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August 14, 2020

VIA E-MAIL

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

Re: Docket No. NHTSA-2015-0055 – Mercedes-Benz USA LLC, Request for Partial Extension of Priority Group 10 Sufficient Supply and 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 subset of Priority Group (“PG”) 10.

Pursuant to ¶ 33 of the Fifth Amendment to the Takata Coordinated Remedy Order (“Fifth ACRO”) and Mercedes-Benz’s subsequent September 6, 2019 extension request, the current sufficient supply and remedy launch deadline for Mercedes-Benz’s PG 10 vehicles is August 31, 2020. 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 portion of the population of PG 10, approximately 17,500 vehicles, Mercedes-Benz requests an extension of the upcoming supply and launch deadline.

Due to a compounding series of issues related to unexpected delays resulting from supplier-initiated shifting and relocation of production lines, a supplier quality issue affecting the production of airbags, and the already existing constraints related to the COVID-19 pandemic, Mercedes-Benz will be delayed in launching a portion of the PG 10 vehicles that relate specifically to one airbag module part number. At this time, Mercedes-

Benz is currently unable to provide an exact anticipated future owner notification date for this population of vehicles, but is regularly 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 to launch the recall for a portion of PG 10 vehicles. There are a total of 120,567 vehicles within this wave of the larger PG 10 and this request applies to approximately 17,500 C204 Platform C-Class Coupe vehicles. This means that Mercedes-Benz will still be ready to launch more than 85% of the PG 10 vehicles by the current upcoming deadline.

There are a series of factors contributing to this extension request. Due to the restructuring program of Mercedes-Benz's airbag supplier, [REDACTED], following its takeover of Takata facilities, numerous locations have been reorganized, relocated or have closed beginning in mid 2019. Despite Mercedes-Benz's strong opposition of this major disruption during the ongoing production of airbag modules for the Takata recall, the supplier [REDACTED] nevertheless carried out the relocation of certain production lines. To keep the effects of these relocations on the procurement of airbag modules for the ongoing recall to an absolute minimum, Mercedes-Benz worked with [REDACTED] to create a plan to relocate the production lines in a way that would not heavily disrupt the parts supply. However, due to a variety of delays affecting sub-suppliers and machine manufacturers caused by the COVID-19 pandemic, the new production line did not in fact become fully operational until June 2020. In addition, as a result of the strict COVID-19 protection measures in Germany, the machine supplier was not permitted to install and commission the new production line with its trained staff on site. Delays centered around the shift of the production lines also affected parts for other Mercedes-Benz vehicles.

In addition to [REDACTED] ongoing restructuring program, it decided to relocate the lines responsible for the production of the airbag cushion from the [REDACTED] to the [REDACTED]. Following the relocation of the lines, the supplier identified a quality related problem [REDACTED]. This issue forced the supplier to stop production in late June 2020 for the passenger-side airbag required for the C204 platform. While the [REDACTED] has since been addressed, production did not restart until the last week of July 2020, thereby delaying just over one month's worth of production parts. Notably, in this interim period, the supplier was able to immediately switch its production from parts needed for the C-Class Coupe platform to the part number needed for the C-Class sedan and GLK-Class (W/X204 platform) to be used for replenishment and potential remaining future launches.

Finally, the COVID-19 pandemic has also exacerbated the challenges in shipping and logistics. The pandemic has occasioned significant air freight constraints and compelled Mercedes-Benz to shift much of its replacement airbag supply to sea freight which is an inherently slower transportation mode. Nevertheless, the replacement airbags for the vehicles

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affected by this extension request will be shipped via airfreight to reduce any potential additional delays.

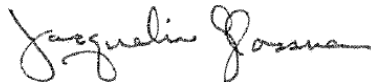
The vehicles impacted by this extension request are set out in the chart below:

Make	PG	Platform/Model	Position	MY	Volume	Zone	Launch Date (Customer Notification)
Mercedes-Benz	10	C204 C-Class Coupe	PAB	2014-2015	10,386	A	To be determined
Mercedes-Benz	10	C204 C-Class Coupe	PAB	2014-2015	7,155	Non-A	To be determined

While Mercedes-Benz is currently unable to identify an exact launch date for this subset of PG 10 vehicles, the company remains in close contact with its supplier and is closely monitoring both supply chain and production operations. Once Mercedes-Benz is able to ascertain a more definitive expected launch date for the remaining PG 10 C204 platform vehicles, 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

Enclosures