

October, 2006

Motorcycle Recall Campaign No. 06V-xxx, R1200 S / R1200 HP2, Final-Drive Assembly Leak

Dear BMW Motorcycle 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 2007 BMW R1200 S and 2006 BMW R1200 HP2 motorcycles. Our records indicate that you are the owner of a potentially affected motorcycle.

We sincerely apologize for any inconvenience this may cause you.

Description of Defect

The defect involves an O-ring seal in the final-drive assembly. During motorcycle assembly, this O-ring may not have been installed correctly. Because of this, a leak may occur at the location of this O-ring which is near the rear brake disc. If a leak were to occur, oil could come into contact with the rear brake disc.

You may continue to ride your motorcycle; however, you must have the problem corrected promptly. Failure to observe the following precautions, in conjunction with traffic and road conditions, and the rider's reactions, could increase the risk of a crash.

Precautions

- 1. Contact your Authorized BMW motorcycle dealer immediately to have the necessary repair performed as soon as possible.**
- 2. Should you need BMW Motorcycle Roadside Assistance, they can be reached at 1-877-680-2176.**
- 3. If you are not the only rider of this motorcycle, please advise all other riders of this important information.**

Description of Repair

The repair will consist of installing a new O-ring.

The actual repair may take up to one hour; however, additional time may be required depending upon the BMW motorcycle dealer's scheduling and processing. This work will be performed free of charge by your Authorized BMW motorcycle dealer.

Other Information

If you are no longer the owner of this motorcycle, 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 lessor of this motorcycle, 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.

Again, we sincerely apologize for any inconvenience this may cause you.

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

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 by telephone at 1-800-831-1117, or by email at CustomerService@bmwmotorcycles.com

If the BMW motorcycle dealer 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 Street S.W., Washington, DC 20590, call the toll-free Vehicle Safety Hotline at 1-888-327-4236 (TTY: 1-800-424-9153), or go to <http://www.safercar.gov>.

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 motorcycle retailer. Expenses from repair facilities outside of the BMW motorcycle retailer network will be considered; however, the procedure must meet BMW standards and use BMW Genuine Parts.

Your authorized BMW motorcycle retailer 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 motorcycle retailer 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 motorcycle retailer be your primary contact on this issue; however, our Customer Relations and Services 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 and Services Department
BMW of North America, LLC
P.O. Box 1227
Westwood, NJ 07675-1227