

IMMEDIATE

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BMW Group Continues Product and Market Offensive

In 2003 focus on growth and expansion, product portfolio enlarged by MINI Convertible

Munich, May 15, 2003 ... Fiscal year 2002 was the most successful year of business so far in the history of the BMW Group. Now, proceeding from this position of strength, the company is continuing its ongoing product and market offensive in 2003, inter alia with the successful BMW 5 Series entering its fifth model cycle as of the middle of this year. Towards the end of the year, the BMW brand will be entering new market segments with all-new models such as the X3 Sports Activity Vehicle and the 6 Series Coupe. Dr. Helmut Panke, Chairman of the Board of Management of BMW AG, at this year's Annual General Meeting stated; "The BMW Group is pursuing an uncompromising premium brand strategy clearly focusing on the strengths of the company".

In his statement to shareholders, Dr. Panke highlighted the company's plans for ongoing growth and expansion. "We are growing with our existing product portfolio in our established markets, and we are expanding with new products in new segments and, in addition, we are creating new regional highlights in the process. Through this expansion we are setting the foundation for further growth in future", he related.

In this context, Dr. Panke announced the enlargement of the MINI product range by the introduction of a convertible through which the company intends to win over new customers in the open-top small car segment. The BMW Group is also stepping up its activities in regional terms, having already established a production and sales joint venture in China and opened up a new subsidiary in Poland in the course of the 2003

business year. A further subsidiary will take up business activities in Malaysia in the course of the year.

In the words of Dr. Panke, "At the end of 1973 we were a company with five sales subsidiaries and four production sites in Germany, plus one production site in South Africa. At the end 2003 we will be a company with 28 sales subsidiaries and 24 production sites in 15 countries. No other premium manufacturer has the benefit of such an internationally oriented network in production and sales."

The 2002 business year:

New records in customer deliveries, revenues and earnings

Delivering 1,057,344 cars to customers in 2002, the BMW Group for the first time exceeded the mark of one million BMW and MINI brand models sold. As a result of this successful delivery amount, revenues were up overall by 9.9 percent to 42.282 billion Euros. The profit from ordinary activities also reached a new record as they were up by 1.7 percent to 3.297 billion Euros. The net profit increased by 8.3 percent to 2.020 billion Euros, thus for the first time exceeding the 2-billion Euro mark.

Again reflecting the positive development of business, the BMW Group created 5,132 new jobs worldwide in 2002, in particular in the operative areas of Development, Production, and Sales equal to an increase by 5.3 percent. As of December 31, 2002, the BMW Group employed a total workforce worldwide of 101,395 associates. In addition, the company created 370 additional apprenticeships in the year under report. At the end of 2002, almost 4,200 young people had an apprenticeship with the BMW Group.

The Board of Management and the Supervisory Board have proposed at the Annual General Meeting to use the unappropriated profit available for distribution in BMW AG amounting to 351 million Euros to pay a dividend on the equity entitled to dividends (622.2 million Euro common stock and 50.6 million Euro preferred stock, each with a nominal value of 1 Euro) of 0.52 Euro for each share of common stock and 0.54 Euro for each share of preferred stock, both unchanged from the previous year.

BMW Group remaining on course

The BMW Group has remained on course in the 2003 year of business as car deliveries increased in the first quarter over the same period last year by 0.4 percent to 261,573 units. At 10.272 billion Euros, the Group's overall revenues were 4.6 percent below the record figure in Quarter 1, 2002.

The profit from ordinary activities for the first quarter of 2003 fell by 17.9 percent to 830 million Euros and the net profit was down by 19.3 percent to 510 million Euros. This development reflects the plans of the BMW Group and is attributable in particular to the continued high level of expenditure for the Group's product and market offensive as well as the anticipated decrease in deliveries of BMW brand models in the first half of 2003.

As of March 31, 2003, the BMW Group employed 102,637 associates worldwide, meaning that the Group has hired an additional 1,242 associates in the first three months of the current year of business (workforce on December 31, 2002: 101,395 associates). Compared with March 31, 2002 (98,128 associates), the overall workforce was up by 4,509 associates or, respectively, 4.6 percent.

Consistently continuing the product and market offensive

"We plan to further increase our level of performance and are therefore implementing our strategy consistently step-by-step", stated Dr. Panke. "We do not see the record figures in the 2002 year of business as a reason to sit back and rest on our laurels", he added.

The focus in 2003 is particularly on new and revised BMW brand models. The revised and updated models of the BMW 3 Series have been in the market since the end of March, and the BMW Z4 Roadster is now available in Europe. Towards the middle of the year, the new BMW 5 Series will be entering the market, and the BMW 6 Series as well as the BMW X3 will be presented at the end of the year. MINI will be supplemented shortly in Europe by the introduction of the MINI One D, a new diesel version.

These new models will make a significant contribution in enabling the BMW brand to exceed the previous year's level of deliveries on an overall, annual basis. The BMW Group thus plans to increase customer deliveries of all brands in fiscal year 2003. The prerequisite is ongoing stabilization of the worldwide political and economic

situation and, particularly in Germany, ongoing pursuit of economic and sociopolitical reforms.

Aiming for earnings at the previous year's level

Despite the extraordinary upfront expenditure on the Group's product and market offensive, characterizing the development of the Automobiles Segment in 2003, the BMW Group is aiming at a level of earnings Group-wide in the 2003 year of business equal to that achieved in the previous year.

BMW Group entering a new dimension

Further implementing its product and market offensive, the BMW Group plans to increase customer deliveries to approximately 1.4 million units by the year 2008. "Through its activities in terms of markets and products, the BMW Group is set to move up into a new dimension in both quantity and quality", stated Dr. Panke. "Today, through our product and market offensive, we are establishing the foundation for the ongoing growth of our success in business tomorrow."

Dr. Helmut Panke's complete speech is available under www.bmwgroup.com/ir.

BMW Group In America

BMW of North America has been present in the United States since 1975. Since then, the BMW Group in the United States has grown to include marketing, sales and financial service organizations for the BMW and MINI brands and Rolls-Royce Motor Cars; DesignworksUSA, an industrial design firm in California; a technology office in Silicon Valley and various other operations throughout the country. BMW Manufacturing Corp. in South Carolina is part of BMW Group's global manufacturing network and is the exclusive manufacturing plant for all Z4 Roadster and X5 Sports Activity Vehicles. The BMW Group sales organization is represented in the U.S. through networks of 340 BMW car, 327 BMW Sports Activity Vehicle, 148 BMW Motorcycle retailers, and 70 MINI dealers. BMW (US) Holding Corp., the BMW Group's sales headquarters for North, Central and South America, is located in Woodcliff Lake, New Jersey.

Information about BMW Group products is available to consumers via the Internet at
<http://www.bmwusa.com> <http://www.bmwmotorcycles.com> and <http://www.miniusa.com>

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Journalist note: Information about the BMW Group and its products is available to journalists on-line at the BMW Group PressClub at the following address - www.press.bmwgroup.com.

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