

MERCEDES-BENZ USA, LLC

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Mercedes-Benz

**To: All Mercedes-Benz Dealer Principals,
General Managers, and Parts Managers**

**From: Dianna Du Preez
Parts Logistics**

Date: November 7, 2008

Re: Theft-Relevant Parts Ordering Policy Announcement

In recent months, we have experienced an increase in the number of Theft-Relevant Parts (TRP) being ordered by dealers without proper documentation. This practice puts the vehicles of all Mercedes-Benz owners worldwide at risk of theft and other loss. Furthermore, modern electronic systems are taking a greater role in theft prevention and deterrence, leading to a broader practical definition of TRP beyond Keys and Locks. Therefore MBUSA in cooperation with Daimler AG has updated the existing Security procedures for Theft-Relevant Parts.

New Theft-Relevant Parts Ordering Policy Effective November 10, 2008 – MBUSA remains committed to selling to and servicing its customers in the United States and its territories in conformity with the terms and conditions of the Dealer Agreements. In furtherance of that commitment, MBUSA will implement an all-new Theft-Relevant Parts Ordering Policy (#PAC003) effective as of November 10, 2008, replacing the existing Security Procedures for Ordering Mercedes-Benz Keys and Locks (IB-600102) dated March 15, 2002 and supplementing the existing procedures described in the Operations Guidelines for Service and Parts in NetStar.

A Theft-Relevant Part is any spare part or component which can be used in the theft or misappropriation of an automobile. Important new requirements of the policy include:

- The definition of Theft-Relevant Parts has been expanded to include not only keys and locks (both mechanical and electronic) but also certain: electronic control units; SRS components; body components; and service documentation. All Theft-Relevant Parts are clearly identified with the designation “TRP” in the description of the “VIN required?” field of Material Information.
- The delivery, installation/coding of several Theft-Relevant Parts (including but not limited to Electronic Key, Electronic Ignition Switch, Infrared Control Unit, Electronic Steering Lock) must be performed at a Mercedes-Benz dealer without exception.
- In addition, the retention period for the required documentation has been extended to 10 years. Please refer to the full policy for specific details.

The responsibility of the person accepting an order for a Theft-Relevant Part is to

- Verify the identity of the person requesting the TRP. If this is not the owner, an original notarized authorization letter, and an identity verification must be received from the owner.
- Verify ownership of the vehicle, ensuring there is a clear match between vehicle ownership and the person requesting the TRP.

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- Verify the location of the vehicle. TRP can only be ordered for vehicles physically within the United States and Territories.
- Complete the TRP Order and Delivery Process Checklist and maintain it and the required documentation at the dealership for the entire retention period

The same information is also required when the TRP is delivered. This also applies to TRPs ordered internally by dealer personnel, such as Service or Sales.

Dealer Principals will be required to sign an acknowledgement that they have received the new policy and have informed their staff of its requirements. It is the dealer's responsibility to: ensure that every person with access to Paragon is fully aware of the policy; maintain a current acknowledgement form on file at MBUSA; and ensure employee compliance with the policy.

Dealers may be audited on this policy at any time. In the case of a failure to comply with this policy or submit the necessary acknowledgement form, any or all of (but not limited to) the following steps may be taken: Consult with the dealer or MBUSA facility to assist with the implementation of policies and procedures to ensure full compliance; Conduct additional audits, including on-site audits; Require all TRP orders to be verified by MBUSA prior to shipment; Suspension of the dealer's ability to order TRPs until such time as appropriate systems are implemented. It should be further noted that a dealer's failure to follow the practices outlined in the policy greatly increases its exposure to potential legal claims regarding thefts involving keys or other TRPs supplied by them without appropriate verification.

This letter provides a summary of the new policy, but does not fully describe the new Theft-Relevant Parts Ordering Policy for 2009. The complete *Theft-Relevant Parts Ordering Policy* (#PAC003), a sample of the *TRP Form* (MBUSA-122531448495) and the *TRP Policy Acknowledgement Form* (MBUSA-122572137402) should be reviewed online to ensure the latest revision. An uncontrolled version is attached to this announcement for your convenience. The latest version of the Policy may also be found in NetStar / Newschannel / Guides / Operations Guides For Service And Parts / Section 3.7.

The new Theft-Relevant Parts Ordering Policy outlined in this letter is designed to address some concerns voiced by various insurance and police agencies worldwide. However, the implementation of this new Theft-Relevant Parts Ordering Policy is not to be construed as a change in our position on this important issue. We appreciate the diligence of the dealer body's efforts to minimize vehicle theft and fraudulent activity, and hope you agree that these efforts are in our collective best interests to promote the Mercedes-Benz brand in the United States market.

THEFT-RELEVANT PARTS ORDERING POLICY

	Applies To: [MBUSA, DEALERS]	
Policy #: PAC003	Effective Date: Nov. 10, 2008	Approved By: Original Signature on File

1. PURPOSE / APPLICABILITY:

- 1.1 This document defines, establishes and maintains the mandatory Theft-Relevant Parts Ordering Policy for Mercedes-Benz USA.
- 1.2 This policy applies to all MBUSA and Dealer personnel who have the ability to place orders for Theft-Relevant Parts.
- 1.3 This policy replaces the previous Key & Lock Ordering policy described in Info Bulletin IB-600102 issued March 15, 2002.

2. OWNERSHIP AND APPROVAL:

- 2.1 The General Manager, Parts Logistics owns and approves this document. All revisions must be approved by the document owner prior to inclusion.

3. DEFINITIONS / TERMS:

- 3.1 MBUSA - Mercedes-Benz USA
- 3.2 HO - Home Office
- 3.3 USA – United States and its Territories
- 3.3 Dealer – Authorized Mercedes-Benz Dealership in the USA
- 3.4 VIN – The 17-character Vehicle Identification Number
- 3.5 Paragon – MBUSA Parts Inventory Control and Ordering System
- 3.6 EPCnet – Mercedes-Benz Electronic Parts Catalog
- 3.7 Theft-Relevant Part (TRP) – Any part marked as a Theft-Relevant Part (“TRP”) in Paragon (Dealer Dashboard screen YPIM, “Vin Req?” indicator) or in EPCnet, including but not limited to:
 - Keys of all types, including mechanical and electronic, with and without transponder, including workshop (green/orange) key
 - Locks and lock cylinders and lock sets of all types, including mechanical and electronic
 - Electronic remote locking/unlocking control units, including Infra-Red, Radio Frequency, transponder, Keyless-Go and other communications types.
 - Electronic selector/shift lever modules (Models 215, 220, and 230 only)
 - Transmission gear control units (722.9 transmission only)
 - Electronic Steering Lock
 - Engine control module
 - Flashware and repair CDs
 - Certain airbag/SRS cables, etc.
 - Body shell, certain body panels and components

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- All vehicle identification plates
- Parts not indicated as TRPs in Paragon screen YPIM and not requiring a VIN to order are not TRPs for the purposes of this policy.
- 3.8 DRT – German acronym for “Diebstahl-Relevant Teil” which is translated as Theft-Relevant Part
- 3.9 DAS – Diagnosis Assistance System of Star Diagnosis.
- 3.10 SDflash – An online system permitting the coding and preparation of certain electronic control modules.
- 3.11 COSN – Customer Outside the Sales Network, any non-dealer (including customers and independent repair facilities).

4. POLICY REQUIREMENTS:

4.1 Documentation and Recordkeeping requirements

A Theft-Relevant Part can be considered as any part which may aid in the theft of a vehicle. It is the dealer’s responsibility to verify the required documentation before accepting any order for, or delivering, a TRP. This precaution is necessary to safeguard our customers’ valuable properties and minimize your liability exposure. Failure to adhere to these requirements can expose you, your employees and your dealership to criminal or civil liability in cases of theft or fraud. For these reasons, it is absolutely essential that all personnel adhere to the following policies.

4.1.1. Theft-Relevant Parts (TRPs) may only be ordered by the vehicle owner or his/her authorized representative. Dealers are a special case of authorized representatives when ordering a TRP to complete a vehicle repair.

TRP orders for any vehicle not physically located within the USA cannot be accepted. Instead customers should be referred to the Mercedes-Benz service organization in the country where the vehicle is located. For vehicles which were not originally delivered via MBUSA, additional documentation requirements may apply when placing orders for TRPs (and any other spare parts) for these Non-USA vehicles.

4.1.2. When an order for a TRP is placed by the vehicle owner, the following documents must be presented:

- The original of the vehicle registration or ownership document
- The original of the vehicle owner’s driver/operator license*

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4.1.3. When an order for a TRP is placed by an authorized representative of the vehicle owner, the following documents must be presented:

- The original of the vehicle registration or ownership document
- The original of the authorized representative's driver/operator license*
- An original notarized document authorizing the representative to act on behalf of the vehicle owner (this notarized document must authorize the representative to order and receive the relevant TRP; the date of this document must be consistent with the time frame during which the order is placed)
- A legible photocopy of both sides of the vehicle owner's driver/operator license*

*** Government issued driver/operator license with photo, or as an alternative a Passport, is the best document to establish positive identification. Always request this form of identification.**

4.1.4. When an order for a TRP is placed by a dealership employee for the purpose of repairing a vehicle presented for service or completing the key set for unsold vehicles (new or used), the following documentation must be presented:

- A valid Repair Order authorized by the vehicle owner or (in the case of unsold vehicles, dealer General Manager), with the name of the technician or dealer employee requesting the TRP clearly noted.
- A legibly completed and signed TRP form (see 4.1.6 below)

4.1.5. It must be verified that the person presenting the documents is in fact the person identified by the documents, and that the driver/operator name and address matches the vehicle registration name and address. There must be a clear match between the identification documents and ownership documentation and the person ordering / receiving the TRP. Household members who are not the vehicle owner are "Authorized Representatives" and are handled according with section 4.1.3.

4.1.6. The "TRP Form" (MBUSA-122531448495, sample attached) must be completed and signed. Dealers must maintain these paper records on file for a time period of not less than ten (10) years from the date of delivery of the TRP. All of the following documents must be attached to the TRP form:

- Photocopies of both sides of the identification documents presented
- Photocopies of both sides of the vehicle documents presented
- Photocopy of the repair order
- Original of the representative's authorization (if applicable)
- In the case of control units, a copy of the DAS quick test.

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These files are subject to audit at any time, and must be available for presentation to MBUSA representatives or law enforcement authorities at any time for the entire retention period.

Every delivery of a TRP must be recorded by the dealer, as well as acknowledged by the receiver and documented internally. In the case of delivery to a non-dealer of any body components / body panels on which a VIN must be attached, there must also be a notation or stamp on the TRP Form to the effect that the original VIN may not be used or inscribed upon the part. Certain states may require a physical inspection of the vehicle.

4.1.7. It is of equal importance to re-verify all of the necessary documentation, in addition to having the person verify by signature their receipt of the TRP, when handing the TRP over to the customer.

4.2 Delivery of TRPs that require coding or other preparation

4.2.1 When accepting an order for any of the following TRPs, the customer is to be informed that the vehicle must be presented to the dealer workshop for installation / synchronization / coding. This is to ensure complete security of the process.

- Electronic vehicle key, including transponder key
- Electronic ignition lock
- Electronic workshop key (green/orange)
- Electronic infrared control unit
- Electronic selector lever module (Model 215, 220, 230 only)
- Gear control unit from NAG2 (722.9)
- Electronic steering lock
- Complete lock set

When any of these TRPs are delivered, the dealer must install them in their own workshop and verify proper function. The only exception is if the vehicle cannot be moved; in such cases, the dealer must dispatch a technician to the vehicle to install and code the TRP.

4.2.2 In the case of an Engine Control Unit (*Only in vehicles equipped with Drive Authorization System, US Model Year 1996 or later*): These may be delivered specifically for a certain vehicle as replacement parts to a COSN if the following TRP requirements are complied with. In the case of the ordering of engine control units by any customer

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outside the sales network, the following additional points are also required:

- The installer has an enabled SDflash user ID to put engine control units into operation. Record the SDflash User ID on the TRP form.
- Submission of the record of the diagnostic quick test or the test of the engine control unit carried out using the Star Diagnosis tester.

All documents mentioned above and in section 4.1 must be received in advance by the dealer and attached to the TRP form.

4.2.3 For complete lock sets only, the order must be on MBUSA Form 5020, accompanied by a letter on dealer letterhead. The letter must state the required part number, the complete chassis number of the vehicle for which the lock set is needed, and include a statement indicating that the lock set will be installed at the dealership. The letter must be co-signed by the Service and Parts Managers. Lock sets may only be installed at franchised Mercedes-Benz dealerships.

The order and letter must be faxed to Dealer Parts Services at (877) 766-6262 for processing. **When the lock set arrives at the dealership, the dealer MUST call DPS at (877) 727-8762 with the new key code information so that the vehicle database can be updated. Failure to do so jeopardizes the ability to provide keys in the future.** Note that this entire procedure is subject to audit at any time.

4.3 Handling vehicle keys

A fundamental rule is that when any vehicle is received, all the keys that are handed in for customer vehicles, new vehicles, demonstration vehicles, used vehicles, hired vehicles and the company's own vehicles must be tested to ensure that they function in the respective vehicle, and the number of keys must be recorded. Non-functioning keys must be determined in the presence of the person handing them in and recorded in writing, with the signature of both the person handing in the key and the person accepting the key.

For modern Drive Authorization Systems, the key test on the vehicle comprises both the mechanical and electronic opening function and the activation of the immobilizer when starting the engine. For new, demonstration, used, hired and the company's owned vehicles, it must also be ensured that all keys programmed to the vehicle are present, with any discrepancies noted in writing as described above.

If a key is lost while the vehicle is in the care of an authorized Mercedes-Benz dealer,

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the key track(s) in question must be disabled immediately and rendered inoperative by procuring and programming a replacement key for the missing key. The complete mechanical lock set (see section 4.2.3) must be replaced to ensure vehicle security. The customer must be informed. In addition, a corresponding note must be made on the repair order.

These requirements must be followed rigorously, otherwise an insurance company can refuse claim settlement for the theft of a vehicle in the care of an authorized Mercedes-Benz dealer, and/or a report may be made to the authorities regarding suspected fraud. The party responsible may also become the subject of a compensation claim by the customer.

4.4 Storage of undelivered TRPs, Handling of faulty or unneeded TRPs

4.4.1 Keys and other TRPs received by the dealer and awaiting installation or delivery must be stored in a secure location with accountable access.

4.4.2 When a TRP is to be replaced, the old parts which have been removed are not to be handed over to the customer or the customer's representative. The customer or non-dealer workshop is to be informed of this prior to acceptance of the order (note or stamp on order form). If the customer insists on being given the old part (customer-pay only), receipt must be acknowledged by the customer in writing.

4.4.3 For quality analysis, the Quality Evaluation Center (QEC) can request TRPs replaced under warranty for evaluation. TRPs requested to be returned to MBUSA must be sent using a trackable method.

4.4.4 All Theft-Relevant Parts for which return is not planned are to be destroyed and rendered completely inoperable and/or unusable by the dealer, this destruction must be recorded on the TRP form. Again, if the customer insists on being given the old part (except in case of warranty), receipt must be acknowledged on the TRP Form by the customer in writing.

4.5 Important Notes

Keys ordered by a dealer cannot be drop-shipped to a third party location.

Keys ordered through the Registered Locksmith ordering process are handled in accordance with the legal requirements of that process.

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Keys are unique to the vehicle for which they are ordered, for this reason they are not returnable for credit, therefore you should make every effort to deliver the ordered key to the customer. Electronic keys cannot be reprogrammed for any other vehicle

If you encounter operational problems with a key or lock from the Ft. Worth Key & Lock Site, please complete a Quality Control Sheet and return it with the respective key or lock. The Key & Lock site will acknowledge the report and advise the corrective action to be taken.

4.6 Policy Audits

Dealers may be audited at any time to ensure compliance with this policy.

4.7 Acknowledgements

4.7.1 The Dealer Principal or MBUSA Site Manager must acknowledge in writing the receipt, understanding, and communication of this policy to employees, by completing the TRP Policy Acknowledgement Form (MBUSA-122572137402). A copy is to be retained at the dealership, and the original returned to Dealer Parts Services as shown on the form. This must be received by MBUSA before the dealer will be permitted to order TRPs.

4.7.2 It is the responsibility of the dealership or MBUSA site manager to ensure that a current Acknowledgement is on file at MBUSA, and that all personnel who may order or handle TRPs are fully informed of this policy. This requirement is subject to audit at any time.

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5. REFERENCES / APPENDICES:

5.1 TRP Order Form Sample (MBUSA-122531448495)

This is a sample of the TRP Acknowledgement Form, MBUSA-122531448495. Always download the latest version of a form before using it.

TRP Form This form is to be completed in full and filed for each order of a Theft-Relevant Part (TRP)

Dealers must maintain this form and all supporting documentation on file for not less than 10 years.

Name and address of the vehicle owner	TRP Repair Order No.
Name and address of the authorized party	Order date
Mercedes-Benz Dealer Stamp	Dealer code
	Vehicle identification Number (VIN)

Order Accepted _____
Date Name of Dealer employee, printed Signature of dealer employee

TRP Ordered + _____
Date Name of customer, printed Signature of customer

Checklist for Documentation of Theft-Relevant Parts Finance with Policy

Reason for TRP order _____
Part name, number, quantity and Paragon order number

Verification of owner and authorized party identity, and vehicle ownership (prior to accepting order)

Vehicle owner's drivers license or passport* _____
Authorized party's driver's license or passport* _____
Original notarized authorization letter from vehicle owner (for authorized party only)** _____
USA vehicle registration or title in owner's name* _____

Document number _____
Initials of dealer employee _____

TRP delivery to customer

Customer identity and vehicle ownership re-checked _____
All required paperwork attached to this form _____
TRP programmed to vehicle in Dealer workshop _____
Old TRP is available and properly disposed by dealer _____
Old TRP was returned to MBUSA QEC for review _____
Ordered TRP was not picked up and therefore properly disposed by dealer _____
Key tracks for any unaccounted keys were disabled _____
Customer informed that programming is required for this TRP, must be carried out at the dealer _____

Signature of customer _____

Old TRP retained at customer request _____
Customer was informed in the case where a key was lost that a new mechanical lock set must be installed _____

TRP handed out

Part name, number, and quantity _____

TRP Delivered _____
Date Name of Dealer employee, printed Signature of dealer employee

TRP Received _____
Date Name of customer, printed Signature of customer

* Originals presented and both sides photocopied for attachment to this form. ** Original attached to this form.
+ The person ordering has been informed that the vehicle must be brought in for the collection and programming of the electronic key.
TRP Form, MBUSA-122531448495, Rev 10/2008, initial issue

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5.2 TRP Policy Acknowledgement Form Sample

This is a sample of the TRP Acknowledgement Form, MBUSA-122572137402. Always download the latest version of a form before using it.

Dealer Principal or MBUSA Manager: Please complete this form, file a copy at the dealership or MBUSA facility, and return the original with signature to:

**MBUSA Parts Assistance Center
TRP Audit Team
1 Mercedes Drive
Montvale NJ 07645**

By signing this form, you acknowledge that you have read and understood the MBUSA Theft-Relevant Parts Ordering Policy, and have communicated the complete policy to all employees authorized to order or handle TRPs. It is your responsibility to ensure compliance with this policy.

Your Full Name (Please Print):	
Dealer Code or MBUSA Cost Center:	
Dealer or Facility Name:	
City, State:	
Today's Date:	
Authorized Dealer Representative Signature:	

MBUSA-122572137402 SAMPLE

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6. REVISION HISTORY:

Revision #	Date	Purpose
0	Nov. 3, 2008	Initial Issue

Uncontrolled Document