



U.S. Department
of Transportation

**National Highway
Traffic Safety
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

NOV 20 2006

Rolf Scherer
General Manager, Engineering Services
Mercedes-Benz
One Mercedes Drive
P.O. Box 350
Montvale, NJ 07645-0350

Re: Safety Recalls 05V-505 and 06V-028

Dear Mr. Scherer:

We are in receipt of your letters of October 24, 2006, explaining Mercedes-Benz's (Mercedes) most recent plans for the timing of the owner notification and remedy programs associated with safety recalls 05V-505 and 06V-028. I am disappointed with both of these plans and am considering whether an order to accelerate both programs is necessary pursuant to 49 U.S.C. § 30120 and CFR § 573.14.

Safety Recall 05V-505

One year ago, on October 28, 2005, and during a National Highway Traffic Safety Administration (NHTSA) investigation, Mercedes notified NHTSA that it had decided certain Mercedes-Benz SLK vehicles contained a safety defect because the rear brake lamps on those vehicles were prone to failure. The failure of the brake lamps to illuminate could, as Mercedes recognized, lead to a vehicle crash. Mercedes told NHTSA that more robust tail lamp modules were then being designed.

There are 69,278 vehicles in the recall population. According to your most recent letter, however, Mercedes has only notified 8,200 – or 12 percent – of its vehicle owners of the safety defect and offered a remedy, and this was only accomplished within the past few months. Depending upon the trim line of the lamp on a particular vehicle and the phase to which that vehicle's owner has been assigned for notification by Mercedes, the majority of owners will not be notified until well into 2007, and perhaps as late as August 2007 – an almost 2 year delay from when Mercedes recognized this safety defect.¹ Without offering

¹ Mercedes did indicate that it would be issuing interim notifications to certain vehicle owners who will not receive notifications before February 2007. As described, however, this interim notification applies only to a limited portion of owners. Furthermore, only owners who have actually experienced failures will be offered a free repair, and that repair will



VEHICLE SAFETY HOTLINE
888-327-4236

Without offering specifics, Mercedes referenced limitations in production capacity of replacement parts as the reason for its delays.

Safety Recall 06V-028

On February 1, 2006, and during a NHTSA investigation, Mercedes notified NHTSA that it had decided certain Mercedes-Benz S and CL class vehicles contained a safety defect. Specifically, due to an electrical malfunction, the instrument panels on these vehicles could go blank such that a driver would suddenly lose sight of all of the driving condition information available on that panel including, but not limited to, the speedometer, tachometer, and fuel gauge. This sudden loss of instrument panel information could, as Mercedes recognized, lead to a vehicle crash.

There are 36,911 vehicles in the recall population. According to your most recent letter, however, Mercedes has only notified 7,500 – or 20 percent – of its vehicle owners of the safety defect and offered a remedy, and this was only accomplished within the last month. The next mailing is not scheduled until December 2006, and Mercedes does not anticipate completing its owner notifications until sometime in February 2007 – a full year after Mercedes recognized this safety defect. Without offering specifics, Mercedes referenced limitations in production capacity of replacement parts as the reason for its delays.

You also reported in your October 24, 2006 letter that only 6,532 (or 18 percent) of the vehicles in the affected population have been remedied, and only then as a result of Mercedes' separate warranty program.

Before rendering a decision as to whether Mercedes should be ordered to accelerate these remedy programs, I am requesting that Mercedes provide certain information and am giving the company an opportunity to explain in detail the reason(s) for its delays for both these safety recall campaigns. Please provide your responses to the following, together with any supporting documentation, within one week of your receipt of this letter:

1. Separately, for safety recalls 05V-505 and 06V-028, identify and explain in detail each parts, labor, supply, production capacity, logistical problem, or other issue or limitation that has prevented Mercedes from completing the safety campaigns to date.
2. Separately, for safety recalls 05V-505 and 06V-028, identify and explain in detail each parts, labor, supply, production capacity, logistical problem, or other issue or limitation that will prevent Mercedes from completing the owner notification aspects of

repair will involve providing owners with an older lamp design that does not match the current design on their vehicles (although those owners will be offered the current design at a later juncture depending upon which phase for notification Mercedes assigned to them).

these campaigns before the timelines given in your October 24, 2006 correspondence. Address in this explanation the feasibility of increasing the supply of the replacement parts needed for each campaign by, for example, increasing the number, work hours, or efficiency of those production lines needed to produce the replacement equipment necessary to remedy the defects; retaining additional suppliers; encouraging increased production for current supplier(s); and/or reallocating lines being used for producing parts for new Mercedes vehicles.

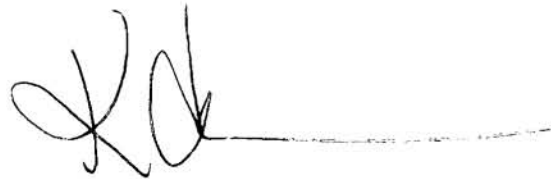
3. Separately, for safety recalls 05V-505 and 06V-028, identify the supplier(s) of the parts necessary to remedy the defective vehicles by name, address, phone number, and point of contact. To the extent there are additional suppliers that Mercedes may not have presently retained to supply those parts, but who have the ability to supply those parts, even at an expense higher than what Mercedes would prefer, please identify those suppliers by name, address, phone number, and point of contact.

4. Provide any rationale Mercedes presently may have for not providing an immediate, interim notification to all owners of the vehicles involved in safety recall campaigns 05V-505 and 06V-028 of the presence of the safety defect in their vehicles, but explaining that their free remedy is delayed and specifying the expected date(s) for a free remedy.

5. If Mercedes believes it may be capable of accelerating the remedy program for either safety recall campaigns 05V-505 and 06V-028, please provide the details of that action.

Should you have any questions or concerns related to this letter, please contact Mr. George Person, Chief, Recall Management Division on (202) 366-5210.

Sincerely,

A handwritten signature in black ink, appearing to read 'K DeMeter', followed by a horizontal line extending to the right.

Kathleen DeMeter
Director, Office of Defects
Investigation