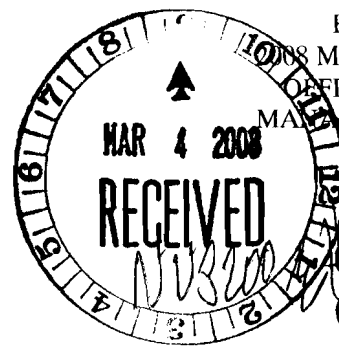


BMW Group



RECEIVED
MAR 12 - 9:00 AM
OFFICE OF RECALL
MANAGEMENT DIVISION

February 27, 2008

Mr. Daniel Smith
Associate Administrator for Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Ave., S.E.
Washington, DC 20590

08V-111
(6 Pages)

**Re: Recall Campaign
Wheel Bearing
2007 BMW G650 X Challenge, G650 X Country**

Dear Mr. Smith:

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 573.6(c) of the above, we submit the following information.

- Manufacturer: Bayerische Motoren Werke AG (BMW AG)

Designated Agent: BMW of North America, LLC
Woodcliff Lake, New Jersey 07677
- Make: BMW

Model Year / Model: 2007 / G650 X Challenge
2007 / G650 X Country

Inclusive Dates of Manufacture:

- | | |
|------------------|---------------------------------|
| G650 X Challenge | (Feb. 12, 2007 – Mar. 14, 2007) |
| G650 X Country | (Feb. 20, 2007 – Mar. 21, 2007) |

- The number of motorcycles containing this problem is approximately 620 G650 X Challenge and 124 G650 X Country models.
- The percentage of motorcycles estimated to actually contain the problem is 50%.
- The problem involves the wheel-bearing. Some motorcycles may have had the wrong circular clip (“circlip”) installed on the left-hand side of the rear wheel-bearing guide. As a result, this circlip can rub against a spacer bushing. Continued rubbing and/or friction can produce metallic particles that can penetrate, and lead to the failure of, the wheel bearing. There is also the possibility that incorrect ABS sensor signals could be generated causing the ABS to malfunction. If this happened, the ABS warning lamp would be illuminated, alerting the rider to the situation. However, in this case, the brakes would remain fully available to slow and stop the motorcycle.

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) 307-4000

Fax
(201) 782-0764

Website
bmwusa.com



6. BMW became aware of this matter as a result of quality control processes. Subsequent investigations and analyses resulted in a determination of the specific problem and the range of potentially affected motorcycles.

BMW has not received any reports, and is otherwise not aware, of any accidents or injuries as a result of this problem.

7. Not applicable.

8. BMW will conduct a recall campaign to remedy the affected motorcycles. Affected motorcycles will have a correct circlip installed, along with a new spacer bushing, wheel bearings, and shaft sealing rings.

BMW expects to begin and complete dealer and owner notification in March 2008.

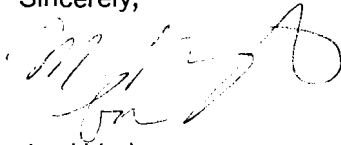
9. Not applicable.

10. A copy of the Service Bulletin will be submitted when available.

11. A draft copy of the owner notification letter is attached.

12. Not applicable.

Sincerely,



Jan Urbahn
General Manager
Safety Engineering and Intelligent Transportation Systems

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 15, 2003

The customer is encouraged to request reimbursement from their authorized BMW motorcycle dealer. Alternatively, the customer may submit the 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

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 motorcycle dealer network will be considered; however, the procedure must meet BMW standards and use BMW Genuine Parts.
- 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.

The authorized BMW motorcycle dealer 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 60 days of receipt.

DRAFT

March 2008

Recall Campaign No. 08V-xxx, G650 X Challenge, G650 X Country
Wheel Bearing

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 2007 BMW G650 X Challenge and G650 X Country motorcycles. Our records indicate that you are the owner of a potentially affected motorcycle.

We sincerely apologize for any inconvenience that this may cause you.

DESCRIPTION OF DEFECT

The problem involves the wheel-bearing. Your motorcycle may have had the wrong circular clip ("circlip") installed on the left-hand side of the rear wheel-bearing guide. As a result, this circlip can rub against a spacer bushing, creating metal shavings which may enter the wheel bearing, causing it to fail. Also, the ABS may malfunction, although this would be indicated by illumination of the ABS warning lamp. If this happened, the brakes would remain fully available to slow and stop the motorcycle.

You must have this 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 FOR YOUR SAFETY

- 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 motorcycle of this important information.**

DESCRIPTION OF REPAIR

Your motorcycle will be checked, and if necessary, have a correct circlip installed, along with a new spacer bushing, wheel bearings, and shaft sealing rings.

The actual repair may take up to one half-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 that 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, 1200 New Jersey Ave., S.E., 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 dealer. Expenses from repair facilities outside of the BMW motorcycle dealer network will be considered; however, the procedure must meet BMW standards and use BMW Genuine Parts.

Your authorized BMW motorcycle dealer 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 dealer 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 dealer 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