

Ansley, Alexander (NHTSA)

Subject: FW: AQ10-001: Rental Vehicle Audit Query
Attachments: NHTSA ltr..pdf; 12.22.10.pdf; Feb. 9 2001.pdf

-----Original Message-----

From: Richard McEvily [<mailto:RMcEvily@hertz.com>]
Sent: Wednesday, April 06, 2011 5:03 PM
To: Timian, Jennifer (NHTSA)
Cc: jzimmerman@hertz.com; rbroome@hertz.com; fleischaker.marc
Subject: AQ10-001: Rental Vehicle Audit Query

Ms. Timian -

On March 17, 2011, The Hertz Corporation ("Hertz") received a letter from you which indicated that the National Highway Traffic Safety Administration ("NHTSA") was interested in learning what Hertz's policies - past and present - are with respect to safety recalls that affect the vehicles in our fleet . Your letter set forth 10 questions and asked that we respond to same.

Attached is a scanned copy of Hertz's response. The attachments below also include a current version of Hertz Procedure 7-55 ("Compliance with Manufacturer Recalls") - as last revised on December 22, 2010 - as well as an earlier version of that procedure from February of 2001.

Should you have any questions regarding the attached letter, please feel free to contact me.
Rich McEvily

(See attached file: NHTSA ltr..pdf)(See attached file: 12.22.10.pdf)EXHIBIT I (See attached file: Feb. 9 2001.pdf)EXHIBIT II

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April 6, 2011

Via Federal Express and E-mail

Jennifer T. Timian, Esq.
Chief, Recall Management Division
Office of Defects Investigation
National Highway Traffic Safety Administration
1200 New Jersey Ave., S.E.
Washington, DC 20590

Re: AQ 10-001: Rental Vehicle Audit Query

Dear Ms. Timian:

This letter is in response to your letter, dated March 17, 2011, in which the National Highway Traffic Safety Administration ("NHTSA") requested that The Hertz Corporation ("Hertz") provide you with responses – including copies of applicable documents – to ten (10) questions which seek information on Hertz's procedures in dealing with manufacturer recall notices which affect vehicles in our rental fleet. NHTSA's questions and Hertz's responses are set forth below:

1. Does Hertz have a policy or procedure on having repairs and other remedies pursuant to U.S. vehicle safety recalls performed on vehicles within its fleet? If so, please describe in detail that policy or procedure and produce a copy of it. To the extent that policy or procedure has changed over the past three (3) years, please identify and explain: (a) what changes were made; (b) why they were made; and (c) when the changes were made.

Hertz's Response- Hertz has a written procedure which provides direction to our Fleet, Warranty and Maintenance Departments on what steps are required to be taken upon receipt of safety recall notifications from manufacturers. Those departments, in turn, provide instructions to our field locations on handling vehicles in our rental fleet that are the subject of safety recall notifications and other notices such as service campaign notices received from the manufacturers. The procedure in question is Hertz Procedure 7-55 "Compliance with Manufacturer Recalls" - as last revised on December 22, 2010 – a copy of which is attached as Exhibit I hereto. We would advise you that the policy in question was effectively updated in mid-2010 with the formal revisions released in December. The primary change was the establishment of a Committee comprised of the Director of Maintenance, the Division Vice President, Operations Administration and a designated representative of the Law Department which promptly reviews the safety recall notifications and other notices received from manufacturers to determine Hertz's response to same:

1. If the notice is determined to be a true safety recall, a Safety "S" Hold must immediately be placed on the vehicle in our rental counter systems. Vehicles placed on an "S" Hold must not be re-rented until the designated safety recall is completed.
2. If the notice is determined not to represent an imminent or potentially serious risk attributable to an identified defect repair campaign—For example, a non-safety related notice that involves a noise, appearance or a non-critical drivability issue—a Campaign "C" Hold must be placed on the vehicle in our rental counter system designating the vehicle to come off rental ready status for completion of the required repairs when the applicable parts have been received.

The revisions to Hertz Procedure 7-55 also reflect on upgrade of our repair order system to facilitate better tracking.

For purposes of comparison, a copy of Hertz Procedure 7-55 as it generally existed from February of 2001 through the above-mentioned 2010 changes is attached as Exhibit II hereto. As you will notice, the older version of the procedure was more general in nature and does not include the level of detail found in the revised procedure.

2. Does Hertz draw distinctions between safety recalls in terms of severity, size of affected population, or other factors? If so, please describe how Hertz makes those distinctions and describe how, if at all, those factors influence or change whether, or how quickly, Hertz disseminates information to its rental facilities about a particular safety recall or requires application of the recall remedy to the vehicles affected in its fleet.

Hertz's Response—As indicated above, Hertz Procedure 7-55 requires that the recall notice itself (or the service campaign notice) and any accompanying recall or repair instructions received from the manufacturer are to be reviewed by "the Committee." As a practical matter, you need to know that Hertz's Warranty Department—located in our back office operations in Oklahoma City—is in daily communications with the manufacturers. So, in the event that a manufacturer issues a safety recall notification, that notice is received in OKC—most often by e-mail with paper copies later received—along with a description of the condition, repair instructions and a list of Vehicle Identification Numbers (VIN) representing vehicles in the possession of Hertz which are affected by the recall. The Committee is promptly provided with the recall or other documentation and the Committee members review the content of each recall notice or service campaign bulletin in order to determine whether the affected vehicles should be placed on a "S" Hold or a "C" Hold. Per Hertz's procedure, the Director of Maintenance will communicate within 24 hours the determination of "S" Hold or "C" Hold status to the Director of Warranty Operations in Oklahoma City for further immediate dissemination to the field locations and rental counter systems. The volume of the units affected by a safety recall has no impact on our decision—other than the need to obtain the necessary parts and repair instructions so that we can seek to have the affected vehicles repaired as promptly as possible. By way of example, in January of 2010 Hertz made a decision to park and not rent over 50,000 Toyota vehicles when the accelerator pedal recall was announced by Toyota. This recall had a major impact on us in terms of fleet availability as we scrambled to timely inspect and/or repair the affected vehicles.

3. Does Hertz have a policy or procedure for ensuring that vehicles within its fleet have had safety recall remedies applied before Hertz sells or otherwise transfers ownership of those vehicles? If so, please describe that policy or procedure and produce a copy of it. To the extent that policy or procedure has changed over the past three (3) years, please identify and explain: (a) what changes were made; (b) why they were made; and (c) when the changes were made.

Hertz's Response – Fleet vehicles and other vehicles owned by Hertz which are not active rental vehicles are managed to insure recall completion. Examples of these other vehicles include vehicles which are leased long term to other business entities and vehicles destined for disposal, either through sale or return to the manufacturers through fleet turnback programs (similar to a lease). It is the responsibility of the Area Maintenance Manager to insure that all outstanding recalls are completed prior to offering a vehicle for sale or tendering a vehicle for turn back to the manufacturer. Each week, the Division Warranty Department provides the Senior Director of Hertz Car Sales Operations with a list of vehicles which are affected by recalls. It is the responsibility of the Car Sales Managers to coordinate completion of the repairs on vehicles within their control, prior to selling the vehicles. This process is generally described in Hertz Procedure 7-55 (See Sections B. 4 and Section D.)

As noted in Section D., there are several situations wherein the repairs might not be completed prior to disposal. One situation involves salvage vehicles that cannot be repaired due to the nature of the damage. In such situations, the salvage vehicle can be sold with an announcement disclosing that the recall repair has not been completed. Similarly, there may be instances involving turnback vehicles where the parts required to complete the repairs might not be available. In this instance, with manufacturer approval, Hertz may elect to turn back the vehicles without the repair being completed.

The revised version of Hertz Procedure 7-55 speaks with more detail to this issue. However, the general framework outlined above – that all outstanding recalls must be completed prior to offering the vehicle for sale – can be found in Section C. of the February 2001 version of Hertz Procedure 7-55.

4. How does Hertz receive and manage safety recall notifications and information from vehicle manufacturers? For example, are those notifications received at one location and then distributed from there or are the notifications sent to multiple locations?

Hertz's Response - Correspondence between Hertz and the various manufacturers varies somewhat. Most manufacturers exchange fleet information with Hertz on a weekly basis, some every two weeks, others on an "as needed" basis, such as when a recall occurs. Through either an automated system or email, using either a Hertz secure website or the manufacturer's website, Hertz provides a list of current fleet as well as units which have been deleted from the fleet. Similarly, the manufacturers provide VIN lists of Hertz vehicles affected by recalls. Official recall correspondence with Hertz takes place through the Hertz Division Warranty Department in Oklahoma City, although at times we do receive paper notices via regular mail at the individual rental locations.

5. How does Hertz inform and educate its rental locations and other involved Hertz parties concerning safety recalls to ensure that the affected vehicles are identified and the recall remedy performed on them? Does Hertz "flag" or otherwise note vehicles subject to safety recall and does Hertz have a policy for how quickly those vehicles are flagged?

Hertz's Response – After “the Committee” determines whether a safety recall notification merits an “S” Hold or a “C” Hold, Hertz Procedure 7-55 requires that the Director of Maintenance (i.e., one of the Committee Members) will communicate within 24 hours the determination to the Director, Warranty Operations in Oklahoma City for further immediate dissemination to the field locations. Recall notices are provided to the required operations employees via email from the Division Warranty Department. Additionally, documentation related to each recall is loaded on the Division Warranty Department’s intranet site. Once the vehicles are placed on “S” hold, the ASAP system or the CARS+ system (i.e., Hertz rental counter systems) will not permit them to be rented. It is the responsibility of the General/Area Managers to provide the Maintenance Department with the vehicles subject to recall. The Region Maintenance Managers will communicate all required information related to the repairs with the local Maintenance Departments who will, in turn, communicate all related material to the individual maintenance technicians. Additionally, the local Maintenance Managers or the Area Manager will make arrangements to provide any special training and/or special tools required to complete the repairs. When possible, recall repairs will be completed by Hertz maintenance technicians. Otherwise, the repairs will be vended to the manufacturer dealerships. Those locations without an onsite Hertz maintenance facility will make arrangements to vend all affected vehicles to a local manufacturer dealership or will transport the vehicles to the supporting Hertz maintenance facility. In either event, all repairs are documented in the Hertz Maximus automated repair order system. It is this system that is referenced to track completion of the repairs. In order to enable Hertz employees who do not have access to the Maximus system to monitor performance locally (and on demand), each recall is assigned a unique On Line Query code (“OLQ”). When a repair is completed, the “S” or “C” Hold is removed from the rental counter system and the OLQ code is inserted in the “RECALL/SAFETY” field.

6. Please describe how Hertz enforces its policies or procedures on remedying of its vehicles subject to a safety recall. Please describe, for example, whether there are personnel at Hertz dedicated to reviewing Hertz’s performance of safety recalls and identifying vulnerabilities or weaknesses within Hertz or its rental locations as to performance of safety recalls on its vehicles.

Hertz's Response – On a weekly basis, the Division Warranty Department reviews the current Hertz fleet with the manufacturer list of units affected by the various recalls. This list of affected vehicles is then reviewed against the completed repair orders within the Maximus system. Within the Maximus system, a specific task code is created for each recall to facilitate tracking. A series of reports are generated by the Division Warranty Department which provide completion progress for each recall and a comparison of the “S” and “C” Holds. This is done to insure that all required rental counter system holds are in place and to insure vehicles subject to “S” Hold recalls cannot be rented. Furthermore, all Hertz employees are instructed to comply with Hertz policies and procedures. Failure to conform to the “Compliance with Manufacturer Recalls” procedure will be met with progressive discipline, up to and including termination. As described above, the Division Warranty Department provides a series of reports which enable the local operations managers to monitor the compliance of their individual employees. In addition, the Hertz Internal Audit Department provides oversight to all Hertz Policies and Procedures.

7. Does Hertz subscribe to the agency’s recall notification service and have personnel dedicated to receive notifications from that service?

Hertz's Response – Hertz does not currently subscribe to the NHTSA recall notification service.

8. NHTSA understands that Hertz has a policy whereby it would not rent vehicles subject to a safety recall if NHTSA or the manufacturer had indicated those vehicles should not be driven, or should be “grounded.” Please confirm whether this is current Hertz policy and, if the converse is true – that Hertz does not “ground” vehicles unless and until NHTSA or the manufacturer instructs that this is appropriate.

Hertz’s Response – First of all, it is a rare situation wherein Hertz is advised by the manufacturer (or NHTSA) to ground vehicles in our fleet. We are aware of a “grounding notice” received in June of 2009 by owners of 2010 Chevrolet Camaros equipped with a V-8 engine. However, Hertz did not have any vehicles affected by that safety recall in our fleet. Similarly in December of 2010, General Motors took the unusual second step of issuing a “grounding notice” directly to owners (or, in our case, renters) via the On-Star Alert System in the affected 2011 Cadillac Escalades. In that instance, Hertz moved quickly to institute an “S” Hold and to get substitute vehicles to renters who were then in possession of the 2011 Cadillac Escalades.

Notwithstanding these rare instances of receipt of “grounding notices,” Hertz – as noted above – makes a decision through its Committee to put vehicles on “S” Holds based upon its review of the safety recall information and supporting documentation received from manufacturers. This process prevents such vehicles from being re-rented. However, as noted at the bottom of Page 1 of Hertz Procedure 7-55, the Committee will – in certain situations – independently determine that the very serious nature of the recall merits such emergency action (or where manufacturers are recommending a grounding of their own fleet) and make a determination that the severity of the safety issue requires Hertz to contact customers that are currently renting one of the “S” Hold vehicles and arrange for such vehicles to be replaced. This was done in 2010 when Toyota announced its accelerator pedal recall and in the instance of the above-mentioned recall of 2011 Cadillac Escalades.

9. Does Hertz report safety concerns to NHTSA when and if it learns of those concerns from its rental locations, its renters, or otherwise? If so, please state whether Hertz has personnel designated to do the reporting or whether the reporting is performed at the discretion of individual Hertz staff, describe how Hertz reports those concerns to NHTSA, (e.g., through an owner complaint form available online at www.safercar.gov, by calling NHTSA’s toll-free hotline at 1-888-327-4236, or other means), and state whether it has a policy or procedure for reporting those concerns to NHTSA and, if so, provide a copy of that policy or procedure. In your description, to the extent they exist, identify and explain any minimum criteria or other factors Hertz may have for reporting a safety concern to NHTSA (e.g., a certain number of complaints on an issue, Hertz’s assessment of the risk involved, etc.).

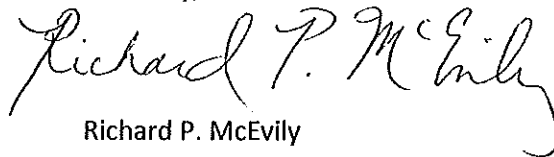
Hertz’s Response - To our knowledge, Hertz has not reported any safety concerns directly to NHTSA, nor do we have a current procedure for doing so. Through the course of performing repairs as an authorized warranty station, Hertz routinely submits records of each repair performed to the manufacturers. It is Hertz’s practice for all Hertz Area Maintenance Managers to make known to the Division Warranty Department any repetitive repairs of note and certainly those creating an unsafe condition. This practice is outlined on the Division Warranty Intranet site, complete with a form for submitting such notices. The Division Warranty Department will then contact the applicable manufacturer representative to point out the condition. By way of example, we would advise you that Hertz made Nissan aware of an electrical shorting condition which affected its 2010 – 2011 Sentras. That condition was later the subject of a safety recall issued by Nissan.

10. Please provide any additional information or documentation that would be helpful to NHTSA's understanding of how Hertz views, manages, and executes safety recalls affecting its vehicles.

Hertz's Response - We believe that, through the responses provided above, NHTSA has been provided with a detailed overview of how Hertz manages and executes safety recalls. We also believe that process has been responsible for an exemplary safety record as we are not aware of any vehicle in Hertz's fleet that was subject to a safety recall, as having been involved in an accident where an unrepaired safety defect was found to be the actual cause of the accident. In our view, in the aftermath of the Toyota accelerator pedal recall of early 2010, manufacturers are now sending out safety recall notices at a much higher rate and sometimes on conditions which would have – in the past – never generated a safety recall notice. For example, Hertz recently received the "possible spider webs" recall from Mazda which, because of the risk of fire that the manufacturer advised has never actually happened, we put all affected vehicles on an "S" Hold until completion of the necessary repairs. However, we are of the opinion that this increase in safety recalls should come with increased guidance from NHTSA and the manufacturers. Both of you are the automotive experts and it would seem that safety recalls should come with less ambiguity and more emphasis on the risk associated with the safety defect. In other words, the safety recall notices should come with clear direction – Do Not Continue to Drive the Vehicle or The Vehicle May Be Continued To Be Driven Pending Prompt Repair. Such clear direction would benefit all vehicle owners and, in the case of the Rental Car Industry, would inure to the benefit of our renters and to the public at large.

We trust that you will find Hertz's detailed responses to be helpful to your investigation. However, should you have any questions on the responses or on Hertz's attached documentation, please do not hesitate to contact me.

Sincerely,



Richard P. McEvily

Attachments

Cc: Jeffrey Zimmerman
Richard Broome
Marc Fleischaker – Arent Fox

Procedure



<i>No.</i>	<i>Subject</i>	<i>Date</i>
7-55:	COMPLIANCE WITH MANUFACTURER RECALLS	December 22, 2010

Scope: This procedure applies to the North American Rent-A-Car Division, including Canada and Puerto Rico/St. Thomas.

Purpose: To detail steps necessary for complying with manufacturer recalls.

Index:

- A. General
- B. Identification and Repair of Fleet Vehicles Subject to Recall
- C. Tracking of Recall Completion Progress
- D. Repair of Vehicles Scheduled for Deletion

Exhibit 1 - Campaign Completed Recall Sticker (Form 755001)

Procedure:

A. General

1. Hertz Policy - It is the policy of The Hertz Corporation to promptly repair all vehicles subject to manufacturer recalls.
2. Coordination of Manufacturer Recalls - All manufacturer recalls are coordinated through the Division Warranty Department, OKC.
3. Evaluation of Recall/Repair Notices Received from Manufacturers - Hertz receives numerous notices from manufacturers requiring repairs to vehicles in Hertz's fleet. Those notices go by various names, including Voluntary Safety Recalls, Service Bulletins, Recall Campaign Bulletins, etc. Upon receipt of such notices from a vehicle manufacturer or related entity, the notice itself and any accompanying recall or repair instructions are reviewed by a Committee comprised of the Director of Maintenance, the Division Vice President, Operations Administration; and a designated representative of the Law Department to evaluate the recall/repair notice and to determine Hertz's response to same:
 - a. Safety ("S") Hold - If the notice is determined to be a true safety recall, a Safety "S" Hold must immediately be placed on the vehicle in ASAP/CARS+. Vehicles placed on an "S" Hold must not be re-rented until the designated safety recall is completed.

Note: In certain situations, such as where the Committee, when reviewing recall notices, independently determines that the very

serious nature of the recall merits such emergency action or where manufacturers are recommending a grounding of their own fleet, the Committee will also make a determination as to whether the severity of the safety issue requires Hertz to contact customers that are currently renting one of the "S" Hold vehicles and arrange for such vehicle to be replaced.

- b. Campaign ("C") Hold - If the notice is determined not to represent an imminent or potentially serious risk attributable to an identified defect or repair campaign (e.g., a non-safety related notice that involves a noise, appearance or non-critical driveability issue), a Campaign "C" Hold must be placed on the vehicle in ASAP/CARS+ designating the vehicle to come off rental ready status for completion of the required repairs when the applicable parts have been received.

The Director of Maintenance will communicate within 24 hours the determination of "S" Hold or "C" Hold status to the Director, Warranty Operations, OKC for further immediate dissemination to the field locations.

4. Prompt Completion of All Recall Repairs - Repairs for all recalls must be completed as soon as possible after receiving the Recall Notice from the manufacturer. All necessary resources will be allocated to insure the prompt completion of safety recalls.
5. Review of Recall Completion Progress - The Division Warranty Department, OKC reviews and tracks on a weekly basis the completion progress for all active recalls.
6. Documenting Repairs of Recalled Vehicles - Repairs completed by Hertz mechanics for recalled vehicles must be documented and maintained in accordance with Procedure W7-05 RAC, Preparing and Processing Shop Repair Orders.

B. Identification and Repair of Fleet Vehicles Subject to Recall

1. Identification of Fleet Vehicles Subject to Recall - Upon notification of the severity of the recall, the Director, Warranty Operations, OKC must determine which affected vehicles are active in the fleets and compile a VIN-specific list of the involved vehicles subject to recall.
2. Providing Documentation to Region Maintenance Managers - For all recalls, the Division Warranty Department, OKC must provide the Region Maintenance Managers with repair instructions, the list of affected vehicles, and an On Line Query (OLQ) code for designating completions in ASAP (U.S. and Puerto Rico/St. Thomas) and CARS+ (Canada). The Division Warranty Department, OKC also posts recall notifications and instructions on the Fleet Warranty Intranet website (located on the RAC/HLE Intranet page).
 - a. U.S. only - To facilitate tracking completions, a unique task code is

created in the Maximus Automated Shop Repair Order System (Maximus) by the Division Warranty Department, OKC for the recall repair. (Refer to Procedure W7-05 for further information on the Maximus system.)

3. Vehicle Holds - For recalls in the U.S. and Puerto Rico/St. Thomas, the Division Warranty Department, OKC will provide the Division Fleet Department, Park Ridge with a list of all vehicles affected by a recall that require the placement of appropriate holds in ASAP. For recalls affecting Canadian vehicles, the Division Warranty Department, OKC will provide the National Fleet Department and National Systems Department in Canada with a list of the specific vehicles that require the placement of appropriate holds in CARS+.
 - a. Safety ("S") Hold - If the notice is determined to be a true safety recall, a Safety "S" Hold must immediately be placed on the vehicle in ASAP/CARS+. Vehicles placed on an "S" Hold must not be re-rented until the designated safety recall is completed.
 - b. Campaign ("C") Hold - If the notice is determined not to represent an imminent or potentially serious risk attributable to an identified defect or repair campaign (e.g., a non-safety related notice that involves a noise, appearance or non-critical driveability issue), a Campaign "C" Hold must be placed on the vehicle in ASAP/CARS+ designating the vehicle to come off rental ready status for completion of the required repairs when the applicable parts have been received.
4. Car Sales Vehicles Affected by Recalls - Each week, the Division Warranty Department, OKC must notify the Senior Director, Car Sales Operations of vehicles in Car Sales inventory that are affected by recalls. The Senior Director, Car Sales Operations will provide this information to the Car Sales Managers. It is the responsibility of the Car Sales Managers to coordinate the completion of repairs, prior to selling the vehicles.
5. Providing Recalled Vehicles for Repair - The General/Area Manager is responsible for capturing and providing the Maintenance Department with vehicles affected by recalls for repair. The Region/Area/City Maintenance Manager must ensure completion of the repairs.
6. Hertz Mechanics - The Region/Area/City Maintenance Manager must ensure that Hertz mechanics follow the repair instructions supplied by the manufacturer and coordinate any required training or use of specialized tools, if needed. If deemed necessary, travel arrangements and classroom scheduling for technicians must be booked as far in advance as possible.
7. Documenting Repairs of Recalled Vehicles - Repairs completed by Hertz mechanics for recalled vehicles must be documented on a Work Order (WO)/Shop Repair Order (SRO) and scanned to FileNet (U.S.) or forwarded to the Division Warranty Department, OKC for scanning to FileNet (Canada and Puerto Rico/St. Thomas) in accordance with Procedure W7-05 RAC. Upon completion of the repairs, and if so required by the manufacturer's recall

instructions, the mechanic will place a manufacturer's supplied recall sticker on the vehicle. A Hertz Campaign Completed Recall Sticker (Form 755001, Exhibit 1) may be used in lieu of a manufacturer's sticker.

- a. At locations using the Automated Shop Repair Order System (Maximus), all recalls must be entered through Maximus, either as an in-house repair or, if vended, as commercial work (refer to Procedure W7-05 RAC).
8. Vending Vehicles Subject to Recall - In the absence of staffing authorized to complete the repair work or at the direction of the manufacturer, the General/Area Manager, with the consent of the Region/Area Maintenance Manager, may vend the vehicles subject to the recall to a manufacturer's local dealership for repair.
9. Upon Completion of Repairs - The Area or Maintenance Manager (or designee) must enter the designated OLQ code into the recall completion field in ASAP (U.S.) or a "K" or "safety completed" code into CARS+ (Canada). A copy of the repair order/dealer invoice must be scanned to FileNet.
10. Removing Vehicle Holds - ASAP/CARS+ hold codes are removed by the responsible Area or Maintenance Manager (or designee) upon completion of all repairs and submission of a WO/SRO to FileNet.
11. Recall-Related Parts and Tools - Where advisable, the Division Warranty Department, OKC coordinates with the manufacturers on the special handling of recall-related parts and/or tools. Where necessary, the Division Warranty Department, OKC may provide dealership lists or shipping addresses to the manufacturers to arrange for the initial supply of all parts required to perform the recall repair ("seed stock").
12. Long-Term Rentals - The Division Warranty Department, OKC must provide a list of all vehicles affected by a Safety ("S") hold, which are on rent for a period greater than 30 days, to the Rental Extension Department, OKC with instructions to promptly contact the impacted customers and advise them to exchange the vehicles as soon as possible.
13. Recalls of Non-RAC Vehicles - When recall notices are received for vehicles outside the RAC Division's immediate control (i.e., HERC, hotel service vehicles, etc.), the Area Manager/City Maintenance Manager at the closest corporate location must notify the entity in control of the vehicle and ensure the repairs are completed and documented in Maximus (U.S. and Puerto Rico/St. Thomas) or documented on a Shop Repair Order and scanned to FileNet (Canada).

C. Tracking of Recall Completion Progress

1. Tracking Progress of Recall Completion - The Division Warranty Department, OKC reviews and tracks on a weekly basis the completion progress for all active recalls by comparing the list of all affected vehicles, as provided by the respective manufacturer for each recall (and available on the Hertz Warranty Intranet website), to the current Hertz fleet via the Fleet Information System (FIS).

2. U.S. only (Maximus Locations) - All Hertz vehicles with open recalls are reviewed in the Maximus system for record of completion and then compared to ASAP/CARRENT.
 - a. For units with a repair record present (which signifies completion of the repair), the "RECALL/SAFETY" field must be reviewed to insure the proper OLQ code is in place. For units for which a recall is NOT indicated as complete, the "RECALL/SAFETY field" will be reviewed to insure the corresponding OLQ code is NOT present. Corrections will be provided to the Fleet Department, Park Ridge for updating in ASAP.
 - b. For units that are not completed, the "RECALL/SAFETY" field is reviewed. If either an "S" or "C" hold is deemed necessary (refer to Section B.3), this hold will be input by the Fleet Department, Park Ridge.

Note: A variance report will be provided to the Fleet Department, Park Ridge on a weekly basis for updating holds in ASAP.
3. Canada and Puerto Rico/St. Thomas (Non-Maximus Locations) - Vehicles subject to recall must be manually tracked for completion by the General Manager or designee.
4. Weekly Trend Report - A snapshot and trend report will be created and distributed weekly by the Division Warranty Department, OKC to indicate the number of total units originally affected by each recall, the number of vehicles completed and/or deleted from the active fleet, as well as the number of units that still require the completion of the recall. The report will also be provided to the Region Maintenance Managers and Region Vice Presidents, as determined by the Division Vice President, Operations Administration.

D. Repair of Vehicles Scheduled for Deletion

1. Hertz Policy - It is the policy of The Hertz Corporation to not sell, turnback or otherwise dispose of any vehicle subject to a manufacturer's recall without first completing the repair or notifying the buyer, if circumstances preclude repair.
2. Completing Outstanding Recalls Prior to Sale or Turnback - The Area Maintenance Manager must ensure that all outstanding recalls are completed prior to offering a vehicle for sale or tendering a vehicle for turnback. In Retail Car Sales locations, a vehicle with an open recall must be removed from the available line until the repairs have been completed. Any salvage vehicle that cannot be repaired due to the nature of the damage may be sold with an announcement disclosing that the recall repair has not been completed.

Note: In certain instances, the parts required to complete the repairs might not be available. In this instance, with manufacturer approval, Hertz may elect to turnback the vehicles without the repair being completed.
3. Recalled Vehicles No Longer in Hertz' Possession - The Division Warranty

Department, OKC must provide to the manufacturers, whenever possible, a list of vehicles involved in a recall that are no longer in our possession.

Campaign Completed Recall Sticker

<p>CAMPAIGN COMPLETED</p> <p>NO. _____</p> <p>DATE _____</p>

Procedure



<i>No.</i>	<i>Subject</i>	<i>Date</i>
7-55:	COMPLIANCE WITH MANUFACTURER RECALL	February 9, 2001

Scope: This procedure applies to the North American Rent-A-Car Division, including Canada and Puerto Rico/St. Thomas.

Purpose: To detail steps necessary for complying with manufacturer recalls.

Index:

- A. General
- B. Recall of Fleet Vehicles
- C. Recall of Retail and Wholesale Vehicles

Exhibit I - Campaign Completed Recall Sticker (Form 755001)

Procedure:

A. General

1. It is the policy of The Hertz Corporation to promptly repair all vehicles subject to manufacturer recalls.
2. All safety related recalls will be coordinated through the Director of Fleet Maintenance, Park Ridge, with the exception of Canada where manufacturers notify both the cities and Canadian Region Management of recalls in effect requiring action.
3. Repairs for all recalls must be completed as soon as possible after receiving the Recall Notice from the manufacturer. Safety-related recalls not promptly repaired must be placed on "Shop" status until the repair work is completed. Every effort must be made to complete non-safety related recalls within 60 days of parts availability from the manufacturer.
4. The Area/General Managers are responsible for providing the Maintenance Department with affected vehicles while the City/Region/Country Maintenance Managers are responsible for scheduling, performing the recall and reporting the completion of affected vehicles.

NOTE: When no in-house maintenance facilities exist, the Area/General Managers must send the vehicles to the manufacturer's local dealership for repairs.

5. The Region and City Maintenance Managers are responsible for assuring that Hertz' mechanics follow the repair instructions supplied by the manufacturer.
6. Repairs completed by Hertz mechanics for recall vehicles are recorded on the

Shop Repair Order (Form 705004 - refer to Procedure 7-05, Preparing and Processing Shop Repair Orders) which is placed in the Vehicle Maintenance History File (VMHF). The service mechanic will place a Campaign Completed Recall Sticker (Form 755001, See Exhibit 1) on the radiator support. The mechanic will write the date of the repair and recall number on the sticker.

NOTE: When the manufacturer's dealership repairs the vehicle, the dealer must complete the manufacturer's claim form and a copy of this form must be included in the VMHF.

B. Recall of Fleet Vehicles

1. When vehicles are recalled, the manufacturer issues individual recall notices for each vehicle which identify the recalled vehicle by the Vehicle Identification Number (VIN).
2. The manufacturer also issues a Recall Service Bulletin to the Owning City containing repair instructions and listing the parts required for the repair work.
3. OKC Warranty will provide a listing of affected vehicles to the Region/Country Maintenance Managers. The Region/Country Maintenance Managers will forward appropriate listings to the individual cities.
4. The Area Manager must then promptly remove the recalled vehicles from service as instructed by the Director of Fleet Maintenance.
5. The Region/Country and City Maintenance Managers must schedule as many daily repairs as possible until all the recalled vehicles are repaired.
6. The Mechanic completes the repairs and Shop Repair Order (Form 705001) and then places the Campaign Completed Recall Sticker (Form 755001, Exhibit 1) on the radiator support, with date of repair and recall number. A copy is also filed with the VMHF.
7. The Maintenance Manager reviews the Shop Repair Order for completeness and forwards the warranty copy of the SRO to OKC Warranty.
8. The Region Warranty Writer, at OKC Warranty, completes the claim and forwards it to the manufacturer for payment. A copy is also filed with the VMHF.

C. Recall of Retail and Wholesale Vehicles

1. The Area/Maintenance Manager must track open "outstanding" recalls to ensure timely completion, by either using Manufacturer's Tracking System (such as OASIS, CARES, or CRIS) or by utilizing the vehicle serial number "VIN" lists that are provided by OKC Management. All outstanding recalls must be completed prior to offering the vehicle for sale. In Superette (Car Sales) locations, a vehicle with an open recall must be repaired at the facility before being offered for sale.
2. The Warranty Department in OKC provides a magnetic tape to Ford and General

Motors which will list all deleted vehicles with the new owners name and address.
The tape will also provide current locations of all active fleet vehicles.

Campaign Completed Recall Sticker

<p>CAMPAIGN COMPLETED NO. _____ DATE _____</p>
