

June 12, 2012

Ms. Nancy Lummen Lewis
 Associate Administrator for Enforcement
 National Highway Traffic Safety Administration
 1200 New Jersey Ave., S.E.
 Washington, DC 20590

VIA EMAIL and CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Recall Campaign
Steering Gear
2012 BMW X5 SAV Diesel
2013 BMW X5 SAV
2013 BMW X6 SAC

Dear Ms. Lewis:

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), we submit the following information.

- | | | |
|----|--|---|
| 1. | <u>Manufacturer:</u> | Bayerische Motoren Werke AG (BMW) |
| | <u>Designated Agent:</u> | Thomas C. Baloga
Vice President, Engineering-US
BMW of North America, LLC
200 Chestnut Ridge Rd. (Bldg. 150)
Woodcliff Lake, NJ 07677 |
| 2. | <u>Make:</u> | BMW |
| | <u>Model Year / Model:</u> | 2012 / X5 SAV Diesel
2013 / X5 SAV
2013 / X6 SAC |
| | <u>Inclusive Dates of Manufacture:</u> | Apr. 20, 2012 – May 29, 2012 |
| 3. | The number of vehicles affected is 2,642. | |
| 4. | The percentage of vehicles estimated to actually contain the condition is 70%. | |
| 5. | The issue involves the steering gear. Surface machining of the steering gear housing by the supplier was not within specification. As a result, a snap ring does not sit firmly in its groove and therefore the rack-and-pinion guide could be pressed out. This would lead to leakage of power steering fluid, flowing into the rubber boot of the steering gear. | |

Under pressure, the rubber boot could burst and drain the fluid into the engine compartment. The resulting pressure loss in the hydraulic system can lead to a loss of power steering assist. Steering function will be maintained; however, the effort required to steer the vehicle will be significantly higher. In some cases, power

Company
 BMW of North America, LLC

BMW Group Company

Mailing address
 PO Box 1227
 Westwood, NJ
 07675-1227

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 300 Chestnut Ridge Road
 Woodcliff Lake, NJ
 07677-7731

Telephone
 (201) 307-4000

Fax
 (201) 571-5479

Website
 bmwusa.com



steering fluid can spray onto hot exhaust parts. An engine compartment fire may occur.

The name, business address, telephone number, and contact person of the supplier, and country of origin of the component, is:

Volker Girrulat
Senior Manager Warranty
ZF Lenksysteme GmbH
73527 Schwäbisch Gmünd, Germany

Phone: 49-7171-31-4521
Fax: 49-7171-31-6-4521

Country of Origin – USA

6. After extreme steering testing at the assembly plant in Spartanburg, South Carolina on May 29 and 30, 2012, the above described issue occurred on two production vehicles. BMW conducted an immediate review of steering gear components and requested supplier information. No field reports of this type of failure were received at any time before or after the incidents at the assembly plant.

On May 31, 2012, further analysis and investigation revealed a specific machine process error at the sub-supplier that manufactures the steering gear housing. Specifically, analysis of the failed parts showed a deviation from the drawing specifications.

Production and manufacturing records were examined in order to determine the number, and production range of potentially affected vehicles. The specific component housing production lot could be allocated to the corresponding vehicle production.

Further testing and measurements of affected parts were conducted between June 1st and June 4th 2012 to examine failure characteristics and to determine if a failure could also occur in the field. On June 4, 2012, test results indicated that an occurrence in field vehicles could result.

On June 5, 2012, BMW decided to conduct a voluntary recall. BMW has not received any reports, nor is BMW otherwise aware of any accidents or injuries related to this issue.

7. Not applicable.
8. BMW will conduct a recall campaign to remedy the affected vehicles. The steering gear will be inspected, and if necessary also replaced.

BMW will begin and expects to complete dealer notification in June 2012. BMW expects to begin and complete owner notification in July 2012.

9. Not applicable.

10. A copy of the Service Bulletin will be submitted when available. A draft copy of the owner notification letter is attached.

11. Not applicable.

Sincerely,

BMW OF NORTH AMERICA, LLC

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

David Cordero
Safety Integrity and Recall Manager

Attachment