

KING & SPALDING

King & Spalding LLP
1700 Pennsylvania Ave, NW
Suite 200
Washington, D.C. 20006-4707
Tel: +1 202 737 0500
Fax: +1 202 626 3737
www.kslaw.com

Jacqueline Glassman
Partner
Direct Dial: +1 202 626 9228
Direct Fax: +1 202 626 3737
Mobile: +1 202 251 2575
jglassman@kslaw.com

April 23, 2020

VIA E-MAIL

Mr. Jonathan Morrison Chief Counsel
National Highway Traffic Safety Administration
Room W41-227
1200 New Jersey Avenue, SE
West Building
Washington, DC 20590

Re: Docket No. NHTSA-2015-0055 – Mercedes-Benz USA, LLC Request for Partial Extension of Priority Group 9 Sufficient Supply and Remedy Launch Deadline

Dear Mr. Morrison:

Mercedes-Benz AG (“MBAG”) and Mercedes-Benz USA, LLC (“MBUSA”) (collectively, “Mercedes-Benz”), pursuant to ¶ 39 of the Third Amended Coordinated Remedy Order to address the Takata recalls, request an extension of time in which to meet the sufficient supply and remedy launch deadline for a small volume of Mercedes-Benz vehicles that are a sub-set of Priority Group (“PG”) 9.

Pursuant to ¶ 33 of the Fifth Amendment to the Takata Coordinated Remedy Order (“Fifth ACRO”) and Mercedes-Benz’s subsequent February 14, 2019 extension request, the current sufficient supply and remedy launch deadline for approximately 94,300 of Mercedes-Benz’s PG 9 vehicles is April 30, 2020. Already existing production constraints from the airbag supplier in Germany have been compounded by the ongoing effects of the COVID-19 pandemic. The combined effect of these conditions has led to production, supply chain, and transportation and shipping delays, and which now preclude Mercedes-Benz from launching the recall as to a specific part number for certain PG 9 vehicles.

Mercedes-Benz will move forward with the launch of the campaign for the overwhelming majority of the planned number of vehicles. However, for a small volume (approximately 9,850 vehicles) of PG 9 vehicles, Mercedes-Benz requests an extension of the upcoming supply and launch deadline. Given the pandemic's unprecedented global effect and widespread impact, Mercedes-Benz is currently unable to provide an anticipated future owner notification date for this population of vehicles. Mercedes-Benz is continually monitoring the situation and will provide an update to the agency on an anticipated launch date when such information becomes available.

Request for Extension

Mercedes-Benz seeks an extension of time to launch the recall only for one specific passenger airbag module part number, while the larger PG 9 launch will continue as planned. Mercedes-Benz has successfully positioned itself to be able to launch the recall campaign for approximately 90% of the PG 9 vehicles scheduled for the end of April 2020¹. There are approximately 94,300 vehicles that are a part of this phase of the PG 9 launch, and approximately 9,850 vehicles in total are implicated by this extension request, all from the C204 platform.

Prior to the emergence of the pandemic, Mercedes-Benz's single airbag supplier, [redacted], had planned to shift and reallocate its production lines in the normal course and, in coordination with Mercedes-Benz, created a plan to do so that would not disrupt Mercedes-Benz's parts supply. Consistent with this plan, [redacted] was to relocate one of its production lines [redacted] to another site. [redacted] stopped production at [redacted] in mid-April. To make up for the relocation of the [redacted], [redacted] had planned to create a new production line [redacted] which would take over all production of the airbag parts needed for the C204 platform for the US. While [redacted] had previously represented to Mercedes-Benz that the [redacted] would be fully operational by early March, Mercedes-Benz has been advised that [redacted] is delaying the start of operations for that line until mid-May 2020, at the earliest. Mercedes-Benz had planned for and relied upon the [redacted] to meet the production volumes needed for the C204 platform PG 9 vehicles. At this time, there is a single production line [redacted] that is available to produce the parts needed for the PG 9 C204 platform, but this line is also responsible for parts production for other vehicle platforms.

Compounding this issue is the supply chain domino effect caused by the COVID-19 pandemic. The global impact of the pandemic has resulted in, among other things, a deterioration in supply of the raw materials needed to produce the airbag systems; a series of parts shipping and transportation delays; and, a lack of personnel present and able to operate the production lines at the supplier's existing facility. These factors, when taken together, severely restrict Mercedes-Benz's ability to both accumulate sufficient inventory to launch the campaign for the PG 9 C204 platform and to maintain a sufficient replenishment of parts to ship to dealers, and prevents Mercedes-Benz from fully launching its recall for the remaining PG 9 vehicles, as indicated in the chart below.

¹ Mercedes-Benz previously expedited and pulled forward 9,013 PG9 vehicles from April 30, 2020 to January 31, 2020.

| Make | PG | Platform | Model | Position | MY | Volume | Zone | Launch Date (customer notification) |
|---------------|----|----------|---------------|----------|------|--------|------|--|
| Mercedes-Benz | 9 | C204 | C-Class Coupe | PAB | 2013 | 9,850 | A | To be determined |

The exigent circumstances created by the ongoing pandemic prevent Mercedes-Benz from being able to identify a future launch date for this small subset of PG 9 vehicles with any reasonable certainty. The status of the pandemic is a fluid one and changes daily. This extension request does not significantly increase the risk of an adverse consequence as consumers appear to be heeding the various shelter-in-place orders issued by local governments. Mercedes-Benz remains in close contact with its supplier and is closely monitoring supply chain and production operations. Once Mercedes-Benz is able to ascertain a more definitive expected launch date for the remaining PG 9 C204 platform, it will notify NHTSA.

We appreciate your consideration in this regard and are available to provide additional information to the agency if needed.

Sincerely,



Jacqueline Glassman
Partner

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Enclosures