

# COMPENSATION REPORT (PART OF THE COMBINED MANAGEMENT REPORT)

The following section describes the principles governing the compensation of the Board of Management for financial years from 2018 onwards. A description of the stipulations set out in the statutes relating to the compensation of the Supervisory Board is also provided. In addition to explaining the system of compensation, details of components of compensation are also provided with figures. Furthermore, the compensation of each individual member of the Board of Management and the Supervisory Board for the financial year 2018 is disclosed with its component parts.

## 1. Board of Management compensation

### Responsibilities

The full Supervisory Board is responsible for determining and regularly reviewing Board of Management compensation. The preparation for these tasks is undertaken by the Supervisory Board's Personnel Committee.

### Principles of compensation

The compensation system for the Board of Management at BMW AG is designed to encourage a management approach focused on the sustainable development of the BMW Group. A further principle of the compensation system at the BMW Group is that of consistency. This means that compensation systems for the Board of Management, senior management and employees of BMW AG are composed of similar elements. The Supervisory Board performs an annual review to ensure that all Board of Management compensation components are appropriate, individually and in total, and do not encourage the Board of Management to take inappropriate risks for the BMW Group. At the same time, the compensation model used for the Board of Management needs to be attractive for highly qualified executives in a competitive environment.

The compensation of members of the Board of Management is determined by the full Supervisory Board on the basis of performance criteria and after taking into account any remuneration received from Group companies. The principal performance criteria are the tasks and exercise of mandate of the member of the Board of Management, the economic situation as well as the performance and future prospects of the BMW Group. The Supervisory Board sets ambitious and relevant parameters as the basis for variable

compensation. It also ensures that variable components based on multi-year criteria take account of both positive and negative developments and that the overall incentive is on the long term. As a general rule, targets and comparative parameters may not be changed retrospectively. In connection with the revised compensation system for the Board of Management (see the section Revised Board of Management compensation system for financial years from 2018 onwards), the targets originally set for the variable compensation components for the financial years 2018 and 2019 were revoked exceptionally and replaced by the more ambitious targets stipulated in the new compensation system applicable from 2018 onwards. The Supervisory Board reviews the appropriateness of the compensation system annually. In preparation, the Personnel Committee also consults remuneration studies. In order to check that the compensation system is in line with peers, the Supervisory Board compares compensation paid by other DAX companies. For a vertical view, it compares Board compensation with the salaries of executive managers and with the average salaries of employees of BMW AG based in Germany, also with regard to the development over time. Recommendations made by an independent external remuneration expert and suggestions made by investors and analysts are also considered in the consultative process.

### Revised Board of Management compensation system for financial years from 2018 onwards

In December 2017, the Supervisory Board resolved to revise the compensation system for financial years from 2018 onwards. A focus was to align the remuneration structure even more strongly on sustainable corporate development. The base salary, which had remained at the same level since 1 January 2012, was raised. The bonus was revised, both in terms of its structure and the target setting. Target values for the parameters Group net profit and post-tax return on sales used to determine the earnings-related bonus were adjusted in line with the Group's current business plan and revised. A new multi-year and future-oriented component was introduced in the form of a performance cash plan, in order to further strengthen the long-term orientation of the compensation system. The overall upper limits are unchanged. The changes apply to all members of the Board of Management for financial years with effect from 1 January 2018.

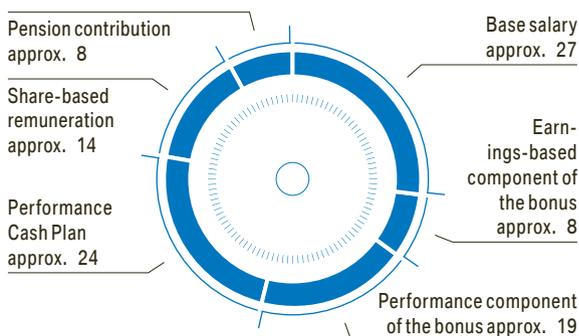
**Compensation system, compensation components**

Board of Management compensation comprises fixed and variable cash elements as well as a share-based component. The compensation components are described in more detail below. Retirement benefits remained unchanged in the revised compensation system applicable from 1 January 2018.

**Overview of compensation system for financial year 2018: simplified depiction of allocation to cash benefits (target compensation) and pension contribution<sup>1</sup>**

→ 82

in %

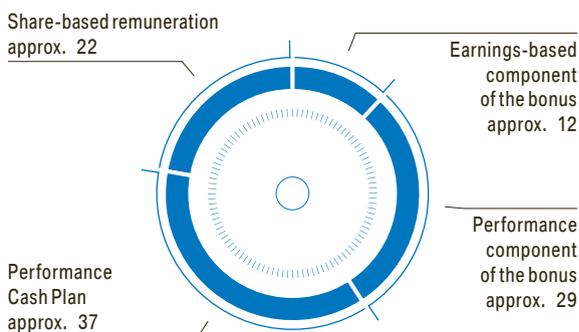


<sup>1</sup> Simplified depiction of target amounts for the variable cash remuneration of the Chairman of the Board of Management. Excludes other remuneration. Based on the assumption that the share price remains unchanged for the calculation of the matching component.

**Overview of compensation system: simplified depiction of variable remuneration (target compensation)<sup>2</sup>**

→ 83

in %



<sup>2</sup> Simplified depiction of target amounts for the variable cash remuneration of the Chairman of the Board of Management. Excludes basic salary, other remuneration and pension contribution. Based on the assumption that the share price remains unchanged for the calculation of the matching component.

**Fixed remuneration**

Fixed remuneration consists of a base salary, which is paid monthly, and fringe benefits (other remuneration elements such as the use of Company cars, insurance premiums and contributions towards security systems). With effect from the financial year 2018, the base salary is €0.8 million p.a. for a Board member during the first period of office, €0.95 million p.a. for a Board member from the second period of office or the fourth year of mandate and €1.8 million p.a. for the Chairman of the Board of Management.

**Variable remuneration**

The variable remuneration of the Board of Management comprises three components:

- bonus
- Performance Cash Plan and
- share-based remuneration

Payment of a discretionary additional bonus is not foreseen. An upper limit has been set for each component of variable remuneration (see Overview of compensation system and compensation components).

## Bonus

In the case of 100% target achievement, the bonus comprises an earnings-related component of 30% and performance-related component of 70%. The target bonus (100%) is €0.85 million p.a. for a Board member during the first period of office, €1.0 million p.a. from the second period of office or the fourth year of mandate and €1.8 million p.a. for the Chairman of the Board of Management. For all Board members, the upper limit of the bonus is set at 180% of the relevant target bonus.

In order to calculate the earnings-related component, an earnings factor is determined on the basis of the target parameters and multiplied by 30% of the target bonus amount. The level of the earnings-related component depends on the degree to which the targets set by the Supervisory Board for Group net profit and post-tax return on sales are achieved. The degree of achievement is expressed in an earnings factor. The underlying measurement values are determined in advance for a period of three financial years and may not be changed retrospectively. The earnings factor is capped at a maximum of 1.8.

An earnings factor of 1.0 would give rise to a earnings-related component of €0.255 million for a Board member in the first period of office, €0.3 million from the second period of office or the fourth year of mandate and €0.54 million for the Chairman of the Board of Management. The earnings factor is 1.0, for instance, in the event of a Group net profit of €5.3 billion and a post-tax return on sales of 5.6%. If the Group net profit ↗

were below €3 billion or the post-tax return on sales below 3%, the earnings factor would be zero. In this case, an earnings-related component would not be paid. The maximum value of the earnings factor is reached in the event of a Group net profit of €11 billion and a post-tax return on sales of 9%. In exceptional circumstances, for instance major acquisitions or disposals, the Supervisory Board may adjust the earnings factor.

The performance-related component is calculated using a performance factor which the Supervisory Board sets for each member of the Board of Management and which is multiplied by 70% of the target bonus amount. The Supervisory Board sets the performance factor on the basis of a detailed evaluation of the contribution made by Board members to sustainable and long-term business development over a period of at least three financial years. The evaluation by the Supervisory Board is based on predefined criteria that take into account the Group's long-term success, the interests of shareholders, the interests of employees and social responsibility.

The criteria include in particular innovation (economic and ecological, for example in the reduction of carbon dioxide emissions), the Group's market position compared to its competitors, customer focus, ability to adapt, leadership, corporate culture, promotion of compliance and integrity, contribution to the Group's attractiveness as an employer, progress in implementing the diversity concept, and activities that foster corporate social responsibility. The individual performance factor lies between zero and a maximum of 1.8.

## Bonus overview

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<u>EARNINGS COMPONENT BONUS</u>	+	<u>PERFORMANCE COMPONENT</u>	=	<u>TOTAL</u>
Earnings factor x 0.3 of target amount		Performance factor x 0.7 of target amount		— Cash payment — Capped at 180% of target amount
Basis for earnings factor:		Basis for performance factor:		
— Group net profit		— Contribution to sustainable and long-term business development over a period of at least three financial years		
— Group post-tax return on sales		— Qualitative, mainly non-financial parameters		
— Value between 0 and 1.8		— Value between 0 and 1.8		

**Performance Cash Plan**

With effect from the financial year 2018, variable cash compensation includes a multi-year and future-oriented Performance Cash Plan (PCP). The PCP is calculated at the end of a three-year evaluation period, by multiplying a predefined target amount by a factor that is based on multi-year target achievement (the PCP factor). PCP entitlements are paid in cash. The PCP target amount (100 %) amounts to €0.85 million p.a. for a Board member in the first period of office, €0.95 million p.a. from the second period of office or the fourth year of mandate and €1.6 million p.a. for the Chairman of the Board of Management. The maximum amount that can be paid to a Board member is capped at 180 % of the PCP target amount p.a.

The PCP evaluation period comprises three years, the grant year and the two subsequent years. The PCP is paid out after the end of the three-year evaluation period.

In order to determine the PCP factor, a multi-year earnings factor is multiplied by a multi-year performance factor. The PCP factor is capped at a maximum of 1.8. ↗

In order to determine the multi-year earnings factor, an earnings factor is calculated for each year of the three-year evaluation period and an average is then calculated for the evaluation period. As for the earnings-related component of the bonus, the earnings factor for each individual year within the evaluation period is determined on the basis of Group net profit and post-tax return on sales for the relevant year. The maximum earnings factor is 1.8. The underlying measurement values are determined in advance for a period of three financial years and may not be changed retrospectively.

In addition to the multi-year earnings factor, the Supervisory Board also determines a multi-year performance factor after the end of the evaluation period. To this end, the Supervisory Board takes account of in particular the business development during the evaluation period, the forecast trend in the business development for subsequent years, the Board member's individual contribution to profitability and the status of compliance within the Board member's area of responsibility. The multi-year performance factor can be between 0.9 and 1.1.

**Performance Cash Plan overview**

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<b>TARGET AMOUNT</b>	<b>X</b>	<b>PCP FACTOR</b>	<b>=</b>	<b>CASH PAYMENT</b>
				— Cash payment at end of evaluation period
				— Capped at 180 % of target amount

**PCP factor overview**

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<b>MULTI-YEAR EARNINGS FACTOR</b>	<b>X</b>	<b>MULTI-YEAR PERFORMANCE FACTOR</b>	<b>=</b>	<b>PCP FACTOR</b>
— Average earnings factor		Measurement based on multi-year performance factor:		
— Based on Group net profit and Group post-tax return on sales		— Trend in business development		
— Value between 0 and 1.8		— Status of compliance in each Board member's area of responsibility		
		— Individual contribution to profitability		
		— Forecast trend in business development		
		— Value between 0.9 and 1.1		

Members of the Board of Management receive advance payments out of the Performance Cash Plan 2018 and the Performance Cash Plan 2019 in the years 2019 and 2020. At the end of evaluation period, the advance payment will be set off or refunded, depending on the amount then determined. The advance payment for each year is €0.5 million for a Board member in the first period of office and €0.6 million from the second period of office or the fourth year of mandate. For the Chairman of the Board of Management the amount is €0.9 million p.a.

#### **Share-based remuneration**

Members of the Board of Management receive a cash compensation (investment component) for the specific purpose of investment after tax and contributions in BMW AG common stock. For financial years from 2018 onwards, the investment component corresponds to 45% of the gross bonus. Shares of common stock purchased in this way by Board members are required to be held for a period of four years.

At the end of the holding period, Board members receive from the Company, as previously, for every three shares of common stock held, either one additional share of common stock or the cash equivalent, to be decided at the Company's discretion (matching component). Upper limits have been defined for both the investment component and the matching component (see Overview of compensation system and compensation components).

#### **Other**

In the event of death or invalidity, special rules apply for early payment of performance cash plans and share-based remuneration components based on the target amounts. Insofar the service contract is prematurely terminated and the Company has an extraordinary right of termination, or if the Board member resigns without the Company's agreement, entitlements to amounts as yet unpaid relating to performance cash plans and share-based remuneration are forfeited.

A one-year post-contractual non-competition clause has been agreed with Board members under specified circumstances. During that one-year period, the former Board member is entitled to receive monthly compensation equivalent to 60% of his or her previous monthly basic remuneration, reduced by any amount of other income exceeding 40% of the basic remuneration. The Company may unilaterally waive the requirement to comply with the post-contractual non-competition clause.

## Overview of compensation system and compensation components

Component	Parameter / measurement base
<b>BASE SALARY P.A.</b>	
	Member of the Board of Management: — €0.80 million (1st period of office) — €0.95 million (from 2nd period of office or 4th year of mandate)
	Chairman of the Board of Management: — €1.80 million
<b>VARIABLE REMUNERATION</b>	
<b>Bonus</b> (sum of earnings-related bonus and performance-related bonus)	Target amount p.a. (at 100 % target achievement): — €0.85 million (1st period of office) — €1.0 million (from 2nd period of office or 4th year of mandate) — €1.8 million (Chairman of the Board of Management) — Capped at 180 % of target amount, see section Remuneration caps
a) Earnings-related bonus (at 100 % target achievement corresponds to 30 % of target amount)	— Formula: 30 % target amount x earnings factor — Base amount p.a. (30 % target amount per bonus): — €0.255 million (1st period of office) — €0.30 million (from 2nd period of office or 4th year of mandate) — €0.54 million (Chairman of the Board of Management) — Quantitative criteria fixed in advance for a period of three financial years — Earnings factor is derived from Group net profit and Group post-tax return on sales — The earnings factor is 1.0 in the event of a Group net profit of €5.3 billion and a post-tax return on sales of 5.6 % — Earnings factor may not exceed 1.8 — Maximum amount of earnings-related bonus p.a.: — €0.459 million (1st period of office) — €0.54 million (from 2nd period of office or 4th year of mandate) — €0.972 million (Chairman of the Board of Management)
b) Performance-related bonus (at 100 % target achievement corresponds to 70 % of target amount)	— Formula: 70 % target amount x performance factor — Base amount p.a. (70 % target amount per bonus): — €0.595 million (1st period of office) — €0.70 million (from 2nd period of office or 4th year of mandate) — €1.26 million (Chairman of the Board of Management) — Primarily qualitative, non-financial criteria, expressed in terms of a performance factor aimed at measuring the Board member's contribution to the sustainable and long-term development and the future viability of the Company over a period of at least three financial years — Criteria for the performance factor include: innovation (economic and ecological, for example in the reduction of carbon dioxide emissions), the Group's market position compared to its competitors, customer focus, ability to adapt, leadership, corporate culture, promotion of compliance and integrity, contribution to the Group's attractiveness as an employer, progress in implementing the diversity concept, and activities that foster corporate social responsibility — Performance factor may not exceed 1.8 — Maximum amount of performance-related bonus p.a.: — €1.071 million (1st period of office) — €1.26 million (from 2nd period of office or 4th year of mandate) — €2.268 million (Chairman of the Board of Management)

Component	Parameter / measurement base
<b>VARIABLE REMUNERATION</b>	
<b>Performance Cash Plan</b>	<ul style="list-style-type: none"> <li>Target amount p.a. (at 100 % target achievement):               <ul style="list-style-type: none"> <li>— €0.85 million (1st period of office)</li> <li>— €0.95 million (from 2nd period of office or 4th year of mandate)</li> <li>— €1.6 million (Chairman of the Board of Management)</li> <li>— 3-year evaluation period</li> <li>— Capped at 180 % of target amount, see section Remuneration caps</li> </ul> </li> <li>— Formula: PCP factor x target amount</li> <li>— PCP factor: multi-year earnings factor x multi-year performance factor</li> <li>— PCP factor may not exceed 1.8</li> </ul>
a) Multi-year earnings factor	<ul style="list-style-type: none"> <li>— Earnings factor for each year of three-year evaluation period derived from Group net profit and Group post-tax return on sale</li> <li>— Earnings factor for each year may not exceed 1.8</li> <li>— Average for evaluation period calculated</li> </ul>
b) Multi-year performance factor	<ul style="list-style-type: none"> <li>— Determined by Supervisory Board at end of evaluation period</li> <li>— Criteria include in particular the trend in business development during the evaluation period, the forecast trend in business development, individual contribution to profitability and the status of compliance within the Board member's area of responsibility</li> <li>— Multi-year performance factor can be between 0.9 and 1.1</li> </ul>
<b>Share-based remuneration programme</b>	<ul style="list-style-type: none"> <li>— Requirement for Board of Management members to invest an amount of 45 % of the gross bonus after tax and contributions in BMW AG common stock</li> <li>— Requirement for Board of Management members to hold the acquired shares of common stock for four years</li> </ul>
a) Cash remuneration component (investment component)	<ul style="list-style-type: none"> <li>— Earmarked cash remuneration amounting to 45 % of the gross bonus</li> <li>— Cash remuneration p.a. at 100 % target achievement of the bonus:               <ul style="list-style-type: none"> <li>— €0.3825 million (1st period of office)</li> <li>— €0.45 million (from 2nd period of office or 4th year of mandate)</li> <li>— €0.81 million (Chairman of the Board of Management)</li> </ul> </li> <li>— Maximum remuneration, see section Remuneration caps</li> </ul>
b) Share-based remuneration component (matching component)	<ul style="list-style-type: none"> <li>— Once the four-year holding period requirement is fulfilled, Board of Management members receive for each three common stock shares held either – at the Company's option – one further share of common stock or the equivalent amount in cash</li> <li>— Maximum remuneration, see section Remuneration caps</li> </ul>
<b>OTHER REMUNERATION</b>	
	Contractual agreement, main points: non-cash benefits from use of Company car, insurance premiums, contributions towards security systems

## Overview of compensation system and compensation components onwards

### RETIREMENT AND SURVIVING DEPENDANTS' BENEFITS

Model	Principal features
Defined contribution system with guaranteed minimum rate of return	<p>Pension based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement</p> <p>Pension contributions p. a.: Member of the Board of Management: €350,000 Chairman of the Board of Management: €500,000</p>

### REMUNERATION CAPS (MAXIMUM REMUNERATION)

in € p. a.	Bonus	Performance Cash Plan	Share-based compensation programme		Total*
			Cash compen- sation for share acquisition	Monetary value of matching component	
Member of the Board of Management in the first period of office	1,530,000	1,530,000	688,500	344,500	4,925,000
Member of the Board of Management in the second period of office or from fourth year of mandate	1,800,000	1,710,000	810,000	405,000	5,500,000
Chairman of the Board of Management	3,240,000	2,880,000	1,458,000	729,000	9,850,000

\* Including base salary, other fixed remuneration elements and pension contribution. The overall cap is lower than the sum of the maximum amounts for each of the individual components.

#### Retirement benefits

With effect from 1 January 2010, the provision of retirement benefits for members of the Board of Management was changed to a defined contribution system with a guaranteed minimum return. Retirement benefits remain unchanged as part of the new compensation system applicable for financial years from 2018 onwards, as they are appropriate and in line with customary market practice.

If a mandate is terminated, the defined contribution system provides, in the case of death or invalidity, for amounts accumulated on individual pension accounts to be paid out as a one-off amount or in instalments. Former members of the Board of Management are entitled to receive the retirement benefit at the earliest upon reaching the age of 60, or in the case of entitlements awarded after 1 January 2012, upon reaching the age of 62.

The amount of the benefits to be paid is determined on the basis of the amount accrued in each Board member's individual pension savings account. The amount on this account results from annual contributions paid in, plus interest earned depending on the type of investment.

If a member of the Board of Management with a vested entitlement dies prior to the commencement of benefit payments, a surviving spouse or registered partner, or otherwise surviving children – in the latter case

depending on their age and education – are entitled to receive benefits as surviving dependants.

In the case of death or invalidity, a minimum benefit is payable based on the number of contributions possible up to the age of 60 (subject to maximum of ten contributions).

The annual contribution paid by the Company is €350,000 for a Board member and €500,000 for the Chairman of the Board of Management. The guaranteed minimum rate of return p.a. corresponds to the maximum interest rate used to calculate insurance reserves for life insurance policies (guaranteed interest on life insurance policies). When granting pension entitlements, the Supervisory Board considers the targeted level of pension provision in each case as well as the resulting expense for the BMW Group.

Contributions falling due under the defined contribution model are paid into an external fund in conjunction with a trust model that is also used to fund pension obligations to employees.

Income earned on an employed or a self-employed basis up to the age of 63 may be offset against instalment payments. In addition, certain circumstances have been specified, in the event of which the Company no longer has any obligation to pay benefits. Transitional payments are not provided.

In the event of the death of a member of the Board of Management during the service contract term, the base remuneration for the month of death and a maximum of three further calendar months are paid to entitled surviving dependants.

Board of Management members who retire immediately after their service on the Board are entitled to acquire vehicles and other BMW Group products and services at conditions that also apply to BMW pensioners and to lease BMW Group vehicles in accordance with the guidelines applicable to senior heads of departments. Retired Chairmen of the Board of Management are entitled to use a BMW Group vehicle as a company car on a similar basis to senior heads of departments, and depending on availability and against payment, use BMW chauffeur services.

#### Termination benefits on premature termination of Board activities, benefits paid by third parties

Mr Duesmann left the Board of Management Board at the end of 24 July 2018 and was released from his duties for the remaining term of his service contract (until the end of 30 September 2019), with remuneration continuing to be paid until that date. For the period from 25 July 2018 to 31 December 2018, he received a base remuneration of €0.348 million and other remuneration of €0.015 million. The bonus for this period amounts to €0.324 million, the proportionate cash remuneration component of the share-based remuneration programme (investment component) amounts to €0.146 million. The proportionate share-based remuneration component of the share-based remuneration programme (matching component) has a provisional monetary value of €0.025 million; the provisional number of matching shares is 295 (calculated in each case at the grant date). The final number of matching shares is determined when the requirement to invest in BMW AG common stock has been fulfilled. The Company paid a proportionate pension contribution of €0.152 million. The base remuneration from 1 January 2019 to 30 September 2019 amounts to €0.6 million. The pension contribution for this period amounts to €0.263 million. The expense for these and other entitlements relating to the service

contract for the financial years 2019 and 2020 amounts to €3.0 million.

In accordance with the recommendation of the German Corporate Governance Code, Board of Management service contracts provide for severance pay to be paid to the Board member in the event of premature termination by the Company without important reason, the amount of which is limited to a maximum of two years' compensation (severance payment cap). If the remaining term of the contract is less than two years, the severance payment is reduced proportionately. For these purposes, annual compensation comprises the basic remuneration, the target bonus amount and the target PCP amount for the last full financial year before termination.

No commitments or agreements exist for payment of compensation in the event of early termination of a Board member's mandate due to a change of control or a takeover offer. No members of the Board of Management received any payments or relevant commitment from third parties in 2018 on account of their activities as members of the Board of Management.

#### Remuneration caps

The Supervisory Board has stipulated upper limits for all variable remuneration components and for the remuneration of Board of Management members in total. The upper limits are shown in the table Overview of compensation system and compensation components. The overall upper limits (caps) have not changed in conjunction with the revised compensation system for financial years from 2018 onwards.

#### Total compensation of the Board of Management for the financial year 2018 (2017)

The total compensation of the current members of the Board of Management of BMW AG for the financial year 2018 amounted to €24.0 million (2017: €40.3 million), of which €8.2 million (2017: €7.7 million) relates to fixed components including other remuneration. Variable components amounted to €15.0 million (2017: €31.7 million) and the share-based remuneration component amounted to €0.8 million (2017: €0.9 million).

in € million	2018		2017	
	Amount	Proportion in %	Amount	Proportion in %
Fixed compensation	8.2	34.2	7.7	19.1
Variable cash compensation	15.0	62.5	31.7	78.7
Share-based compensation component*	0.8	3.3	0.9	2.2
<b>Total compensation</b>	<b>24.0</b>	<b>100.0</b>	<b>40.3</b>	<b>100.0</b>

\* Matching component; provisional number or provisional monetary value calculated at grant date (date on which the entitlement became binding in law). The final number of matching shares is determined in each case when the requirement to invest in BMW AG common stock has been fulfilled.

## Compensation of the individual members of the Board of Management for the financial year 2018 (2017)<sup>1</sup>

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in € or number of matching shares	Fixed compensation			Variable cash compensation			
	Base salary	Other compensation	Total	Bonus	Share-based compensation component (invest- ment component)	Performance Cash Plan 2018–2020 <sup>2</sup>	Total
<b>Harald Krüger</b>	<b>1,800,000</b>	<b>22,392</b>	<b>1,822,392</b>	<b>2,332,800</b>	<b>1,049,760</b>	–	<b>3,382,560</b>
	(1,500,000)	(21,464)	(1,521,464)	(5,566,500)	(1,113,276)	(–)	(6,679,776)
<b>Milagros Caiña Carreiro-Andree</b>	<b>950,000</b>	<b>74,964</b>	<b>1,024,964</b>	<b>1,296,000</b>	<b>583,200</b>	–	<b>1,879,200</b>
	(900,000)	(75,775)	(975,775)	(3,247,125)	(649,440)	(–)	(3,896,565)
<b>Markus Duesmann<sup>5</sup></b>	<b>451,613</b>	<b>41,039</b>	<b>492,652</b>	<b>420,338</b>	<b>189,152</b>	–	<b>609,490</b>
	(750,000)	(102,468)	(852,468)	(2,783,250)	(556,663)	(–)	(3,339,913)
<b>Klaus Fröhlich</b>	<b>950,000</b>	<b>64,033</b>	<b>1,014,033</b>	<b>1,296,000</b>	<b>583,200</b>	–	<b>1,879,200</b>
	(750,000)	(65,883)	(815,883)	(2,783,250)	(556,638)	(–)	(3,339,888)
<b>Pieter Nota</b>	<b>800,000</b>	<b>90,369</b>	<b>890,369</b>	<b>1,101,600</b>	<b>495,720</b>	–	<b>1,597,320</b>
	(–)	(–)	(–)	(–)	(–)	(–)	(–)
<b>Nicolas Peter</b>	<b>800,000</b>	<b>38,612</b>	<b>838,612</b>	<b>1,101,600</b>	<b>495,720</b>	–	<b>1,597,320</b>
	(750,000)	(92,250)	(842,250)	(2,783,250)	(556,638)	(–)	(3,339,888)
<b>Peter Schwarzenbauer</b>	<b>950,000</b>	<b>51,777</b>	<b>1,001,777</b>	<b>1,296,000</b>	<b>583,200</b>	–	<b>1,879,200</b>
	(900,000)	(40,954)	(940,954)	(3,247,125)	(649,440)	(–)	(3,896,565)
<b>Andreas Wendt<sup>6</sup></b>	<b>200,000</b>	<b>13,029</b>	<b>213,029</b>	<b>275,400</b>	<b>123,930</b>	–	<b>399,330</b>
	(–)	(–)	(–)	(–)	(–)	(–)	(–)
<b>Oliver Zipse</b>	<b>900,000</b>	<b>24,994</b>	<b>924,994</b>	<b>1,231,200</b>	<b>554,040</b>	–	<b>1,785,240</b>
	(750,000)	(25,752)	(775,752)	(2,783,250)	(556,638)	(–)	(3,339,888)
<b>Total<sup>7</sup></b>	<b>7,801,613</b>	<b>421,209</b>	<b>8,222,822</b>	<b>10,350,938</b>	<b>4,657,922</b>	–	<b>15,008,860</b>
	(7,200,000)	(441,704)	(7,641,704)	(26,440,875)	(5,288,173)	(–)	(31,729,048)

<sup>1</sup> Remuneration for the financial year 2017 was paid in accordance with the compensation system applicable for that year, at which stage arrangements for base remuneration, variable remuneration and target amounts were structured differently.

<sup>2</sup> New variable remuneration components from the financial year 2018. Payment to be made for the first time after the end of the first three-year evaluation period 2018 to 2020.

<sup>3</sup> Provisional number or provisional monetary value calculated at grant date (date on which the entitlement became binding in law). The final number of matching shares is determined in each case when the requirement to invest in BMW AG common stock has been fulfilled. See note 41 to the Group Financial Statements for a description of the accounting treatment of the share-based remuneration component.

<sup>4</sup> Value of benefits granted for work performed on the Board of Management during the financial year 2018 plus the amount falling due for payment in conjunction with a share-based remuneration component granted in a previous year and for which the holding period requirements were met.

<sup>5</sup> Member of the Board of Management until 24 July 2018.

<sup>6</sup> Member of the Board of Management since 1 October 2018.

<sup>7</sup> Disclosures for the previous year include amounts relating to a member of the Board of Management who left office with effect from the end of the financial year 2017.

For financial years from 2018 onwards, a new variable compensation component was introduced in the form of the Performance Cash Plan. The PCP is paid out after the end of the relevant three-year evaluation period. In the case of PCP for the financial year 2018, this covers the financial years 2018 to 2020. Due to the fact that the criteria for the evaluation period 2018 to 2020 have not yet been fully met, it is not included in variable compensation for the financial year 2018.

The expense of the PCP for the financial year 2018 recognised in accordance with IAS 19 amounted to €5.3 million.

An expense of €3.4 million (2017: €3.1 million) was recognised in the financial year 2018 for current members of the Board of Management for the period after

the end of their service relationship. This relates to the expense for allocations to pension provisions in accordance with IAS 19.

Total benefits paid to former members of the Board of Management and their surviving dependants for the financial year 2018 amounted to €9.2 million (2017: €6.7 million). This includes the above-mentioned payments to Mr Duesmann.

Pension obligations to former members of the Board of Management and their surviving dependants are covered by pension provisions amounting to €91.0 million (2017: €90.1 million), recognised in accordance with IAS 19.

Share-based compensation component (matching component) <sup>3</sup>		Compensation Total	Total value of benefits allocated in financial year <sup>4</sup>	
Number	Monetary value			
<b>1,981</b>	<b>171,158</b>	<b>5,376,110</b>	<b>5,293,109</b>	Harald Krüger
(2,017)	(181,490)	(8,382,730)	(8,295,070)	
<b>1,181</b>	<b>102,038</b>	<b>3,006,202</b>	<b>2,985,294</b>	Milagros Caiña Carreiro-Andree
(1,263)	(113,645)	(4,985,985)	(4,915,446)	
<b>383</b>	<b>33,091</b>	<b>1,135,233</b>	<b>1,102,142</b>	Markus Duesmann <sup>5</sup>
(1,083)	(97,448)	(4,289,829)	(4,192,381)	
<b>1,100</b>	<b>95,040</b>	<b>2,988,273</b>	<b>2,893,233</b>	Klaus Fröhlich
(1,008)	(90,700)	(4,246,471)	(4,155,771)	
<b>1,004</b>	<b>86,746</b>	<b>2,574,435</b>	<b>2,487,689</b>	Pieter Nota
(-)	(-)	(-)	(-)	
<b>935</b>	<b>80,784</b>	<b>2,516,716</b>	<b>2,435,932</b>	Nicolas Peter
(1,008)	(90,700)	(4,272,838)	(4,182,138)	
<b>1,181</b>	<b>102,038</b>	<b>2,983,015</b>	<b>2,941,756</b>	Peter Schwarzenbauer
(1,263)	(113,645)	(4,951,164)	(4,837,519)	
<b>277</b>	<b>21,645</b>	<b>634,004</b>	<b>612,359</b>	Andreas Wendt <sup>6</sup>
(-)	(-)	(-)	(-)	
<b>1,045</b>	<b>90,288</b>	<b>2,800,522</b>	<b>2,710,234</b>	Oliver Zipse
(1,008)	(90,700)	(4,206,340)	(4,115,640)	
<b>9,087</b>	<b>782,828</b>	<b>24,014,510</b>	<b>23,461,748</b>	Total <sup>7</sup>
(9,913)	(891,973)	(40,262,725)	(39,608,356)	

Share-based component of the individual members  
of the Board of Management for the  
financial year 2018 (2017)<sup>1</sup>

in €	Expense in 2018 in accordance with HGB and IFRS	Provision at 31.12. 2018 in accordance with HGB and IFRS <sup>2</sup>
Harald Krüger	30,821	458,341
	(54,038)	(515,677)
Milagros Caiña Carreiro-Andree	46,218	268,257
	(63,120)	(303,169)
Markus Duesmann <sup>3</sup>	78,614	121,745
	(41,001)	(43,131)
Klaus Fröhlich	-19,097 <sup>4</sup>	254,591
	(162,436)	(273,688)
Pieter Nota	23,661	23,661
	(-)	(-)
Nicolas Peter	51,812	80,987
	(29,175)	(29,175)
Peter Schwarzenbauer	32,264	354,125
	(186,278)	(382,640)
Andreas Wendt <sup>5</sup>	1,632	1,632
	(-)	(-)
Oliver Zipse	29,002	222,771
	(122,484)	(193,769)
<b>Total<sup>6</sup></b>	<b>274,927</b>	<b>1,786,110</b>
	(800,435)	(2,215,688)

<sup>1</sup> The share-based remuneration component (matching component) for the financial year 2017 was calculated in accordance with the compensation system applicable for that year.

<sup>2</sup> Provisional number or provisional monetary value calculated on the basis of the closing price of BMW common stock in the Xetra trading system on 28 December 2018 (€70.70) (fair value at reporting date).

<sup>3</sup> Member of the Board of Management until 24 July 2018.

<sup>4</sup> Amount based on the revaluation of share price at balance sheet date.

<sup>5</sup> Member of the Board of Management since 1 October 2018.

<sup>6</sup> Disclosures for the previous year include amounts relating to a member of the Board of Management who left office with effect from the end of the financial year 2017.

## Pension entitlements

in €	Service cost in accordance with IFRS for the financial year 2018 <sup>1</sup>	Service cost in accordance with HGB for the financial year 2018 <sup>1</sup>	Defined Benefit Obligation IFRS	Defined Benefit Obligation HGB
<b>Harald Krüger</b>	<b>504,831</b>	<b>509,486</b>	<b>5,753,913</b>	<b>5,753,776</b>
	(505,281)	(510,702)	(5,558,607)	(5,558,200)
<b>Milagros Caiña Carreiro-Andree</b>	<b>354,224</b>	<b>357,468</b>	<b>2,561,031</b>	<b>2,560,943</b>
	(355,527)	(359,275)	(2,347,166)	(2,346,906)
<b>Klaus Fröhlich</b>	<b>353,119</b>	<b>356,382</b>	<b>2,660,630</b>	<b>2,660,630</b>
	(353,136)	(356,949)	(2,373,842)	(2,373,842)
<b>Pieter Nota</b>	<b>350,000</b>	<b>350,000</b>	<b>350,276</b>	<b>350,041</b>
	(-)	(-)	(-)	(-)
<b>Nicolas Peter</b>	<b>353,119</b>	<b>356,382</b>	<b>2,004,567</b>	<b>2,004,567</b>
	(350,000)	(350,000)	(1,757,459)	(1,757,454)
<b>Peter Schwarzenbauer</b>	<b>353,119</b>	<b>356,382</b>	<b>2,188,161</b>	<b>2,188,159</b>
	(354,117)	(357,918)	(1,893,252)	(1,893,216)
<b>Andreas Wendt<sup>2</sup></b>	<b>132,500</b>	<b>132,500</b>	<b>1,886,766</b>	<b>1,886,766</b>
	(-)	(-)	(-)	(-)
<b>Oliver Zipse</b>	<b>353,289</b>	<b>356,550</b>	<b>2,298,444</b>	<b>2,298,405</b>
	(353,536)	(357,339)	(2,071,748)	(2,071,560)
<b>Total<sup>3</sup></b>	<b>2,754,201</b>	<b>2,775,150</b>	<b>19,703,788</b>	<b>19,703,287</b>
	(3,136,302)	(3,059,645)	(21,987,289)	(21,072,823)
<b>Markus Duesmann<sup>4</sup></b>	<b>617,548</b>	<b>620,741</b>	<b>1,521,226</b>	<b>1,521,192</b>
	(355,840)	(359,521)	(1,020,053)	(1,018,857)

<sup>1</sup> Service cost differs due to the different valuation bases used to measure pension obligations for HGB purposes (expected settlement amount) and for IFRS purposes (present value of the performance-based pension obligation).

<sup>2</sup> Member of the Board of Management since 1 October 2018.

<sup>3</sup> Disclosures for the previous year include amounts relating to a member of the Board of Management who left office with effect from the end of the financial year 2017.

<sup>4</sup> Member of the Board of Management until 24 July 2018.