

BMW Group

April 13, 2004

Mr. Kenneth N. Weinstein
Associate Administrator for Enforcement
National Highway Traffic Safety Administration
400 7th Street, SW
Washington, DC 20590

04V-247
(6 pages)

**RE: Recall Campaign - Air Bag System Processors
2003 BMW Z4**

Dear Mr. Weinstein:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act of 1966 and 49 CFR Part 573.

Pursuant to Section 573.8(c), we submit the following information.

- Manufacturer:** Beyerische Motoren Werke AG (BMW AG)

Designated Agent: BMW of North America, LLC
Woodcliff Lake, NJ 07677
- Make:** BMW

<u>Model Year / Model</u>	<u>Inclusive dates of manufacture</u>
2003 / Z4	09/09/2002 - 09/30/2003
- The number of vehicles potentially affected is approximately 51.
- The percentage of vehicles estimated to actually contain the defect is 100%.
- The potential defect involves the air bag system's electronic processors. Specifically, incompatible air bag system processors may have been inadvertently installed in a number of vehicles. As a result, air bag deployment could be affected in some vehicle collisions. In certain unique cases, air bag deployment may not occur.

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
(201) 807-4000
Fax
(201) 782-0764
Website
bmwusa.com

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The name, business address, telephone number, and contact person of the air bag system supplier is:

Autoliv Electronics AB
Mr. Niclas Ostman
Medevivagen 55
SE-591 24 Motala
Sweden

Tel.: 0046-141-223030

6. BMW initially became aware of this potential problem in February 2004. Subsequent investigations and analyses resulted in an identification of the potential defect, as well as, a determination of the range of potentially affected vehicles.

~~BMW has received no reports, nor is BMW otherwise aware of any accidents or injuries related to the defect.~~

7. Not applicable.

8. BMW will conduct a recall campaign to remedy the affected vehicles. Specifically, the air bag system processors will be inspected and, if necessary, replaced on all affected vehicles.

BMW expects to begin and complete owner notification in April 2004.

9. A copy of the Service Bulletin will be submitted when available.
10. A draft copy of the owner notification letter is attached.
11. Not applicable.

Sincerely,



Karl-Heinz Zwica
Vice President
Engineering US

Attachment

TREAD ACT CUSTOMER REIMBURSEMENT PLAN
(BMW of North America, LLC)

Customer Reimbursement for Safety Related Recall Repairs
Effective with Safety related recalls initiated January 16, 2003

The customer is encouraged to request reimbursement from their authorized BMW center. Alternatively, the customer may submit the request for reimbursement to the following address:

Customer Relations Department
BMW of North America, LLC
P.O. Box 1227
Westwood, NJ 07675-1227

In all cases:

- Repair expenses pertaining to the subject of the safety recall are reimbursable, not consequential expenses such as towing, rental, accommodations, damage repairs, etc.
- Expenses from repair facilities outside of the BMW center network will be considered; however, the procedure must meet BMW standards and use BMW Genuine Parts.
- When BMW Genuine Parts are used, the Manufacturer's Suggested Retail Price (MSRP) will be considered as the guideline for reasonable charges.
- Expenses for repairs performed more than 10 days after the date of the last owner notification letter sent by BMW are not eligible for reimbursement.
- Taxes and hazardous waste disposal, where previously paid, are eligible for reimbursement.
- BMW will not reimburse for prior repairs that did not utilize BMW Genuine Parts.

The authorized BMW center will request a copy of the owner notification letter, as well as, a copy of the owner's previously paid invoice, and then inspect the vehicle (if still in the possession of the invoice holder) to determine the scope and quality of the previous repair. Claims shall be processed within 80 days of receipt.

DRAFT

April xx, 2004

Recall Campaign No. 04V-XXX: Air Bag System Processors

Dear BMW Owner:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act.

BMW AG has decided that a defect, which relates to motor vehicle safety exists in certain 2003 Model Year BMW Z4 vehicles. Our records indicate that you are the owner of a potentially affected vehicle.

DESCRIPTION OF DEFECT

The defect involves certain air bag system components. Specifically, incompatible electronic processors may have been installed. In such cases, if the vehicle were involved in a collision, air bag deployment could be affected. In extreme cases, air bag deployment may not occur. In these cases, injuries to the driver and/or front passenger could occur that might otherwise be mitigated.

Your vehicle can still be driven; however, for the safety of the driver and front passenger do not leave this problem unattended.

PRECAUTIONS

1. **CONTACT YOUR AUTHORIZED BMW CENTER IMMEDIATELY TO HAVE THE NECESSARY REPAIR PERFORMED AS SOON AS POSSIBLE.**
2. **BMW recommends that you always wear your safety belt, and that all passengers are properly seated and restrained at all times.**
3. **Refer to the appropriate safety information in your Owner's Manual, and observe the warnings contained in the airbag warning labels on your car.**
4. **If you are not the only driver of this vehicle, please advise all other drivers of this important information.**

DESCRIPTION OF REPAIR

The repair will consist of inspecting, and if necessary replacing, air bag system processors on all of the affected vehicles.

The repair will require approximately two hours. This work will be performed free of charge by your Authorized BMW center. Additional time may be required depending on the BMW center's scheduling and processing.

OTHER INFORMATION

If you are no longer the owner of this vehicle, we would appreciate you furnishing us with the name and address of the new owner, using the enclosed postage-paid card.

If you are a lessee of this vehicle, Federal Regulations require you to forward this notice to your lessee.

If you have already had this repair performed at your own expense, please see the attachment regarding possible eligibility for reimbursement.

Should you have any questions about this campaign, please contact your Authorized BMW center.

We appreciate your confidence in our product, and we wish to do everything we can to retain your confidence. Should you need additional assistance, you may contact BMW Customer Relations and Services at 1-800-831-1117.

If the BMW center is unable to remedy the defect without charge or within a reasonable period of time, you may notify the Administrator, National Highway Traffic Safety Administration, 400 Seventh St., S.W., Washington, DC 20590, or call the toll-free Auto Safety Hotline at 1-888-827-4236.

BMW OF NORTH AMERICA, LLC

TREAD ACT CUSTOMER REIMBURSEMENT PLAN
(BMW of North America, LLC)

If you have paid for the repair described in the attached letter, and you would like to be considered for reimbursement, please contact your authorized BMW center. Expenses from repair facilities outside of the BMW center network will be considered; however, the procedure must meet BMW standards and use BMW Genuine Parts.

Your authorized BMW center will request a copy of your owner notification letter, as well as, a copy of your previously paid invoice, and then inspect the vehicle (if it is still in your possession) prior to submitting a claim on your behalf to BMW of North America, LLC for reimbursement.

Please note the following:

- Only a repair that is the subject of this safety recall is reimbursable. Consequential expenses such as towing, rental, accommodations, damage repairs, etc will not be reimbursed.
- When BMW Genuine Parts are used, the Manufacturers Suggested Retail Price (MSRP) will be considered as the guideline for reasonable charges.
- Expenses for repairs performed more than 10 days after the date of the last owner notification letter sent by BMW are not eligible for reimbursement.
- Taxes and hazardous waste disposal, where previously paid, are eligible for reimbursement.
- BMW will not reimburse for prior repairs that did not utilize BMW Genuine Parts.

We anticipate that your authorized BMW center will be able to answer any questions that you may have regarding your qualifications for reimbursement of a previous repair. If you qualify for such a reimbursement, they will also be able to advise you of the manner in which you could receive reimbursement.

We recommend that your authorized BMW center be your primary contact on this issue; however, our Customer Relations Department may be contacted at 1-800-831-1117 for any special assistance that you may require.

Alternatively, you may submit your request for reimbursement to the following address:

Customer Relations Department
BMW of North America, LLC
P.O. Box 1227
Westwood, NJ 07675-1227