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## Members of the Supervisory Board

### **Prof. Dr.-Ing. Dr. h. c. Dr.-Ing. E. h. Joachim Milberg**

Chairman  
Former Chairman of the Board of Management of BMW AG  
Chairman of the Presiding Board, Personnel Committee, Audit Committee  
Member of the Mediation Committee

#### **Mandates\*\***

Allianz Versicherungs-AG  
Bertelsmann AG  
FESTO AG  
MAN AG (Deputy Chairman)  
Deere & Company  
Leipziger Messe GmbH

### **Manfred Schoch\***

Deputy Chairman  
Chairman of the General Works Council  
Member of the Presiding Board, Personnel Committee, Audit Committee and Mediation Committee

### **Stefan Quandt**

Deputy Chairman  
Industrial Engineer  
Member of the Presiding Board, Personnel Committee, Audit Committee and Mediation Committee

#### **Mandates\*\***

DELTON AG (Chairman)  
Dresdner Bank AG  
Gerling-Konzern Allgemeine Versicherungs-AG  
DataCard Corp.

### **Konrad Gottinger\***

Deputy Chairman  
Member of the Works Council, Dingolfing  
Member of the Presiding Board, Personnel Committee, Audit Committee and Mediation Committee

### **Dr. Hans-Dietrich Winkhaus**

Deputy Chairman  
Former Chairman of the Board of Henkel KGaA  
Member of the Presiding Board, Personnel Committee and Audit Committee

#### **Mandates\*\***

Degussa AG  
Deutsche Lufthansa AG  
ERGO Versicherungsgruppe AG  
Schwarz-Pharma AG (Chairman)  
Henkel KGaA

### **Volker Doppelfeld**

Former member of the Board of Management of BMW AG

#### **Mandates\*\***

D. A. S. Deutsche Automobilschutz Allgem. Rechtsschutz-Versicherungs AG  
Bizerba GmbH & Co. KG

\* Employee representative

\*\* Mandates

Membership of other supervisory boards and comparable boards in Germany and abroad at 31.12.2005

**Bertin Eichler\***

Executive Member of the  
Executive Board of IG Metall

**Mandates\*\***

ThyssenKrupp AG (Deputy Chairman)  
BHW Holding AG  
BGAG Beteiligungsgesellschaft der  
Gewerkschaften AG (Chairman)

**Ulrich Eckelmann\***

Head of the Industry, Technology and  
Environment section of IG Metall

**Mandates\*\***

ThyssenKrupp Automotive AG

**Werner Eisgruber\***

Member of the Works Council, Dingolfing

**Franz Haniel**

Managing Director of Giesecke & Devrient GmbH

**Mandates\*\***

Franz Haniel & Cie. GmbH (Chairman)  
secunet Security Networks AG

**Arthur L. Kelly**

Managing Partner of KEL  
Enterprises L.P.

**Mandates\*\***

BASF AG  
DataCard Corp.  
Deere & Company  
Northern Trust Corp.  
Robert Bosch Corp.  
Snap-on Inc.

**Susanne Klatten**

BSc., MBA  
Honorary Senator of the  
Technical University of Munich

**Mandates\*\***

ALTANA AG (Deputy Chairman)  
ALTANA Pharma AG  
UnternehmerTUM GmbH

**Willibald Löw\***

Chairman of the Works Council, Landshut

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**Prof. Dr. rer. nat. Drs. h. c. mult. Hubert Markl**  
Former President of Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V.  
Professor of Biology (retired)

**Mandates\*\***  
Münchener Rückversicherungs-Gesellschaft AG  
Georg von Holtzbrinck GmbH  
Sanofi-Aventis S.A.

**Wolfgang Mayrhuber**  
Chairman of the Board of Management of Deutsche Lufthansa AG

**Mandates\*\***  
Eurowings Luftverkehrs AG  
LSG Lufthansa Service Holding AG  
Lufthansa Cargo AG  
Lufthansa Cityline GmbH (Chairman)  
Lufthansa Technik AG  
Münchener Rückversicherungs-Gesellschaft AG  
Thomas Cook AG (Deputy Chairman)  
HEICO Corp.  
SWISS International Air Lines AG

**Werner Neugebauer\***  
Regional Executive Officer of IG Metall Bavaria

**Franz Oberländer\***  
Member of the Works Council, Munich

**Anton Ruf\***  
Director Technical Integration

**Prof. Dr. Jürgen Strube**  
Chairman of the Supervisory Board of BASF AG

**Mandates\*\***  
Allianz Lebensversicherungs-AG  
BASF AG (Chairman)  
Bertelsmann AG (Deputy Chairman)  
Commerzbank AG  
Fuchs Petrolub AG (Chairman)  
Hapag-Lloyd AG  
Linde AG

**Werner Zierer\***  
Chairman of the Works Council, Regensburg

\* Employee representative  
\*\* Mandates  
Membership of other supervisory boards and comparable boards in Germany and abroad at 31.12.2005

## Members of the Board of Management

### **Dr. Helmut Panke**

Chairman

#### **Mandates\*\***

Microsoft Corp.  
UBS AG

### **Ernst Baumann**

Human Resources, Industrial Relations Director

#### **Mandates\*\***

Krones AG

### **Dr. Michael Ganal**

Sales and Marketing

#### **Mandates\*\***

BMW Brilliance Automotive Ltd.

### **Prof. Dr.-Ing. Dr.-Ing. E. h. Burkhard Göschel**

Development and Purchasing

### **Stefan Krause**

Finance

#### **Mandates\*\***

BMW Brilliance Automotive Ltd. (Deputy Chairman)

### **Dr.-Ing. Norbert Reithofer**

Production

#### **Mandates\*\***

BMW Brilliance Automotive Ltd.  
BMW Motoren GmbH (Chairman)  
BMW Österreich Holding GmbH (Chairman)  
BMW (South Africa) (Pty) Ltd. (Chairman)

General Counsel:  
**Dr. Dieter Löchelt**

\*\* Mandates  
Membership of other supervisory boards and comparable boards in Germany  
and abroad at 31.12.2005

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## Corporate Governance

### Corporate Governance in the BMW Group

For the BMW Group, corporate governance is an all-embracing issue which affects all areas of the enterprise. Transparent reporting and a policy of corporate governance aimed at the interests of stakeholders are well-established traditions within the BMW Group. Cooperation between the Board of Management and the Supervisory Board, in an atmosphere of commonly shared trust and responsibility, has long been the basis for managing the affairs of the BMW Group. The underlying corporate culture at BMW is founded upon the principles of transparency, placing trust in others and taking responsibility for one's own actions.

### Declaration of Compliance and the BMW Group Corporate Governance Code

Management and supervisory boards of companies listed in Germany are required by law (§ 161 German Stock Corporation Act) to report once a year whether the officially published and relevant recommendations issued by the "German Government Corporate Governance Code Commission", as valid at the date of the declaration, have been, and are being, complied with. Companies affected are also required to state which of the recommendations of the Code have not been or are not being applied.

The Board of Management and Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft believe that the recommendations and suggestions contained in the German Corporate Governance Code (GCGC) contribute to an enhancement of the financial markets in Germany, in particular for international investors. Since 3 December 2002, both Boards have issued and published annual Declarations of Compliance in accordance with § 161 of German Stock Corporation Act (AktG). Each Declaration of Compliance is made available on the Internet for five years. At the joint meeting held on 6 December 2005, the Board of Management and Supervisory Board of BMW AG issued the Declaration of Compliance with the new version of the German Corporate Governance Code valid from 12 July

2005. Moreover, the Board of Management and Supervisory Board have, in the past, developed the BMW Group's own corporate governance code on the basis of the GCGC taking account of the specific circumstances of the BMW Group. The aim is to provide shareholders and other stakeholders with a comprehensive and stand-alone document covering the corporate governance practices applied by the BMW Group. The BMW Group's Corporate Governance Code has been revised in conjunction with the new version of the GCGC. In addition to changes relating to the Investors' Protection Improvement Act and the Corporate Integrity and Modernisation of the Contestation Act, new recommendations incorporated into the new version of the GCGC have also been taken into account. The Corporate Governance Code of the BMW Group can be obtained, along with other shareholder information, such as notifications pursuant to § 15a of the German Trade Securities Act (Directors' Dealings) from the BMW Group website. Interested parties can also find other general information about the Group, up-to-date analysts' reports and all financial publications of the BMW Group at [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir).

In the interest of investor protection and in order to ensure that the BMW Group complies with regulations relating to potential insider information, the Board of Management has appointed an Ad-hoc Committee comprising representatives from various specialist departments and whose members examine the relevance of issues for ad-hoc disclosure purposes. The procedures and decision-taking process applied by this committee, which has been in place since 1994, have been brought into line with the revised requirements of the Investors' Protection Improvement Act. All persons working on behalf of the enterprise and with access to insider information in accordance with existing rules, have been included in an appropriate list and informed of the duties arising from insider rules.

A coordinator responsible for all corporate governance issues reports directly and on a regular basis to the Board of Management and Supervisory Board.

### **Annual document pursuant to §10 of the Securities Prospectus Act**

Notifications pursuant to stock exchange and securities regulations, published or made available to the public by BMW AG during the financial year 2005, are available online at [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir). By following this procedure, BMW AG has simultaneously implemented a new provision contained in the Securities Prospectus Act dated 22 June 2005.

### **Principles for the compensation of the Board of Management and Supervisory Board**

The BMW Group supports the endeavours of the German Corporate Governance Code to increase transparency in the disclosure of the components of compensation. The following section therefore describes the principles relating to the compensation of the Board of Management and the stipulations set out in the Articles of Association relating to the compensation of the Supervisory Board. As well as discussing the structure of remuneration, the components of compensation are also disclosed in absolute figures.

#### **1. Compensation of the Board of Management Responsibilities**

The structure and determination of the compensation of the Board of Management are the responsibility of the Personnel Committee of the Supervisory Board. The Personnel Committee comprises the Chairman of the Supervisory Board and his four deputies.

#### **Overall objectives**

The compensation model used for the Board of Management should be attractive in the context of the competitive environment for highly qualified executives. As an incentive to encourage performance, the variable component should be linked to a high degree to the financial success of the BMW Group. The structure of the compensation of the Board of Management should also contain parallels to the compensation system applied to employees and senior management.

### **Components of compensation**

The compensation of the Board of Management includes fixed and variable salaries. For the purposes of determining the overall compensation of the Board of Management, the Personnel Committee, having considered the overall position and forecasts of the BMW Group, decides on an overall salary framework, which will include a high variable proportion.

The factors determining the amount of variable compensation enable members of the Board of Management to earn a competitive level of income with a very high bonus element (2005: 83.6%, 2004: 84.0%) for financial years in which the BMW Group performs well. Measurement of the variable component of compensation is based on the BMW Group's net profit for the relevant year and the level of the dividend. An upper limit is set for the compensation of the Board of Management.

The compensation system does not include any stock options, value appreciation rights which work in the same way as stock options or any other stock-based compensation components. The Personnel Committee reviews at regular intervals the compensation system, with regard to the structure and amount of the remuneration of the Board of Management.

### **Compensation of the Board of Management for the financial year 2005**

On the basis of the proposed dividend, the total salaries of the Board of Management for the financial year 2005 amounts to euro 12.2 million (2004: euro 11.9 million), comprising fixed components of euro 2.0 million and variable components of euro 10.2 million (2004: euro 10.0 million).

in euro million	2005		2004	
	Amount	Proportion	Amount	Proportion
Fixed salaries	2.0	16.4%	1.9	16.0%
Variable salaries	10.2	83.6%	10.0	84.0%
Total salaries	12.2	100%	11.9	100%

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In addition, an amount of euro 0.5 million (2004: euro 0.5 million) has been granted as benefits for current members of the Board of Management after the end of their employment relationship. This relates to the expense for allocations to pension provisions. In total, the aggregated amount of paid and committed components was euro 12.7 million.

The amount paid to former members of the Board of Management and their dependants in 2005 was euro 2.6 million (2004: euro 2.5 million). Pension obligations for former members of the Board of Management and their dependants are covered by pension provisions, measured on an IAS 19 basis, of euro 37.0 million (2004: euro 36.8 million\*).

## 2. Compensation of the Supervisory Board Responsibilities

The compensation of the Supervisory Board is determined by shareholders' resolution at the Annual General Meeting. Compensation is currently based on shareholders' resolutions taken at the Annual General Meeting on 18 May 1999 and § 15 of the Statutes of BMW AG. The Statutes (Articles of Incorporation) of BMW AG can be accessed via the Internet.

### Components of compensation

In addition to the reimbursement of expenses, the members of the Supervisory Board receive a fixed remuneration and a bonus based on the level of the dividend.

### Compensation of the Supervisory Board for the financial year 2005

On the basis of the proposed dividend, the compensation of the Supervisory Board for activities during the financial year 2005 amounted to euro 2.5 million (2004: euro 2.4 million), comprising a fixed compensation of euro 0.1 million (2004: euro 0.1 million) and a variable compensation of euro 2.4 million (2004: euro 2.3 million).

in euro million	2005		2004	
	Amount	Proportion	Amount	Proportion
Fixed compensation	0.1	4.0%	0.1	4.3%
Variable compensation	2.4	96.0%	2.3	95.7%
Total compensation	2.5	100%	2.4	100%

None of the members of the Supervisory Board performed advisory, agency or other services for the BMW Group in a personal capacity in 2005. In consequence, no additional compensation was paid. It is BMW Group's policy and practice, not to enter into contractual relationships with members of the Supervisory Board requiring them to provide personal services, in particular advisory and agency services, in return for compensation (cf. Section 4.4 of the BMW Group Corporate Governance Code).

\* adjusted in accordance with Note [8] (b)

# Declaration of the Board of Management and of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft with respect to the recommendations of the “Government Commission on the German Corporate Governance Code” pursuant to § 161 German Stock Corporation Act

The Board of Management and Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft declare the following with respect to the recommendations of the “Government Commission on the German Corporate Governance Code”:

The recommendations published in the official section of the electronic Federal Gazette on 4 July 2003 (Code version dated 21 May 2003) have been complied with, except for the divergences described in the declaration dated 7 December 2004 relating to section 4.2.2 paragraph 1, section 4.2.4 sentence 2, section 5.4.5 paragraph 3 and section 6.6 paragraph 2 sentence 1.

The recommendations published in the official section of the electronic Federal Gazette on 12 July 2005 (Code version dated 2 July 2005) have been complied with, with the following divergences:

- The discussion and regular review of the structure of the compensation system of the Board of Management is performed by the Personnel Committee and not, additionally, by the Supervisory Board (section 4.2.2 paragraph 1 GCGC).
- The compensation of the members of the Board of Management is disclosed in the Notes to the Group Financial Statements subdivided according to fixed and performance-related components, but not by individual person (section 4.2.4 sentence 2 GCGC).
- The compensation of the members of the Supervisory in the corporate governance report is subdivided into its components, but not by individual person (section 5.4.7 paragraph 3 GCGC).
- The purchase or sale of BMW shares or related financial instruments, in particular derivatives, by Board of Management and Supervisory Board members of the Company or by other persons with senior management responsibilities or by related parties of such parties are reported in accordance with § 15a German Trade Securities Act, but not disclosed additionally in the Corporate Governance Report (section 6.6 paragraph 3 GCGC).

Munich, 6 December 2005

**Bayerische Motoren Werke**  
Aktiengesellschaft

Supervisory Board

Board of Management

## Reason for divergences

Section 4.2.2 paragraph 1 GCGC:

The Supervisory Board has transferred discussion and regular review of the structure of the compensation system of the Board of Management to the Personnel Committee. The Supervisory Board is informed on a regular basis of the work of the Personnel Committee.

Section 4.2.4 sentence 2 and 5.4.7 paragraph 3 GCGC:

The principles of the compensation of the members of the Board of Management and Supervisory Board are made known on the Internet in an easy to understand format and discussed in the Annual Report. In addition, the total compensation of the Board of Management and Supervisory Board is disclosed, with separate disclosure of fixed and performance-related components. The Chairman of the Supervisory Board also reports on these principles and any changes thereto at the Annual General Meeting. In the opinion of the BMW Group, this scope of reporting provides adequate transparency. It enables the compensation system to be assessed by comparison with other enterprises and on the basis of the performance of the Group.

Section 6.6 paragraph 3 GCGC:

Notifications received by the BMW Group in conjunction with directors' dealings are reported without delay and kept up-to-date in the Internet at [www.bmwgroup/ir](http://www.bmwgroup/ir). Each notification is reported on the Internet for at least 30 days. From the perspective of the BMW Group, this safeguards the interests of shareholders and other stakeholders to receive information in good time. In addition, notifications already reported during the year, are reported again retrospectively in conjunction with the Annual Document pursuant to § 10 of the Securities Prospectus Act. Disclosing information – which could be more than one year after the transaction – again in the Corporate Governance Report does not appear to be necessary in the light of the existing disclosure rules which have been extended further in 2005 by the Securities Prospectus Act.