BMW RETAIL NETWORK IN CHINA.

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BMW DEALER NETWORK OVERVIEW.

TO CAPTURE THE BIG MARKET OPPORTUNITY, BMW OUTLETS HAVE BEEN DEVELOPING WITH FAST SPEED.

* Outlets refer to 4S, Showroom, Service Center, Used Car Center, Service Only Outlet, etc.
BMW DEALER NETWORK OVERVIEW.
210 BMW DEALER OUTLETS WERE IN OPERATION BY THE END OF 2010.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>61</td>
</tr>
<tr>
<td>East</td>
<td>71</td>
</tr>
<tr>
<td>West</td>
<td>34</td>
</tr>
<tr>
<td>South</td>
<td>44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>210</strong></td>
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BMW DEALER NETWORK OVERVIEW. HAVING HUGE POTENTIAL FOR PLUS SEGMENT, THE 4& 5TH TIER CITIES BRING BIG OPPORTUNITIES TO BMW.

**Plus Segment Development**

<table>
<thead>
<tr>
<th>Year</th>
<th>'000 Units</th>
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<tbody>
<tr>
<td>2009</td>
<td>417</td>
</tr>
<tr>
<td>2010</td>
<td>707</td>
</tr>
<tr>
<td>2011</td>
<td></td>
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</tbody>
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- Plus Segment (Incl. MINI) will keep strong growth

**2010 Plus Segment Distribution**

- Tier 1, 29%
- Tier 2&3, 49%
- Tier 4&5, 22%

- 4th & 5th tier cities make significant contribution to the total market

Source: BMW internal analysis

Source: Sales figures

BMW Retail Network in China, D.Kirchert, May 17th 2011
To enable fast network development in all tier cities, BMW designs principles for each city tier based on the economic level and characteristics.

<table>
<thead>
<tr>
<th>City Tier</th>
<th>Network Development Principles</th>
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<tbody>
<tr>
<td>Tier 1 (5 cities)</td>
<td>4S, Showroom, Service Center, Used Car Center, etc.</td>
</tr>
<tr>
<td>Tier 2 (18 cities)</td>
<td>Follower to Tier 1. 4S, Showroom, Service Center, Used Car Center, etc.</td>
</tr>
<tr>
<td>Tier 3 (26 cities)</td>
<td>4S &amp; limited number of Showrooms. Service Center and Used Car Center start to be built from 2013 or 2014 onwards</td>
</tr>
<tr>
<td>Tier 4 (75 cities)</td>
<td>Fully covered by 2015. 4S &amp; small amount of Service Only Outlet</td>
</tr>
<tr>
<td>Tier 5 (344 cities)</td>
<td>Service Only Outlet. 4S and upgrade of SOOs into 4S from 2012 onwards</td>
</tr>
</tbody>
</table>
NETWORK DEVELOPMENT STRATEGY. BMW HAS ACHIEVED STRONG NETWORK COVERAGE IN ALL TIER CITIES.

Dealer network has been developing at a fast pace with more outlets built up.
City coverage in tier 3, 4 & 5 has increased significantly and penetration into lower tier cities will be further strengthened.
To ensure strong partnership with investors, following principles are applied for partner selection:

- Objective and transparent selection criteria
  - Strong financial capability
  - Profound auto experience
  - Availability of land in good location
  - Professional management team
  - Strong local influence
- Performance-oriented, with much emphasis on customer orientation.
- Diverse mix of partners.
- Leverage strong partner groups to enhance the competence of the whole network.
EMPOWER DEALER EMPLOYEES. BMW MADE HUGE INVESTMENT IN HUMAN RESOURCES TO STRONGLY SUPPORT THE FAST NETWORK EXPANSION.
MINI NETWORK DEVELOPMENT. MINI HAS STARTED TO BUILD UP INDEPENDENT RETAIL NETWORK.

The 1st 4S dealership was opened in Shanghai in October 2010
- Covering an area of 10,000 m² with 1,000 m² showroom and 1,900 m² workshop
- 9 New Car and 3 Used Car display in showroom
- 22 work bays
USED CAR STRATEGY. BMW IS READY TO SEIZE THE GROWTH OPPORTUNITIES IN THE CHINESE USED CAR MARKET.

The first independent BMW Used Car Center (UCC) was opened in Shenzhen in March 2011. BMW is also the first one in Plus Segment to implement UCC in China.

More Used Car Centres will be established to drive BMW dealer network to exploit the premium used car potential.
AFTERSALES STRATEGY. EFFICIENCY, TRANSPARENCY AND CARE ARE THREE KEY PILLARS FOR CUSTOMER SATISFACTION.

Efficiency
- Fast Lane Service
- Body & Paint Quick Repair
- Appointment Booking
- Parts Availability & Supply
- Service Network Coverage
- 1-hour oil service*

Transparency
- Service & Repair Package
- Condition Base Service
- Workshop Visibility
- Aftersales Service Day
- E-Workshop*

Care
- Roadside Assistance
- Customer Care Hotline
- Mobile Service
- Accident Hotline*

Customer Service Experience Maintaining Joy

Quality in Service: People

* New Service Process in 2011
AFTERSALES STRATEGY. AFTERSALES JOY CAMPAIGN WAS KICKED OFF EARLY 2011.
SUSTAINABILITY. 5S DEALERSHIP CONCEPT IS THE RETAIL CHANNEL STRATEGY TOWARDS SUSTAINABILITY.

- Efficient Dynamics
- BMW Brilliance plant phase II
- 5S Dealership*
  1: Sales
  2: Service
  3: Spare parts
  4: Survey
  5: *Sustainability*

* The first 5S dealership will start operation in 2011.
BEIJING MARKET STATUS. THE NEW POLICY NOT ONLY POSES CHALLENGES BUT ALSO BRINGS OPPORTUNITIES.

New Registration Policy in Beijing

Total PC Market and Plus Segment 2011YTD

Ratio of Plus Segment

Implication for BMW

- **New car licenses: 20,000 units/month**
  - Beijing new registration policy poses challenges to the passenger vehicle sales
  - But the new policy also brings opportunities to the Plus Segment since customers now tend to go for premium cars and the ratio of Plus Segment in the total passenger vehicle market is increasing

- The outlook for Plus Segment is still quite positive
  - Trade-in program has been established to maximize sales opportunities in Beijing.
  - Other 1st tier cities might also start limitation, but probably with a different approach than Beijing
BEIJING MARKET STATUS. TRADE-IN WILL BECOME AN IMPORTANT CHANNEL FOR BEIJING MARKET CONQUEST.
THANKS FOR YOUR ATTENTION.