

TO: Mercedes-Benz Dealer Principals, General Managers, Sales Managers, Service Managers, Parts Managers	FROM: Teresa Clemmer, Senior Manager – Warranty, Gregory Gunther - Senior Manager, Vehicle Compliance and Analysis, Engineering Services
RE: Update - Mars Red Paint Service Warranty Coverage: Various Models (see provided list)	DATE: March 12, 2024

Mars Red Paint SERVICE WARRANTY COVERAGE March 2024 Update¹

As previously reported, to enhance the satisfaction of our customers, avoid further costs of litigation and return focus to its core businesses, Mercedes-Benz USA, LLC (MBUSA) has entered into a Settlement regarding claims relating to allegations that the “590 Mars Red” paint available as an original, exterior color option for certain models of Mercedes-Benz vehicles may experience peeling, flaking, or bubbling of the exterior paint or clear coat. This “Mars Red” paint is sometimes referred to as “Fire Opal.”

The purpose of this update is to alert you that:

1. The Settlement has received final approval. The Settlement will go into effect on March 11, 2024. As of that date, customers are eligible to receive extended warranty coverage under the Settlement.
2. Under the Settlement, an eligible customer might receive extended warranty coverage as of the date the vehicle is presented to your dealership OR certain customers might have validated Qualified Future Repair claims, making them eligible for a different level of coverage. To determine if a customer: (a) is eligible for extended warranty coverage; and (b) what level of warranty coverage is available to them, please refer to the “Service Packages” section in VMI/Netstar.
3. Damage code 21800 (damage type 00) must be used for warranty claims covered pursuant to the Settlement. Please note that you should only claim for the percentage of warranty repair cost reflected in VMI/Netstar (see below, e.g., for Period Two, claim only 50% of warranty repair cost).
4. Before the dealership agrees to perform any work: The customer should be given a Repair Order containing: (1) an estimate for the repair, (2) the portion covered under the extended warranty; and (3) the customer’s contribution amount for the repair, if applicable. The customer must agree to pay their contribution amount for the repair and sign the Repair Order before the repair is performed.

¹ This NCU supersedes and replaces prior NCUs concerning “Mars Red Paint Service Warranty Coverage.”



What benefits does the Settlement provide?: As part of the settlement, MBUSA has agreed to offer sliding-scale coverage to: (1) reimburse certain amounts to owners or lessees of Subject Vehicles paid out of pocket for certain repairs to address peeling, flaking, or bubbling of the exterior paint or clearcoat; and (2) cover certain amounts for future repairs to address peeling, flaking, or bubbling of the exterior paint or clearcoat. Coverage will include inspection of the vehicle to diagnose the possible cause of any observed peeling, flaking, or bubbling of the exterior paint or clear coat.

What Is Covered: As part of the settlement, MBUSA has agreed to perform the repairs described in LI98.00-P-058914 to repaint any non-plastic exterior surface of a Subject Vehicle because of peeling, flaking, or bubbling of the exterior paint or clear coat. The extended warranty coverage will be provided on a sliding-scale for Subject Vehicles with fewer than 15 years from the original in-service date and has fewer than 150,000 miles, , and is limited to refinishing of affected areas only, in accordance LI98.00-P-058914.

What Is Not Covered: Coverage does not cover repainting necessitated by external influences such as automobile accidents, scratches, or road debris. Coverage does not include alternative transportation costs.

Does the Settlement cover any paint color other than 590 Mars Red paint? No, the Settlement does not cover any paint color other than 590 Mars Red paint. Because other paint colors are not included in the Settlement, dealerships receiving inquiries or service requests for paint damage to other colors should assess and handle such inquiries or requests as they would in the normal course of business.

Which Vehicles are Covered: The warranty coverage provided by the settlement applies to the following Mercedes-Benz vehicles originally purchased or leased in the United States with 590 Mars Red paint (“Subject Vehicles”):

- C-Class (model years 2004-2015)
- GLK-Class (model years 2010-2015)
- CLS-Class (model years 2006-2007, 2009, 2014)
- CLK-Class (model years 2004-2009)
- S-Class (model years 2008, 2015, 2017)
- SL-Class (model years 2004-2009, 2011-2017)
- CL-Class (model years 2005-2006, 2013-2014)
- SLS-Class (model years 2014-2015)
- E-Class (model years 2005-2006, 2010-2017)
- G-Class (model years 2005, 2011-2017)
- GT-Class (model years 2016-2018)
- SLC-Class (model years 2017)
- SLK-Class (model years 2005-2016)
- Maybach 57 (model year 2008)



What are the terms of the extended warranty? Warranty coverage will be extended according to the following sliding scale of coverage ranging from 7 years/105,000 miles to 15 years/150,000 miles (whichever occurred first, commencing from the original In-Service Date).

- **Period One** is defined as the time period during which the Subject Vehicle has or had fewer than seven years (84 months) or 105,000 miles from the Subject Vehicle's original in-service date, whichever occurred first. For Period One, you may claim 100% of the warranty repair cost.
- **Period Two** is defined as the time period from the end of Period One until the Subject Vehicle has or had fewer than ten years (120 months) or 150,000 miles from the Subject Vehicle's original in-service date, whichever occurred first. For Period Two, you may claim 50% of the warranty repair cost. This means that the other 50% must be collected from the customer.
- **Period Three** is defined as the time period from the end of Period Two until the Subject Vehicle has or had fewer than fifteen years (180 months) or 150,000 miles from the Subject Vehicle's original in-service date, whichever occurred first. For Period Three, you may claim 25% of the warranty repair cost. This means that the other 75% must be collected from the customer.

Under the Settlement, certain customers were entitled to preserve their coverage period under the sliding-scale warranty coverage: Customers falling into this category will receive a letter notifying them of their approved claim, their coverage level (Period One-Three) and instructions to contact their authorized Mercedes-Benz dealership to schedule an appointment for the repairs. The customer will also present their letter to the authorized Mercedes-Benz dealership when they bring their vehicle in for repair. As discussed above, however, please refer to the "Service Packages" section in VMI/Netstar to determine if a customer: (a) is eligible for extended warranty coverage; and (b) what level of warranty coverage is available to them.

What should I do if an owner/lessee who preserved their coverage contacts the dealership to schedule an appointment for repairs? To determine a customer's eligibility and their coverage level, please refer to the "Service Packages" section in VMI/NetStar. Please check the VIN in NetStar/VMI before scheduling the appointment for the repairs. Applicable vehicles will be visible in NetStar/VMI on March 11, 2024, and will indicate whether the customer is eligible for Period One, Two or Three coverage, or should only be covered as of the date the vehicle is presented to your dealership. For example, a vehicle that is covered under Period One will show "Mars Red Extended Warranty: Preserved Period One" in the "Service Packages" in Netstar/VMI. A vehicle that is covered as of the date the vehicle is presented to your dealership will show only as "Mars Red Extended Warranty." Before scheduling a repair appointment: The customer should be given a repair order containing: (1) an estimate for the repair, (2) the portion covered under the extended warranty; and (3) the customer's contribution amount for the repair, if applicable. The customer must agree to pay their contribution amount for the repair and sign the repair order before the repair is performed.



What should I do if a customer brings their vehicle in for repairs if their vehicle is both fewer than 15 years from the original in-service date and has fewer than 150,000 miles? Now that the settlement is effective, eligible customers who wish to have their vehicles repaired under the Settlement must bring their vehicle to an authorized Mercedes-Benz dealership. To determine coverage, the dealership must first check Netstar/VMI to determine if a customer is eligible. If so, please then confirm that the vehicle meets the age and mileage requirements; that the exterior clearcoat on a panel is peeling, flaking or exhibiting bubbles under the surface; and that such conditions are not caused by external influences such as automobile accidents, scratches, road debris, chemical burn, tree sap, or bird droppings. Before the dealership agrees to perform any work, the customer should be given a Repair Order containing: (1) an estimate for the repair, (2) the portion covered under the extended warranty; and (3) the customer's contribution amount for the repair, if applicable. The customer must agree to pay their contribution amount for the repair and sign the Repair Order before the repair is performed.

What damage code should be used for warranty repairs provided pursuant to the Settlement? Now that the Settlement is effective, damage code 21800 (damage type 00) must be used for warranty claims covered pursuant to the Settlement. These are to be claimed in NetStar RAPS (not EVA).

Goodwill Coverage No Longer Allowed: In light of the significant benefits that are being provided under the settlement agreement, the Subject Vehicles are no longer eligible for goodwill coverage for the repairs described in LI98.00-P-058914.

Under the Settlement, certain customers are allowed to make claims for reimbursement of past repair costs. If a customer asks about the status of the reimbursement claim, you should respond as follows: We do not have any information about the status of individual claims. Please contact the settlement administrator for information about your individual claim. Further information may be obtained by visiting the Settlement website (www.marsredpaintsettlement.com).

Does this Settlement mean that the Subject Vehicles are defective? No. The court has not decided in favor of the plaintiffs. MBUSA denies the material factual allegations and legal claims asserted by the plaintiffs and settlement class members, including allegations that the "590 Mars Red" paint is defective in any way.

Why is MBUSA settling this litigation? MBUSA has agreed to settle this litigation to enhance the satisfaction of its customers, avoid further costs of litigation, and return focus to its core business. MBUSA denies the material factual allegations and legal claims asserted by the plaintiffs and settlement class members, including allegations that "590 Mars Red" paint is defective in any way.

Why might a vehicle's Mars Red paint experience peeling, flaking, or bubbling of the exterior paint or clear coat? Peeling, flaking, or bubbling of the exterior paint or clear coat can occur due to a wide range of potential causes, including improper maintenance and external influences such as automobile accidents, scratches, road debris, chemical burn, tree sap, or bird droppings. An authorized Mercedes-Benz dealership will need to inspect a vehicle to diagnose the possible cause of any observed peeling, flaking, or bubbling of the exterior paint or clear coat.

Does peeling, flaking, or bubbling of the exterior paint or clear coat mean the vehicle is defective? No. Peeling, flaking, or bubbling of the exterior paint or clear coat can occur due to a wide range of potential causes, including



improper maintenance and external influences such as automobile accidents, scratches, road debris, chemical burn, tree sap, or bird droppings. An authorized Mercedes-Benz dealership will need to inspect the vehicle to diagnose the possible cause of any observed peeling, flaking, or bubbling of the exterior paint or clear coat.

For all other inquiries: Further information about the Settlement may be obtained by visiting the Settlement website (www.marsredpaintsettlement.com).

While we regret any inconvenience this may cause, MBUSA is determined to maintain a high level of vehicle quality and customer satisfaction.

Should you have any questions, please contact the Customer Assistance Center at 1-800-FOR-MERCEDES.

