



U.S. Department
of Transportation

National Highway
Traffic Safety
Administration

Memorandum

Subject: EA05-002 - Material for Public Access

Date: June 14, 2005

From: *Bob Young*

To: Public file, EA05-002

On February 2, 2005, ODI upgraded PE04-057 to EA05-002 to further examine allegations of transmission problems with the MY 1999 and 2000 Victory V92-series motorcycles produced by Polaris Industries, Inc. Specifically, ODI was (and is) concerned about alleged spontaneous transmission downshifting (typically from 3rd the 2nd gear) while the motorcycle is underway. At the time we upgraded the investigation, we were aware of 38 allegations related to this phenomenon.

On February 8, 2005 we were contacted by the owner of a MY 1999 V92C motorcycle alleging that his transmission spontaneously downshifted from 3rd to 2nd frequently and that it was awaiting repair at a Richmond, VA-area Victory dealer. On Feb 24, 2005 we inspected the motorcycle and its transmission components. We were accompanied by two Polaris engineers and gave them copies of the 38 owner reports cited when we opened this EA. As is customary, unless otherwise authorized to release the information by the complainant, all personal identifiers were redacted. At the time, Polaris volunteered to provide an assessment of each of the 38 complaints. On May 27, 2005 we received the attached letter documenting that assessment.

*For -
You will appreciate
this going in
ASAP.
Thanks BG.*

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May 27, 2005

VIA E-MAIL & FEDEX

Robert Young
Office of Defects Investigation
National Highway Traffic Safety Administration
Department of Transportation
400 Seventh Street, S.W.
Room 5326
Washington, D.C. 20590-0001

Re: NHTSA Case No. EA 05-002

Dear Mr. Young:

On behalf of Polaris Industries Inc. ("Polaris"), I am submitting this letter to provide Polaris' comments and observations regarding the 38 reports that NHTSA cited in the ODI Resume announcing the initiation of Engineering Assessment EA 05-002. Polaris understands that these 38 reports were sent directly to NHTSA and, therefore, Polaris did not have access to these reports prior to NHTSA providing copies of these reports on February 24, 2005.

* * * *

Polaris has completed an initial review of the 38 reports provided by NHTSA. For each report, Polaris attempted to identify the particular vehicle involved in the report and to match Polaris' warranty and service records to the issue identified in the report. If Polaris could identify the vehicle, Polaris attempted to contact the Victory dealer that initially sold the vehicle to obtain any additional relevant information relating to the vehicle and the alleged defect resulting in spontaneous downshift or lockup ("Problem").

Attachment A provides the results of Polaris' initial review. Polaris was able to identify 28 vehicles out of the 38 NHTSA reports. Ten vehicles could not be identified because either the

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VIN was missing on the NHTSA report, or if the VIN was listed, it was not a Polaris VIN. Of the 28 vehicles Polaris could investigate, the break-down is as follows:

- For three vehicles, Polaris has had no interaction of any kind with the consumers or their dealers, i.e., there were no warranty claims, dealer technical calls, or direct customer contacts.
- For 23 vehicles, Polaris has had some interaction with these customers. This interaction has been in the form of warranty claims, dealer technical calls, and/or customer calls or correspondence to Polaris. For these 23 vehicles, neither the dealers nor the consumers indicated that they had a problem with a transmission exhibiting issues concerning "unintentional downshifting" or "locking up." For 14 of the 23 vehicles, Polaris contacted the consumer's servicing dealer (we could not identify the servicing dealer for nine of the vehicles). In none of these cases have the consumers ever indicated to their dealers that they had issues concerning "unintentional downshifting" and/or "engine locking up."
- In two of the cases customers did complain of either "unintentional downshifting" or "engine locking up." These records have previously been submitted to NHTSA as part of our original submission.

Based on Polaris' investigation, it appears that most owners did not contact either Polaris or a Polaris dealer and, if they did make contact, none of them complained about the Problem at the time. As a result, it was impossible to evaluate the vehicle's condition and determine whether the Problem existed. There are several reasons that might explain the lack of correlation between Polaris' records and the reports received by NHTSA. First, as vehicles age, some owners attempt to service their vehicles at entities other than their local authorized dealer. Almost all of these vehicles were beyond the warranty period and many were well beyond the warranty period. If their respective owners sought service from entities that are not authorized dealers or serviced the vehicles themselves, Polaris would have no records relating to those service efforts. Second, in many instances, Polaris's warranty and service records indicate that the owners sought service for other issues unrelated to the transmission. None of those owners identified the Problem at the time even though they were complaining about other issues. It is impossible for Polaris to evaluate if the Problem exists if the customer does not identify it to Polaris or a Polaris dealer. Third, an interesting and potentially informative factor was identified when the NHTSA reports were viewed chronologically. Of the 38 reports, relatively few were submitted in prior years. Thus, there were a limited number of incidents that occurred in 1999 (1), 2000 (1), and 2001 (2). Most of the NHTSA reports were submitted in 2004 (27), even though the reports described

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incidents that occurred much earlier. All but three of the reports submitted in 2004 were submitted after NHTSA's August 3, 2004 announcement that a Preliminary Evaluation had been opened. The vast majority (23 of the 27) were submitted between September 24, 2004 and November 15, 2004, an 8-week period beginning shortly after the announcement of the Preliminary Evaluation. The timing of this spike in reports to NHTSA does not appear coincidental because it is highly unlikely that the reports would be concentrated in such a short period -- 60 percent of the reports from a five-year period are concentrated in an 8-week span after the NHTSA announcement. Further, we have been informed that during this 8-week period, there was a significant amount of activity in internet motorcycle chat rooms encouraging Victory owners to complain to NHTSA because this might be a chance to get a new transmission.

The large number of recent reports of incidents to NHTSA is unexpected. Polaris takes them seriously and continues to monitor complaints coming in about the Problem. As we indicated before, Polaris' warranty and service records had been indicating a generally downward trend in transmission-related issues with very few identifying the Problem.

* * * *

With respect to their technical content, the 38 NHTSA reports provide only limited new information that might help identify a specific transmission issue beyond general customer unhappiness with the transmission's durability. The reports are consistent with gradual wear of the transmission components. It is important to note that the reports were generally for vehicles long past their vehicle warranty period. Polaris has reviewed the reports and still concludes that the issues related to the Victory transmissions are durability-based issues and not the result of a design defect in the transmission. The Problem being alleged results from gradual wear of transmission components, with cues being provided to the operator, not the unexpected and sudden failure of the transmission without warning. Since this failure mode is progressive over an extended period of time, the operator has ample time to service the vehicle.

All motorcycles on occasion miss a shift or have the gears "ratchet" during a shift. However, the increased frequency of such events would alert the operator that the motorcycle should be examined, diagnosed, and serviced by a qualified mechanic. If the shifting performance of the transmission is degrading, the transmission is providing both audible and tactile signals to the operator. For example, an operator would generally hear irregular sounds from the drivetrain. In addition, an operator may feel the transmission grind or "chatter" through the shift lever. These are warning signals to operators alerting them to have their motorcycles serviced before significant transmission damage results. These warning signals also occur long before these conditions would result in the Problem.

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All motor vehicles will eventually fail due to durability issues if the vehicles are used long enough. Regular maintenance, proper operation, and servicing will extend the useful life of any vehicle. Wear of transmission components, as discussed above, will occur on all motorcycles if they are ridden long enough. Improper shifting techniques and aggressive operating practices will accelerate the wear of transmission components. When Polaris customers have had transmission issues during the warranty period, Polaris has serviced the vehicles to ensure that their transmissions functioned as intended. In cases where the transmission issue arose after the warranty period had expired, Polaris many times has paid for parts and labor to service the vehicle in order to maintain the customer's goodwill. Customer satisfaction is vital for any new brand such as Victory as it enters a market to compete with established brands.

One issue that has been raised is the asserted reluctance of Victory dealers to offer warranty repairs of the transmission without first examining the vehicle and determining if the transmission issue is a warrantable defect or the result of some condition outside of the manufacturer's control, for example, misuse, neglect, or improper servicing. Polaris does not offer an open-ended warranty that is unlimited in duration or scope. Nor does Polaris cover every single condition that could occur on the vehicle. Before Polaris will authorize repair of a vehicle that is within or past the warranty period, the dealer first must examine the vehicle and determine the likely cause of the condition. It is unreasonable to expect Polaris to underwrite the costs of tearing down transmissions for vehicles that are well past their warranty if no problem is noticeable, or if the cause of the condition has not been determined or verified by dealer inspection. Nonetheless, as noted above, even when a vehicle is past its warranty period, Polaris has chosen to underwrite the costs of replacement parts (and occasionally labor) in particular circumstances as an accommodation to the Victory motorcycle owner. This is a strategic business decision prompted by the goal to maintain and generate goodwill for a new brand entering the motorcycle market.

* * * *

Another issue that NHTSA has raised is the alleged similarity between the reported Victory motorcycle transmission issue and a transmission defect that resulted in the recall of certain model year 2001 through 2003 Yamaha motorcycles, namely, the XV, Road Star, and Midnight Star models. These models were recalled to replace a defective second/third pinion gear as part of recall campaign 03V309000.

Based on Polaris' review of the public information it has been able to obtain concerning this Yamaha recall, there are several significant differences between the two situations.

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- First, the components (second/third pinion gear) in the Yamaha transmission were reported to have been "incorrectly machined." In the Victory transmission, there are no manufacturing defects that result in faulty components.
- Second, the "incorrectly machined" transmission components in the Yamaha transmission could result in abnormal wear and a broken circlip. In the Victory transmission, there are no specific known manufacturing defects that Polaris is aware of that could result in "abnormal wear" causing broken components.
- Third, the Yamaha defect could result in sudden lockup of the transmission with no advance warning. In the Victory transmission, the worn components exhibit audible and tactile signals that the transmission requires servicing. Only if these signals are ignored for an extended period of time can the wear continue to the point of causing the Problem.

In sum, the Yamaha recall involved an assignable cause resulting from a demonstrable manufacturing defect, which could result in a sudden lockup condition. In contrast, there has been no identifiable defect in the Victory transmission assembly. Customer reports have focused on complaints of gradual wear, overall noise and rough shift characteristics. While Polaris desires to ensure that all of our customers are satisfied with their Victory motorcycles, the fact that some customers have experienced transmission wear greater than they expected does not support the conclusion that the transmission contains a "defect." Nor should Polaris' efforts to address customer satisfaction issues through warranty and service adjustments and upgrades to later model year vehicles be construed as evidence that earlier model year Victory motorcycles contained a transmission "defect." In any mass-produced product there will inevitably be a distribution of product and component lifetimes, and a few individual units or components will experience shorter lifetimes than the average. Moreover, Polaris has undertaken extra efforts to maintain customer satisfaction, which is vital for any new brand such as Victory as it enters a market to compete with established brands.

* * * *

Polaris continues to believe that the transmission design does not have a safety defect. This conclusion results from the progressive nature of the transmission condition, if, in fact, it occurs in a particular vehicle. Among the thousands of Victory motorcycles manufactured, including the many units which have had their transmissions serviced, Polaris was able to find only very few where an incident/accident was reported to have occurred as a result of the

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Problem and most, upon inspection, showed no evidence of the Problem. See Attachment F to Polaris' September 30, 2004 submittal. Please let me know if we can provide you any additional information.

If you have any further questions about this matter, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Granta Y. Nakayama", with a long horizontal flourish extending to the right.

Granta Y. Nakayama

Attachment

cc: Otto Matheka, Office of the Chief Counsel, NHTSA

Attachment A

Case #	Date	VIN	Customer's Description of Problem	Alt. 406 Notes	Dealer's Response
1	2/6/2003	JB1NP41A	Misses shifts from 2nd to 3rd hitting a false neutral. Also has on occasion, jumped from 3rd back to 2nd after shifting to third.	This is not a Victory VIN	Unknown: The VIN supplied is not a valid VIN
2	6/21/2001	NA	Locked up, intermittent skidding, hit ground rills, dealer hesitant to open engine or trans to find out what caused failure.	Unknown: No VIN or customer name given in NHTSA report	Unknown: Cannot identify machine
3	8/18/2002	NA	missed shifts, downshift from 3rd to 2nd	Unknown: No VIN or customer name given in NHTSA report	Unknown: Cannot identify machine
4	8/1/2002	NA	4 three shifted from 4th to 3rd	Unknown: No VIN or customer name given in NHTSA report	Unknown: Cannot identify machine
5	7/22/2002	NA	2 three shifted from 3rd to 2nd.	Unknown: No VIN or customer name given in NHTSA report	Unknown: Cannot identify machine
6	4/24/2004	NA	Downshifts from 3rd to 2nd on its own, 4th to 3rd.	Unknown: Cannot identify machine	Unknown: Cannot identify machine
7	8/28/2004	NA	Transmission over time has become worse. Difficulty achieving neutral gear selection. Also when trying to upshift to 3rd gear the transmission seems to bounce on the gears and drop into 2nd gear.	Unknown: Cannot identify machine	Unknown: Cannot identify machine
8	10/30/2004	5VPCB15D4	Transmission miss shifts. Unexpected downshifts. Gets stuck between gears.	Multiple customer contacts, no transmission issues. 18 dealer technical contacts, no transmission issues reported.	No Longer A Dealer
9	3/1/2003	NA	Started with false neutrals... Then started getting shift drops. Would shift into third and then it would drop down into second. Now if I want to get on the throttle hard, it will not shift into third at all.	Unknown: Cannot identify machine	Unknown: Cannot identify machine
10	10/22/2004	NA	Intermittent transmission going to a false neutral condition, causing loss of power and control. Intermittent sudden downshifting from third to second gear, causing rear wheel skid and loss of control.	Unknown: Cannot identify machine	Unknown: Cannot identify machine
11	11/2/2002	5VPCB15DX	The vehicles third gear jumped."	Letter 9-23-04: Issue about front fender: 18 Consumer calls - nothing about transmission. 21 tech calls - nothing about transmission. No warranty claim for Trans.	3-30-05: Customer complained that bike was jumping out of gear. Dealer replaced transmission under extended warranty on 11/7/02. Cost to customer was a \$25 deductible.
12	7/8/2004	5VPCB15D8	Sudden downshifts from gear 3 to 2 causing a sudden slowdown. Also exhibits false neutrals when shifting from 2 to 3.	No customer contacts. 7 total Tech calls. 3 = trans (1 false neutrals, 1 "jumps out of gear," 1 " tranny problems." No warranty claim for trans.	3-30-05: No Answer: 3-31-05: Dr cannot remember working on this machine, will search records and call me back. 4-7-05: Customer was in the dealership for extended period. Customer has been to dealer complaining about going into a false neutral and hard to shift. Has never stated that the machine downshifts by itself. Dr has verified that machine will go into a false neutral, dr has never experienced machine downshifting by itself.
13	6/25/2002	5VPCB15L0	Missed shifts between 2nd & 3rd gears, drops back into 2nd gear causing sudden deceleration	No customer contacts: 6 tech calls (no transmission issues). On 5-2-02, dealer said the machine had 28,935 miles on it. No warranty claims for transmission.	Waiting for Dr to call me back. He was going to research this.: Called back No record of any complaints or work on this machine.

Attachment A

Ref #	Complaint Date	VIN	Complaints to NHTSA from consumer	ATB-204 Notes	Called Dealer Comments
14	2/1/1999	5VPCB15D0	Stuck in 3rd at 60 mph then back fire locked up. "Shift plate broken and lodged in part of engine."	Letter: 2-6-03: Customer states: "...R will pop out of gear." 3 tech calls, nothing about transmission. No warranty claims for trans.	3-30-05: No longer Victory Dealer did not call. Vehicle registered to Lyle Johnston on 5/28/99.
15	1/29/2004	5VPCB15D3	Shifted into 4th, locked up. Jumping in & out of gear	4 customer complaints - nothing about transmissions. 11 Tech calls. "Will not go into 4th gear." We paid for parts (4 years out of warranty). 1 warranty claim for trans. States "transmission engagement dogs and all shift forks worn."	3-21-05: "Customer made no mention of 'locking up' and dealer has no records of this." Dealer's records match ours.
16	11/9/2004	5VPCB15D3	Repeated occasions when the bike would slip out of gear or stick between gears while shifting. Last incident caused the rear wheel to lock up and break the drive belt.	No Consumer Calls. No Warranty Claims for Transmissions. 6 Tech Calls: 5 About transmissions: 1 dir comment states: "...wants to shift by itself."	Did Not, issue was originally reported to NHTSA
17	4/1/2003	5VPCB15D3	Slips out of 3rd gear sometimes dropping back down to second.	No customer contacts. 8 Tech calls (dealer said 14,000 miles). 3-19-04: "Jumping out of 3rd and other gears." 3-19-04: "End User calling dir has been on internet states it falls out of 3rd gear into 2nd." We bought parts 5 years out of warranty. 1 warranty claim - states "false neutral between all gears."	Did Not, issue was originally reported to NHTSA
18	6/1/2003	5VPCB15D0	Missed shifts and continually popped out of gear. Oil leak. Disassembled trans. Damage to shift forks and dogs. Paid labor. 1 year out of warranty.	2 Customer complaints: not about transmissions. 12 Tech calls: 4 about transmissions. Concerns front sprocket nut issues & jumping out of gear. 1 warranty claim for trans: Only references serial number. Autho states "jumping out of gear."	No Longer A Dealer
18	No Given	5VPCB15D5	Kicked out of gear and stalled. Says goes into lower gear	6 customer complaints - nothing about transmissions. 6 tech calls. 2 concerning jumping out of gear. We offered parts 3/4s of price of transmission (\$1020. Curt paid \$800.00. \$300 for oil pump).	3-31-06: "Never happy unless you give him everything." "Help him and he is all over the internet bad mouthing the dealership." "Had to buy an oil pump during tranny rebuild - threw a fit over that." "Just knowing the customer, his only complaint is that he had to pay for something." Customer was in last week looking at new bikes.
20	10/1/2001	5VPCB15D0	Loss of third gear. Won't go into 3rd or stay if goes in. Repaired. Sent NHTSA pictures.	No customer contacts. 18 tech calls. 5 concern transmissions. No instances reported of unintended downshifts or locking up instances (false neutrals). Transmission was rebuilt on 8-28-2001 with 78,000 miles on the machine. No warranty claim for trans.	No Longer A Dealer