

BMW Group

OFFICE OF DEFECTS & INVESTIGATIONS

2010 AUG 31 A 9:34

August 26, 2010

Scott Yon
Chief, Vehicle Integrity Division
Office of Defects Investigation
National Highway Traffic Safety Administration
1200 New Jersey Ave., S.E.
Washington, DC 20590

Re: PE10-020

Dear Mr. Yon:

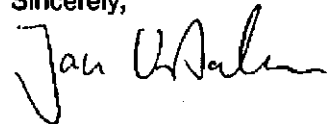
With this letter, BMW is responding to NHTSA's Information Request dated July 7, 2010 in the above captioned matter.

The attachments included with this letter comprise BMW's response to Questions 1 through 7. Our response for Questions 8 through 12, as agreed, will be submitted no later than September 16, 2010. As requested, BMW has repeated each question verbatim and provided our response accordingly. Our detailed responses are contained in the attachments.

BMW understands that it is NHTSA policy to protect the privacy of individuals under Exemption 6 of the Freedom of Information Act, 5 USC Section 552(b)(6). Certain information requested by NHTSA, such as personal information pertaining to BMW vehicle owners that is contained in the attachments, although not claimed herein to be "BMW Confidential" pursuant to 5 USC Section 552(b)(4) (Exemption 4) and 49 CFR 512, should not be made public by NHTSA in accordance with Exemption 6.

Should you have any questions pertaining to the information enclosed with this letter, please contact me at (201) 571-5360, or Martin Rapaport of my staff at (201) 571-5208.

Sincerely,



Jan Urbahn
General Manager
Safety Engineering & Intelligent Transportation Systems

Attachments:

CD No. 1

Company
BMW of North America, LLC

BMW Group Company

Mailing address
PO Box 1227
Westwood, NJ
07675-1227

Office address
300 Chestnut Ridge Road
Woodcliff Lake, NJ
07677-7731

Telephone
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(201) 571-5479

Website
bmwusa.com



**BMW Response
to
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(Questions 1 - 7)
26 Aug 2010**

1. State, by model and model year, the number of subject vehicles BMW has manufactured for sale or lease in the United States. Separately, for each subject vehicle manufactured to date by BMW, state the following:
- Vehicle identification number (VIN);
 - Make;
 - Model;
 - Model Year;
 - Date of manufacture;
 - Date warranty coverage commenced; and
 - The State in the United States where the vehicle was originally sold or leased (or delivered for sale or lease).

Provide the table in Microsoft Access 2000, or a compatible format, entitled "PRODUCTION DATA."

Response:

The source of this information is our production vehicle database and is current as of 30 June 2010.

The number of subject vehicles BMW has manufactured for sale or lease in the United States by Model Year is contained in Table 1.

Model Year	US Production
2003	24,412
2004	12,961
2005	11,112

Table 1.

Attachment "PD-PRODUCTION-DATA" on CD No. 1 contains the requested information. Note, for items (b) and (c), all vehicles are BMW Z4 models.

2. State, by model and model year, the number of each of the following, received by BMW, or of which BMW is otherwise aware, which relate to, or may relate to, the alleged defect in the subject vehicles:
- Consumer complaints, including those from fleet operators;
 - Field reports, including dealer field reports;
 - Reports involving a crash, injury, or fatality, based on claims against the manufacturer involving a death or injury, notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage claims, consumer complaints, or field reports;
 - Property damage claims;
 - Third-party arbitration proceedings where BMW is or was a party to the arbitration; and
 - Lawsuits, both pending and closed, in which BMW is or was a defendant or codefendant.

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 - Make;
 - Model;
 - Model Year;
 - Date of manufacture;
 - Date warranty coverage commenced; and
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For subparts "a" through "f" state the total number of each item (e.g., consumer complaints, field reports, etc.) separately. Multiple incidents involving the same vehicle are to be counted separately. Multiple reports of the same incident are also to be counted separately (i.e., a consumer complaint and a field report involving the same incident in which a crash occurred are to be counted as a crash report, a field report and a consumer complaint).

In addition, for items "c" through "f," provide a summary description of the alleged problem and causal and contributing factors and BMW's assessment of the problem, with a summary of the significant underlying facts and evidence. For items "e" and "f," identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

Response:

The source of this information is our customer contact database, various field report databases, and certain legal databases, and is current as of 30 June 2010.

The number of consumer complaints is being confirmed at the present time. We will supplement our response with this information in approximately one week due to additional efforts required to complete this part of the response.

The number of field reports is 3.

The number of dealer field reports is 49.

The number of crash reports is 3.

The number of injury reports is 1.

The number of fatality reports is 0.

The number of property damage claims is 1.

The number of ("Lemon-Law") third-party arbitration proceedings is 1.

The number of ("Lemon-Law") lawsuits is 2.

Attachment "LL-LEMON-LAW-SUMMARY-INFO" on CD No. 1 contains the requested information for items (e) and (f).

3. Separately, for each item (complaint, report, claim, notice, or matter) within the scope of your response to Request No. 2, state the following information:
 - a. BMW's file number or other identifier used;
 - b. The category of the item, as identified in Request No. 2 (i.e., consumer complaint, field report, etc.);
 - c. Vehicle owner or fleet name (and fleet contact person), address, and telephone number;
 - d. Vehicle's VIN;

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- e. Vehicle's make, model and model year;
- f. Vehicle's mileage at time of incident;
- g. Incident date;
- h. Report or claim date;
- i. Whether a crash is alleged;
- j. Whether property damage is alleged;
- k. Number of alleged injuries, if any; and
- l. Number of alleged fatalities, if any.

Provide this information in Microsoft Access 2000, or a compatible format, entitled "REQUEST NUMBER TWO DATA."

Response:

The sources of this information and the availability dates are as noted above.

The consumer complaint codes and their descriptions that were utilized in the search are contained in Table 2.

Consumer Complaint Code	Code Description
3200	Steering Unit Components (SUC)
3211	SUC – Steering Box
3213	SUC – Steering Rack
3231	SUC – Steering Column
3233	SUC – Steering Wheel
3241	SUC – Hydraulics – Pump, Hose

Table 2.

Attachment "REQUEST NUMBER TWO DATA – CC (PARTIAL)" on CD No. 1 contains the requested information for all but the code 3200 consumer complaints. Information pertaining to the code 3200 complaints is being confirmed at the present time and will be provided to NHTSA in approximately one week due to additional efforts required to complete this part of the response.

Although not specifically requested, we have included, within Attachment "REQUEST NUMBER TWO DATA – CC (PARTIAL)" on CD No. 1, the Complaint Code, in order to identify an individual complaint with its corresponding code. Also included are Model Year and Production Date.

Attachment "REQUEST NUMBER TWO DATA – FR" on CD No. 1 contains the requested information for the field reports.

Attachment "REQUEST NUMBER TWO DATA – DFR" on CD No. 1 contains the requested information for the dealer field reports.

Attachment "REQUEST NUMBER TWO DATA – OR" on CD No. 1 contains the requested information for "Other Reports", i.e., notifications to BMW re Question 2(c).

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Attachment "REQUEST NUMBER TWO DATA – LL" on CD No. 1 contains the requested information for the ("Lemon-Law") third-party arbitration proceedings and ("Lemon-Law") lawsuits.

- 4. Produce copies of all documents related to each item within the scope of Request No. 2. Organize the documents separately by category (i.e., consumer complaints, field reports, etc.) and describe the method BMW used for organizing the documents.**

Response:

The sources of this information, and the availability dates, are as noted above.

Attachment "CC – CONSUMER COMPLAINTS (PARTIAL)" on CD No. 1 contains copies of all but the code 3200 consumer complaints. Information pertaining to the code 3200 complaints is being confirmed at the present time and will be provided to NHTSA in approximately one week due to additional efforts required to complete this part of the response.

Attachment "FR-FIELD-REPORTS" on CD No. 1 contains copies of the field reports.

Attachment "DFR-DEALER-FIELD-REPORTS" on CD No. 1 contains copies of the dealer field reports.

Attachment "LL-LEMON-LAW" on CD No. 1 contains copies of the lemon law cases. These cases do not comprise any instances of crashes, injuries, or fatalities. Lemon law cases are based on a variety of complaints where it is alleged that the vehicle is out of service for more than 30 days or that certain alleged defects cannot be repaired after a reasonable number of attempts. Power steering may be one of a number of alleged defects in the Complaint, but is not the focus of the Complaint, or power steering may be part of a repair order related to the lawsuit or third party arbitration/mediation although not specifically stated in the Complaint filed.

- 5. State, by model and model year, a total count for all of the following categories of claims, collectively, that have been paid by BMW to date that relate to, or may relate to, the alleged defect in the subject vehicles: warranty claims; extended warranty claims; claims for good will services that were provided; field, zone, or similar adjustments and reimbursements; and warranty claims or repairs made in accordance with a procedure specified in a technical service bulletin or customer satisfaction campaign.**

Separately, for each such claim, state the following information:

- a. BMW's claim number;**
- b. Vehicle owner or fleet name (and fleet contact person) and telephone number;**
- c. Vehicle's VIN;**
- d. Repair date;**
- e. Vehicle mileage at time of repair;**
- f. Repairing dealer's or facility's name, telephone number, city and state or ZIP code;**

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- g. Labor operation number;**
- h. Problem code;**
- i. Fault codes, if any, indicated at the time of repair;**
- j. Whether or not the claim is related to a TSB; if so, identify the relevant TSB;**
- k. Replacement part number(s) and description(s);**
- l. Concern stated by customer; and**
- m. Comment, if any, by dealer/technician relating to claim and/or repair.**

Provide this information in Microsoft Access 2000, or a compatible format, entitled "WARRANTY DATA."

Response:

The source of this information is our warranty claims database and is current as of 30 June 2010.

The number of warranty claims that relate, or may relate, to the issue is contained in Table 3.

Model Year	Warranty Claims
2003	1,367
2004	1,170
2005	631

Table 3.

Attachment "WC – WARRANTY DATA" on CD No. 1 contains the requested information.

Although not requested, we have also included Model Year and Production Date. Additionally, warranty claim type can be identified within the problem code as follows: "new vehicle limited warranty" – problem code ends in a number, "CPO" – problem codes ends in "UW", "ESC" – problem code ends in "ES", "goodwill" – problem code ends in a letter combination other than "UW" or "ES".

Note, for items (i) and (j), there are no specific data fields in our warranty claims database identifying this specific information. Therefore, we are not able to provide it separately. However, to the extent that this information exists, it is included within the text in item (l).

- 6. Describe in detail the search criteria used by BMW to identify the claims identified in response to Request No. 5, including the labor operations, problem codes, part numbers and any other pertinent parameters used. Provide a list of all labor operations, labor operation descriptions, problem codes, and problem code descriptions applicable to the alleged defect in the subject vehicles. State, by model and model year, the terms of the new vehicle warranty coverage offered by BMW on the subject vehicles (i.e., the number of months and mileage for which coverage is provided and the vehicle systems that are covered). Describe any extended warranty coverage option(s) that BMW offered for the subject vehicles and state by option, model, and model year, the number of vehicles that are covered under each such extended warranty.**

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Response:

The warranty claims search criteria principally involved the NHTSA definition of "subject system", and our corresponding warranty claims database high-level code for that system, specifically the steering system. In doing so, this resulted in capturing all warranty claims information pertaining to the steering system. The data was then reviewed in order to remove clearly irrelevant / non-applicable claims, such as those pertaining to steering wheel cosmetics, the multi-function steering wheel, loose trim pieces, etc.

The terms of the New Vehicle Limited Warranty coverage for the subject vehicles is 4 years / 50,000 miles and includes coverage for the subject component.

BMW offers a "Certified Pre-Owned" (CPO) program for the subject vehicles. The CPO program provides certain warranty coverage (subject to exclusions and limitations) on the vehicle when purchased (via the CPO program) by a second (and any subsequent) owner(s) for an additional 2 years / 50,000 miles (whichever occurs first), after our original New Vehicle Limited Warranty coverage period of 4 years / 50,000 miles expires. With the addition of this CPO coverage, the vehicle is covered up to a maximum of 6 years / 100,000 miles (whichever occurs first).

BMW offers several "Extended Service Contract" (ESC) options for the subject vehicles. Our current ESC lineup is known as BMW Extended Vehicle Protection (EVP), replacing the former "Original Owner Protection Program" (2OP). With our "Gold" and "Platinum" offerings, the coverage is similar to (or better than) the CPO program. With our "Powertrain Plus" offering, coverage is limited to stated (in the Customer Contract) parts and components, and does not afford coverage for steering and suspension items. While CPO coverage is only available in one term as noted above, we have four EVP terms available for vehicles still covered by our New Vehicle Limited Warranty: 5 years / 100,000 miles, 6 years / 100,000 miles, 7 years / 70,000 miles, or 7 years / 100,000 miles (whichever occur first). All of these terms "wrap" the factory 4 year / 50,000 mile warranty, and will expire at 5, 6, or 7 years from the original in-service date of the vehicle, or 70,000 or 100,000 total vehicular miles, whichever comes first. For eligible out-of-warranty vehicles, we have 3 different terms: 1 year / 12,000 miles, 24 months / 24,000 miles, and 36 months / 36,000 miles. On these enrollments, coverage begins on the date of enrollment, and the covered mileage period is calculated by adding the term mileage coverage to the mileage on the vehicle as of the date of enrollment. For all of our current ESC offerings, once in place, coverage can be transferred to a second (and any subsequent) owner(s) in private-party to private-party changes in ownership, but, it does not apply (becomes "inactive") if the vehicle is traded in to a dealer, broker, or wholesaler.

- 7. Produce copies of all service, warranty, and other documents that relate to, or may relate to, the alleged defect in the subject vehicles, that BMW has issued to any dealers, regional or zone offices, field offices, fleet purchasers, or other entities. This includes, but is not limited to, bulletins, advisories, informational documents, training documents, or other documents or communications, with the exception of standard shop manuals. Also include the latest draft copy of any communication that BMW is planning to issue within the next 120 days.**

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Response:

The source of this information is our service bulletin database and is current as of 30 June 2010.

Attachment "SB-SERVICE-BULLETINS" on CD No. 1 contains the requested information.