



Recall Campaign 16V-071: Driver's Front Air Bag Module E83

Please perform the procedure outlined in this Service Information on all affected vehicles before customer delivery. In the event the customer has already taken delivery of the vehicle, please perform the procedure the next time the vehicle is in the shop.

New information provided by this revision is preceded by this symbol 

This Service Information bulletin supersedes SI B65 15 16 **dated October 2016** for E83 vehicles only.

MODEL


E83 (X3)


WHAT'S NEW




- NHTSA prioritization of High Absolute Humidity area vehicles information added
- Key Reader information added
- Parts information added.
- Parts return process modified, email address update, returns collected every 2 weeks

SITUATION

 BMW AG is conducting a Voluntary Safety Recall involving driver's front air bag module on certain BMW vehicles that are equipped with non-desiccated Takata PSDI-5 inflators. These vehicles, covering model years 2007-2010 have not been part of earlier Takata-related air bag recalls. This is an industry-wide safety recall involving driver's front air bag modules.

 All customers affected by this recall were sent an interim letter in May 2016 informing them that their vehicle is affected by this recall. A copy of this letter is attached. Due to the limited parts supply, we have not determined the date when customers will receive a final letter. As parts supply improves we will notify you of any additional mailings.

 Mailings are planned in accordance with the NHTSA guidelines for this recall, customers in High Absolute Humidity (HAH) areas or customers who have resided in HAH area will be the

Replace the driver's front air bag assembly.

PROCEDURE

Please record exterior cosmetic condition of air bag assembly on the Repair Order prior to any repair.


Follow ISTA Repair Instructions for removal/installation of air bag assembly:

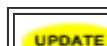
- REP 32 34 020 - Removing and installing/replacing air bag unit (from 09/2006)
- REP 32 34 030 - Removing and installing/replacing air bag unit (sport steering wheel)

It is necessary to document which air bag goes into which vehicle. Therefore the technician is required to note on the repair order the serial number of the new air bag. The serial number should also be entered into the warranty claims comment section.

There are two different serial numbers that can be found. For this recall we need the serial number on the label on the side of the airbag. This is the longest number usually on the bottom of the label. (The other number can be found on the actual gas generator below the barcode)

PARTS INFORMATION

 Please monitor the DCS messages for the parts ordering procedure. Non-desiccated parts should be used primarily on stock vehicles. Use the desiccated parts primarily for customer owned vehicles.

 Part Number	Description	Quantity
32 30 6 884 326 (non-desiccated)	Air bag module driver's side base 1	1
OR		
32 30 6 884 311 (desiccated)		
	OR	
32 30 6 884 327 non-desiccated)	Air bag module, driver side Sport (SA0710 or SA0255)	1
OR		
32 30 6 884 312 (desiccated)		

Important! Disposal of used parts

The parts replaced and submitted through this recall claim entry procedure are the property of BMW NA.

Your center is responsible for the proper identification, storage and documentation of these parts.

A DCSnet part return tag will be generated for the driver's side front air bag module with special handling instructions. Inflatable air bags are classified as dangerous goods by the Department of Transportation (DOT) and require special preparation, packing and labeling for transport.

A shipping procedure has been created for returning the replaced air bag modules **directly to Takata**. There is also a procedure available for "Bulk Shipping 15 or more air bag modules" at one time to Takata. These procedures are contained in the "Part Return Program Instructions" and "Bulk Ship" PDF attachments to this bulletin; please read both of them.

UPDATE! Effective immediately, please use the following email address when scheduling bulk shipment returns to Takata:

SCTakataRestraints_International@XPO.com

The parts are to be packaged in the same packaging that the new part arrived in for shipment back to Takata.

UPDATE! The returns pickup schedule has been changed from **weekly** to every **two weeks**.

Your center is responsible for following all rules and regulations that apply to shipping dangerous goods as described in the attachment.

Please **do not** return these air bag modules to the:

- Warranty Parts Return Center (WPRC) or to the
- Recycling/disposal vendors listed in the Warranty Policy and Procedures Manual, Section 6.

WARRANTY INFORMATION

Reimbursement for this Service Action will be via normal claim entry utilizing the following information:

Defect Code:	00 32 35 02 00	
Labor Operation:	Labor Allowance:	Description:
00 64 072	5 FRU	Replace air bag module, driver's side

UPDATE! **Reimbursement of Prior Customer-Pay Repairs (TREAD Act)**

With this Technical Campaign, a prior repair reimbursement is unlikely. Typically, a customer would have their driver's front air bag module replaced as a result of an accident. In such a case, either an insurance company or the customer themselves, paid for the replacement of the above mentioned air bag module in conjunction with the accident repairs. Such cases are not covered by this campaign and are not entitled to reimbursement.

ATTACHMENTS

View PDF attachment [B8 0216 20a Safety Recall 16V071](#).

View PDF attachment [B012314 Vehicle Storage Agreement -Takata](#).

View PDF attachment [**B651516 Dealer Script Recall.**](#)

View PDF attachment [**B651516 Interim Customer Letter.**](#)

View PDF attachment [**B651516 Q&A.**](#)

View PDF attachment [**B651516 Recall Notice.**](#)

View PDF attachment [**B651516 Parts Return Program Instructions.**](#)

View PDF attachment [**B651516 Parts Bulk Ship Return.**](#)

View PDF attachment [**BMW Dealer Toolkit UPDATED 03 25 2016 rev1.**](#)

View PDF attachment [**REP-32-34-020 E83.**](#)

View PDF attachment [**REP-32-34-030 E83.**](#)

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Retail Operator / General Manager	Sales – New Car	Sales - Pre-Owned	Business Manager (F&I)	Service	Parts & Accessories	Administration
Date: February 26, 2016			Source: Name: Pre-Owned Sales & Operations		Replaces: -	
Bulletin #: B8_0216_20a			Title: Phone #:		Supersedes: -	



Pre-Owned Sales Bulletin

Safety Recall 16V-071(Drivers Front Air Bag Module)

BMW 1 Series, 3 Series, X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Years – See below:

Model	Model Years	Production Dates	Model	Model Years	Production Dates
X5 SAV (incl. M)	2007-2013	Sep 2006 – Jun 2013	1 Series Convertible	2008-2013	Nov 2007 – Oct 2013
X5 SAV (diesel)	2009-2013	Mar 2008 – Jun 2013	3 Series Sedan (incl. M)	2006-2011	Feb 2005 – Dec 2011
3 Series Coupe (incl. M)	2007-2013	Apr 2006 – Jun 2013	3 Series Sedan (diesel)	2009-2011	Mar 2008 – Aug 2011
3 Series Convertible (incl. M)	2007-2013	Nov 2006 – Oct 2013	3 Series Sports Wagon	2006-2012	Jun 2005 – May 2012
X1 SAV	2013-2015	Feb 2012 – Sep 2014	X3 SAV	2007-2010	Aug 2006 – Aug 2010
X6 SAV (incl. M)	2008-2014	Jul 2007 – Jun 2014	X6 ActiveHybrid	2010-2011	Mar 2009 – Sep 2011
1 Series Coupe (incl. M)	2008-2013	Nov 2007 – Oct 2013			

Dealer Q&A - February 26, 2016

SALES			
Is there any update on parts availability?	No. However, we are aggressively pursuing parts availability solutions.		
Is there any update to the stop sale status of impacted safety recall vehicles?	No. There is no further update at this time. The stop sale for both retail and wholesale continues as previously defined.		
When and how will customers with impacted vehicles be contacted about the recall?	BMW NA will send out official recall letters to customers in waves no earlier than March 14 th . All letters will be mailed no later than April 4 th .		
What are the specifics of the BMW NA floorplan and depreciation/storage assistance package?	The BMW NA floorplan and depreciation/storage assistance package will be available for <u>all</u> dealers regardless of floorplan provider. The package will cover <u>all</u> BMW vehicles subject to the stop sale acquired by the following methods: trade-ins, off-lease purchase and auction/BMWGroupDirect.com. The package will be paid monthly from the time of stop sale until an impacted vehicle is repaired. Details are as follows:		
	Non-FS Floorplan Dealers – Monthly assistance per car:		
		MY12 & later	MY11 & earlier
	X5 / X6	\$650	\$550
	1 Series / 3 Series / X1	\$550	\$450
	FS Floorplan Dealers – Monthly assistance per car:		
		MY12 & later	MY11 & earlier
	X5 / X6	\$600	\$500
	1 Series / 3 Series / X1	\$500	\$400
	PLUS Free Flooring (Applied directly to FS credit line)		
All impacted vehicles will also be eligible for a re-inspection allowance of \$300 for CPO vehicles and \$200 for non-CPO vehicles upon RDR once the stop sale ends.			
BMW NA reserves the right to audit, modify, optimize or cancel the assistance package as it deems necessary.			

SALES	
If I take in an impacted trade or off lease vehicle today, will it also qualify for the BMW floorplan and depreciation/storage assistance package?	Yes. Any impacted vehicles acquired before the stop sale was announced or while the stop sale is in effect, will qualify for the same financial assistance defined in the grid above.
What do I need to do to receive payment on the depreciation/storage assistance package?	<u>No action is required on your part.</u> BMW NA will cross-match the impacted VINs to your POIS inventory at each month end. All impacted vehicles must be entered in POIS as either used or CPO to qualify for the monthly financial assistance. Please make sure that you omit the price in POIS to ensure the impacted vehicle does not show up on cpo.bmwusa.com.
How will I get paid?	BMW NA will pay you via the miscellaneous billing process. It will appear on your monthly settlement statement. We will initiate the payment process beginning month-end February. Any impacted VINs in inventory as of 2/29/2016 will get paid in March. The same process will continue monthly thereafter.
Will BMW NA provide any special CPO sales support for sales stop impacted vehicles once repaired?	Yes. BMW NA will offer special low APR CPO rates on all MY12 and later impacted sales stop vehicles as long as CPO requirements are properly met for each VIN after the vehicles are repaired.
As a BMW dealer may I deactivate any air bag?	No.
Will BMW NA offer any support to impacted customers who don't feel comfortable driving their car?	<p>Yes. Please remind your customers that they may continue driving their BMWs, as we are not aware of a ruptured inflator in any of our vehicles associated with this recall.</p> <p>BMW NA is developing a complete dealer toolbox including loyalty incentives, loaner vehicles incentives, lease extensions, etc. as well as a decision tree on how to prioritize these tools.</p> <p>Details to follow before the customer recall letters go out.</p>

FULL CIRCLE DEALERS	
Will dealers receive any Full Circle purchase relief for off-lease required purchases on <u>impacted vehicles</u> during the stop sale?	<p>Yes. Dealer has the option to consign any impacted vehicle without being charged a Mulligan. Please be aware this is a manual adjustment that will be posted to Infobahn as soon as possible.</p> <p>If Dealer elects to purchase a vehicle impacted by the recall they are eligible for:</p> <ul style="list-style-type: none"> Purchase price adjusted to reflect Dynamic Price (DP) minus a Series specific adjustment. Monthly payment to offset depreciation incurred by holding vehicle. Ability to earn 1 Discretionary Pull Ahead (DPA) for every 3 recall affected vehicles purchased. Financial assistance packages for both FS and non-FS floorplan dealers defined above. <p>BMW NA reserves the right to audit, modify, optimize or cancel the assistance package as it deems necessary.</p>
If I have already purchased an impacted off-lease vehicle can I get Mulligan relief?	No. These vehicles are eligible for the floorplan/depreciation/storage financial assistance package defined above.
If I have already purchased an impacted auction vehicle can I return the vehicle?	No. These vehicles are eligible for the floorplan/depreciation/storage financial assistance package defined above.
Can I use the current DPA program to get a customer out of their current vehicle impacted by the recall?	Yes. However, the required purchase aspect of DPA is still in place.

FULL CIRCLE DEALERS	
Are we able to offer affected customers at the end of their lease a lease extension?	Yes, all affected customers are currently automatically eligible for a 1-2 month lease extension without a new car on order. Customers with a production number are eligible for a 6 month extension. In either case, we will provide support to those customers for their loyalty.
SERVICE LOANER/RENTAL CARS	
Should BMW dealers provide concerned impacted customers with a service loaner or rental vehicle?	Yes. BMW dealers should provide alternate transportation to any customer that requests one while their vehicle is awaiting remedy parts. Customers may be offered a rental vehicle per current AMP guidelines.
Will BMW NA allow a temporary expansion to a dealer's AMP fleet?	<p>Yes. BMW NA will offer loaner fleet increase opportunities for both new and off-lease vehicles, including special financial support, to meet the needs of the many customers impacted by the safety recall.</p> <p>Late model year customers (i.e., MY12 and later) should be prioritized into AMP-up Customer Care <u>new</u> vehicle service loaners based on availability.</p> <p>Customers with MY11 and earlier impacted vehicles may be offered off-lease loaners to enhance the customer experience (program details to be announced next week) in lieu of a rental vehicle.</p> <p>Details to follow before the customer recall letters go out.</p>
How long should a customer be kept in a service loaner?	A customer may remain in a service loaner until their impacted vehicle is remedied. The customer may be transferred to a new service loaner at the dealer's discretion at any time to manage fleet efficiently.
Can BMW service loaners included in the safety recall be loaned out to customers?	No.
How can BMW dealers confirm if a service loaner is included in the recall?	Service loaners must be checked in DCSnet Warranty Vehicle Inquiry.
Will customers be required to continue to make their monthly payment to BMW FS while waiting for repair?	Yes.

Please refer to [Service Information Bulletin B650416](#) for technical Q&A.

Contact information:

Technical questions: recall16v-071@bmwna.com

Sales questions: bmwcpo@bmwna.com

VEHICLE STORAGE AGREEMENT

You, _____ are the owner/lessee of a model year _____

BMW _____ VIN: _____ ("Vehicle") _____ ("Mileage")

You have been informed that your Vehicle (referenced above) is subject to the Takata Air Bag Recall issued by BMW of North America, LLC ("BMW NA"). The replacement parts to address this Recall are not available at this time.

The authorized BMW center is providing you with a loaner/rental vehicle to drive until BMW NA notifies you that the parts are available to repair your Vehicle, or until such time as the center requests that you return the loaner/rental vehicle, whichever is earlier.

The BMW center will allow you to take your Vehicle (referenced above) home and store it while you are driving the loaner/rental vehicle.

You therefore agree to the following:

- You will drive the Vehicle directly home and will not drive it again, other than to return it to the BMW center when the parts are available to perform the Recall repair
- You will store your Vehicle at your home, or another safe location of your choice, at your own risk
- You will ensure that the vehicle's keys are secured and inaccessible to others
- You will maintain your Vehicle and will not alter, modify or sell the Vehicle (except in the case of a leased vehicle, which you may return at the expiration of your lease, if that time pre-dates the availability of the replacement parts for the Recall)
- You understand that you will be responsible for any and all damages caused to the Vehicle if it is driven prior to the performance of the Recall repair, other than directly to or from the center

By signing below, you expressly agree to all of the terms and conditions set forth herein.

Date

Name (Signature)

Name (Print)

Address

City/State/Zip

Telephone Number (Text message: Y / N)

Email

Status i.e., owner, lessor, lessee, etc.

Customer script recommendation:

Thank you for your call / inquiry regarding the current Takata airbag recall. I want to personally assure you that BMW of North America takes your safety and this industry-wide situation very seriously. BMW has notified the National Highway Traffic Safety Administration, known as NHTSA, of our intent to recall approximately 840,000 cars and Sports Activity Vehicles equipped with Takata PSDI-5 driver-side front air bags to have the driver-side front airbag replaced. These vehicles, covering model years 2006 to 2015, were not part of earlier Takata-related air bag recalls.

Currently, we do not have a fixed date for the replacement parts.

Here's what I can tell you: If you own a *potentially* affected BMW vehicle, you will be sent a first-class letter in the mail within the next few weeks with more information on what you can do prior to availability of the replacements parts. Once the parts are available, owners will receive another letter with instructions on what to do to have the parts replaced.

While I certainly understand that this may not answer all your questions, I hope it helps a little to know what to expect in light of this industry-wide recall. BMW is working as quickly as possible to address this situation and we very much appreciate your patience as we do.



IMPORTANT SAFETY RECALL

This notice applies to your vehicle, [INSERT VIN]

May 2016

Recall Campaign No. 16V-071: Driver's Air Bag Module

Dear BMW Owner / Lessee:

This notice is sent to you in accordance with the National Traffic and Motor Vehicle Safety Act. BMW AG has decided that a defect, which relates to motor vehicle safety, exists in certain Model Year 2006-2015 BMW 1 Series, 3 Series and X1, X3, X5 and X6 Sports Activity Vehicles. Our records indicate that you are the owner of a potentially affected vehicle.

Why are we contacting you?

In March 2016, we informed you of this matter by letter, indicating that we were not ready to perform this recall due to parts availability. **We are pleased to inform you that we now have an interim repair available for your vehicle.** An interim repair involves replacing the inflator with a newly manufactured version. NHTSA has concluded based on information it has collected, that the age of the inflator, temperature cycling and environmental moisture are the likely root cause of rupturing. Therefore, replacing the older inflator with a newer version reduces the safety risk associated with your vehicle until a final remedy is available.

You should have the inflator replaced as soon as possible and not wait for the final remedy. Please contact your authorized BMW Center immediately to schedule an appointment. You can locate your nearest BMW center at www.bmwusa.com/dealers.

All owners that have an interim remedy applied will still be offered a free final remedy. We will notify you again when the final remedy is available.

What is the issue?

In the event of a crash necessitating deployment of the driver's air bag, excessive internal pressure could cause rupturing of the air bag inflator, resulting in metal fragments striking the driver or other passengers potentially resulting in serious injury or death.

At the present time, BMW is not aware of any ruptures in its vehicles equipped with this type of inflator subject to this recall.

If you are not the only driver of this vehicle, please advise all other drivers and passengers of this important information.

What will BMW do?

Depending on your model, either the inflator or the air bag module with inflator will be replaced. This free repair will take approximately one hour.

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

What if you are not the current owner of this vehicle?

If you are no longer the vehicle owner/lessee, please fill out the enclosed postage-paid card so we can update our records.

To ensure BMW of North America, LLC has your most recent contact and vehicle information, please register your vehicle at <http://www.bmwusa.com/myBMW>. Registration is free, and will give you access to factory initiated campaigns and other information specific to your BMW vehicle.

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

What if you have questions or experience problems?

Should you need additional assistance, you may contact BMW Customer Relations and Services via Email at CustomerRelations@bmwusa.com or by calling 1-800-525-7417 from 9 AM to 9 PM Eastern Time, Monday through Friday.

If your 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, 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>.

We sincerely apologize for any inconvenience this recall may cause; however, be assured that BMW is concerned about your safety and security.

BMW recommends that you always wear your safety belt, and that all passengers are properly seated and restrained at all times.

Sincerely,

BMW of North America, LLC

BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
Safety Recall 16V-071
Last updated: 11/29/2016

Q1. Which models are included in this Safety Recall Campaign?

Included are approximately 840,000 vehicles, with approximate volumes and production dates as noted below.

<u>Series</u>	<u>Model</u>	<u>Model Year</u>	<u>Approx. Volume</u>	<u>Production Dates</u>
E82	1 Series Coupe (incl. M)	2008 – 2013	32,620	Nov 2007 – Oct 2013
E88	1 Series Convertible	2008 – 2013	28,160	Nov 2007 – Oct 2013
E90	3 Series Sedan (incl. M)	2006 – 2011	132,845	Feb 2005 – Dec 2011
E90	3 Series Sedan (diesel)	2009 – 2011	4,160	Mar 2008 – Aug 2011
E91	3 Series Sports Wagon	2006 – 2012	3,270	Jun 2005 – May 2012
E92	3 Series Coupe (incl. M)	2007 – 2013	129,515	Apr 2006 – Jun 2013
E93	3 Series Convertible (incl. M)	2007 – 2013	99,810	Nov 2006 – Oct 2013
E84	X1 SAV	2013 – 2015	57,290	Feb 2012 – Sep 2014
E83	X3 SAV	2007 – 2010	64,925	Aug 2006 – Aug 2010
E70	X5 SAV (incl. M)	2007 – 2013	214,580	Sep 2006 – Jun 2013
E70	X5 SAV (diesel)	2009 – 2013	35,440	Mar 2008 – Jun 2013
E71	X6 SAC (incl. M)	2008 – 2014	37,000	Jul 2007 – Jun 2014
E72	X6 SAC ActiveHybrid	2010 – 2011	365	Mar 2009 – Sep 2011

Q2. Which inflator is affected?

This recall campaign involves the Takata PSDI-5 inflator.

Q3. What is the fix?

The driver's front air bag module will be replaced.

Q4. How long will the repair take?

This repair may take approximately one hour; however, additional time may be required depending upon your BMW center's schedule. The repair will be performed free of charge by your authorized BMW center.

Q5. When are the repair parts expected to be available?

A limited number of final remedy desiccated driver's front air bags started to arrive in August 2016.

Q6. How will I be notified when the final replacement for my vehicle is ready?

For the latest updates to this recall, please visit www.bmwusa.com/recall. Customers with affected vehicles will be notified via letter when the final replacement air bags become available. The final replacement parts are based on a priority schedule dictated by NHTSA. The highest risk registered vehicles, i.e., oldest models in highest absolute humidity areas (e.g., USA Gulf states) are given priority. As parts supply increases, all owners of affected vehicles will be notified by letter. When you receive the final letter, you should make an appointment with an authorized BMW center immediately. You can locate your nearest BMW center at www.bmwusa.com/dealers.

To ensure BMW of North America, LLC has your most recent contact information, please register your vehicle at <http://www.bmwusa.com/myBMW>. Registration is free of charge, and will give you access to factory initiated campaigns and other information specific to your BMW vehicle.

BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
Safety Recall 16V-071
Last updated: 11/29/2016

Q7. Do I have to wait for my letter in order to have my vehicle serviced?

Yes. BMW is in the process of implementing this program to ensure that the necessary parts, tools and procedures are available to its authorized BMW centers, prior to instructing you to take your vehicle in for repair. Repairs will be prioritized according to the schedule NHTSA has established. When you are notified via the final letter, you should make an appointment with an authorized BMW center immediately.

Q8. Why is the passenger's front air bag not affected?

For certain X5 and X6 vehicles only, the passenger's front air bag may be affected based on a more recent recall announcement by NHTSA on May 4th. You can check if your vehicle is currently affected by the passenger's front air bag recall by entering your VIN at www.bmwusa.com/recall. Interim passenger air bag part availability is estimated for early fall. The remainder of the X5 and X6 vehicles that are part of this recall will require a passenger air bag at a later date.

Q9. Are the current replacement parts also Takata air bags and do they contain ammonium nitrate with desiccant?

Yes. This is an approved final remedy.

Q10. If I received an interim air bag, do I need to have it replaced again?

Yes. All vehicles that receive an interim air bag must still have the final replacement part installed. The priority for these replacements will be determined by NHTSA. The final replacement will also be at no cost to the customer.

General Takata Questions

Q1. What is the specific concern?

Takata's investigation to date indicates that exposure to certain environmental conditions (several years of exposure to persistent conditions of high absolute humidity) could lead to over-aggressive combustion in the event of air bag deployment.

Q2. What is desiccant?

Put simply, desiccant is a substance with properties that enable it to soak up water vapor from the air surrounding it.

Q3. Why are other BMW models not included?

Other vehicles have frontal air bags that were produced with different inflators.

Q4. What can happen as a result of this issue?

In a crash where air bag system deployment occurs, the air bag inflator housing may rupture. In the event of an inflator rupture, metal fragments could pass through the air bag cushion material, which may result in injury or death to vehicle occupants.

Q5. Is it possible to find out whether the problem exists in my car?

No. There is no way to detect if your BMW might have an air bag inflator potentially at risk of rupturing upon deployment in an accident.

BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
Safety Recall 16V-071
Last updated: 11/29/2016

Q6. How did BMW become aware of this issue?

BMW became aware of this issue from Takata (the air bag module supplier) and NHTSA.

Q7. Can I continue to drive my vehicle?

Yes. Vehicles equipped with air bags, save lives and reduce injuries. The vast majority of Takata air bags will perform as expected. When you receive a letter asking you to have this service performed by an authorized BMW center, please do so as soon as possible. If you are not the only driver of this vehicle, please advise all other drivers of this important information.

Q8. I did not receive a letter from BMW regarding my vehicle. How can I find out if my BMW is included in this recall?

You can check for open recalls a few different ways. You can check for open recalls by entering your vehicle identification number (VIN) at www.bmwusa.com/recall and download a sample owner notification letter and Q&A if your VIN is affected. You can also call or visit your local BMW center's service department to determine if your BMW is affected. Make sure to update your contact information by registering at <http://www.bmwusa.com/myBMW>.

Q9. What if I am not the current owner of this vehicle?

You can update your vehicle ownership information by registering at <http://www.bmwusa.com/myBMW>.

Q10. Will BMW give me a loaner vehicle until a repair part is available?

Alternate transportation will only be offered while the vehicle is being serviced for this recall.

Q11. Will my BMW center deactivate my frontal air bag until it is replaced?

No, NHTSA estimates that frontal air bags saved 2,400 lives in 2014 alone. It is far more likely that if you are involved in a crash that your air bag will perform properly and protect you than it will rupture and cause harm.

Q12. Am I eligible for reimbursement under the TREAD Act if I previously replaced my driver's front air bag module?

In this particular recall, reimbursement is likely not applicable, as you would typically have replaced your frontal air bag module as a result of an accident. In that situation, most likely your insurance company paid for the repair. However, in the very unusual (unlikely) scenario that you previously paid to replace the front air bag module "out-of-pocket" upon learning of this possible defect, you may be eligible for reimbursement. Additional information will be provided when BMW mails the letter asking you to make an appointment with an authorized BMW center.

Q13. I'm not the first owner of this vehicle and am concerned it may have been kept in a high humidity state. What can you tell me?

Any vehicle that was ever registered in hot and humid area as defined by NHTSA is given priority on the list of customers being notified about this recall.

Q14. Which states are considered to be high absolute humidity areas?

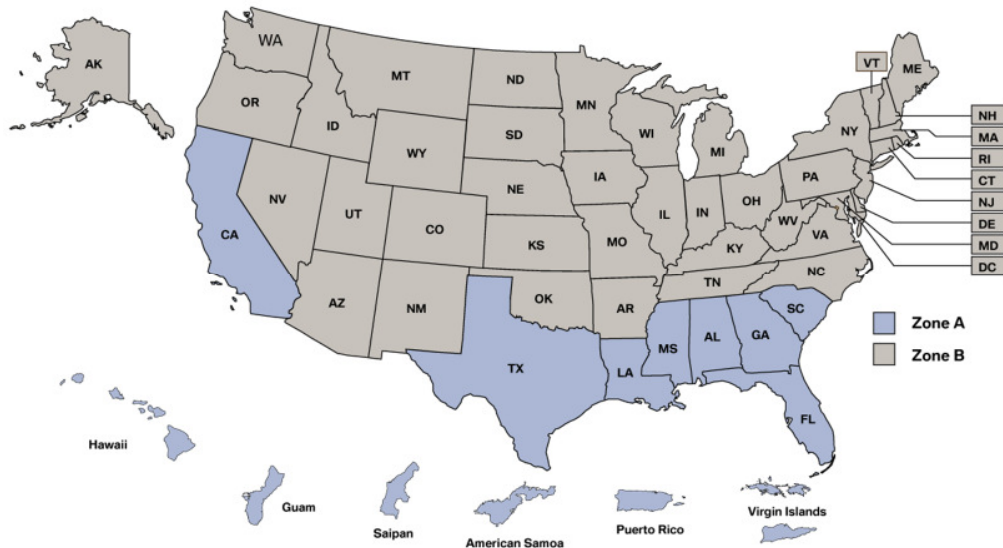
Alabama, California, Florida, Georgia, Hawaii, Louisiana, Mississippi, South Carolina, Texas, Puerto Rico, American Samoa, Guam, Saipan, and U.S. Virgin Islands.

BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
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Q15. What determines the prioritized locations that are associated with the most at-risk vehicles – and what is the average propellant degradation time in each?

Per the NHTSA website, two geographic zones have been established based on the temperature fluctuations and humidity and the exposure time required under those environmental conditions to degrade the propellant to the point where it poses an unreasonable risk to safety.

- Zone A includes states with high temperature fluctuations and humidity; estimated time of propellant deterioration is 6 to 9 years
- Zone B includes states with moderate temperature fluctuations and humidity; estimated time of propellant deterioration is 10 to 20 years
- A vehicle's zone designation is subject to change per guidance from NHTSA and Takata.



SAFETY RECALL NOTICE

To: All Center Operators, Sales Managers, Service Manager, Parts Manager and Warranty Processor

RE: B65 15 16 - Recall Campaign 16V-071: Driver's Front Air Bag Module E83

BMW has decided that a safety defect exists in certain models below and has issued a recall to address the issue, effective February 5, 2016.

<u>Model</u>	<u>Model Year</u>	<u>Approx. Volume</u>	<u>Production Dates</u>
X3 SAV	2007-2010	64,925	Aug 2006 – Aug 2010

The defect involves the driver-side front air bag module.

Owners will be notified by mail informing them about the recall and will be instructed to bring their vehicles in for a free repair when parts become available.

Reminder: It is a violation of Federal law for you to sell, lease or deliver any vehicle covered by this notification until the recall repair has been performed. This means that centers may not legally deliver new motor vehicles to a consumer until it is fixed or use/sell replacement equipment/parts subject to a Recall. Note also that substantial civil penalties apply to violations of this law.

Also, you should not sell, lease or deliver any Certified Pre-Owned or used vehicles subject to a safety recall until the repair is completed.

Please follow any special instructions that we provide to you for the return or disposition of recall parts.

We appreciate all your assistance with this Recall.

SI B65 15 16 - Recall Campaign 16V-071: Driver's Air Bag Module

Defect Code: 00 32 35 02 00

Safety Device Return Procedure for Airbag Recall

****ATTENTION****

DO NOT USE THE "1.4 LABEL" AND DO NOT FOLLOW ANY INSTRUCTIONS FOUND INSIDE THE REPLACEMENT AIRBAG MODULE'S BOX.

DISREGARD THOSE INSTRUCTIONS AND DO NOT RELABEL THE ORIGINAL BOX THAT WILL NOW BE USED FOR RETURNING THE RECALLED AIRBAG.

IMPORTANT

- As the shipper, your center is responsible for proper packaging and documentation completion.
- The person packaging the airbag(s) must have received the Hazardous Material training per 49CFR 172.702. Those training records must be on file at your center.
- The U.S. Department of Transportation ("DOT") will impose substantial fines and/or penalties on the shipper if the packaging, labeling, or documentation is not properly prepared and the customer's (center) copy of the OP 900PRP form is not kept on file for a minimum of two (2) years.

SI B65 15 16 - Recall Campaign 16V-071: Driver's Air Bag Module

CAMPAIGN DOF – CONTIGUOUS 48 STATE FEDEX GROUND SHIPMENT PREPARATION

As the shipper, you are responsible for proper packing and document completion. The person packaging the module must have received hazardous material training per 49CFR 172.702, and the training records must be on file at your dealership. The U.S. Department of Transportation will impose substantial fines and/or penalties on the shipper if the packaging, labeling, or documentation is not properly prepared and Customer Copy of OP 900PRP form is not kept on file for a minimum of 2 years.

IMPORTANT: Do not deploy the safety device. The person packing the used safety device must read and follow the provided instructions.

- **UPDATE!** Dealers must contact Takata/XPO **once every 2 weeks** to schedule **BULK** and **SINGLE** recall airbag component shipments. Takata/XPO will select the return type (bulk or single) based on the shipping quantities (LTL or FedEx PRP), and will supply the dealer with the proper shipping documentation.
 - Email: scfieldaction.14305@xpo.com
 - Phone: 210-250-5079

NOTE: Dealers in Puerto Rico, the Hawaiian Islands, and Alaska **CANNOT** follow the shipping instructions outlined in this document; they **MUST** contact the following Takata USA representative(s) directly, **once every 2 weeks**, for shipping instructions:

- **UPDATE!** Dealers in Puerto Rico, please contact: Juan.Armstrong@craneww.com
- **UPDATE!** Dealers in the Hawaiian Islands, please contact: Becky.Argyropoulos@craneww.com
 - Please make sure to include the required completed Hawaiian Hazardous Materials Shipping Certificate.
- **UPDATE!** Dealers in Alaska, please contact: SCTakataRestraints_International@xpo.com
 - Important: please be aware that there is an underscore (_) in the above Alaska email address, between the words "Restraints" and "International".
 - Or call the Alaskan Representative; Armando Gonzales at 210-250-5039

For any other questions or concerns, please contact the WPRC: AirbagReturns@bmwna.com

BMW / MINI BULK SHIPMENT PACKAGE REFERENCE GUIDE

NOTE: The information outlined in this document pertains to dealers within the Contiguous 48 States.

Dealers in Puerto Rico, the Hawaiian Islands, and Alaska **CANNOT** follow the shipping instructions outlined in this document; they **MUST** contact the following Takata USA representative(s) directly, **once every 2 weeks**, for shipping instructions:

- Dealers in Puerto Rico, please contact: Juan.Armstrong@craneww.com
- Dealers in the Hawaiian Islands, please contact: Becky.Argyropoulos@craneww.com
 - Please make sure to include the required completed Hawaiian Hazardous Materials Shipping Certificate.
- Dealers in Alaska, please contact : SCTakataRestraints_International@xpo.com
 - Important: please be aware that there is an underscore (_) in the above Alaska email address, between the words "Restraints" and "International".
 - Or call the Alaskan Representative; Armando Gonzales at 210-250-5039.

1. Contact Takata:

- Dealers must contact Takata/XPO **once every 2 weeks** to schedule **BULK** and **SINGLE** recall airbag component shipments.
 - o **Email:** SCFieldAction.14305@xpo.com
 - o **Phone:** 210-250-5079
- Takata/XPO will select the return type (bulk or single) based on the shipping quantities (LTL or FedEx PRP), and will supply the dealer with the proper shipping documentation.
 - o If Takata instructs you to return the recall airbag components as a **BULK SHIPMENT**, please follow the instructions outlined below.
 - o If Takata instructs you to return the recall airbag components as a **SINGLE SHIPMENT**, please follow the

2. Stacking:

Place the recall airbag components neatly on a pallet, and securely shrink-wrap them to the pallet.

Note: The total height of the pallet and boxes cannot exceed 60 inches.



3. Labeling:

Securely attach the following labels on each side of the shrink-wrapped pallet.

- o Class 9 Label
- o UN3268 Safety Device *
- o OVERPACK USED *

*You can print these labels on letter size white paper, using Microsoft Word.



4. Questions/Concerns:

For any other questions or concerns, please contact the WPRC: AirbagReturns@bmwna.com



Recall Campaign 16V-071

Communication Toolkit for Dealers

March 25, 2016

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Purpose of Toolkit

This communication toolkit was prepared to assist dealers, field support teams and customer-facing employees with relevant and timely communication related to the Takata recall. We hope it is a valuable resource for you and your business.

While we had an unfortunate situation thrust upon us, it is still within our control to provide the “ultimate customer experience” at every customer touchpoint. Doing so is good for our customers, and our business.

On behalf of BMW NA, thank you for your support and collaboration.

A handwritten signature in black ink, appearing to read "Craig Westbrook". The signature is fluid and cursive, with the first name "Craig" being more prominent than the last name "Westbrook".

Craig Westbrook
Vice President, Sales Channel Development and Customer Relations

Points of Contact

Your first point of contact for questions is your BMW of North America Area Manager.

For Technical questions related to the recall, please email recall16v-071@bmwna.com.

For Sales questions related to the recall, please email bmwcpo@bmwna.com.

For specific questions about topics on the guide of Prioritized Options for Affected Takata Customers, including rental/loaner vehicle requests, trade-ins, lease extensions, and buy-backs, please contact your BMW Area Team.

For general feedback regarding this communication toolkit, please contact Kerri Warner at kerri.warner@mslgroup.com or Joe Crisci at joe.crisci@mslgroup.com.

For questions about BMW Dealer Direct, including log in help and suggestion for stories, please contact David Biss at david.biss@bmwnaext.com.

IMPORTANT SAFETY RECALL

This notice applies to your vehicle, [INSERT VIN]

March 2016

Recall Campaign No. 16V-071: Driver's Front Air Bag Module

Dear BMW Owner / Lessee:

This notice is sent to you in accordance with the National Traffic and Motor Vehicle Safety Act. BMW AG has decided that a defect, which relates to motor vehicle safety, exists in certain Model Year 2006-2015 BMW 1 Series, 3 Series and X1, X3, X5 and X6 Sports Activity Vehicles. Our records indicate that you are the owner of a potentially affected vehicle.

IMPORTANT NOTICE

Please note that at the present time, we do not have parts available. BMW will notify you via another letter as soon as we can perform this recall on your vehicle.

DESCRIPTION OF PROBLEM

In the event of a crash necessitating deployment of the driver's front air bag, excessive internal pressure could cause rupturing of the air bag inflator, resulting in metal fragments striking the front driver or other passengers potentially resulting in serious injury or death. **If you are not the only driver of this vehicle, please advise all other drivers and passengers of this important information.**

At the present time, BMW is not aware of any ruptures in its vehicles equipped with the type of inflator subject to this recall.

DESCRIPTION OF REPAIR

The driver's front air bag module will be replaced free of charge when parts become available.

OTHER INFORMATION

If you are no longer the vehicle owner/lessee, we request that you provide us with the name and address of the new owner/lessee using the enclosed postage-paid card so that we can contact the new owner/lessee regarding this recall. If you are a lessor of this vehicle, Federal Regulations require you to forward this notice to your lessee within ten days.

Should you have any questions about this recall, please contact your authorized BMW center. Should you need additional assistance, you may contact BMW Customer Relations and Services via Email at

Company
BMW of North America, LLC

BMW Group Company

Mailing address
PO Box 1227
Westwood, NJ
07675-1227

Office address
200 Chestnut Ridge Rd.
Building 150
Woodcliff Lake, NJ 07677

Telephone
(201) 307-4000

Fax
(201) 571-5479

Website
bmwusa.com

CustomerRelations@bmwusa.com or by calling 1-800-525-7417 from 9 AM to 9 PM Eastern Time, Monday through Friday.

If your 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, 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>.

We sincerely apologize for any inconvenience this issue may cause; however be assured that BMW is concerned about your safety and security. BMW recommends that you always wear your safety belt, and that all passengers are properly seated and restrained at all times.

BMW OF NORTH AMERICA, LLC

PRIORITIZED OPTIONS FOR AFFECTED TAKATA CUSTOMERS.

MODEL YEAR 2006-2015: BMW 1 SERIES, 3 SERIES, X1 SAV, X3 SAV, X5 SAV AND X6 SAC.

B8 0316 28

Updated March 23, 2016

Prioritization of options	Affected Vehicles: MY12 and Newer BMW FS Lease/Owner's Choice Customers	Affected Vehicles: MY12 and Newer Loan/Select/Cash Customers	Affected Vehicles: MY11 and Older
Customer stays in Affected Vehicle	Using the information provided, discuss the recall, with no further action.		
Put customer in new/CPO Vehicle	Lease Termination Benefit: “Pull-out” feature added. Dealer fully empowered to waive remaining lease payments for leases on Affected Vehicles maturing through Dec 2016. This is not a sales tool. Utilize only as needed to satisfy concerned customers. Bulletin #'s: 16-N-50 & B2-US-H-30-46	Trade In Benefit: <ul style="list-style-type: none"> X5, X6: \$4,000 3 Series Conv: \$3,000 X1 and 3 Series Coupe: \$2,500 1 Series: \$2,000 Bulletin #: B2-US-H-30-46 & B011816	Trade In Benefit: <ul style="list-style-type: none"> All models: \$2,000 Bulletin #: B2-US-H-30-46 & B011816
	GUARDRAILS: Full dealer <u>empowerment</u> within the following guidelines: <ul style="list-style-type: none"> Customer <u>must</u> buy/lease a new/CPO vehicle from current dealer stock. Vehicles cannot be ordered for future delivery. New sale is AVP eligible Eligible for all current rate and residual support, plus loyalty programs OUTSIDE THE GUARDRAILS: Requires regional approval		
Customers who want to keep their vehicle and are <u>within 60 days</u> of lease maturity	Re-Lease Option: <ul style="list-style-type: none"> Monthly payment reduction of \$150/month. Loyalty certificate for \$2,500 usable on next BMW purchase or lease. Subject to credit approval 	N/A	N/A
Put customer in Alternate Transportation	Options: <ol style="list-style-type: none"> New car loaners (AMP) Bulletin #: B011616 BMW rental vehicles Bulletin #: B012314 Bulletin #: B2-US-H-30-47 for options 1 & 2	Options: <ol style="list-style-type: none"> New car loaners (AMP) Bulletin #: B011616 BMW rental vehicles Bulletin #: B012314 Bulletin #: B2-US-H-30-47 for options 1 & 2	Options: <ol style="list-style-type: none"> Non-BMW rental vehicles Bulletin #'s: B012314 & B2-US-H-30-47
Customer wants out of Affected Vehicle. New purchase and alternate transportation options declined.	Case-by-Case Basis: Consult Market Team		

Retail Operator / General Manager	Sales – New Car	Sales - Pre-Owned	Business Manager (F&I)	Service	Parts & Accessories	Administration
Date: March 23, 2016	Customer Orientation Craig Westbrook VP, Customer Orientation and Sales Channel Development (201) 307-3929 craig.westbrook@bmwna.com				Replaces: -	Supersedes: -
Bulletin #: B2_US_H_30_48						



Operations Update

Safety Recall 16V-071(Driver's Front Air Bag Module)

Dealer Q&A – March 23, 2016 – This supercedes Pre-Owned bulletin number B8_0216_20 & B8_0216_20a

OPERATIONS																			
Is there any change to the stop sale mandate?	No. The stop sale continues unchanged on the Affected Vehicles. BMW NA will not indemnify you for any deviations.																		
Is there any update on parts availability?	We expect to receive a limited number of repair parts starting in the summer of 2016.																		
What are the Affected Vehicles?	Model Year 2006-2015 BMW 1 Series, 3 Series, X1 SAV, X3 SAV, X5 SAV and X6 SAC																		
When and how will customers with Affected Vehicles be contacted about the recall?	BMW NA began sending out official recall letters to customers on March 16 th . They will continue to be mailed in waves. All letters will be mailed no later than April 4 th .																		
Any new information on the BMW NA monthly financial assistance package for Affected Vehicles?	<p>Yes. BMW NA will continue to offer dealers a monthly financial assistance package for Affected Vehicles <u>until replacement parts are available to fix vehicles at your center.</u> We have harmonized and enhanced the payout for MY13 and later Affected Vehicles. The financial assistance package will continue to be paid monthly for <u>all</u> Affected Vehicles that remain in dealer POIS inventory at the end of a given month. Payout will be processed on or about the 15th day of each month as applicable, using the revised grid below.</p> <p>New grid applies to vehicles acquired on or after <u>March 22nd, 2016.</u></p> <table><tr><th colspan="4">Monthly assistance per Affected Vehicle (ALL Dealers):</th></tr><tr><th>Models</th><th>MY13 and later</th><th>MY12</th><th>MY11 and earlier</th></tr><tr><td>X5 / X6</td><td>\$1,000</td><td>\$650</td><td>\$550</td></tr><tr><td>1 Series / 3 Series / X1 / X3</td><td>\$1,000</td><td>\$550</td><td>\$450</td></tr></table> <p>All Affected Vehicles will also be eligible for a re-inspection allowance of \$300 for CPO vehicles and \$200 for non-CPO vehicles upon RDR, once the stop sale ends.</p> <p>BMW NA reserves the right to audit, modify, optimize or cancel the financial assistance package at any time, as it deems necessary.</p>			Monthly assistance per Affected Vehicle (ALL Dealers):				Models	MY13 and later	MY12	MY11 and earlier	X5 / X6	\$1,000	\$650	\$550	1 Series / 3 Series / X1 / X3	\$1,000	\$550	\$450
Monthly assistance per Affected Vehicle (ALL Dealers):																			
Models	MY13 and later	MY12	MY11 and earlier																
X5 / X6	\$1,000	\$650	\$550																
1 Series / 3 Series / X1 / X3	\$1,000	\$550	\$450																
If I take in an unremedied Affected Vehicle in trade or off lease today, will it also qualify for the BMW monthly financial assistance package?	Yes. Any unremedied Affected Vehicle acquired before the stop sale was announced or while the stop sale is in effect, will qualify for the same financial assistance defined in the grid above.																		
What do I need to do to receive eligible payment under the financial assistance package?	Affected Vehicles must be entered in POIS as either used or CPO to qualify for the monthly financial assistance. BMW NA will cross-match those VINs to your POIS inventory at each month end. Please make sure that you omit the price in POIS to ensure the Affected Vehicles do not show up on cpo.bmwusa.com.																		

OPERATIONS	
How will I get paid?	BMW NA will pay you via the miscellaneous billing process. Payment will appear on your monthly settlement statement. BMW NA will initiate the payment process beginning month-end February. The same process will continue monthly thereafter.
Will BMW NA provide any special CPO sales support for Affected Vehicles, once they are repaired?	Yes. BMW NA will offer special low APR CPO rates on all MY12 and later sales stop vehicles, as long as CPO requirements are properly met for each VIN after the vehicles are repaired.
As a BMW dealer may I deactivate any air bag?	No.
Will BMW NA offer any support to customers who don't feel comfortable driving their Affected Vehicle?	Yes. Please remind your customers that they may continue driving their BMWs, as we are not aware of a ruptured inflator in any of our vehicles associated with this recall. Please refer to bulletin B8_0316_28 for comprehensive details on support programs.
Will dealer KPI targets for Balanced Scorecard, CPO Bonus, AVP – used car component, etc. be adjusted?	Yes.
If I don't have room to store Affected Vehicles, will you take them and store them for me?	No.

ALTERNATIVE TRANSPORTATION	
Should I provide concerned customers in Affected Vehicles with alternative transportation? loaner or rental vehicle?	If requested, service loaners or rentals should be provided to customers, but only after presenting alternative solutions to the customer using the priority toolkit we have provided.
Will BMW NA allow a temporary expansion to my AMP fleet?	Yes. Temporary AMP loaner fleet increases are currently in effect, including special financial support to meet the needs of the many customers with Affected Vehicles. Late model year customers (i.e., MY12 and later) should be prioritized into AMP <u>new</u> vehicle service loaners, based on availability. Customers may also be offered a rental vehicle per current guidelines (bulletin # SI B01 23 14).
How long should a customer be kept in a service loaner?	A customer may remain in a service loaner until his/her Affected Vehicle is remedied. The customer may be transferred to a new service loaner at the dealer's discretion, at any time to manage fleet efficiently.
Can we use Affected Vehicles as service loaners?	No, Affected Vehicles must be remedied first before they are offered as an alternative transportation option.
How can I check whether a service loaner is included in the recall?	Service loaners must be checked in DCSnet Warranty Vehicle Inquiry.

Contact information:

Technical questions: recall16v-071@bmwna.com

Sales questions: bmwcpc@bmwna.com

Please refer to technical Q&A for more information:

- B650416 Service Information Bulletin

Center Operator / Operation Manager	Sales - New	Sales – Pre-Owned	Business Manager (F&I)	Service	Parts & Accessories	Administration
Date: Effective: Bulletin #	03/18/2016 03/18/2016- 06/30/2016 16-N-50	Source: Name: Title:	BMW Financial Services NA, LLC Stephen Seward General Manager, Vehicle Sales			

BMW Financial Services

BMW Customer Confidence Lease Termination Benefit Program

BMW Financial Services and BMW of North America are committed to support your efforts to loyalize customers affected by the current airbag recall situation. As a result, we are announcing the **BMW Customer Confidence Lease Termination Benefit Program (BMW CCLTB)**. This program will run parallel to the current Discretionary Pull Ahead program and have no impact on the DPA allocations. The program is available to all Centers participating in the Full Circle XVII Retail Program and allows customers in recall affected models, scheduled to mature in 2016, to terminate their lease and have the remainder of their payments waived providing they purchase or lease a new or CPO BMW, and finance it through BMW Financial Services.

The program is as follows:

- **All Safety Recall 16V-071 affected VINs are eligible. Series/Model Years are listed below.**
- **Eligible contract end dates start on April 23, 2016 and end December 31, 2016.**
- **All eligible vehicles can have up to 9 payments waived.**
- **Extended Lease and Re-Lease Accounts are not eligible for the BMW CCLTB Program.**
- **Pre-Pay Lease accounts are eligible for this program; process outlined on page 2.**
- **Full Circle Mulligans will be used to consign reacquired vehicles on originating vehicles.**
- **Automatic payment refund policy is outlined on page 3***.**

The BMW CCLTB program waives **up to 9 remaining payments** on eligible Lease and Owner's Choice contracts **provided the returning customer leases or finances a New or Certified Pre-owned BMW through BMW Financial Services.**

BMW CCLTB: March 18, 2015 – June 30, 2016** as defined by Safety Recall 16V-071	
Series	Model Years
1 Series Coupe (including M)	2008-2013
3 Series Sedan (including M)	2006-2011
3 Series Sedan diesel	2009-2011
3 Series Sport Wagon	2006-2012
3 Series Coupe (including M)	2007-2013
3 Series Convertible (including M)	2007-2013
X1	2013-2015
X5	2007-2013

The contents of this document are confidential and should not be shared with third parties for distribution.

10

X5 diesel	2009-2013
X6	2008-2014
X6 Active Hybrid	2010-2011

*Excluding Extended and Re-Lease leases.

Criteria for the Program Guidelines:

- Available only to Centers participating in the Full Circle XVII Retail Program.
- Vehicles can be paid off via Option A, Option B, consigned as an Option B Mulligan or Non-Origination.
- Mulligans are required to be used if consigning originating vehicles.
- When using a Mulligan or Option B payoff, the customer will be billed for all remaining liabilities above the maximum payments which are eligible to be waived.

Note: Option B Mulligan Consignment functionality will be available in InfoBahn as of March 28th.

Additional Program Details:

The following guidelines must be followed in order to utilize the payment waiver program:

- **The payoff will be calculated using the lower of DP (Dynamic Pricing) or residual.**
- The returning Lease or Owner's Choice customer must take delivery of a new or Certified Pre-owned BMW, and this vehicle must be leased or financed through BMW Financial Services. Otherwise, the dealership will be billed back for any and all waived payments.
- All BMW CCLTB payoff quotes must be obtained by June 30, 2016 and the vehicle must be paid off by the "Payoff Good through Date."
- **PLEASE NOTE** - if your customer purchased a non-BMW branded Excess Wear and Tear Protection plan, please refer back to the insurance documentation for claim submission procedures. Most EWT policies require that photos of damage be submitted with claims. Additionally, some policies have an exclusion relative to the ability to exercise the policy in advance of the scheduled maturity date, which may impact the ability to submit a claim for the charges. Setting appropriate expectations will help mitigate any customer confusion or dissatisfaction.
- The **BMW Lease Protection** program can be utilized by a customer at any time prior to the lease maturity date, and the claims submission procedure remains the same in BMW CCLTB situations where Option B is utilized.
- **A BMW CCLTB payoff quote must be obtained prior to payoff.**
- Extended, and Re-Lease Lease Accounts are not eligible for the BMW CCLTB Program.
- Accounts outside of 120 days to maturity will be available to ground as a Dealer turn-in via the InfoBahn.
- Pre-Pay leases are eligible for the BMW CCLTB program. There are manual steps required to properly activate the payment waiver eligibility and can take 24 to 48 hours to activate the account. Please email Center Sales at centersalesinquiries@bmwfs.com to request consideration on Pre-Pay leases. Pre-Pay leases are eligible for a refund up to a maximum of 9 monthly payments based on their maturity date***.
- Any full payment that posts as a Remaining Receivable*** for the current payment due made within the last **10 days**, will automatically be refunded to the customer if the dealership has saved and used a DPA quote to purchase the vehicle with the eligible refund included. Please

note the customer is only eligible for **ONE** payment to be refunded. Any additional credits that have posted to a customer's account are not eligible to be refunded.

- A refund will only be generated if the payment made is part of the BMW CCLTB Program.
***Property Tax, Unpaid Fines, Late Fees, etc. will not be eligible for reimbursement. The system will only recognize a payment categorized as "Remaining Receivable".

*****Payment recently made will automatically be refunded to the customer if the account meets set criteria.**

- There will be **NO** exceptions to the 10 day payment window for refunds.
- OwnersChoice account refunds will need to be requested manually by contacting the Center Sales Department at **centersalesinquiries@bmwfs.com**.

Please make sure you enter accurate mileage at time of quote. If mileage has changed or the payoff quote has expired since your original payoff quote, and the new quote occurs after the 10 day window from when the payment was received, this payment no longer will be eligible for a refund.

- **Accounts with payments no greater than 10 days past due will be eligible to retrieve a BMW CCLTB payoff quote via the InfoBahn. Accounts greater than 10 days past due will require a payment to be made before a new quote can be retrieved.**
- Other outstanding obligations billed to the account such as personal property tax, late fees, etc. will not be waived.
- Contracts must be submitted and funded by July 31, 2016.
- When a customer has a BMW Lease Protection plan, and an Option B payoff is used, it is dealer's responsibility to inform the customer they are responsible for all additional charges such as, but not limited to: excess wear and tear (any damages/charges not covered under the plan), excess mileage, taxes, and all payments in excess of those eligible to be waived.

If you have further questions, you can contact your BMW Financial Services Sales & Marketing Manager or the BMW Financial Services Center Sales Consultants at 1-877-269-3577 (Option 2, then Option 2). **Center Sales is available Monday through Friday from 9am EST to 9pm EST and from 10:00am EST to 5:00p EST on Saturdays.**

Take your customer's passion for BMW to a new level ... Beyond the Drive™.

Retail Operator / General Manager	Sales – New Car	Sales – Pre-Owned	Business Manager (F&I)	Service	Parts & Accessories	Administration
Date: March 23, 2016 Bulletin #: B2-US-H-30-46		Source: Customer Orientation Name: Craig Westbrook Title: VP, Customer Orientation and Sales Phone #: Channel Development 201 307-3929 Email: craig.westbrook@bmwna.com				



Customer Orientation Trade-In Options Bulletin

Applicable Only to the following Affected Vehicles: MY06-15 BMW 1, 3, X1 SAV, X3 SAV, X5 SAV and X6 SAC

While we work to secure the parts needed to repair the Affected Vehicles, we understand that some customers may be concerned about continuing to drive an unremedied vehicle. If you have a customer who expresses such a concern, please use the Q&A to discuss the recall and the associated risks.

We encourage you to work together within your dealership to ensure these customers are handled with first-class treatment, whatever their chosen courses of action may be. If after having that discussion the customer is still uncomfortable driving their Affected Vehicle, please use the priority toolbox to satisfy the customer.

Following are details related to the lease termination and trade-in benefit.

Affected Vehicle: MY12 and Newer BMWFS Lease/Owner's Choice Customers	Affected Vehicle: MY12 and Newer Loan/Select/Cash Customers	Affected Vehicle: MY11 and Older
Lease Termination Benefit: "Pull-out" feature added. Dealer fully empowered to waive remaining lease payments for leases maturing through Dec 2016.	Trade In Benefit: • X5, X6: \$4,000 • 3 Series Conv: \$3,000 • X1 and 3 Series Coupe: \$2,500 • 1 Series: \$2,000	Trade In Benefit: \$2,000 • All models
These are not sales tools. Utilize only as needed to satisfy concerned customers.		

LEASE TERMINATION BENEFIT

For BMW Financial Services ("BMW FS") lease customers in a MY12 or newer Affected Vehicles, a Customer Confidence Lease Termination feature has been created which allows a dealers to waive a customer's remaining lease payments for leases maturing through December 2016. To qualify:

- Customer's current BMW FS lease maturing through December 31, 2016
- Customer must lease or finance a new or CPO BMW through BMW FS
- Program Benefits Available: March 23, 2016 – June 30, 2016
- Program Benefits available only for customers with an Affected Vehicle
- Please refer to BMW FS bulletin 16-N-50 for complete program details.

TRADE-IN BENEFIT

For customers who paid cash or financed an Affected Vehicle and want to trade their Affected Vehicle for another BMW, the following trade-in benefit is available to help reduce the financial impact on them. To qualify:

- **Customer owns an Affected Vehicle because they paid cash or financed through BMW FS (Select or retail finance) or via another financial source. This program is not available for vehicles leased through BMW FS.**
- Customer must purchase or lease a new or CPO BMW vehicle through an authorized BMW dealer.
- Please see SIB01 18 16 for details on submitting a claim for reimbursement
- The amount of the trade benefit is determined by the vehicle being traded in.

Trade Benefit - MY12 & Newer (Affected Vehicle)		Amount
MY12 & Newer - X5, X6		\$4,000
MY12 & Newer - 3 Series Convertible		\$3,000
MY12 & Newer - X1 and 3 Series Coupe		\$2,500
MY12 & Newer - 1 Series		\$2,000
Trade Benefit - MY11 & Older (Affected Vehicle)		Amount
MY11 & Older - All Models		\$2,000

Trade Benefit Eligibility Criteria:

- Trade Benefit offer valid only on eligible Affected Vehicles delivered and reported retailed through DCSNet effective March 23, 2016 through June 30, 2016.
- Customer must purchase or lease a new or CPO BMW vehicle:
 - Ineligible sales: Customers may not take delivery through the European Delivery program.
- Trade Benefit only available to customers who currently own an unremedied Affected Vehicle
- Once the Affected Vehicle has been fixed, customer no longer qualifies for Trade Benefit.
- Offer valid on final negotiated price and may be combined with other applicable BMW offers that are available at the time of purchase.
- Subsequent purchasers of an Affected Vehicle do not qualify.
- Offer valid towards lease or purchase price of eligible vehicle. BMW FS contracting not required.
- Customer must trade-in their Affected Vehicle to qualify for the Trade Benefit.

To Receive Payment

- Claims for the Trade Benefit must be filed through the warranty system using the appropriate defect code.
- The VIN of the new/CPO vehicle purchased or leased by the customer must be included in the Comments field in order for the claim to be processed.
- All claims for the Trade Benefit will be audited; copy of this bulletin must be kept in the sales jacket. Payments made for vehicles not qualifying for the Trade Benefit will be charged back.
- Please see SIB01 18 16 for complete program details.

The assistance programs referenced in this bulletin, Customer Confidence Lease Termination Benefit and Trade-In Benefit, are to be used to address customer issues only and are non-transferable.

These Programs are effective from March 23, 2016 until June 30, 2016.

BMW NA reserves the right to change, modify or cancel the programs at any time, as it deems appropriate in its sole discretion.



Service Information

Warranties

B01 16 16

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March 2016

Warranties

SUBJECT

Takata Airbag Recalls: AMP - New Car Ramp Up

MODEL

E39 (5 Series Sedan)
E46 (3 Series Sedan, Coupe, Convertible incl M)
E53 (X5)
E70 (X5 incl M)
E71 (X6 incl M)
E72 (X6 ActiveHybrid)
E82 (1 Series Coupe)
E83 (X3)
E84 (X1)
E88 (1 Series Convertible)
E90 (3 Series Sedan incl M)
E91 (3 Series Sports wagon)
E92 (3 Series Coupe incl M)
E93 (3 Series Convertible incl M)

SITUATION

BMW of North America, LLC ("BMW NA") wants to help ensure that your center can provide alternate transportation to those customers, when necessary, who are affected by the Takata Airbag Recall.

For the specific affected models and additional information: See SI B65 15 13, SI B65 14 14, SI B65 17 14, SI B65 11 15 and SI B65 04 16.

INFORMATION

Actions have been taken to ensure that centers will have additional loaners in their fleet to satisfy customers' demand (Also see Sales bulletin B2-US-V-1-0216-20).

Centers have been given a temporary 30 percent AMP fleet increase (30 percent based on fleet size as of 2/26/16) to address alternative transportation needs.

Late model year BMW vehicle customers (i.e. MY 2012 and newer) need to be prioritized into comparable service loaners based on availability.

Note- There is no need to complete a Fleet Increase Request Form for this temporary increase. (We have already increased limits to include the 30 percent temporary adjustment)

TAKATA AIRBAG RECALL - AMP FLEET PLANNING

Adding incremental loaner vehicles to your fleet should be based on need. Your Area Teams will work with you to assess and plan where there are priorities and shortages.

Please note that this effort is designed to be temporary. The purpose is to assist customers with affected vehicles until the vehicles can be repaired.

After that period, the temporary approved limit will be reduced by the 30 percent incremental increase your center received. Any incremental vehicles left in your fleet after parts availability that exceed the AMP approved limit will not receive AMP subsidy and therefore should be retired from the AMP Loaner Line.

This temporary AMP increase will be in effect until further notice and is designed to provide alternate transportation for customers affected by the recall and NOT for your normal day-to-day service customers.

To receive an increase in your loaner fleet for the normal day-to-day customers, please complete a Fleet Increase Request form with your Area Manager.

PROCESS

As with any service customer receiving a loaner vehicle, it is necessary to open an RO. Please indicate the following on the RO; "This customer has an Affected Vehicle and the parts are not available for the repair."

OWNER/CUSTOMER SELF-STORE: VEHICLE STORAGE AGREEMENT

Due to the amount of vehicles involved in the Takata Airbag Recall, at your option and with the customer's agreement, you may allow the customer to retain and self-store their vehicle until the parts necessary to complete the Takata Airbag Recall become available.

Please print out the attached form and fill out the customer's information. Please have the customer read and sign the Vehicle Storage Agreement.

A copy of the Vehicle Storage Agreement form must be maintained in the Vehicle History File and provided to BMW upon request.

LOANER VEHICLE INSPECTION, MAINTENANCE SERVICES AND LENGTH-OF-LOAN

To manage vehicle maintenance services, repair needs and the AMP Length-of-Loan (LOL), we recommend that customers return loaner vehicles every 90-days.

Vehicle Inspection and Maintenance

During this return visit, check and inspect the vehicle, perform any required maintenance services and/or repair any damage.

AMP Length-of-Loan (LOL)

Also during return during this return visit, create a new loaner agreement and have it signed by the customer. This is performed by closing the existing contract and opening a new one.

There may be a potential increase in your LOL due to the nature of this recall. In cases where the LOL may be negatively influenced, BMW will look to exclude those AMP units from the LOL calculation (for permanent Increase Requests ONLY). This will help minimize this negative affect.

For more details on these exceptions, please see "Exception Management - For Increase Requests Only" found in the AMP Operations Manual located on CenterNet.

QUESTIONS AND INQUIRIES

Please contact your Area Team if you have questions.

VEHICLE STORAGE AGREEMENT

You, _____ are the owner/lessee of a model year _____

BMW _____ VIN: _____ ("Vehicle") _____ ("Mileage")

You have been informed that your Vehicle (referenced above) is subject to the Takata Air Bag Recall issued by BMW of North America, LLC ("BMW NA"). The replacement parts to address this Recall are not available at this time.

The authorized BMW center is providing you with a loaner/rental vehicle to drive until BMW NA notifies you that the parts are available to repair your Vehicle, or until such time as the center requests that you return the loaner/rental vehicle, whichever is earlier.

The BMW center will allow you to take your Vehicle (referenced above) home and store it while you are driving the loaner/rental vehicle.

You therefore agree to the following:

- You will drive the Vehicle directly home and will not drive it again, other than to return it to the BMW center when the parts are available to perform the Recall repair
- You will store your Vehicle at your home, or another safe location of your choice, at your own risk
- You will ensure that the vehicle's keys are secured and inaccessible to others
- You will maintain your Vehicle and will not alter, modify or sell the Vehicle (except in the case of a leased vehicle, which you may return at the expiration of your lease, if that time pre-dates the availability of the replacement parts for the Recall)
- You understand that you will be responsible for any and all damages caused to the Vehicle if it is driven prior to the performance of the Recall repair, other than directly to or from the center

By signing below, you expressly agree to all of the terms and conditions set forth herein.

Date

Name (Signature)

Name (Print)

Address

City/State/Zip

Telephone Number (Text message: Y / N)

Email

Status i.e., owner, lessor, lessee, etc.



Retail Operator / General Manager	Sales – New Car	Sales - Pre-Owned	Business Manager (F&I)	Service	Parts & Accessories	Administration
Date: March 23, 2016 Bulletin #: B2-US-H-30-47		Source: Customer Orientation Name: Craig Westbrook Title: VP, Customer Orientation and Sales Channel Development Phone #: (201) 307-3929 Email: craig.westbrook@bmwna.com				

Customer Orientation AMP Enrollment Allowance Bulletin

Prioritization of options	Affected Vehicle: MY12 and Newer BMW/FS Lease Customers	Affected Vehicle: MY12 and Newer Loan/Cash Customers	Affected Vehicle: MY11 and Older
Put Customer in Alternate Transportation	1.New car loaners (AMP) 2.BMW rental vehicles	1.New car loaners (AMP) 2.BMW rental vehicles	1.Non-BMW rental vehicles

At the end of February, BMW began the process of increasing AMP fleets to ensure that dealers have sufficient loaners to accommodate customers affected by the driver's airbag safety recall ("Recall"). At this time, all AMP credit lines have been expanded to accommodate fleet increases. Vehicles that were retailed at the end of February should now be funded with BMW FS in DAS.

For those dealers that did not participate in the AMP ramp up program at the end of February or those who did not maximize their available fleet increase, BMW NA is pleased to announce that the enrollment allowance is available to support fleet increases to meet demand for loaners due to the Recall. Your Area Manager can confirm the number of vehicles allocated for your temporary fleet increase.

The AMP Enrollment Allowance is available for the additional AMP vehicles needed to support affected customers. The Enrollment Allowance will help to offset both registration and depreciation expenses for the vehicles retailed and enrolled into AMP using retail type 6 (Service Loaner). Eligible vehicles must be retailed March 23, 2016 through March 31, 2016.

MY2016 AMP ENROLLMENT ALLOWANCE		
MY16 2 Series, X1 and i3 Rex	\$1,500	March 1 - March 31, 2016
MY16 3 Series & 4 Series	\$3,000	March 1 - March 31, 2016
MY16 X3 & X4	\$4,000	March 1 - March 31, 2016
MY16 5 Series X5 & X6	\$4,500	March 1 - March 31, 2016

The enrollment allowance is only available for **new MY16 incremental** vehicles enrolled as a result of the Recall. The Enrollment Allowance is not available for replacement vehicles. Dealer's fleet size as of February 26, 2016, will be used as the dealer's AMP baseline. Only those vehicles enrolled in excess of the baseline will receive the enrollment allowance.

To qualify for the Enrollment Allowance, vehicle must be funded with FS in DAS within 60 days of RDR. Vehicles must remain in loaner service for a minimum of 90 days (funding date to retirement date) to qualify. Vehicles retired prior to 90 days in service are subject to chargeback. Enrollment Allowance payments for February and March vehicles will be processed in April.

Car Rental Procedure

An enhanced car rental procedure can be offered to affected recall customers if other alternate transportation options are not available. Refer to SI B01 23 14 for additional information.



Service Information

Warranties

B01 23 14

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March 2016

Warranties

This Service Information bulletin supersedes SI B01 23 14 **dated August 2015**.

Changes to this revision are identified by a black bar.

Please read this Service Information bulletin in its entirety: the content has been completely updated.

SUBJECT

Takata Airbag Recalls: Increased Demand for Alternate Transportation

MODEL

E39 (5 Series Sedan)
E46 (3 Series Sedan, Coupe, Convertible incl M)
E53 (X5)
E70 (X5 incl M)
E71 (X6 incl M)
E72 (X6 ActiveHybrid)
E82 (1 Series Coupe)
E83 (X3)
E84 (X1)
E88 (1 Series Convertible)
E90 (3 Series Sedan incl M)
E91 (3 Series Sports wagon)
E92 (3 Series Coupe incl M)
E93 (3 Series Convertible incl M)

SITUATION

Due to the large number of BMW vehicles and non-BMW vehicles alike that are affected by the Takata Airbag Recalls, replacement airbag modules are in short supply

For the specific affected models and additional information: See SI B65 15 13, SI B65 14 14, SI B65 17 14, SI B65 11 15 and SI B65 04 16.

INFORMATION

BMW of North America, LLC ("BMW NA") wants to provide your center with the ability to provide alternate transportation, when needed, to customers driving an Affected Vehicle.

Please use this option when one of those customers request alternate transportation because they are unwilling to continue driving their Affected Vehicle as they wait to have the airbag module replaced.

Takata Airbag Recalls - Alternate Transportation Measures

In our continuing commitment to “customer orientation” and to ensure customer satisfaction, we are introducing two new alternate transportation measures that cater specifically to customers with an Affected Vehicle.

Until further notice, BMW NA has and will implement the following measures:

- **AMP –Ramp-up New Loaner Vehicles** (SI B01 16 16)
 - This measure allows customers owning MY 2012 and newer Affected Vehicle to be placed in a comparable AMP Vehicle Loaner, subject to availability.
 - Details are listed in the bulletin
- **Enhanced Car Rental Procedure**
 - If the AMP Loaner vehicles provided in the above measures are not available, please see the “alternate transportation” section below rental vehicle options.

ENHANCED CAR RENTAL PROCEDURE

Customer with an Affected Vehicle should be placed in a rental vehicle only if **all** the following conditions apply:

- Part is on backorder
- Customer does not want to drive his or her Affected Vehicle and request alternate transportation
- Other alternate transportation options are not available.

Please send an email to Takata.airbagrentalcar@bmwna.com as follows:

- Subject: Takata Airbag Rental Car - VIN: (Customer's VIN- last seven)
- In the body of the email, please include the start date of the rental, the part number(s) that are not available, and any other information that is relevant to the situation, and a
- Center contact person's name, phone number and email address.

Alternate Transportation

If alternate transportation is needed, please provide Customer with a vehicle through one of our preferred third-party rental car providers (Hertz or Enterprise). Include this expense as a separate line item on the repair order as outlined below.

- A. BMW will reimburse **up to \$64.00 a day** plus taxes and insurance at 100%, excluding fuel, to provide the customer with a **BMW rental vehicle**.
- B. BMW will reimburse **up to \$44.00 a day** plus taxes and insurance at 100%, excluding fuel, to provide the customer with a **non-BMW rental vehicle**.

In order to be reimbursed for the above, you must include the following:

Itemize the rental invoice in the claim comments and include the following: number of days, amount per day, taxes and insurance.

Field Authorization **is not** required.

OWNER/CUSTOMER SELF-STORE: VEHICLE STORAGE AGREEMENT

Due to the amount of vehicles involved in the Takata Airbag Recall, at your option and with the customer's agreement, you may allow the customer to retain and self-store their vehicle until the parts necessary to complete the Takata Airbag Recall become available.

Please print out the attached form and fill out the customer's information. Please have the customer read and sign the Vehicle Storage Agreement.

REQUIRED DOCUMENTATION

A copy of the Vehicle Storage Agreement form must be maintained in the Vehicle History File and provided to BMW upon request.

Please keep a copy of the parts order/backorder documents, storage agreement form and rental car invoices in the Vehicle History File.

WARRANTY INFORMATION

Reimbursements for Takata Airbag Recall-related car rentals are via normal claim entry, as a separate line item, utilizing the following information:

Defect Code:	11 00 99 99 TK	Rental Reimbursement – Takata Airbag Parts Supply
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And:

Sublet Code 4	Sublet at cost	Reimbursement for an alternate transportation vehicle through one of our preferred third-party rental car providers
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Important Note: Long-Term Rentals

Due to the current part supply situation, BMW NA anticipates that some customers may require alternate transportation for thirty (30) days or more. As a result, you may have to submit more than one claim for rental car reimbursement, before your center has the parts necessary to fix an Affected Vehicle.

In these cases, BMW NA recommends that your center submit a claim for the rental car reimbursement at 30-day intervals (invoice after each 30 days of rental car use); explain the situation in the claim comments; and reference the email you sent by date.

Thank you for your continued cooperation and support.



Service Information

Warranties

B01 18 16

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March 2016

Warranties

SUBJECT

Safety Recall Trade Benefit (SRTB)

MODEL ("AFFECTED VEHICLES")

E39 (5 Series Sedan)
E46 (3 Series Sedan, Coupe, Convertible incl M)
E53 (X5)
E70 (X5 incl M)
E71 (X6 incl M)
E72 (X6 ActiveHybrid)
E82 (1 Series Coupe)
E83 (X3)
E84 (X1)
E88 (1 Series Convertible)
E90 (3 Series Sedan incl M)
E91 (3 Series Sports wagon)
E92 (3 Series Coupe incl M)
E93 (3 Series Convertible incl M)

SITUATION

Due to the large number of BMW vehicles and non-BMW vehicles alike that are affected by the air bag recalls, replacement airbag modules are in short supply

Since the replacement parts are not yet available to repair Affected Vehicles, we understand that some of the affected customers may express their concern about continuing to drive their current affected BMW vehicle.

For additional information about the Affected Vehicle, see SI B65 15 13, SI B65 14 14, SI B65 17 14, SI B65 11 15 and SI B65 04 16.

INFORMATION

If after your discussion with the customer they are still uncomfortable driving their Affected Vehicle, please work with the customer to see if one of the following Alternate Transportation Measures may help to satisfy them:

- **AMP – RAMP Up New Loaner Vehicles** (SI B01 16 16)
- **AMP – RAMP Up Off Lease Vehicles** (SI B01 17 16)
- **Enhanced Car Rental Procedure** (SI B01 23 14)

Safety Recall Trade Benefit (SRTB)

Additionally, BMW of North America, LLC ("BMW NA") is introducing another tool your center may use to assist those customers who express their concern about driving their Affected Vehicle.

Available for customers who paid cash or financed an Affected Vehicle

For these customer (Lease vehicles are NOT eligible) who would consider trading-in their Affected Vehicle for another BMW vehicle, the following trade-in benefit allowances are available from BMW NA to help reduce the financial impact of the transaction.

Trade-In Benefit Matrix by Model and Model Year

Series	Models	SRTB Allowance
E70, E71, E72	X5 and X6 – MY 2012 and Newer	\$4,000.00
E90, E91, E93	3 Series – MY 2012 and Newer	\$3,000.00
E84, E92	X1 and 3 Series Coupe – MY 2012 and Newer	\$2,500.00
E82, E88	1 Series – MY 2012 and Newer	\$2,000.00
As applicable	MY 2011 and older - All Applicable Models	\$2,000.00

Program terms and conditions apply: Customer Orientation bulletin B2-US-H-30-46 details.

PROCEDURE

Trade Benefit Terms and Conditions:

- SRTB offer is valid on eligible Affected Vehicles delivered and reported retailed (RDR) through DCSnet from March 23, 2016 through and including June 30, 2016 by an authorized BMW center in the United States (Including Puerto Rico)
- SRTB is only available to customers who currently own an un-remedied Affected Vehicle
- Customer must trade-in the Affected Vehicle to qualify for the SRTB
- Customer must purchase or lease a new or CPO BMW vehicle to be eligible for SRTB, BMW FS contracting is not required
- Ineligible sales: Customers may not take delivery of the new BMW vehicle through the BMW European Delivery program
- Once the Affected Vehicle has been fixed, the Customer and vehicle is no longer eligible for the SRTB
- Offer valid on the final negotiated price and may be combined with other applicable BMW offers that may also be available at the time of purchase
- SRTB is available once on an Affected Vehicle; Subsequent purchasers of an Affected Vehicle that was traded and received SRTB is no longer eligible for the benefit.

Note: Center reimbursement for SRTB thought DCSnet is outlined in Warranty Information section below.

WARRANTY INFORMATION

Reimbursement for the SRTB, as outlined in the procedure section, will be via normal claim entry utilizing the following information:

Defect Code:	85 10 03 04 TP	SRTB
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And:

Sublet Code 3	Sublet at cost	Reimbursement for the SRTB that applies (at cost, no markup)
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Center reimbursement procedure for SRTB

- Open a repair order (RO) using the VIN for the trade-in Affected Vehicle
- Create a line item for SRTB allowance as outlined in the Warranty Information section.
- For inclusion in the claim comments and to allow claim processing, the VIN (last seven) of the new or CPO BMW replacement vehicle that was subsequently purchased or leased by the customer must also be noted on the RO.
- Submit for the SRTB under **Defect Code 85 10 03 04 TP** as follows:
 - Sublet Code 3
 - Corresponding dollar amount (with no markup)
 - Comment: SRTB - Reimbursement for allowable trade-in allowance that was used for replacement VIN: A123456 (Insert the actual VIN's last seven)
 - Itemize the sublet amount on the repair order and in the claim comments

Field Authorization is not required

Note: All claims for SRTB will be subject to audit. Payments used for vehicles that do not qualify will be charged back.

Document Title	Service Information Bulletin Recall 16V-071
Last Updated	March 14, 2016



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Audio, Navigation, Monitors,
Alarms, SRS

B65 04 16

Technical Service

This Service Information bulletin supersedes SI B65 04 16 dated February 2016.

Changes to this revision are identified by a black bar.

SUBJECT

Recall Campaign 16V-071: Driver's Front Air Bag Module

MODEL

E70 (X5 incl M)
E71 (X6 incl M)
E72 (X6 ActiveHybrid)
E90 (3 Series Sedan incl M)
E91 (3 Series Sportswagon)
E92 (3 Series Coupe incl M)
E93 (3 Series Convertible, incl M)
E82 (1 Series Coupe)
E83 (X3)
E84 (X1)
E88 (1 Series Convertible)

SITUATION

BMW AG is conducting a Voluntary Safety Recall involving Driver's Front Air Bag Module on certain BMW vehicles that are equipped with non-desiccated Takata PSDI-5 inflators. These vehicles, covering model years 2006-2015 have not been part of earlier Takata-related air bag recalls.

BMW Group is participating as part of the industry-wide voluntary safety recall involving driver's front airbag modules. BMW is committed to helping you manage this recall campaign in the least disruptive fashion.

Affected vehicles, which require this Recall, have been identified and are displayed under "Open Campaign and Vehicle Comments" in Warranty Vehicle Inquiry or ISPA Light.

In the past, the VINs were flagged in "vehicle comments" only. Moving forward, all vehicles affected by the stop sale of a recall will continue to be displayed in "vehicle

comments”, but will also be shown under “open campaign” with defect code 0000001100. This will assist in identifying the vehicles involved in a recall.

Open Campaign Information

Campaign Code	Campaign Description
0000001100	Recall 16V-071 Driver Front Air Bag B650

When parts become available, a new defect code will be created for the final repair.

All affected customers of this Recall will be mailed an interim letter on March 16, 2016. This letter is informing them that their vehicle is included in the recall. A final letter will be mailed to the customers when parts become available. A copy of the letter that was sent to these customers has been attached.

We will provide you with more information regarding the repair process as soon as possible. We are working diligently to secure a parts solution and will provide you with more details as they develop, a specific date is not available.

To assist you with challenging concerns, please reference the attached Q&A that will be updated as information becomes available. We will continually update the Q&A and you can identify the latest version by the date that is referenced at the bottom of the pages.

We sincerely apologize for any inconvenience this recall may cause; however, be assured that BMW is determined to uphold a high level of vehicle quality and customer satisfaction.

There are approximately 840,000 vehicles in the US.

Model	Model Year	Approx .Volume	Production Dates
1 Series Coupe (incl. M)	2008 – 2013	32,620	Nov 2007 – Oct 2013
1 Series Convertible	2008 – 2013	28,160	Nov 2007 – Oct 2013
3 Series Sedan (incl. M)	2006 – 2011	132,845	Feb 2005 – Dec 2011
3 Series Sedan (diesel)	2009 – 2011	4,160	Mar 2008 – Aug 2011
3 Series Sports Wagon	2006 – 2012	3,270	Jun 2005 – May 2012
3 Series Coupe (incl. M)	2007 – 2013	129,515	Apr 2006 – Jun 2013
3 Series Convertible (incl. M)	2007 – 2013	99,810	Nov 2006 – Oct 2013
X1 SAV	2013 – 2015	57,290	Feb 2012 – Sep 2014
X3 SAV	2007 – 2010	64,925	Aug 2006 – Aug 2010
X5 SAV (incl. M)	2007 – 2013	214,580	Sep 2006 – Jun 2013
X5 SAV (diesel)	2009 – 2013	35,440	Mar 2008 – Jun 2013
X6 SAC (incl. M)	2008 – 2014	37,000	Jul 2007 – Jun 2014
X6 SAC ActiveHybrid	2010 – 2011	365	Mar 2009 – Sep 2011

**BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
Safety Recall 16V-071**

Technical Q&A

updated March 15, 2016

Q1. Which models are included in this Safety Recall Campaign?

Included are approximately 840,000 vehicles, with approximate volumes and production dates as noted below.

<u>Series</u>	<u>Model</u>	<u>Model Year</u>	<u>Approx. Volume</u>	<u>Production Dates</u>
E82	1 Series Coupe (incl. M)	2008 – 2013	32,620	Nov 2007 – Oct 2013
E88	1 Series Convertible	2008 – 2013	28,160	Nov 2007 – Oct 2013
E90	3 Series Sedan (incl. M)	2006 – 2011	132,845	Feb 2005 – Dec 2011
E90	3 Series Sedan (diesel)	2009 – 2011	4,160	Mar 2008 – Aug 2011
E91	3 Series Sports Wagon	2006 – 2012	3,270	Jun 2005 – May 2012
E92	3 Series Coupe (incl. M)	2007 – 2013	129,515	Apr 2006 – Jun 2013
E93	3 Series Convertible (incl. M)	2007 – 2013	99,810	Nov 2006 – Oct 2013
E84	X1 SAV	2013 – 2015	57,290	Feb 2012 – Sep 2014
E83	X3 SAV	2007 – 2010	64,925	Aug 2006 – Aug 2010
E70	X5 SAV (incl. M)	2007 – 2013	214,580	Sep 2006 – Jun 2013
E70	X5 SAV (diesel)	2009 – 2013	35,440	Mar 2008 – Jun 2013
E71	X6 SAC (incl. M)	2008 – 2014	37,000	Jul 2007 – Jun 2014
E72	X6 SAC ActiveHybrid	2010 – 2011	365	Mar 2009 – Sep 2011

Q2. BMW conducted safety recalls in 2013, 2014 and 2015 on a similar issue. How is this different?

The inflators are different. This recall campaign pertains to the Takata PSDI-5 inflator. The earlier recalls pertained to different inflators produced by Takata.

Q3. Are BMW M models included in this recall campaign?

Yes. [Please refer to Q1.]

Q4. Is this recall comparable to similar recalls being conducted by other Manufacturers?

Yes. This recall campaign involves the Takata PSDI-5 inflator.

Q5. How many BMW vehicles in the US are included in this Safety Recall?

The number of BMW vehicles in the US included in this recall is approximately 840,000. This amount has not changed since February 5, 2016. When viewing "Vehicle Comments" the date referenced only reflects when the comments were updated.

Q6. Why are other models not included?

Other models are not included because this recall pertains specifically to vehicles equipped with the Takata PSDI-5 inflator.

Q7. What is the specific concern?

Takata's investigation to date indicates that, due to exposure to certain environmental conditions (several years of exposure to persistent conditions of

**BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
Safety Recall 16V-071**

high absolute humidity), this could lead to over-aggressive combustion in the event of air bag deployment.

Q8. What can happen as a result of this issue?

In a crash where air bag system deployment occurs, the air bag inflator housing may rupture. In the event of an inflator rupture, metal fragments could pass through the air bag cushion material, which may result in injury or death to vehicle occupants.

Q9. Is there a possibility to find out whether the problem exists in my car?

No. There is no way to detect if your BMW might have an air bag inflator potentially at risk of rupturing upon deployment in an accident.

Q10. Can I continue to drive my vehicle?

Yes. BMW is not aware of a ruptured inflator in any of its vehicles associated with this recall. Vehicles equipped with air bags, including air bags that are under recall, save lives and reduce injuries. The vast majority of Takata air bags will perform as expected. When you receive a letter asking you to have this service performed by an authorized BMW center, please do so as soon as possible. If you are not the only driver of this vehicle, please advise all other drivers of this important information.

Q11. What measures will be taken?

The driver's front air bag module will be replaced.

Q12. How did BMW become aware of this issue?

BMW became aware of this issue from Takata (the air bag module supplier) and NHTSA.

Q13. Is BMW aware of any accidents or injuries involving BMW vehicles associated with this campaign?

No. BMW is not aware of a ruptured inflator in any of its vehicles associated with this recall.

Q14. How will I be informed of this recall program?

If your vehicle is affected, you will receive an initial letter in March via First Class mail advising you of this recall. You should receive an additional letter when replacement parts become available, requesting that you schedule an appointment to bring your vehicle to an authorized BMW center for service and repair.

Q15. Will my BMW center deactivate my driver's front air bag until it is replaced?

No, NHTSA estimates that frontal air bags saved 2,400 lives in 2014 alone. It is far more likely that if you are involved in a crash that your air bag will perform properly and protect you than it will rupture and cause harm.

Q16. How will this program be performed?

**BMW 1 Series, 3 Series X1 SAV, X3 SAV, X5 SAV and X6 SAC
Model Year 2006 - 2015
Driver's Front Air Bag Module
Safety Recall 16V-071**

When you are notified via the final letter, you will be asked to make an appointment with an authorized BMW center who will order the replacement driver's front air bag module for your vehicle prior to your appointment.

Q17. How long will the repair take?

This repair may take approximately two hours; however, additional time may be required depending upon your BMW center's schedule. The repair will be performed free of charge by your authorized BMW center.

Q18. Do I have to wait for my letter in order to have my vehicle serviced?

Yes. BMW is in the process of implementing this program to ensure that the necessary parts, tools and procedures are available to its authorized BMW centers, prior to instructing you to take your vehicle in for repair.

Q19. Am I eligible for reimbursement under the TREAD Act if I previously replaced my driver's front air bag module?

In this particular recall, reimbursement is likely not applicable, as you would typically have replaced your driver's front air bag module as a result of an accident. In that situation, either your insurance company paid for the repair, or you paid "out-of-pocket".

However, in the very unusual (unlikely) scenario that you previously replaced the driver's front air bag module "out-of-pocket" upon learning of this possible defect, you may be eligible for reimbursement. Additional information will be provided when BMW mails the additional letter, asking you to make an appointment with an authorized BMW center to have your driver's front air bag module replaced.

Q20. When are the repair parts expected to be available?

We expect to receive a limited number of repair parts starting in the summer of 2016.

Q21. How will the repair be introduced to USA customers?

When an adequate inventory of parts is available, final owner notification letters will initially be issued via US First Class Mail to owners of the highest risk registered vehicles, i.e., oldest models in highest absolute humidity areas (e.g., USA Gulf states). As parts supply increases, all owners of affected vehicles will be notified by First Class mail.

Q22. Why is the passenger's front air bag not affected?

The passenger's front air bag does not contain a Takata PSDI-5 inflator so it is not affected by this recall.

Q23. Will BMW give me a loaner vehicle until a repair part is available?

If replacement parts are not available, BMW has authorized its centers to provide or assist customers with alternate transportation, subject to availability.

Document Title	Customer Facing Response Script Recall 16V-071
Use	For customers who call in to a dealership regarding the recall notice they received.
Last Updated	March 15, 2016

Thank you for your call / inquiry regarding the current Takata airbag recall. I want to personally assure you that BMW of North America takes your safety and this industry-wide situation very seriously. BMW has issued a recall for approximately 840,000 cars and Sports Activity Vehicles equipped with Takata PSDI-5 driver's front air bags to have the driver's front air bag module replaced. These vehicles, covering model years 2006 to 2015, were not part of earlier Takata-related air bag recalls.

Currently, we do not have a fixed date for the replacement parts.

Here's what I can tell you: If you own a *potentially* affected BMW vehicle, you will be sent a first-class letter in the mail within the next few weeks with more information on what you can do prior to availability of the replacements parts. Once the parts are available, owners will receive another letter with instructions on what to do to have the parts replaced.

While I certainly understand that this may not answer all your questions, I hope it helps a little to know what to expect in light of this industry-wide recall. BMW is working as quickly as possible to address this situation and we very much appreciate your patience as we do.

Document Title	Driver's Front Air Bag Module (DCS Message) Recall 16V-071
Use	For customers who call in to a dealership regarding the recall notice they received.
Last Updated	March 11, 2016

Subject: Recall Campaign 16V-071: Driver's Front Air Bag Module

Priority: Urgent

Message Start Date: 3/11/2016

Message Expiration Date: 3/24/2016

Attachment: Y

Message Recipients:

General Managers, Sales Managers, Service and Parts Managers, Service Managers, Shop Foremen, Service Technicians

Message Text:

BMW AG is conducting a Voluntary Safety Recall involving Driver's Front Air Bag Module on certain BMW vehicles that are equipped with non-desiccated Takata PSDI-5 inflators. These vehicles, covering model years 2006-2015 have not been part of earlier Takata-related air bag recalls. There are approximately 840,000 vehicles in the US. BMW Group is participating as part of the industry-wide voluntary safety recall involving driver-side front airbag modules. BMW is committed to helping you manage this recall campaign in the least disruptive fashion.

Affected vehicles, which require this Recall, have been identified and will display under "Recall Summary and Vehicle Comments" in DCS Warranty or ISPA Light.

We will provide you with more information regarding the repair process and parts availability as soon as possible. To assist you with challenging concerns, please reference the attached documents: Technical Q&A, SI B65 04 16 and Customer Facing Response Script.

We want to remind you that we have a Vehicle Stop Sale in effect and it is a violation of Federal law for you to sell, lease or deliver any vehicle covered by this notification until the recall repair has been performed. This means that centers may not legally deliver motor vehicles to a consumer until it is fixed or use/sell replacement equipment/parts subject to a Recall. Note also that substantial civil penalties apply to violations of this law.

Also, you should not sell, lease or deliver any Certified Pre-Owned or used vehicles subject to a safety recall until the repair is completed. Please follow any special instructions that we provide to you for the return or disposition of recall parts.

Sincerely,

Eugene Aton,
Technical Service

Document Title	Media Inquires Recall 16V-071
Use	To know how to handle any media inquiries
Last Updated	March 14, 2016

Please do not engage with the media regarding the Takata situation. Should you receive any media inquiries, please refer them to the BMW Corporate Communications team.

REP-REP-RAE8332-3234020FL Removing and installing/replacing airbag unit (from 09/2006), VIN: XXXXXXXX

ISTA system version	3.55.10.16319	Data version	R3.55	Programming data	-
VIN	XXXXXXXX	Vehicle	X'/E83/off-road vehicle/X3 3.0i/N52/AUT/US/left-hand drive/2008/05		
Int.lev.works	-	Int.lev. (cur.)	-	Int.lev.(tar.)	-
Mileage	0 km				

32 34 020

Removing and
installing/replacing
airbag unit (from
09/2006)



Warning!

Observe the following instructions to avoid any risk of injury by the airbag unit.

- Comply with [safety regulations](#) for handling components with gas generators.
- Do not exert any force on the airbag unit.
- Use only specified tools for releasing the airbag unit.

Note: Incorrect handling may result in triggering of the airbag unit and thereby cause serious injury.



Important!

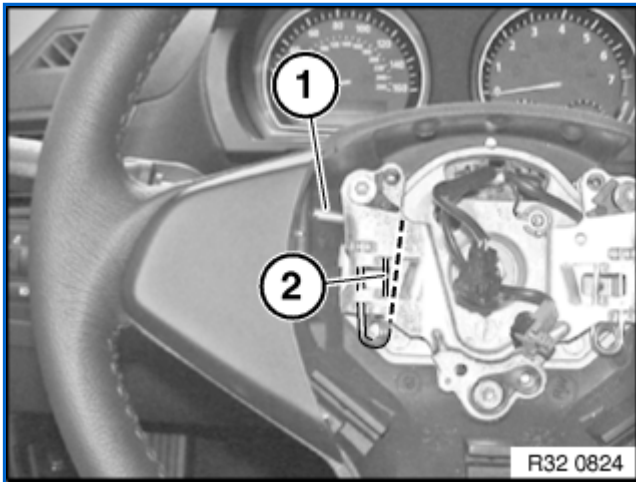
Steering wheel must be replaced if airbag unit has been triggered!

Follow procedure after airbag triggering .



Necessary preliminary tasks:

- Disconnect battery negative lead



Insert Torx screwdriver T30 (1) horizontally into opening on reverse side of steering wheel until a spring resistance is felt (approx. 4 cm).

Press spring leg (2) with Torx screwdriver (1) up to stop and pull airbag unit away from steering wheel.

Repeat procedure on other side.

Installation:

Make sure electrical leads are correctly positioned.

Snap airbag unit with uniform pressing force plane-parallel in direction of steering column shaft into steering wheel.



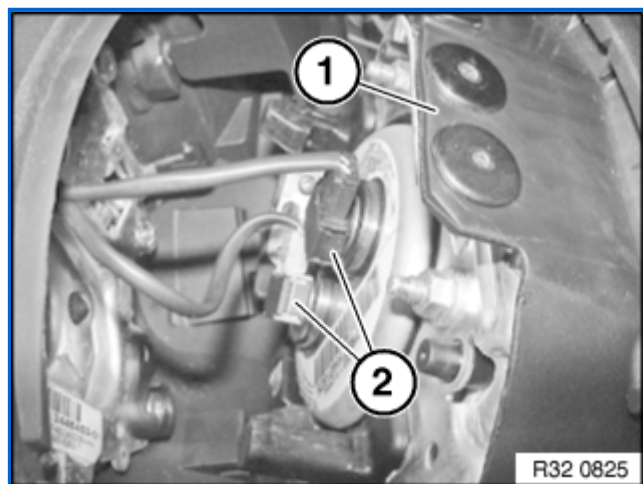
Warning!

Risk of injury!

Airbag unit may only be set down with the airbag itself facing upwards .

Tilt airbag unit (1) towards rear.

Disconnect plug connections (2) and remove airbag unit (1).



Installation:

Connect plugs to connections of same colour on airbag unit.

REP-REP-RAE8332-3234030 Removing and installing / replacing airbag unit (sport steering wheel), VIN: XXXXXXXX

ISTA system version	3.55.10.16319	Data version	R3.55	Programming data	-
VIN	XXXXXXXX	Vehicle	X'/E83/off-road vehicle/X3 3.0i/N52/AUT/US/left-hand drive/2008/05		
Int.lev.works	-	Int.lev. (cur.)	-	Int.lev.(tar.)	-
Mileage	0 km				

32 34 030

Removing and installing / replacing airbag unit (sport steering wheel)



Warning!

Observe the following instructions to avoid any risk of injury by the airbag unit.

- Comply with [safety regulations](#) for handling components with gas generators.
- Do not exert any force on the airbag unit.
- Use only specified tools for releasing the airbag unit.

Note: Incorrect handling may result in triggering of the airbag unit and thereby cause serious injury.



Important!

Steering wheel must be replaced if airbag unit has been triggered!

Follow procedure after airbag triggering.

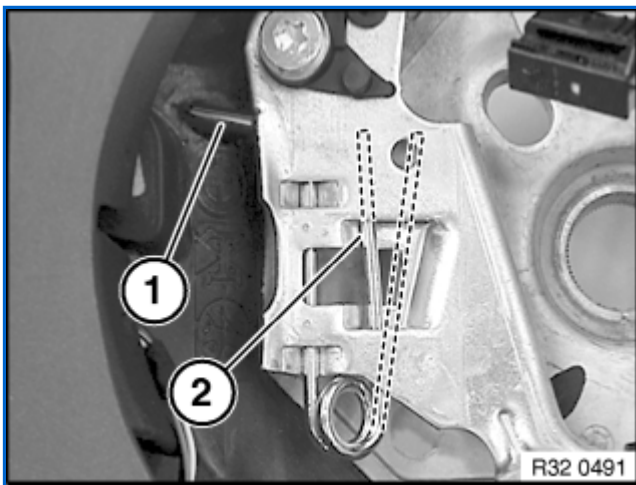


Necessary preliminary tasks:

- Disconnect battery negative lead



Insert Torx screwdriver (T30) horizontally into opening on reverse side of steering wheel up to stop (approx. 4.5 cm).



Increase pressure with Torx screwdriver T30 (1) on spring leg (2) until airbag unit is unlocked.

Repeat procedure on other side.

Installation:

Make sure electrical leads are correctly positioned.

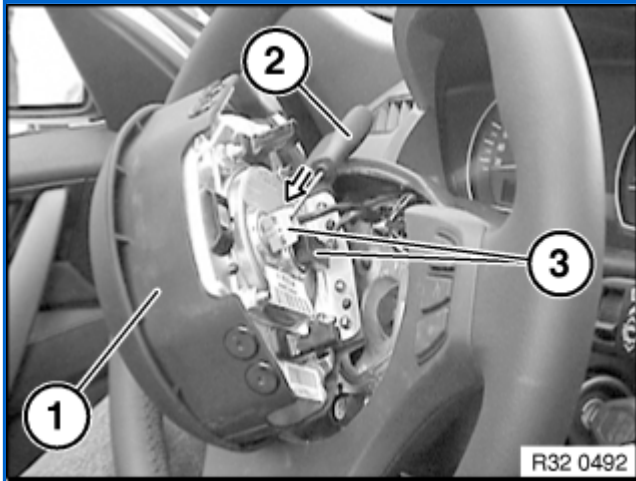
Snap airbag unit with uniform pressing force plane-parallel in direction of steering column shaft into steering wheel.

Warning!



Danger of injury!

Airbag unit may only be set down with the airbag itself facing upwards.



Tilt airbag unit (1) slightly to one side.

Slide screwdriver (2) from front into both plug connections (3) until cover lifts off.

Disconnect plug connections (3).

Remove airbag unit (1).

Installation:

Connect plugs to connections of same colour on airbag unit.