

NOTICE OF PENDENCY AND PROPOSED CLASS ACTION SETTLEMENT

If you have owned or leased a Mercedes-Benz model year 2000–2007 M-Class, model year 2006–2007 R-Class, or model year 2007 GL-Class with original-equipment seat heaters, a class action lawsuit may affect your rights.

A court authorized this Notice. This is not a solicitation from a lawyer.

- A proposed Settlement has been reached in a class action lawsuit that may affect your rights.
- The Settlement resolves a class action lawsuit against Mercedes-Benz USA, LLC (“MBUSA”) alleging that it sold model year 2000–2007 M-Class (also known as ML-Class), 2006–2007 R-Class, and 2007 GL-Class Sport Utility Vehicles (the “Subject Vehicles”) with a seat heater that could overheat, causing a hot spot to develop, potentially causing the seat heater to spark, smoke, or burn a hole through the seat cover. MBUSA denies these allegations.
- The Court has not decided whether to finally approve the Settlement. Relief will be made available only after the Court approves the Settlement and any appeals are resolved.

YOUR RIGHTS AND OPTIONS REGARDING THE SETTLEMENT

DO NOTHING AND RECEIVE PARTIAL COVERAGE FOR FUTURE REPAIRS	Have any necessary repairs to the seat heater and seat cover in your Subject Vehicle partially paid for by MBUSA in the event of a future seat heater malfunction. Release your right to sue MBUSA and others. See Section 4 below for more information about whether your vehicle qualifies for coverage of future repairs and, if so, the terms under which future repairs will be covered.
SUBMIT A CLAIM TO RECEIVE A FREE REPAIR PROCEDURE. SUBMIT THE CLAIM BY JANUARY 12, 2018.	Receive a free Bypass Wire Repair Procedure to address the possibility that a future seat heater malfunction in your Subject Vehicle might result in the type of incident at issue in this case. Forego the partial coverage for future repairs for your seat heater and seat cushion described above. Release your right to sue MBUSA and others. See Section 4 below for more information about the repair procedure.
SUBMIT A CLAIM FOR REIMBURSEMENT OF A PAST REPAIR BY JANUARY 12, 2018	Receive reimbursement for qualifying past repairs to the seat heater in your Subject Vehicle. Release your right to sue MBUSA and others. See Section 4 below for more information about how to submit a claim.
OBJECT TO THE TERMS OF THE SETTLEMENT BY JANUARY 12, 2018	File an objection if you believe the Settlement is unfair or inadequate.
EXCLUDE YOURSELF FROM THE SETTLEMENT BY JANUARY 12, 2018	Opt out of the Settlement. Receive no benefits from the Settlement but retain your right to sue MBUSA and others over the alleged defect.

Please read this Notice carefully. It describes your rights and your options with regard to the Settlement.

BASIC INFORMATION

1. Why did I receive this Notice?

A class action, known as *Callaway v. Mercedes-Benz USA, LLC*, No. 14-CV-02011 JVS, is pending in the United States District Court for the Central District of California. Records show you may currently own or lease, or may have owned or leased, a 2000–2007 M-Class (also known as ML-Class), 2006–2007 R-Class, or 2007 GL-Class Mercedes-Benz vehicle equipped with seat heaters (the “Subject Vehicles”), and therefore may be a Settlement Class Member.

A proposed Settlement has been reached that may affect your legal rights. The Honorable James V. Selna of the United States District Court for the Central District of California, who is overseeing this class action and Settlement, ordered that you be sent this Notice.

2. What is this class action about?

Plaintiff alleges the seat heaters in the Subject Vehicles may overheat, causing a hot spot to develop that can potentially spark, smoke, or burn a hole through the seat cover. The operative complaint asserts fraud-based claims, including claims for fraudulent concealment, violation of California Consumers Legal Remedies Act, Cal. Civil Code § 1781 *et seq.*, and violation of California Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, *et seq.* The defendant is Mercedes-Benz USA, LLC (“MBUSA”).

3. How does MBUSA respond?

MBUSA denies all of the material allegations made by Plaintiff and denies any wrongdoing or liability of any kind. Among other things, MBUSA contends there is no defect in the manufacture or design of the seat heaters and it has not violated any law.

4. What does the Settlement provide?

- A. If the Settlement becomes effective and you timely file a qualifying claim, you may elect to bring your Subject Vehicle to an authorized Mercedes-Benz dealer to have a Bypass Wire Repair Procedure performed on your Subject Vehicle’s driver’s seat, at no cost to you. This procedure is not a repair to the seat heater itself, but involves the installation of a wire in the driver’s-side seat cover that will bypass the area of the seat heater element where a hot spot could possibly occur. By electing to receive this procedure, you give up your right to receive the partial coverage for future repairs to the seat heater and seat cover in your Subject Vehicle described below in Section 4B. However, the Bypass Wire Repair Procedure (i.e., the bypass wire and labor to install it) will be covered by MBUSA’s standard two-year parts warranty. Further details about the bypass repair option are set forth in Section 10 of this Notice.
- B. If the Settlement becomes effective, MBUSA will pay for repairs necessitated by qualifying malfunctions in original-equipment seat heaters in the Subject Vehicles, for a period of two years from the Effective Date of the Settlement, or 180,000 miles from the vehicle’s original in-service date, whichever occurs first, subject to certain limitations. If, after the date on which the Settlement becomes effective, the original-equipment seat heater in your Subject Vehicle experiences a malfunction of the type at issue in this action, you must present your vehicle to an authorized Mercedes-Benz Dealer to receive coverage. You do not have to do anything to receive coverage for future repairs; if the Settlement becomes effective, your Subject Vehicle will be covered for two years or 180,000 miles unless you elect to receive the Bypass Wire Repair Procedure or opt out of the Settlement. Further details about coverage for future repairs and are set forth in Section 11 of this Notice.
- C. If the Settlement becomes effective, MBUSA has also agreed to reimburse reasonable and necessary costs you may have paid out of pocket to repair a seat heater in your Subject Vehicle(s), up to a maximum of \$1,000 per repair. Details regarding the process for obtaining reimbursement for past repairs are set forth in Section 12 of this Notice.

5. Why is this lawsuit being settled?

The Court has not decided in favor of Plaintiff or MBUSA. Instead, both sides agreed to a Settlement 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, and with the assistance of an experienced mediator.

Class Counsel have considered the substantial benefits from the Settlement that will be given to the Participating 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 Participating 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 Plaintiff were successful in these efforts, Participating Class Members might not receive any benefits for years.

6. Has the Court decided who is right?

No. The Court has not ruled in either party's favor and, now that the parties have proposed a Settlement, the Court is instead analyzing whether a fair, reasonable, and adequate compromise is proposed.

The Court has ordered that you should get a copy of this Notice so that you can review the Settlement and determine whether you want to opt out, object, or file a claim.

7. Who is the Settlement Administrator?

The Settlement Administrator is a third party appointed by the Court to send notice to you about the Settlement. In the present case, the Court has appointed Epiq to act as the Settlement Administrator. You may contact Epiq about this case at the following address: Mercedes-Benz Seat Heater Settlement, PO Box 2730, Portland, OR 97208-2730.

YOUR RIGHTS AND OPTIONS

8. Am I a part of this Settlement Class?

In preliminarily approving the Settlement, the Court defined the Settlement Class to include all current and former owners or lessees of Mercedes-Benz model year 2000–2007 M-Class (aka ML-Class), model year 2006–2007 R-Class, and model year 2007 GL-Class Sport Utility Vehicles with original-equipment seat heaters who purchased or leased their vehicles in the United States (the "Settlement Class"). Excluded from the class are (a) 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; (b) former owners and lessees whose Subject Vehicles did not experience a seat heater malfunction during the time they owned or leased their Subject Vehicles; (c) MBUSA employees; (d) insurers or other providers of extended service contracts or warranties; and (e) Judge Selna, Judge McCormick and their families.

Records indicate that you may be a Settlement Class Member. If you have filed or want to file your own lawsuit and not be part of this case, read Section 14 below.

9. How do I participate in the Settlement?

If the Settlement becomes effective and you remain a Settlement Class Member, you will not need to do anything to become eligible to receive covered future repairs at authorized Mercedes-Benz dealers.

If the Settlement becomes effective and you remain a Settlement Class Member, and you want to receive the Bypass Wire Repair Procedure, you need to submit the Bypass Wire Repair Claim Form attached to this Notice by **January 12, 2018**, and need follow the process set forth in Section 10 below.

If the Settlement becomes effective and you remain a Settlement Class Member, and you want to get reimbursed for costs paid to repair a seat heater in your Subject Vehicle(s), you need to submit the Reimbursement Claim Form attached to this Notice by **January 12, 2018**.

10. How do I submit a claim to receive the bypass repair procedure?

To receive the Bypass Wire Repair Procedure, you **must** first submit a valid and completed Bypass Wire Repair Claim Form enclosed with this Notice (also available at www.MercedesBenzSeatHeaterSettlement.com) by **January 12, 2018**. Then, if the Settlement is approved and becomes final, you will have 60 days from the date the Settlement becomes final to schedule an appointment with an authorized Mercedes-Benz dealer to have the repair procedure performed. You will receive an email when the Settlement becomes final, letting you know that you need to make the appointment. The appointment may take place more than 60 days after the date the Settlement becomes final, so long as you contact the authorized dealer to schedule the appointment within the 60-day timeframe. The parts and labor associated with the repair will be subject to MBUSA's standard two-year limited parts warranty. The Bypass Wire Repair Claim Form must be signed and certified under penalty of perjury to be valid. If the Settlement is not approved by the Court, neither you nor any other class member will be eligible to receive this benefit.

11. How do I get any necessary future repair to a seat heater in my Subject Vehicle(s) partially paid for by MBUSA, and what are the limitations on future repairs?

To get MBUSA to partially pay for necessary repairs in the event of a future malfunction of an original-equipment seat heater in your Subject Vehicle(s), you do not need to do anything right now. If a repair is necessary in the future, contact an authorized Mercedes Benz dealer. If the repair relates to the type of malfunction alleged in this lawsuit and you remain a Settlement Class Member, MBUSA will partially pay for the repair subject to the following limitations:

- For seat heaters in Subject Vehicles needing qualified repairs within two years of the Effective Date and having 40,000 miles or fewer from the Vehicle's original in-service date, MBUSA will cover 75% of the reasonable repair amount;
- For seat heaters in Subject Vehicles needing qualified repairs within two years of the Effective Date and having between 40,000 miles and 80,000 miles from the Vehicle's original in-service date, MBUSA will cover 50% of the reasonable repair amount;
- For seat heaters in Subject Vehicles needing qualified repairs within two years of the Effective Date and having between 80,000 miles and 140,000 miles from the Vehicle's original in-service date, MBUSA will cover 25% of the reasonable repair amount;
- For seat heaters in Subject Vehicles needing qualified repairs within two years of the Effective Date and having between 140,000 miles and 180,000 miles from the Vehicle's original in-service date, MBUSA will cover 15% of the reasonable repair amount;
- For seat heaters needing qualified repairs after two years from the Effective Date or more than 180,000 miles from the Subject Vehicle's original in-service date, whichever occurs first, MBUSA shall not be required to offer any coverage.

12. How do I get reimbursed for a past repair to a seat heater in my Subject Vehicle(s)?

To receive reimbursement for costs you paid to repair a seat heater in your Subject Vehicle(s), you **must** submit a valid and completed Reimbursement Claim Form that is enclosed with this Notice (also available at www.MercedesBenzSeatHeaterSettlement.com) by **January 12, 2018**. You **must** also attach copies of repair orders (or similar itemized invoices) **and** proof of payment. Please do not send originals. Acceptable proof of payment includes a receipt showing payment, an invoice indicating payment was made (e.g., stamped "PAID"), cancelled checks, credit card statements, credit receipts, or other document showing payment. The Reimbursement Claim Form must be signed and certified under penalty of perjury to be valid. If you do not timely submit a valid Reimbursement Claim Form, you will forgo your right to receive any reimbursement for your out-of-pocket costs arising from qualified repairs to original equipment seat heaters in your Subject Vehicle. The amount of the reimbursement is limited to \$1,000 per repair, and the repair must have related to the type of malfunction alleged in this lawsuit. There is also no double recovery, so if you already received reimbursement from MBUSA for the past repair in the form of goodwill or otherwise, the amount of your past repair will be offset against the current reimbursement. If the Settlement is not approved by the Court, neither you nor any other class member will be eligible to receive this benefit.

13. How will the Settlement affect my rights?

If the Settlement is approved, and you do not request exclusion as discussed in Section 14, you will release your claims as set out in Section 22 regardless of whether you submit a claim.

14. How do I request to be excluded from the Settlement?

If you wish to be excluded from the Settlement, you must write the Settlement Administrator at Mercedes-Benz Seat Heater Settlement, PO Box 2730, Portland, OR 97208-2730, and request to be excluded. Your request to be excluded from the Settlement must include: (1) your full name; (2) your current address and telephone number; (3) the Vehicle Identification Number associated with your Subject Vehicle(s) and the dates of ownership for your Subject Vehicle(s); (4) a dated signature; and (5) a written statement that you have reviewed the Class Notice and wish to be excluded from the Settlement. **To be effective, your request must be postmarked no later than January 12, 2018.**

If you do not complete and timely mail a valid request to be excluded from the Settlement, you will be bound by all terms and conditions of the Settlement, including its release of claims. If you do submit a timely and valid request to be excluded, you will not receive any of the benefits of the Settlement but you will retain the right to sue MBUSA about the legal claims raised in this lawsuit.

15. May I object to the Settlement?

You can ask the Court to deny approval of the Settlement by filing an objection to the Settlement. You can't ask the Court to order a larger settlement; the Court can only approve or deny the Settlement. If the Court denies approval of the Settlement, no one will receive the repairs or reimbursements provided by the Settlement, and the lawsuit will continue. If that is what you want to happen, you must object.

You may object to the proposed Settlement in writing. If you timely do so, you may appear at the Final Approval Hearing (described in Section 23), either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. Your objection must include: (1) your full name, current address, and telephone number; (2) the Vehicle Identification Number associated with the Subject Vehicle(s), and the dates of ownership of the Subject Vehicle(s); (3) a statement 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; (4) complete statement of all legal and factual bases for any objection that you wish to assert; (5) a statement of whether you or your attorney intend to appear at the final approval hearing; (6) copies of any documents or witnesses that support the objection; and (7) a dated signature. Copies of all objection documents must also be mailed to Class Counsel and Defense Counsel no later than the 45-day period from the date of notice mailing.

To be effective, your objection must be postmarked by January 12, 2018. Do not telephone the Court or MBUSA's counsel.

If your objection is overruled, you will be bound by the terms of the Settlement. You will not be able to exclude yourself from the Settlement thereafter.

Attorneys for Plaintiff and the Proposed Settlement Class

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16. How much will it cost to administer the Settlement?

MBUSA has agreed to pay the costs to administer the Settlement. This cost will not reduce MBUSA's repair and reimbursement obligations under the Settlement.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

The Court has determined that the law firms of Frank Sims & Stolper LLP, Yuhl Carr LLP and McNicholas & McNicholas LLP are qualified to represent you and members of the class. These lawyers are called "Class Counsel." Their contact information is at the end of this Notice.

18. May I get my own lawyer?

You do not need to hire your own lawyer because Class Counsel are working on your behalf. Nonetheless, you may hire your own lawyer if you wish. If you hire your own lawyer, you will be responsible for paying for that lawyer.

19. How will Class Counsel be paid?

You do not have to pay Class Counsel's fees and costs. The fees and expenses that the Court approves will be paid by MBUSA. Under the Settlement, MBUSA has agreed to pay Class Counsel up to \$5,662,387.50 as attorneys' fees and up to \$584,085.21 as costs, if those amounts are approved by the Court. This is not money that would otherwise be distributed to you or the class. In other words, any award of attorney fees' and costs will not in any way reduce the benefits available under the Settlement.

20. What else does the Settlement provide?

In class actions such as this one, a court may provide the class representative a Class Representative Service Award in recognition of the time, effort, and risks the class representative took to prosecute the class action. In the present case, Plaintiff reserves the right to request that the Court award him \$10,000, given the time and effort expended responding to written questions from MBUSA, producing documents, being deposed by MBUSA's lawyers, cooperating with Class Counsel, and otherwise taking on the risks of prosecuting a class action.

21. Will I have to pay taxes on my award?

You should consult a tax professional for more information about your own specific situation.

RELEASE OF CLAIMS

22. What claims are being released as part of the Settlement?

Upon final approval of this Settlement, each class member will release and discharge MBUSA and its current and former parent companies, subsidiaries, and related or affiliated companies, and each of their respective officers, directors, employees, partners, agents, representatives, attorneys, insurers, successors and assigns, from any and all claims that were or could have been pled as part of the litigation under the facts alleged therein. Excluded from this release are any claims for personal injury or wrongful death.

For more information about the release, please refer to Section 6 of the Settlement Agreement, which is available for your review at www.MercedesBenzSeatHeaterSettlement.com.

FINAL SETTLEMENT APPROVAL HEARING

23. When will the Court consider whether to finally approve the Settlement?

The Court will hold a hearing in Courtroom 10C of the United States District Court for the Central District of California, located at 411 West Fourth Street, Santa Ana, CA, 92701, on March 5, 2018, at 1:30 p.m., to decide whether to finally approve the Settlement. At that time, the Court will also decide whether to approve Class Counsel's request for attorneys' fees and costs, and the Class Representative Service Award.

It is not necessary for you to appear at this hearing. If you have timely submitted an objection to the Settlement and a notice of intent to appear, you may appear at the hearing to argue your objection to the Court. Any attorney who will represent you must file a Notice of Appearance with the Court and serve the objection and Notice of Appearance on Class Counsel and counsel for MBUSA, on or before **January 12, 2018**. You will be solely responsible for the fees and costs of your own attorney.

The hearing may be postponed without further notice to the Class. If the Settlement is not approved, the lawsuit will continue to be prepared for trial or other judicial resolution.

24. 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 certified will be decertified, the class action will proceed without further notice, and none of the agreements set forth in this Notice will be valid or enforceable.

FURTHER INFORMATION

25. How do I get more information?

This Notice provides a summary of the basic terms of the Settlement. For the Settlement's complete terms and conditions, please consult the Settlement Agreement. You can access the Settlement Agreement and other documents in the case on the website established for this Settlement at www.MercedesBenzSeatHeaterSettlement.com. You can also view the entire case file by visiting the Clerk of the Court, located at 411 West Fourth Street, Santa Ana, CA, 92701, or by contacting Class Counsel at the addresses provided below:

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PLEASE DO NOT TELEPHONE OR WRITE THE COURT, THE OFFICE OF THE CLERK, MBUSA, OR MBUSA'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT.