduled by the Court without further notice. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and will consider Class Counsel's request for attorneys' fees and expenses. The Court will also consider Objections and may grant permission for objectors to speak. The Court may decide these issues at the Final Approval Hearing or take them under consideration. We do not know how long these decisions will take.

13. Do I have to come to the hearing?

No. You are not required to come to the hearing but may come at your own expense.

Settlement Class Members who object to the Settlement do not need to attend the Final Approval Hearing for their Objections to be considered. If you wish to appear either personally or through your own attorney at the Final Approval Hearing, you must submit both a timely Objection and a notice of intention to appear as set forth in Section 11 above no later than June 27, 2015.

Your notice of intention to appear must include copies of any papers, exhibits, or other evidence that you or your counsel will present to the hearing. Settlement Class Members who do not timely submit a notice of intention to appear will not be allowed to speak at the Final Approval Hearing.

14. What if the Proposed Settlement is not approved?

If the Proposed Settlement is not granted final approval, the putative Settlement Class that has been preliminarily approved, will be decertified, the *Seifi* action will proceed without further notice, and none of the agreements set forth in this Notice will be valid or enforceable.

15. How do I get more information about the Proposed Settlement?

This Notice summarizes the Proposed Settlement. For the precise terms and conditions of the Settlement, please see the Settlement Agreement available at www.BalanceShaftSettlement.com, by contacting Class Counsel, by accessing the Court docket in this case through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102-3489, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding holidays.

**PLEASE DO NOT TELEPHONE THE COURT, COURT CLERK'S OFFICE, MBUSA, OR
MBUSA'S COUNSEL TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS.**

By order of April 8, 2015, Judge Thelton Henderson, Judge of the United States District Court for the Northern District of California, assigned.