

**BMW
GROUP**



Rolls-Royce
Motor Cars Limited

Annual General Meeting of Bayerische Motoren Werke Aktiengesellschaft Munich, 16 May 2019.

Notified Counter motions* and Statement of the Management

Status: 8 May 2019

* The content of the shareholder's counter motions and reasons have been reproduced unchanged. This translation is non-binding and for convenience purposes only.

Michael Kunze, Wetzlar-Dutenhofen, has given notice of the following counter-motion regarding agenda item 4 (Ratification of the acts of the Supervisory Board):

Counter-motions to the AGM on 16 May 2019 in Munich, of which notice has previously been given to BMW AG

Dear Ladies and Gentlemen on the Board of Management and Supervisory Board,

As a shareholder of BMW AG, I hereby submit the following counter-motions and comments:

1. I formally object to agenda item 1 in view of the fact that the Supervisory Board – by approving the financial statements – has de facto set an upper limit for the proposed appropriation of profits.

2. I also object to agenda item 2 and submit the following counter-motion:

"I propose that the unappropriated profit of approximately 2.8 billion euro – comprising the profit approved by the Supervisory Board plus the transfer from net profit for the year amounting to approximately 498 million euro – be appropriated as follows:

Distribution of a dividend of € 4.02 per share of preferred stock, i.e. 55,605,380 times 4.02= euro 223,533,627.60 and

Distribution of a dividend of € 4.00 per share of common stock, i.e. 601,995,196 times 4.00= euro 2,407,980,784.00, – giving a total distribution of 2,631,514,411.60.

The remainder of approximately 169 million euro is to be carried forward."

If the above motion is admissible pursuant to § 126 (2) German Stock Corporation Act (AktG), it would at least be a justification for my further counter-motion, for which I give my reasons below.

3. I object to agenda item 3 and will abstain from voting.

4. I object to agenda item 4 and submit the following counter-motion:

"I propose that the acts of the Supervisory Board are not ratified."

Reason:

The Group net profit for the year amounts to 7.2 billion euro according to the Group Financial Statements for 2018. Revenue reserves of the AG also amount to over 10.1 billion euro at 31 December 2018 according to the AG balance sheet.

Accordingly, a larger profit than the stated € 2,302 million euro or the total amount of 2,800 million euro could have been distributed if the Supervisory Board had wished to do so.

As calculated in my counter-motion to agenda item 2, it would be sufficient to pay a dividend of 4.02/4.00. In view of the total profits reported in the AG and the Group, this would also be an appropriate dividend of less than 40% of Group net profit. BMW AG would therefore not expose itself to the embarrassment of being probably the No. 1 in the premium market, but not increasing the dividend or keeping it at the same level – even though it is reporting the second best result in its corporate history, as the Board of Management itself points out.

I reserve the right to explain this further or have this point presented at the meeting.

Yours faithfully



Mr Dietrich-E. Kutz, Biberach, has given notice of the following countermotion to agenda item 3 (Ratification of the acts of the Board of Management) and 4 (Ratification of the acts of the Supervisory Board):

Countermotion for presentation at the Annual General Meeting 2019 in Munich:

Item 3 Resolution on the ratification of the acts of the Board of Management for the financial year 2018 **not to be approved**

Item 4 Resolution on the ratification of the acts of the Supervisory Board for the financial year 2018 **not to be approved**

Reason:

Lack of know-how for products that do not meet the legal requirements for exhaust emission limits that have been in force for more than 20 years and, moreover, do not meet future requirements.

Recall due to faulty software in the exhaust system of delivered vehicles

No rapid implementation of the new exhaust emissions test procedure (WLTP test)

Delivery delays due to various defects and their controllability (avoidability)

Lack of convincing environmentally friendly drive alternatives (fuel cell, eMotors (limited) etc.)

We have **risen to the club of great capital destroyers in 2018.**

We cannot and will not be satisfied with this.

What a mentality towards the investor!

I request you to make my countermotions (notice of which has been given within the stipulated deadlines) available to the shareholders in accordance with the German Stock Corporation Act (AktG).

I ask them to support my motions.

Yours sincerely

Dietrich-E. Kutz

Your shareholder

Mr Viktor Goebel, Munich, has given notice of the following counter-motion to agenda item 2 (Resolution on the utilisation of unappropriated profit):

Ladies and Gentlemen,

In my capacity as shareholder, I am a co-owner of the company [...] and hereby submit the following counter-motion to agenda item 2: Resolution on the utilization of unappropriated profit:

The proposed dividend payment of approximately 2.3 billion € is too high considering that damage claim risks in connection with the so-called diesel scandal are still unresolved. It is unclear and will be examined in the near future by courts which claims the buyers of BMW cars have or can enforce, since some of the cars already sold unfortunately do not comply with the statutory emission standards. In Germany, driving bans have been imposed which are already having a considerable negative impact on the value of these vehicles. It is not unrealistic to assume that authorities and politicians may require BMW AG to implement retrofit and other measures, the cost of which would have to be borne by the company. Against this background, I propose that the dividend per share of common stock be reduced from €3.50 to €2.00 (and, likewise, the dividend per share of preferred common stock from €3.52 to €2.02) in order not to endanger the company and to ensure the availability of greater reserves to retrofit dirty cars.

Thank you very much for considering my request.

Yours faithfully

Viktor Goebel

Statement of the Management

The Board of Management and the Supervisory Board adhere to their proposed resolution for agenda items 2 (Resolution on the utilisation of unappropriated profit), 3 (Ratification of the acts of the Board of Management) and 4 (Ratification of the acts of the Supervisory Board) and comment on the countermotions as follows:

Countermotions notified by Mr Kunze

The management is of the opinion that the countermotion relating to agenda item 2 notified by Mr Kunze is inadmissible. It calls for a dividend distribution that is higher than the unappropriated profit and thus is directed at an unlawful resolution (violation of § 174 German Stock Corporation Act). However, the content of the inadmissible counter-motion will be published as part of the reasons for the countermotion on agenda item 4.

Countermotions notified by Mr Kutz

Statutory emission limits

The BMW Group's drivetrain variants and products meet the current legal requirements on pollutant emissions, and in some cases are well below the permissible limits in average driving situations. They are also well equipped to meet future requirements.

The BMW Group's products have also complied with the regulatory requirements for emissions in the past. The deliberate manipulation of exhaust emissions is not acceptable to us. In recent years, the BMW Group has invested considerable effort in further developing and optimising diesel technology as part of its EfficientDynamics programme. Important in the discussion is the general differentiation between manipulative, non-legislative interventions and the fact that current test bench measurements within the framework of the still existing New European Driving Cycle (NEDC) legislation yield different values than practical tests.

The BMW Group uses an implementation concept that is optimised within the overall context, based on the specific specifications stipulated for the vehicles, engines and markets concerned. Euro 6 diesel models produced by the BMW Group are generally equipped with a multi-stage exhaust treatment system as standard. This system, which reduces emissions within the engine, uses an NSC storage catalytic converter and, depending on the model, additionally an SCR catalytic converter with AdBlue® injection. This NSC and SCR combination has been used throughout Europe in all BMW diesel models since mid-2018.

In order to ensure compliance with the emission limits in real driving conditions, the rollout of the Otto particulate filter for petrol engines in Europe began in 2017 and was completed by mid-2018.

Implementation of the new exhaust emissions test procedure (WLTP)

The BMW Group completed the conversion to the new WLTP test procedure on schedule and was one of the first manufacturers to convert its entire vehicle portfolio to the new test cycle. An earlier implementation was not feasible due to the late publication of the law, which gave manufacturers only 13 months to convert the entire product range with completely new and much more extensive testing procedures.

At present, our new diesel models meet at least the current Euro 6c emission standard. Production of the BMW Group's first diesel models certified to Euro 6d-TEMP standard was

started in March 2018. The roll-out to the entire range of diesel models will proceed in stages to coincide with model maintenance measures and new start-ups and will be completed by mid-2019. In 2019, all BMW and Mini diesel models will be approved according to the Euro 6d-TEMP emission standard or have already been certified accordingly in 2018. In 2019, all BMW and MINI diesel models will be certified according to Euro 6d-TEMP. From July 2019, the first diesel models will even be certified to the subsequent Euro 6d emissions standard, which will become mandatory for all vehicles on 01.01.2021. A technology similar to that used to ensure compliance with Euro 6d-TEMP is already a standard feature in many Euro 6c models, explaining why these models also have very low emissions when measured in real road conditions.

Environmentally friendly drivetrain alternatives

The BMW Group will continue to pursue its EfficientDynamics strategy to reduce the fleet's CO₂ emissions and further increase the efficiency of its products. A central component is the expansion of the product range of electrified vehicles. Battery electric vehicles and plug-in hybrids will be made available in all series.

With BMW i, the BMW Group is the first supplier of premium vehicles to successfully establish its own brand for individual mobility solutions on the market. Under the BMW i brand, the BMW Group offers emotional products with electric drive.

Plug-in hybrid technology is already widely adopted in the BMW Group's vehicle portfolio (7 Series PHEV, X5 PHEV, 2 Series Active Tourer PHEV, 3 Series PHEV, 5 Series PHEV, MINI Countryman PHEV, from the end of 2019 X3 PHEV, etc.). In order to increase the attractiveness for the customer (e-range and e-driving experience) the Plug-in-Hybrid drives are consistently further developed. This goes hand in hand with the update of the electrical modular systems of battery electric vehicles.

The BMW Group delivered more than 140,000 electrified vehicles in 2018, underlining its leading role in the field of electric mobility. A total of 142,617 (+38.4%) electrified BMW and MINI vehicles (all-electric and plug-in hybrid) were delivered to customers worldwide in 2018.

With a total of 75,000 electrified vehicles delivered and a market share of over 16% last year, the BMW Group is the market leader in Europe. In Germany, one in five electrified vehicles came from the BMW Group. Worldwide, the BMW Group's market share for electrified vehicles is over 9%.

Countermotions notified by Mr Goebel

Amount of dividend

The BMW Group aims to pay a dividend within a target corridor of 30 to 40 % of the consolidated profit for the year.

The proposed dividend for the fiscal year 2018 of EUR 3.50 per ordinary share and EUR 3.52 per preference share corresponds to a payout ratio of 32 %.

From the point of view of the Board of Management and the Supervisory Board, the dividend proposal reflects the business success as well as the earnings and financial strength of the BMW Group. Even after the dividend payment, the BMW Group still has a very solid equity and liquidity position.

Compliance with statutory emission standards

With regard to the engine software of the BMW 750d xDrive and the M550d xDrive, an erroneous data record was uploaded. The investigations of the public prosecutor's office have finally confirmed the following:

- The installation of an unsuitable software component was caused by a technical error. There has not been a deliberate manipulation of the exhaust cleaning system.
- BMW AG has reported this technical error to the Federal Motor Transport Authority (KBA) immediately after becoming aware of it.
- The reason for the investigations was a "suspicion of fraud with regard to manipulations of the exhaust emission system". This suspicion was not confirmed. The same applies to the former suspicion of the public prosecutor's office that "BMW AG had used a test bench-related switch-off device."
- Thus the public prosecutor's office Munich I determines after its detailed investigations: The reported technical error does not constitute fraud.

The BMW Group has always emphasised that installing an unsuitable software component was due to a technical error which is very displeasing. The BMW Group regrets this error and accepts the fine.

Renewal of the fleet instead of hardware retrofitting

The BMW Group welcomes the concept of clean air and securing individual mobility in our cities. It is an opportunity to objectify the diesel debate and secure the future of this type of drive system. We also welcome the fact that the amendments to technical regulations presented are intended to create legal certainty throughout Germany and thus the prerequisite for avoiding driving bans. As the BMW Group, we are fully committed to the renewal of the fleet instead of hardware retrofitting. Priority is now to improve air quality quickly. Any retrofitting with SCR technology, components for selective catalytic reduction, would at best be available to customers from 2020 to 2021 and would have a negative impact on the weight, fuel consumption/CO2 emissions and performance of the vehicles.

Munich, May 2019

Bayerische Motoren Werke Aktiengesellschaft