



**Supplementary Information to Petition for Reconsideration
Re : Docket No. NHTSA-2002-12231**

December 2, 2004

Dr. J. Runge
Administrator,
Room 5220,
National Highway Traffic Safety Administration,
400 Seventh Street, SW.,
WASHINGTON, DC, 20590.

Dear Dr. Runge,

Since we lodged our Petition for Reconsideration in early June 2004 we have notified NHTSA on several occasions of positive developments affecting DataDot Technology USA Inc, and its parent DataDot Technology Ltd. The purpose of this supplementary submission is to consolidate this additional information into one document to facilitate NHTSA's consideration of the proposal for microdot marking made in our original Petition.

Increasing Official Acceptance of Microdot Technology

The major point that we wish to convey to NHTSA in this Supplementary Submission is that internationally there is a growing level of acceptance among civil authorities, insurance companies and auto manufacturers of the significant contribution made by microdot technology in reducing vehicle theft rates and improving stolen vehicle recovery rates. Reduced auto insurance costs and reduced theft levels of vehicles fitted with microdots are reducing the direct costs of vehicle ownership and the indirect community costs of crime.

In Australia, new vehicle theft data continue to confirm the advantages of microdot usage and the largest general insurance company has reflected this trend in its risk ratings and policy premiums.

In New Zealand, the government has been reviewing the need for compulsory parts-marking using microdot technology and is close to a policy determination. We cannot, of course, predict the outcome of this policy review, but we are confident that it will be favorable.

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In the Russian Federation, Government endorsement at the highest level has been given to using microdot technology as a major weapon against theft and the trade in counterfeit parts.

And in the U.K. a major vehicle manufacturer has begun application of microdots and two vehicle insurers have introduced lower premiums for vehicles fitted with microdots.

In the U.S. we are working with authorities in support of several covert operations in relation to assets security and surveillance activities. We are also working with law enforcement agencies in support of our Auto Identification System which has already been employed by one auto manufacturer (as retro fit) and is becoming increasingly available as an aftermarket product through selected auto dealers. In this context we supply viewing scopes and black-lights at no cost, on request from relevant investigators. We will extend this support program as the usage of our system extends geographically.

It is clear that NHTSA's consideration of microdot technology as an approved method of compulsory parts-marking has come at a time when the body of evidence and trend in official opinion outside the USA is strongly supportive of such a change.

Operation Vehicle Watch - Victoria State Police

In March 2002 the Victoria State Police launched Operation Vehicle Watch as a major initiative to reduce vehicle theft and improve the recovery rate of stolen vehicles.

Just over two years later, in July 2004, Victoria Police reported progress achieved to-date in Operation Vehicle Watch.

Extracts from the press release issued by Victoria Police on 29 July include the following:

Figures show there has been a 15.2 per cent decrease in the theft of late model vehicles from the previous year. . . .

That success is a result of an increased use of technology such as DataDots . . .

Neighborhood Watch also supports DataDot as an effective crime prevention initiative. . . .

The use of the DataDots made it harder for vehicles to be re-birthed.

[The full text of the Victoria Police press release is attached at page6]

Operation Vehicle Watch - National Motor Vehicle Theft Reduction Council

Australia's National Motor Vehicle Theft Reduction Council (NMVTRC), comprising representatives of all State Governments, the Federal Government, police, auto insurers, manufacturers and consumers, issued its own commentary on the progress to-date achieved by Operation Vehicle Watch.

Extracts from the press release issued by the NMVTRC on 29 July include the following:

The ease by which a stolen car's identification can be altered and separated parts sold on the black market remains the single greatest barrier to police and transport agencies' efforts to tackled organized vehicle theft . . .

But improvements are on the way . . . [some] manufacturers have already led the way by adopting world-leading microdot identification

We have been closely evaluating the theft incidence of the brands that are being identified with DataDots. In the case of BMW and HSV which have now been applying DataDots for over two-and-a-half years we have seen a 60 per cent reduction in the stolen unrecovered rate compared to their previous theft history. In the fifteen months Subaru has been applying the technology, there has been a remarkable 95 per cent reduction in the stolen not recovered rate for marked cars. We believe that these results clearly demonstrate that professional thieves do not want to take the risk of handling marked vehicles.

[The full text of the NMVTRC press release is attached at page 8.]

Insurance Australia Group - Theft Rating for Vehicle Identifiers

Insurance Australia Group (IAG) is Australia's largest general insurer, trading under several brands, including NRMA Insurance. IAG publicly rates vehicles on the comparative ease or difficulty with which they can be stolen and re-birthed. It uses these ratings, together with driver information and other factors affecting the number and cost of claims, to set insurance premiums. Until last year there were only two categories determining vehicle "theftability", namely one relating to ease of entry and the other relating to the use and effectiveness of immobilizers.

Recently the company introduced and assigned equal weight to a third category in its vehicle "theftability rating". This new category of "vehicle identifiers" gives each vehicle a comparative score for parts-marking. As only microdots attract the maximum possible 100 points, the only way of securing the best identifier rating is by fitting DataDots. By comparison, extra chassis stamping or greater use of self-voiding identification labels attracts a maximum of 30 points.

The latest IAG "theftability ratings" list a total of 173 vehicle models currently available in the Australian market. Of the 30 top-rated models, that is the 30 most theft-resistant models, 24 are fitted with DataDots.

The practical benefit of these high ratings for the owners of vehicles fitted with DataDots is that, other things being equal, they pay a lower insurance premium *every year* over the life of the vehicle than would otherwise be the case.

Extracts from the press release issued by IAG on 28 October include:

In an effort to address rebirthing, NRMA Insurance introduced last year a new score on 'vehicle identifiers' to encourage car manufacturers to install microdot technology and more robust, self-voiding identification labels. . . .

NRMA Insurance would like to acknowledge BMW, Porsche, HSV, Subaru and Audi who have received full marks this year for vehicle identification. Since last year's announcement, these car manufacturers have embraced microdot technology

NRMA Insurance calls for all car manufacturers to improve vehicle identification to make cars less attractive to thieves

[The full text of the IAG press release is attached at page 9.]

New Zealand Government Policy

For some time our affiliate company in New Zealand has been engaged in a government review of vehicle parts-marking policy.

We have been authorized by the New Zealand Ministry of Justice to state in this supplementary submission that it is considering the introduction of mandatory microdot parts-marking, mandatory immobilizers and other theft-deterrent initiatives. The results of its policy review will be announced in the new year.

Policy Endorsement in Russian Federation

The Russian Government has embarked upon a campaign to reduce the incidence of property theft and fraud, including the manufacture and importation of counterfeit spare parts. As part of that campaign, and after testing DataDots over several years, the Russian Ministry of Economic Development and Trade has endorsed DataDots as a key contributor in the fight against property crime. This policy decision at the most senior Ministerial level builds upon a large number of previous DataDots endorsements provided by the following Russian Government agencies:

- Ministry of Internal Affairs of the Russian Federation
- Federal Security Bureau of the Russian Federation
- State Agency for Public Safety of the Russian Federation
- State Inspectorate of Road Safety
- Motor Licensing and Inspection Departments of Moscow, Moscow region, St Petersburg, Leningrad region, Tartarstan, Nizhiny Novgorod, Perm, Kaluga and Vladimir
- Criminal Investigation Bureau
- Ministry of Justice of the Russian Federation
- Investigative Committee of the Ministry of Internal Affairs of the Russian Federation
- State Office of Public Prosecutor
- State Inspectorate for Food and Consumer Goods

DataDot Technology Ltd, via its Russian agent, is currently working with the authorities in training Russian police in the use of microdot detection, prior to increasing the deployment of DataDots on Russian vehicles.

Robotic Application of DataDots

In our Petition for Reconsideration we said that, in conjunction with Cimac International, a DataDot Automated Application Cell was being developed for assembly line deployment in the U.S. by early Fall 2004.

We can now report that a working robot has been successfully demonstrated by Cimac in the U.K. Two leading manufacturers have already attended demonstrations at Cimac and others are scheduled to visit in the new year. Also in the new year demonstration facilities will be established at the plant of our U.S. robotics partner, Haden of Detroit.

These further developments reaffirm our confidence in being able to satisfy likely demand that will arise if NHTSA approves microdot parts-marking, and to do so within the price estimates quoted in our Petition for Reconsideration.

Manufacturer Adoption in U.K.

The first auto manufacturer in the U.K. to adopt DataDots, Mitsubishi, has commenced fitting DataDots as a standard feature in selected models. This initiative earns Mitsubishi additional insurance rating points as set by Thatcham, the U.K. insurance industry research body. Major U.K. insurer, e-sure, has publicly endorsed the adoption of DataDots by Mitsubishi.

Additional Australian Client

In addition to the 9 vehicle makes and models listed in our Petition for Reconsideration, Audi Australia has commenced fitment of all A6 models imported from October 2004 and will fit all models from January 2005.

Public Listing of Parent Company

DataDot Technology Ltd is planning to issue additional stock and list on the Australian Stock Exchange in January 2005. The capital so raised will further enable DataDot Group to invest in the infrastructure that will be required by September 2006 if its petition regarding microdot parts-marking is adopted by NHTSA.

ISO 9001 Accreditation

Since lodging our Petition for Reconsideration in June, DataDot Technology (Australia) Pty. Ltd has been fully accredited as a company complying with International Standard 9001 relating to Quality Management and Assurance. Over the next 12 months, and well before September 2006, it is the intention of the DataDot Group to obtain ISO 9001 accreditation for each of its subsidiaries and affiliate companies, including DataDot Technology USA Inc.

Further Information

We trust that this consolidation of additional information is helpful and of course remain available to provide further detail or clarification at NHTSA's request.

Sincerely,

Chris M. Stott
Chief Operating Officer



VICTORIA POLICE

MEDIA UNIT

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MEDIA RELEASE

* EMBARGOED UNTIL 10AM THURSDAY 29 JULY 2004 *

29 July 2004

SPOT ON FOR REDUCING CAR THEFT

State-of-the-art technology is proving to be an innovative tool in the fight against car theft.

Recent reports show the number of late model vehicles stolen in Victoria has declined to a six-year low.

Region 1 (Central) Assistant Commissioner Trevor Thompson said the reduction highlighted the positive impact of Victoria Police's anti-vehicle theft strategies.

"Figures show there has been a 15.2 per cent decrease in the theft of late model vehicles from the previous year. This indicates the initiatives and strategies we have in place are showing some positive results," Mr Thompson said.

He said part of that success is a result of an increased use of technology such as DataDots.

DataDots are sprayed on to all parts of a car and each microdot contains the vehicle's unique Vehicle Identification Number (VIN).

Police then use special equipment to activate the dots and access the information, which can show if a car's parts are legitimate or have been re-used.

DataDots is an initiative that was identified during consultations with private businesses as part of the National Motor Vehicle Theft Reduction Council.

Neighbourhood Watch also supports DataDot as an effective crime prevention initiative.

Victoria Police also launched Operation Vehicle Watch in March 2002, which specifically targets motor vehicle theft.

As part of Operation Vehicle Watch, an Organised Motor Vehicle Theft Squad was set up to investigate commercial theft, illegal conversion and trade in stolen motor vehicles.

During 2003/2004, the squad seized 227 suspected stolen vehicles and made 74 arrests in relation to 248 charges for a range of criminal offences including theft of motor car, handling stolen goods, deception and conspiracy.

Organised Motor Vehicle Theft Squad Detective Acting Inspector Paul O'Halloran said a greater adoption of technology was proving useful in combating car theft, especially professional motor vehicle theft.

He said the use of the DataDots made it harder for cars to be re-birthed -- where parts from stolen cars have their serial numbers removed and then used in other vehicles to create a new, legal identity.

Acting Inspector O'Halloran said the best way to reduce car theft was to make it harder for thieves to succeed in stealing.

“We encourage everyone to do what they can to make cars safer, harder to steal and harder to conceal if they are stolen,” Inspector O'Halloran said.

Mr Thompson said an inter-agency approach helped get results in the fight against car thieves.

“By working in partnership with other agencies, such as the National Motor Vehicle Theft Reduction Council, we can develop more effective strategies that reduce car thefts, protect consumers and continue to make car theft less profitable and attractive,” Mr Thompson said.

“Victoria Police is committed to finding even more ways we can work with government, industry and the community to prevent and reduce motor vehicle theft.”

WHAT: Operation Vehicle Watch

**WHERE: Fox Classic Car Collection Museum
 749 - 755 Collins Street,
 Melbourne Docklands
 Corner of Stadium Drive and Collins Street**

Melway: 2E H7. Please note Stadium Drive has recently be changed and signed post to Bateman Drive but it is still Stadium Drive in the Melway.

WHEN: Thursday 29 July at 10am

Editor's note: a demonstration of the microdot technology will be shown at the event, with interview and picture opportunities.

Cathy Heycock
Media Officer



Vehicle Manufacturers Urged to Lift Their Game to Combat Theft

The National Motor Vehicle Theft Reduction Council (NMVTRC) today congratulated Victoria Police on the success of Operation Vehicle Watch in reducing car theft but warned that significant reductions in professional car theft could not be sustained unless vehicle manufacturers lifted their game and improved the way they identified their vehicles.

Theft of cars for short term use has accounted for a large proportion of the reduction in theft numbers while nationally the trade in stolen cars and parts for profit continues to generate around \$500 million a year for professional criminals. The ease by which a stolen car's identification can be altered and separated parts sold on the black market remains the single greatest barrier to police and transport agencies' efforts to tackle organised vehicle theft.

"For years manufacturers have ignored the identification issue which has played straight into the hands of the professional crooks while motorists, insurers, police and transport agencies have been left to deal with the consequences. But improvements are on the way." said the NMVTRC's executive director, Ray Carroll.

Manufacturers including BMW, HSV, Subaru, Ford Performance Vehicles, Porsche and Mitsubishi Ralliart have already led the way by adopting world leading microdot identification.

"We have been closely evaluating the theft incidence of the brands that are being identified with DataDots. In the case of BMW and HSV which have now been applying DataDots for over two and a half years we have seen a 60 per cent reduction in the stolen unrecovered rate compared to their previous theft history. In the fifteen months Subaru has been applying the technology, there has been a remarkable 95 per cent reduction in the stolen not recovered rate for marked cars. We believe that these results clearly demonstrate that professional thieves do not want to take the risk of handling marked vehicles," Carroll said.

Despite the promising results the NMVTRC says that locally produced mid-range sedans and imported four wheel drives are the preferred targets for professional thieves and that applying the technology to these cars would ultimately deliver its greatest benefits.

"Now that electronic security is extremely effective, determined thieves are turning to stealing keys in order to take their car of choice. By making stolen cars and parts "too hot to handle," comprehensive identification takes the profit out of profit-motivated car theft. The time has come for vehicle manufacturers to apply 21st century technology to properly identify these high value products. This is ultimately a consumer protection issue," said Carroll.

Contact: Ray Carroll, Executive Director on +613 9348 9600 or Mobile: + 61408 379 349

The National Motor Vehicle Theft Reduction Council is an initiative of all Australian Governments and the insurance industry.

MEDIA RELEASE

Embargoed until 10am, 28 October 2004

Don't let your car end up at the bottom of a river

Many of Australia's most popular family cars are exposed to a greater risk of theft than luxury sedans, according to NRMA Insurance's 2004 vehicle theft scores launched today.

The results show that some car manufacturers are not keeping up to speed with new technology that will make their cars more theft resistant and undesirable to thieves.

NRMA Insurance measures the "theftability" of nearly 200 new vehicles released in the last year and provides a rating out of 120. The research found that large family cars, such as Holden Commodores and Ford Falcons, achieved relatively low scores, particularly around ease of entry and vehicle identification.

Nola Watson, Head of Fraud & Security Risk, NRMA Insurance, said as thieves get smarter and start to look for new ways of stealing cars, insurance companies, police, government, car manufacturers and motorists need to work together to prevent crime in our community.

"We have done the homework for thousands of motorists looking at buying a car every day across Australia. We encourage motorists to consider and ask about safety and security when they purchase a new car, and not just focus on its look and feel," said Ms Watson.

Theft in the community

Today, a number of illegally dumped cars, many likely to be stolen, were dragged out of Georges River at one of the most popular recreational areas in Sydney's West. NRMA Insurance worked with the NSW Water Police to retrieve these vehicles and funded the operation.

Last year, 83 vehicles insured with IAG, which includes NRMA Insurance, were recovered from the nation's waterways. Popular family vehicles were amongst the list of the most commonly dumped cars - the Holden Commodore, Ford Falcon, Nissan Pulsar, Toyota Tarago and Mitsubishi Pajero.

"Our claims data also shows that more than half of all submerged vehicles recovered are more than 10 years old. These cars are most likely to have been stolen because they are easy to break into and probably don't have added security features, such as an immobiliser or alarm.

"Although these numbers may seem relatively low, our research shows that over 30 per cent of vehicles stolen each year are unrecovered and this rate has been increasing in recent years. When you consider that nearly 32,500 cars are stolen in NSW annually*, the number of unrecovered vehicles is alarming," Ms Watson said.

Senior Constable Ray Busby of the NSW Water Police added, "Dumping cars in rivers is illegal, and causes damage to our waterways and creates boating hazards. Today's operation highlights the extent of the problem of submerged vehicles, and we urge all residents in close proximity to waterways to report any suspicious behaviour to Police."

NRMA Insurance 2004 car theft risk scores

NRMA Insurance scores Australian vehicles based on their ability to be broken into, ease with which they can be stolen, and their potential to be rebirthed.

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In an effort to address rebirthing, NRMA Insurance introduced last year a new score on ‘vehicle identifiers’ to encourage car manufacturers to install microdot technology and more robust, self-voiding identification labels. And since this time, the National Motor Vehicle Theft Reduction Council (NMVTRC) has established a voluntary agreement with the Federal Chamber of the Automotive Industry (FCAI) to enhance vehicle identification. This agreement commences in January 2005.

NRMA Insurance would like to acknowledge BMW, Porsche, HSV, Subaru and Audi who have received full marks this year for vehicle identification. Since last year’s announcement, these car manufacturers have embraced microdot technology.

“NRMA Insurance calls for all car manufacturers to improve vehicle identification to make cars less attractive to thieves, and comply with the voluntary agreement reached between the NMVTRC and the FCAI.

“This agreement includes improved high security labelling with the provision of a second Vehicle Identification Number (VIN) label or extra stamping. We’d also like to see more manufacturers adopt self-voiding compliance labels and replace the aluminium plates that are commonly used, ensuring compliance labels are tamper-proof and cannot be easily reproduced by thieves. This will curtail the growing incidence of car rebirthing and the substantial cost of cars being stolen and never recovered,” said Ms Watson.

Although the average family may not be able to afford a luxury car, manufacturers like Subaru have improved their theft resistance features in all models, including the Subaru Liberty. In fact, the score for this particular vehicle has jumped from 54.5/120 in 2003 to 93.5/120 in 2004.

Best performers

Vehicle make/model	Entry	Theft resistance	ID	Overall score
Audi A6 4.2 Quattro Sedan	87.5	100	100	117
Porsche Cayenne S 5 door wagon	72.5	100	100	111
Audi A6 Sedan	62.5	100	100	107
Mitsubishi Lancer EVO 8 Sedan	37.5	100	100	105
BMW Z4 Roadster	42.5	100	100	102
Subaru Impreza WRX STi Sedan	25	100	100	100

Most improved

Vehicle make/model	Overall score 2004	Overall score 2003
Mitsubishi Lancer EVO 8 Sedan	105	46.5 (EVO 6)
Subaru Liberty	93.5	54.5
Subaru Impreza	82.5	54.5
Audi A6 4.2 Quattro	117	90

Large family sedans

Vehicle make/model	Entry	Theft resistance	ID	Overall score
Mitsubishi Magna	46.25	85	0	63.5
Holden Commodore	56.25	75	0	61
Toyota Avalon	42.5	65	20	57.5
Ford Falcon XT	32.5	85	0	57.5
Kia Optima SE	7.5	33	0	21

For more information and a full report, please visit www.nrma.com.au/cartheft

NRMA Insurance recommends these simple tips to reduce car theft in the community:

- Always lock your vehicle when you are leaving it unattended. This includes short trips away from your car, such as when you are at the petrol station;
- Don't be tempted to leave your keys in a hiding spot - thieves know them all;
- Park in well-lit areas;
- Park in areas where your car is visible to passers-by;
- Alarms can attract attention to your vehicle and scare off a thief;
- For an outlay of only about \$200, engine immobilisers can be an effective way of preventing a car from being stolen.

- ends -

** Police (CARS) Overview 2003-2004 Financial Year. Data derived from NMVTRC website.*

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