

## **Bayerische Motoren Werke Aktiengesellschaft, Munich.** Notice of the Separate Meeting of the Preferred Stock Shareholders.\*

Notice is hereby given to the holders of preferred stock of Bayerische Motoren Werke Aktiengesellschaft, Munich, that a Separate Meeting of the Preferred Stock Shareholders will be held

**on Thursday, 15 May 2014 at the Olympiahalle of the Olympiapark, Coubertinplatz, 80809 Munich, Federal Republic of Germany.**

The Separate Meeting of the Preferred Stock Shareholders will take place after the Company's ordinary Annual General Meeting, at the earliest, however, at 12:30 p.m. local time (CEST). The start of the Separate Meeting of the Preferred Stock Shareholders may be delayed depending on the length of the preceding Annual General Meeting. The preceding Annual General Meeting commences at 10:00 p.m. local time on 15 May 2014.

### **I. Agenda.**

#### **1. Notification of the resolution of the Annual General Meeting on 15 May 2014 on the creation of Authorised Capital 2014 (non-voting preferred stock) excluding the statutory subscription rights of existing shareholders and on an amendment to the Articles of Incorporation.**

The Authorised Capital 2009 stipulated in § 4 (5) of the Articles of Incorporation for the Employee Share Scheme expires on 13 May 2014. In order to give the Company the flexibility to continue to service the Employee Share Scheme with non-voting preferred stock out of Authorised Capital, the Board of Management and the Supervisory Board propose the following resolution to the Annual General Meeting (point 8 of the Agenda):

8.1 The Management Board shall be authorised, with the approval of the Supervisory Board, to increase the Company's share capital in the period up to 14 May 2019 by up to € 5,000,000 in total by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. The authorisation may also be used in parts on more than one occasion.

Shareholders' subscription rights shall be excluded. The new shares may only be used for issuing shares to employees of the Company and its affiliated companies. The Board of Management shall be authorised, with the approval of the Supervisory Board, to stipulate further details of the rights attached to the shares and the conditions of their issue.

8.2 § 4 (5) of the Articles of Incorporation shall be deleted and newly worded as follows:

"5. The Management Board is authorised, with the approval of the Supervisory Board, to increase the Company's share capital in the period up to 14 May 2019 by up to € 5,000,000 in total by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. The authorisation may also be used in parts on more than one occasion.

Shareholders' subscription rights are excluded. The new shares may only be used for issuing shares to employees of the Company and its affiliated companies. The Board of Management is authorised, with the approval of the Supervisory Board, to stipulate further details of the rights attached to the shares and the conditions of their issue (Authorised Capital 2014)".

\* (Non-binding convenience translation)

**2. Special resolution of the preferred stock shareholders with regard to the approval of the resolution taken at the Annual General Meeting on the creation of Authorised Capital 2014 (non-voting preferred stock) excluding the statutory subscription rights of existing shareholders and on a change to the Articles of Incorporation in accordance with the resolution of the Annual General Meeting notified in Point 1 of this Agenda.**

In order for the resolution of the Annual General Meeting notified under point 1 of this Agenda to become valid, it is necessary for the preferred stock shareholders to give their approval by special resolution.

The Board of Management and the Supervisory Board propose that the resolution of the Annual General Meeting held on 15 May 2014 notified under point 1 of this Agenda be approved.

**Report of the Board of Management on Point 2 of the Agenda**

The proposed Authorised Capital is intended to make it possible for the Board of Management to offer shares of non-voting preferred stock to employees in conjunction with the Employee Share Scheme regardless of any buy-back via the stock exchange. For this reason, it is proposed to the Annual General Meeting that the subscription rights of existing shareholders to the new shares of preferred stock should be excluded.

Employee shares have been used as a tried and tested instrument at BMW since 1989 to give employees the opportunity to participate in the enterprise's success, whilst at the same time encouraging their commitment to the BMW Group.

The Employee Share Scheme is currently aimed at employees of Bayerische Motoren Werke Aktiengesellschaft and that entity's wholly owned German affiliated companies to the extent that the respective affiliated companies decide to participate. Under the scheme, employees can – usually once per annum and over a period of a few weeks – acquire a specified number of non-voting shares of preferred stock against payment at a reasonable discount compared to the prevailing stock exchange price. In this context, it is usually agreed with the employees that they may not dispose of the relevant shares for several years (Lock-Up Period).

As in 2009 (the most recent year in which such a proposal was made), a share capital increase of up to a proportionate amount of € 5,000,000 of share capital is proposed. This figure represents less than 1% of the Company's share capital. The proposed number of shares covers the estimated demand for employee shares during the period of the Board of Management's authorisation i.e. during the five-year period of the preferred stock programme.

**II. Other information.**

**1. Total number of shares and voting rights at the date of notice.**

At the date on which notice of the Separate Meeting of the Preferred Stock Shareholders is given, the Company's share capital amounts to € 656,254,983 and is sub-divided into 656,254,983 shares with a par value of € 1 each, comprising 601,995,196 shares of common stock, to which a total of 601,995,196 votes are attached at the Annual General Meeting, and 54,259,787 shares of preferred stock, to which no voting rights are attached at the Annual General Meeting and to which a total of 54,259,787 votes are attached at the Separate Meeting of the Preferred Stock shareholders. The voting power attached to each share for which the statutory minimum contribution has been paid up corresponds to the share's par value. Each € 1 of par value of share capital represented at a vote confers one vote. Only the preferred stock shareholders are entitled to vote at the Separate Meeting of the Preferred Stock Shareholders.

**2. Prerequisites for attending the Separate Meeting of the Preferred Stock Shareholders and for exercising voting rights.**

Preferred stock shareholders are only be entitled to attend the Separate Meeting of the Preferred Stock Shareholders and exercise their voting rights, either in person or represented by an authorised person (proxy), if, prior to the meeting, they have submitted notification of attendance in the form prescribed by § 126b of the German Civil Code, either in German or English.

Preferred stock shareholders are also required to provide proof of their entitlement to attend and exercise their voting rights. For this purpose, documentary evidence of the shareholding, issued by the custodian bank (in the form prescribed by § 126b BGB), in either English or German, is required. The documentary evidence must be based on the situation at the beginning of the 21st day before the Separate Meeting of the Preferred Stock Shareholders ("Record Date") i.e. at 00:00 (CEST) on 24 April 2014. The entitlement to attend and to exercise voting rights is therefore based on shareholdings on that date; for the purposes of the relationship between the preferred stock shareholders and the Company, the sole criterion for attendance at the Separate Meeting of the Preferred Stock Shareholders and the exercise of voting rights as a shareholder is whether evidence of shareholding has been registered as at the Record Date.

As with the notification of attendance, the documentary evidence of a shareholding must be received by the Company at the latest by the end of 8 May 2014 at the following address:

Bayerische Motoren Werke Aktiengesellschaft  
c/o UniCredit Bank AG  
CBS51GM  
80311 Munich  
Telefax: +49 (0)89 5400 -2519  
E-Mail: hauptversammlungen@unicreditgroup.de

Shares are not blocked as a result of notification of attendance at the Separate Meeting of the Preferred Stock Shareholders. In other words, shares remain available for disposal once notification of attendance has been successfully registered.

Custodian banks normally make the notification of attendance and provide the documentary evidence of shareholdings on behalf of their customers after the customers concerned have requested an attendance card for the Shareholders' Meetings. Shareholders are therefore requested to contact their custodian bank and to apply for an attendance card as soon as possible.

### **3. Proxies; procedure for exercising voting rights via an authorised proxy.**

Preferred stock shareholders who do not wish to attend the Separate Meeting of the Preferred Stock Shareholders and/or exercise their voting rights in person, may exercise their rights, and in particular their voting rights, via an authorised proxy, e. g. a bank or a shareholders' association.

The granting of proxy authorisations, their revocation and the communication of proof of proxy authorisation to the Company must be executed in text form or electronically using the procedure made available at [www.bmwgroup.com/ir/proxyvoting](http://www.bmwgroup.com/ir/proxyvoting).

Banks and shareholders' associations as well as persons and institutions which are deemed equivalent to such by the German Stock Corporation Act may, in conjunction with the special regulation (§ 135 AktG), stipulate different requirements with regard to their own appointment as proxies. Details of these requirements may be obtained from the relevant authorised proxies.

Bayerische Motoren Werke Aktiengesellschaft also offers holders of preferred stock the option of exercising their rights via representatives appointed by the Company who are bound to vote in accordance with the shareholder's instructions. If a proxy is granted to Company representatives, the appropriate voting instructions must be issued. The proxy authorisation is invalid if this is

not done. The Company representatives are obliged to vote in accordance with the instructions given.

Proxy authorisations and instructions given to Company representatives can be submitted in advance of the Separate Meeting of the Preferred Stock Shareholders using the proxy forms stipulated by the Company. Preferred stock shareholders will receive these proxy forms together with the attendance card. In this case, the completed proxy forms must be sent to reach Bayerische Motoren Werke Aktiengesellschaft, Dept. FF-2, 80788 Munich by 12 May 2014, 24:00 (CEST) at the latest. Proxy authorisations and instructions may also be given to Company representatives electronically via the Internet, using the procedure made available at [www.bmwgroup.com/ir/proxyvoting](http://www.bmwgroup.com/ir/proxyvoting). This procedure will remain available until 14 May 2014, 12:00 (CEST).

### **4. Procedure for exercising voting rights by postal vote.**

Preferred stock shareholders may cast their votes either in writing or electronically (postal voting) without attending the Separate Meeting of the Preferred Stock Shareholders.

Holders of preferred stock wishing to use the postal voting option should use the form sent to them with the attendance card. In this case, the completed postal voting form must be sent to reach Bayerische Motoren Werke Aktiengesellschaft, Dept. FF-2, 80788 Munich by 12 May 2014, 24:00 (CEST) at the latest. It is also possible to cast votes electronically using the using the procedure made available by the Company at [www.bmwgroup.com/ir/proxyvoting](http://www.bmwgroup.com/ir/proxyvoting). This procedure for exercising voting rights by postal vote will remain available until 14 May 2014, 12:00 (CEST).

### **5. Requests for items to be added to the Agenda.**

Shareholders jointly representing at least one twentieth of the share capital or one tenth of the shares for which voting rights can be exercised at the Separate Meeting of the Preferred Stock Shareholders or a proportionate amount of the share capital equivalent to € 500,000 (equivalent to 500,000 shares with a par value of € 1) may, in accordance with §§ 122 (2) and 138 AktG request that items be placed on the Agenda and be disclosed.

Each new item must be accompanied by a statement of reasons or a draft resolution. Such requests are to be addressed to the Company's Board of Management ("Vorstand") in writing and submitted to the following address:

Bayerische Motoren Werke Aktiengesellschaft  
The Board of Management  
Postal address: 80788 Munich  
or  
Office address: Petuelring 130, 80809 Munich

The request must have been received by the Company at least 30 days before the meeting i.e. by 14 April 2014, 24:00 (CEST) at the latest.

## **6. Countermotions.**

Each holder of preferred stock has the right to propose countermotions at the Separate Meeting of the Preferred Stock Shareholders to the resolutions proposed by the Board of Management and/or the Supervisory Board on specific Agenda items. If countermotions are submitted in advance they must be addressed solely to:

Bayerische Motoren Werke Aktiengesellschaft  
Dept. FF-2  
Postal address: 80788 Munich  
Telefax: +49 (0)89 382 -14661  
or  
E-Mail: hv@bmw.de

Countermotions must be provided with a statement of reasons.

All countermotions received at least 14 days before the meeting (i.e. received at this address by no later than by 30 April 2014, 24:00 (CEST)), and which are required to be made accessible to the other shareholders, will, upon proof of shareholder status be published without delay on the Internet at [www.bmwgroup.com](http://www.bmwgroup.com) and can be accessed via the link "Annual General Meeting".

## **7. Right to information.**

Pursuant to § 131(1) and § 138 sentence 2 AktG upon request, each preferred stock shareholder will be provided with information at the Separate

Meeting of the Preferred Stock Shareholders by the Board of Management on the Company's affairs, the legal and business relationships of the Company with affiliated companies and on the situation of the Group and of the companies included in the Group Financial Statements to the extent that such information is necessary for a proper evaluation of an item on the Agenda.

## **8. Notifications on the website; additional information.**

Notice of the Separate Meeting of the Preferred Stock Shareholders, documents and information and other explanations of shareholders' rights pursuant to § 122 (2), § 126 (1) and § 131 (1) AktG can be found on the Company's website at [www.bmwgroup.com](http://www.bmwgroup.com) via the link "Annual General Meeting". The voting results will also be published there after the shareholders' meetings.

Further details with respect to attendance at the Separate Meeting of the Preferred Stock Shareholders and the exercising of voting rights, including postal voting, the issuance of proxies and instructions as well as proxy and postal voting forms will be sent to preferred stock shareholders with their attendance card.

Notice of the Separate Meeting of the Preferred Stock Shareholders was published in the Federal Gazette on 27 March 2014.

Munich, 27 March 2014

**Bayerische Motoren Werke  
Aktiengesellschaft**

The Board of Management