

Notice of Proposed Settlement of Class Action

TO: All persons who purchased, owned, or leased a Mercedes-Benz passenger vehicle between August 22, 2004 through May 31, 2010 in California that was the subject of a Qualifying Trade Assist and whose name appears in the Mercedes-Benz USA, LLC (“MBUSA”) customer database, and who are either the “Current Owner” or a “Prior Owner” of the passenger vehicle (“Class Members”). If this Notice was addressed to you, you are a Class Member.

**IF YOU ARE A CLASS MEMBER, YOU SHOULD READ THIS NOTICE CAREFULLY
BECAUSE IT WILL AFFECT YOUR RIGHTS.**

1. WHY SHOULD I READ THIS NOTICE?

This Notice informs you about a class action lawsuit and proposed Settlement. Currently pending in the California Superior Court for the County of Los Angeles is an action entitled *Henry P. Unger v. Mercedes-Benz USA, LLC, Case No. BC 396926* (the “Action”). This Notice advises you of the benefits that may be available to you under the proposed Settlement and your rights and options as a Class Member, and notifies you that a hearing will be held to approve the Settlement. On July 27, 2010, Judge John A. Kronstadt of the Los Angeles County Superior Court, tentatively approved a proposed settlement in this Action.

2. WHAT IS THE CASE ABOUT?

Plaintiff Henry P. Unger (“Plaintiff”) filed a class action lawsuit against MBUSA on behalf of himself and all Class Members. The law firm Westrup Klick LLP and the Law Offices of Allan A. Sigel (“Plaintiffs’ Class Counsel”) represent Plaintiff and the Class Members.

The lawsuit alleges among other things that MBUSA violated various laws by failing to disclose to Class Members (like yourself) that MBUSA provided financial assistance to either a Mercedes-Benz dealership or to a customer, such as in connection with a trade-in of one Mercedes-Benz passenger vehicle for a different Mercedes-Benz passenger vehicle. Plaintiff alleges that MBUSA should have disclosed that the traded-in or other qualifying passenger vehicle was or should have been repurchased by MBUSA or by one of its authorized dealers after the original or other retail owner or lessee requested that the car be repurchased or otherwise had a complaint about warranty service. MBUSA denies that it has done anything wrong, denies that it has violated the law, and further denies Plaintiff’s other allegations. However, to avoid the expense, inconvenience and interference with its business operations created by the Action, it has concluded that it is in its best interests to settle the Action on the terms summarized in this Notice.

The settlement was reached through lengthy arms-length negotiations between the parties after litigating the case for approximately twenty-two months, conducting discovery, consultations with experts, and the exchange of information. (See Section 5, below.)

The Court has determined that the Action should proceed as a Class Action, for purposes of settlement only, with Plaintiff as the representative of the Class, and granted preliminary approval of the settlement subject to a final fairness hearing discussed below.

3. WHAT DO I NEED TO DO TO COLLECT MONEY?

You MUST submit the claim form that you received with this notice in order to receive a settlement check. If you do not submit your claim form, you will not receive any money, but you will still be bound by the terms of the settlement, including the release of any claims you might have relating to the allegations in the Action and the Settlement.

Your claim form must be mailed to the Class Administrator and be postmarked on or before October 15, 2010. If you do submit a claim form, your settlement check will be mailed to you within 21 days of the entry of an order of final court approval of this Settlement or later depending on whether there are any objectors to the Settlement.

4. WHAT HAPPENS IF I DO NOTHING?

If you do nothing, you will not receive any money. You will still be deemed a Class Member, be part of the Class Action and you will be releasing all claims you might have relating to the allegations in the Action and the Settlement.

5. THE PROPOSED SETTLEMENT.

The Parties have agreed to the settlement generally described below.

Under the terms of the Settlement, Class Members are divided into two sub-classes: (i) "Current Owner Sub-Class" are Class Members who currently (as of May 31, 2010) own or lease the identified Mercedes-Benz passenger vehicles; and (ii) "Prior Owner Sub-Class" are Class Members who, as of May 31, 2010, no longer own or lease the identified Mercedes-Benz passenger vehicles but did so previously. The Parties have identified the vehicles that were the subject of a MBUSA-paid financial assistance on trade-ins and on other vehicles that meet the parameters of the Class Action, and have identified the current and prior retail owners of those vehicles who otherwise meet those parameters. Not all vehicles whose owners received financial assistance are included in the Class; there are certain time period, ownership, geographic, dollar threshold, and other parameters. Only one settlement payment will be made per family for a qualifying vehicle even if more than one family member receives this notice for the same vehicle.

Current Owner Sub-Class. Members of the Current Owner Sub-Class who submit a valid timely claim form collectively will receive up to seventy percent (70%) of the Net Settlement Funds. Payment to any individual member of the Current Owner Sub-Class will be made on a pro rata basis, determined by the individual Current Owner Sub-Class member's purchase price or lease payments made when compared to the total purchase price or lease payments made by all Current Owner Sub-Class members who submit a valid timely claim form. However, in the event that the Current Owner Sub-Class Claims Rate is less than fifteen percent (15%), payment to any individual Current Owner Sub-Class member shall not exceed twenty percent (20%) of the purchase price or lease payments made by the Current Owner Sub-Class member, with the balance paid to Western Center On Law And Poverty charity pursuant to Code of Civil Procedure Section 384 and in accordance with the terms of the Settlement. The "Claims Rate" is calculated as a percentage and is determined by dividing the number of Current Owner Sub-Class Members who submit a valid timely claim form by the total number of Current Owner Sub-Class Members. For purposes of this Settlement, there are approximately 1,300 members of the Current Owner Sub-Class.

Assuming a Net Settlement Fund of \$4,375,000 is available to Class Members (after attorneys' fees and costs, class representative incentive award and estimated costs of Settlement administration), 70% of \$4,375,000, or \$3,062,500, will be allocated to the Current Owner Sub-Class.

Example of a 100% Claims Rate. If by way of example, a 100% Claims Rate is achieved, each of the 1,300 Current Owner Sub-Class members will receive, on average, \$2,355 (\$3,062,500 divided by 1,300 Current Owner Sub-Class members). However, your individual amount will vary depending on the purchase price of your car (or total lease payments made) when those factors are compared to the total of all purchase prices and lease payments of the members of the Current Owner Sub-Class who timely submit claim forms.

Example of a 50% Claims Rate. If by way of example, a 50% Claims Rate is achieved, the 650 Current Owner Sub-Class members submitting a claim form (50% claims rate of 1,300 total Current Owner Sub-Class

members) will receive, on average, \$4,711 (\$3,062,500 divided by 650 Current Owner Sub-Class members that submit claim forms). However, your individual amount will vary depending on the purchase price of your car (or total lease payments made) when those factors are compared to the total of all purchase prices and lease payments of the members of the Current Owner Sub-Class who timely submit claim forms.

Typically, claims rates often range between 15% and 80%.

Prior Owner Sub-Class. Members of the Prior Owner Sub-Class who submit a valid timely claim form will collectively receive up to thirty percent (30%) of the Net Settlement Funds. Payment to any individual member of the Prior Owner Sub-Class will be made on a pro rata basis determined by the individual Prior Owner Sub-Class member's purchase price or lease payments made when compared to the total purchase price or lease payments made by all Prior Owner Sub-Class members who submit a valid timely claim form. However, in the event that the Prior Owner Sub-Class Claims Rate is less than fifteen percent (15%), payment to any individual Prior Owner Sub-Class member shall not exceed ten percent (10%) of the purchase price or lease payments made by the Prior Owner Sub-Class member, with the balance paid to Western Center On Law And Poverty charity pursuant to Code of Civil Procedure Section 384 and in accordance with the terms of the Settlement. The "Claims Rate" is calculated as a percentage and is determined by dividing the number of Prior Owner Sub-Class Members who submit a valid timely claim form by the total number of Prior Owner Sub-Class Members. For purposes of this Settlement, there are approximately 2,700 members of the Prior Owner Sub-Class.

Assuming a Net Settlement Fund of \$4,375,000 is available to Class Members (after attorneys' fees and costs, class representative incentive award and estimated costs of Settlement administration), 30% of \$4,375,000 or \$1,312,500, will be allocated to the Prior Owner Sub-Class.

Example of a 100% Claims Rate. If by way of example, a 100% Claims Rate is achieved, each of the 2,700 Prior Owner Sub-Class members will receive, on average, \$486 (\$1,312,500 divided by 2,700 Prior Owner Sub-Class members). However, your individual amount will vary depending on the purchase price of your car (or total lease payments made) when those factors are compared to the total of all purchase prices and lease payments of the members of the Prior Owner Sub-Class who timely submit claim forms.

Example of a 50% Claims Rate. If by way of example, a 50% Claims Rate is achieved, the 1,350 Prior Owner Sub-Class members submitting a claim form (50% claims rate of 2,700 total Prior Owner Sub-Class members) will receive, on average, \$972 (\$1,312,500 divided by 1,350 Prior Owner Sub-Class members that submit claim forms). However, your individual amount will vary depending on the purchase price of your car (or total lease payments made) when those factors are compared to the total of all purchase prices and lease payments of the members of the Prior Owner Sub-Class who timely submit claim forms.

Typically, claims rates often range between 15% and 80%.

Net Settlement Fund. The Net Settlement Fund represents the net funds available to Class Members and is calculated as follows: six million dollars (\$6,000,000) less costs attributable to administration of the Settlement (including costs of notice and the costs incurred by the Claims Administrator), less class representative incentive award (subject to the Court's approval), less attorneys' fees and costs awarded (subject to the Court's approval).

The Parties agreed that, subject to the Court's final approval, the named Plaintiff, Henry P. Unger shall be entitled to an incentive award of up to \$15,000 in recognition of the risk to Plaintiff as the Class representative in commencing the lawsuit in the Action, both financial and otherwise, and the amount of time and effort spent by Plaintiff as the Class representative. The Parties also agreed that, subject to the Court's final approval, Plaintiffs' Class Counsel shall be entitled to an award of attorneys' fees and costs of up to \$1,500,000, which the Parties agreed represents a fair and commensurate amount in view of the nature of the Action, the amount of attorneys' fees and costs incurred to date, and the results achieved for the benefit of California consumers.

For a copy of the entire settlement agreement, please contact Plaintiff's Class Counsel at the telephone number provided at the end of this notice or view a copy online at www.cptgroup.com/ungervmercedes.

6. RELEASE OF ALL CLAIMS.

If the settlement is granted final approval, each Settlement Class Member, regardless of whether a Class Member submitted a valid timely claim form, will be determined by the Court to release and covenant not to sue MBUSA, its parent, subsidiary, affiliate, predecessor or successor entities, its agents, authorized dealerships, employees, officers, directors and attorneys, from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action, contingent or accrued, arising under state or federal law which relate to the allegations and claims arising from payment of a trade assist or similar MBUSA-paid financial assistance (lease payment, goodwill payment, or customer retention payment to the extent that such payment is in the amount of \$3,000 or more), or arising from the absence of disclosure of a trade assist or similar MBUSA-paid financial assistance to subsequent owners, made on a Mercedes-Benz passenger vehicle purchased and/or leased by Settlement Class members, claims arising under the Automotive Consumer Notification Act, Civil Code, Consumer Legal Remedies Act, Song-Beverly Consumer Warranty Act, and Business & Professions Code (including Section 17200 and 17500), claims for restitution, damages, statutory damages, civil penalties, and punitive damages, and any other injury, damage, or loss that was or could have been asserted by Settlement Class members arising from claims related thereto. ("Released Claims") The release will also include a waiver of Civil Code section 1542 as they relate to Released Claims. Excluded from this Release is any person, and their claims, not included in the definition of Class Members or persons who submit a valid timely request to be excluded from the Settlement (Opt-Out).

7. FINAL FAIRNESS HEARING.

A final hearing will be held before Judge John A. Kronstadt of the Los Angeles County Superior Court, on December 2, 2010 at 8:30 a.m., to determine whether the proposed Settlement is fair, reasonable and adequate and should be finally approved. The hearing will take place at the Los Angeles County Superior Court, in Dept. 30, located at 111 North Hill Street, Los Angeles California, 90012. **You are not required to attend the hearing in order to participate in the settlement, and you may participate in the fairness hearing either by attending in person or by submitting your written support, opposition, or other response to the proposed settlement as provided in Section 10 below.**

The address for the Final Approval Hearing is: Los Angeles County Superior Court, Dept. 30, 111 North Hill Street, Los Angeles California, 90012.

8. CLASS ADMINISTRATOR.

The Class Administrator is:

CPT Group, Inc.
16630 Aston
Irvine, CA 92606
Telephone (888) 885-0290

9. WHAT DO I NEED TO DO IF I WANT TO REQUEST EXCLUSION FROM THE SETTLEMENT (OPT-OUT)?

You have the right to exclude yourself from the Action and the Settlement. **Class Members who request to be excluded from the Settlement will NOT receive any money, nor will they have released their claims.** If you wish to be excluded, you must submit a written letter post-marked no later than October 15, 2010, with: (i) the case name; (ii) your name, address, and telephone number; and (iii) the following statement: "I want to be excluded from the Settlement Class in Unger v. Mercedes-Benz USA, LLC, Los Angeles Superior Court Case

No. BC396926.” To be considered valid, a request for exclusion must set forth all of this information and must be timely received. It must be signed by you personally, in order to be valid. Your request for exclusion must be mailed to:

Mercedes-Benz Claims Administrator.
c/o CPT Group, Inc.
16630 Aston
Irvine, CA 92606

If you timely and validly request exclusion from the Class, you will not receive any benefits from the Settlement; you will not be bound by the judgment entered in the Action and you will not be precluded from otherwise prosecuting any individual claim, if timely, against MBUSA based on the allegations in the Action.

10. WHAT MUST I DO TO OBJECT TO THE SETTLEMENT?

If you want to object to the terms of the settlement, you must follow the procedures set forth below. If your objection is rejected you will be bound by the final judgment just as if you had not objected. You may not opt-out of the settlement and also file an objection.

To object to the Settlement, Class Members (or an attorney retained at their own expense) must file their Objection with the Court on or before October 15, 2010. Objectors must state in writing their full name, address, and all objections and reasons therefore, and include any and all supporting papers, and, if applicable, the Objector’s statement of intent to appear at the final approval hearing. To object, you must file your Objection with the Superior Court of California, County of Los Angeles.

A Class Member may file an objection by: (i) filing in person at the Superior Court of California, County of Los Angeles, 111 North Hill Street, Los Angeles, California, 90012; or (ii) mailing the objection to the Superior Court of California, County of Los Angeles, Department 30, 111 North Hill Street, Los Angeles, California 90012.

You must also mail a copy of all such written objections and requests to appear to Plaintiff’s Class Counsel and MBUSA’s counsel at the following addresses:

Plaintiff’s Class Counsel

Mark L. Van Buskirk
Westrup Klick, LLP
444 West Ocean Blvd., Suite 1614
Long Beach, CA 90802

MBUSA’s Counsel

Ronald F. Frank
Burke, Williams & Sorensen LLP
444 South Flower Street, Suite 2400
Los Angeles, CA 90071

Class Members who do not timely make their objections in this manner will be deemed to have waived all objections and shall not be entitled to be heard at the settlement approval hearing.

If you have further questions regarding this lawsuit you may contact Plaintiff’s Class Counsel, Mark L. Van Buskirk of Westrup Klick LLP, at 1-888-268-6884. DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE CLERK OF THE COURT, TO THE JUDGE, TO MERCEDES-BENZ USA, LLC OR TO COUNSEL FOR MBUSA.