



August 14th, 2017

Dear BMW Motorrad USA Dealer

As you are aware BMW has issued several recalls and campaigns in the last months leading to several stop sales. We understand the challenges you are facing and assure you that BMW Motorrad takes customer safety very seriously. We have already communicated each of these recalls to you through our normal channels, however given the relatively large number of recalls taking place at the same time we feel it would be appropriate to summarize the actions we are currently taking on each:

R 1200 GS Adv Stop Sale: Information will be published on Aug 17th to remove the aluminum side case mounts before delivering the motorcycle to the customer. A permanent solution will take several months to deliver. The customer will be notified when a solution is available and will be asked to return to the dealer to have the rack reinstalled with the fix. In the meantime the customer will be presented with a good will gift (BMW soft duffle a value of \$259.00) to use for travel. In addition they will receive a discount of 10% on aluminum panniers when they return later for the final fix. Details will be outlined in the bulletin, you may resume deliveries once you receive the service bulletin on Aug 17th as the process outlined must be followed.

Flooring Terms Update: These units have / will receive up to an additional 60 days of free flooring, regardless if the unit is still on free flooring, on BMW FS floor plan, or another lenders floor plan.

Incentive: Flat pay dealer cash of \$300 plus Loyalty / Conquest regardless of objectives. Program ends August 31st, 2017.

Side Cases: Parts are in transit to the US for our most popular cases (Aluminum panniers and VARIO cases). Some of the other cases will require more time to develop a bracket and solution. We estimate for most cases a solution will be announced by September 8th, 2017.

C 650 GT: This will likely not be resolved until mid-September as we wait for new wheels to be received with the proper DOT stamping from the supplier. An update will be provided should better information become available.

Flooring Terms Update: These units will receive up to an additional 60 days of free flooring only if the unit is still on its original free flooring.

Incentive: N/A

R 1200 GS/GS Adv Front Fork Bushing: 6,000 bushings have already been dispatched to Dealers, however these continue to be in short supply and are being allocated to each of the world markets depending on their demand. We encourage dealers to place their orders so we can accurately calculate the US demand. BMW Motorrad USA is doing everything we can to secure a many bushings as possible for our market. As bushing arrive we will allocated them based on current orders. A small reserve has been kept for urgent cases which should be sent to motorradaftersales@bmwna.com. The customer mailing will begin on August 31st, 2017. Please expect an increase in customer inquiries.

Flooring Terms Update: These units have / will receive up to an additional 60 days of free flooring, regardless if the unit is still on free flooring, on BMW FS floor plan, or another lenders floor plan.

Incentive: Flat pay dealer cash depending on the model up to \$500 plus Loyalty / Conquest regardless of objectives.

R nineT (K21): The repair to the R nineT will require replacement and torqueing of the rear swing arm bolts. Parts and instructions are expect by the second week of September.

Flooring Terms Update: These units have / will receive up to an additional 60 days of free flooring, regardless if the unit is still on free flooring, on BMW FS floor plan, or another lenders floor plan.

Incentive: N/A

R 1200 RT-P Authority: A solution to reprogram the bikes is currently available. Dealer must reprogram the bike and confirm that the "lights off" function operates as designed. A service bulletin with warranty claim information is estimated to be published by September 1st, 2017.

Flooring Terms Update: No Flooring term adjustments

Incentive: N/A

K 1600 B (K61) Transportation Damage: While not a recall we understand that several dealers have received new BMW K 1600 Baggers that are damaged. To date 285 bikes have been delivered with 20 reported damaged. Please report any damage via PuMA with pictures and repair estimates. Both BMW and DHL are aware of the problem and are working together to resolve the issue. Parts are available for repair/replacement. Damage parts must be replaced with new parts. Extensive damage should be discussed with your field team for determination as to if the bike should be repaired or not. K 1600 Baggers that are damaged due to poor packing or failure of the crate should be claimed under warranty. Bikes that are damaged from other transportation issues should follow the normal insurance process.

Flooring Terms Update: Your dealer first supply unit is already receiving 120 days of free flooring. For customer sold orders, the terms will be extended up to 120 days.

Incentive: N/A

Recall System Improvements: BMW have taken several steps to improve the dealer's ability to identify vehicles with open recalls at your dealership. Sales STOP flags now appear in Sales, Warranty and Technical Service systems. The warranty screen now links directly to service bulletins and allow you to search multiple VIN's under the campaign view screen. Several additional enhancements are coming such as open recall warning/block during the RDR process and real-time phone alerts when stop sales are announced.

Dealer units where free flooring expired but floor plan is with another source, dealers will be credited via Misc. Billing after 60 days the original stop sale date.

The credit will be based on average interest per day similar to the method FS uses to calculate daily interest.

Credit will be for days in inventory up to a max of 60 days.