

BMW AG



BMW Year to Year Comparison

In case of differences of opinion,
the German text shall prevail

BMW Group		1995	1994 ¹⁾	Change in %
Sales	DM million	46,144	42,125	+ 9.5
Automobile production				
Group	units	1,098,582	948,683	+ 15.8
BMW	units	595,056	573,083	+ 3.8
Rover Group	units	503,526	375,600 ²⁾	+ 34.1
Automobile deliveries to customers				
Group	units	1,073,161	931,880	+ 15.2
BMW	units	590,072	573,950	+ 2.8
Rover Group	units	483,089	357,930 ³⁾	+ 35.0
Motorcycle production ⁴⁾	units	52,653	44,435	+ 18.5
Motorcycle deliveries to customers	units	50,246	46,667	+ 7.7
Workforce at end of year		115,763	109,362	+ 5.9
Investment	DM million	3,477	3,543	- 1.9
Depreciation	DM million	2,877	2,567	+ 12.1
Cash flow	DM million	3,755	3,569	+ 5.2
Net income	DM million	692	697	- 0.7

BMW AG

Dividends	DM million	267 ⁵⁾	277	- 3.6
per ordinary share of DM50 nominal value	DM	13.50 ⁵⁾	12.50 + 1.50	
per preference share of DM50 nominal value	DM	14.50 ⁵⁾	13.50 + 1.50	

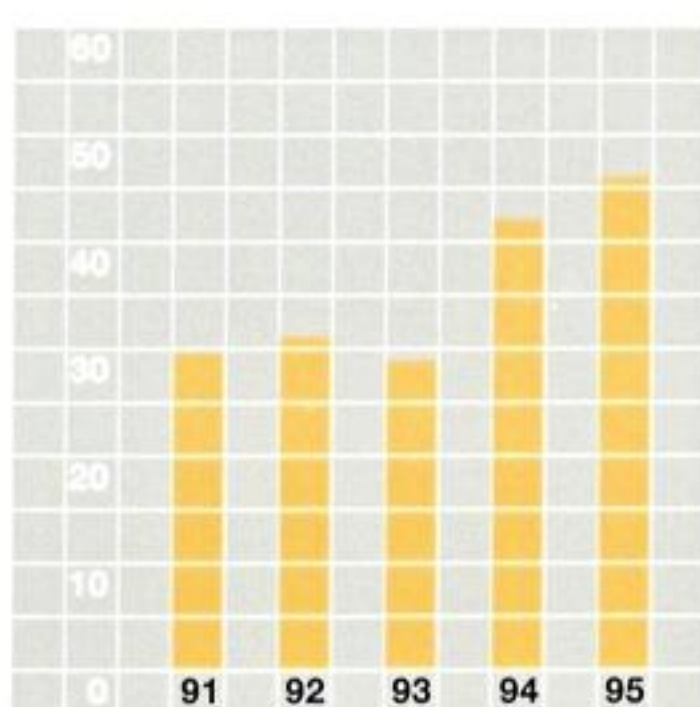
¹⁾ Incl. Rover Group from March 18th 1994

²⁾ Whole of 1994: 487,298

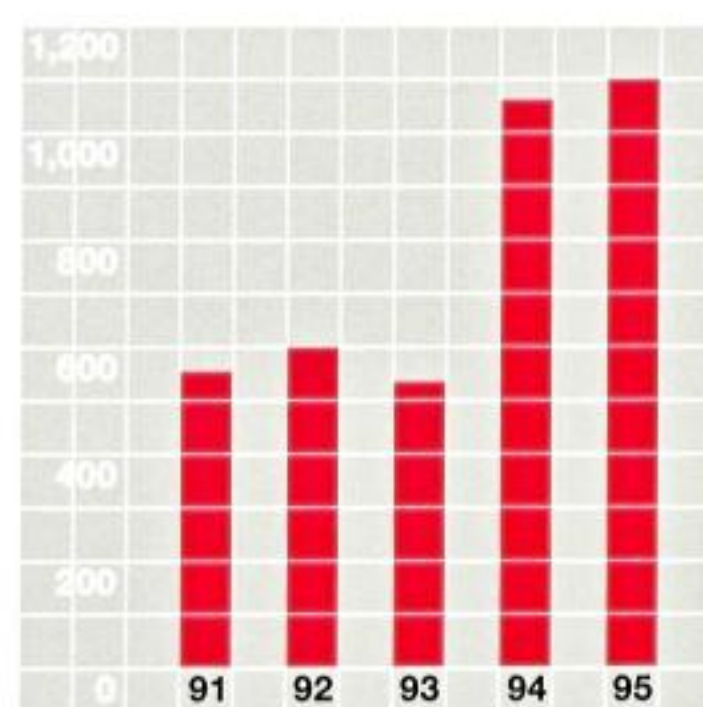
³⁾ Whole of 1994: 475,513

⁴⁾ Incl. F 650 assembly at Aprilia S.p.A.

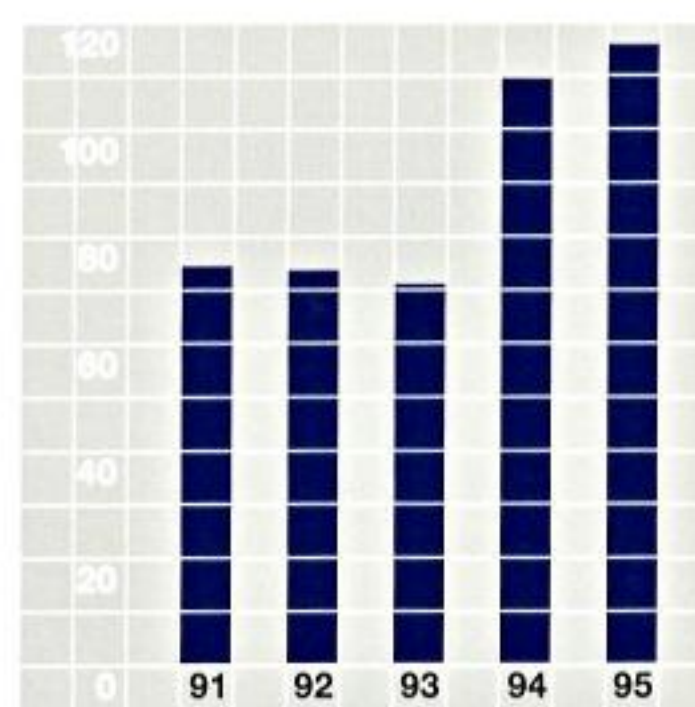
⁵⁾ Proposal of the Management



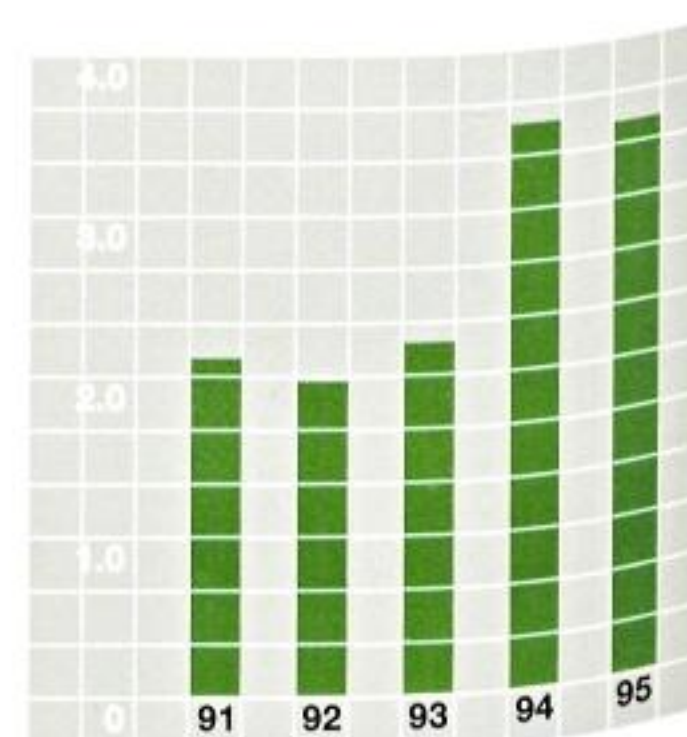
Sales
in DM billion



Automobile Production
in thousands



Workforce
in thousands



Investment
in DM billion

Bayerische Motoren Werke
Aktiengesellschaft, Munich

Annual Report 1995

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Successful industrial companies are more than the sum of their products, plant and machinery, assets and liabilities, investors and employees.

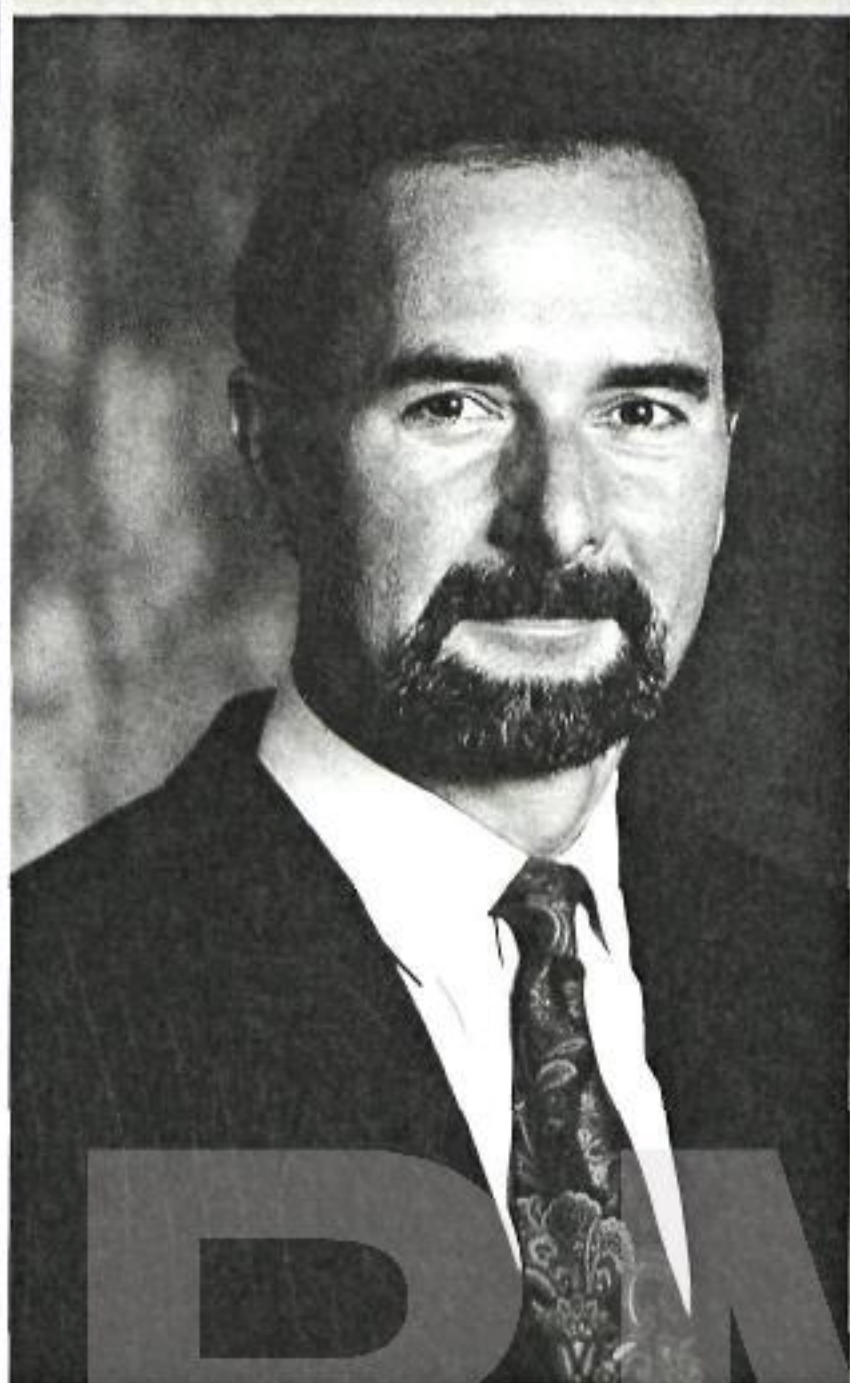
The origins and history of successful industrial companies are usually far older than the current generation of leaders. At a time when change is essential, history should not be subjected to the spirit of the time, but should be continued. Continuation also means continuity; continuity which should be preserved during change.

Short-term opportunism should not take priority over long-term opportunities. It should be disregarded if it is incompatible with the established identity of the Company and its marques.

That is why decisions which are right and necessary in the medium to long term must be taken, even if they look risky or wrong in the short term.

Our shareholders' commitment to BMW's independence followed this principle 37 years ago, as did, for example, the opening of the Dingolfing plant during the first oil crisis 22 years ago, or the purchase of Rover in the midst of a severe crisis in the European automobile industry.

The decision to build the Spartanburg plant was based primarily on long-term market expectations, rather than on advantages arising from wage costs or exchange rates. Thus, it fits in with our long-term view of the Company's future.



Our picture of the future is one of a Company which operates worldwide, while preserving its individual identity. If we give priority to long-term earning power over short-term maximisation, we do not consider this contradictory to our obligation to increase and pay interest on your capital. This obligation always determines corporate policy and action. Indeed, it prompts us to make high investments in the Company's future.

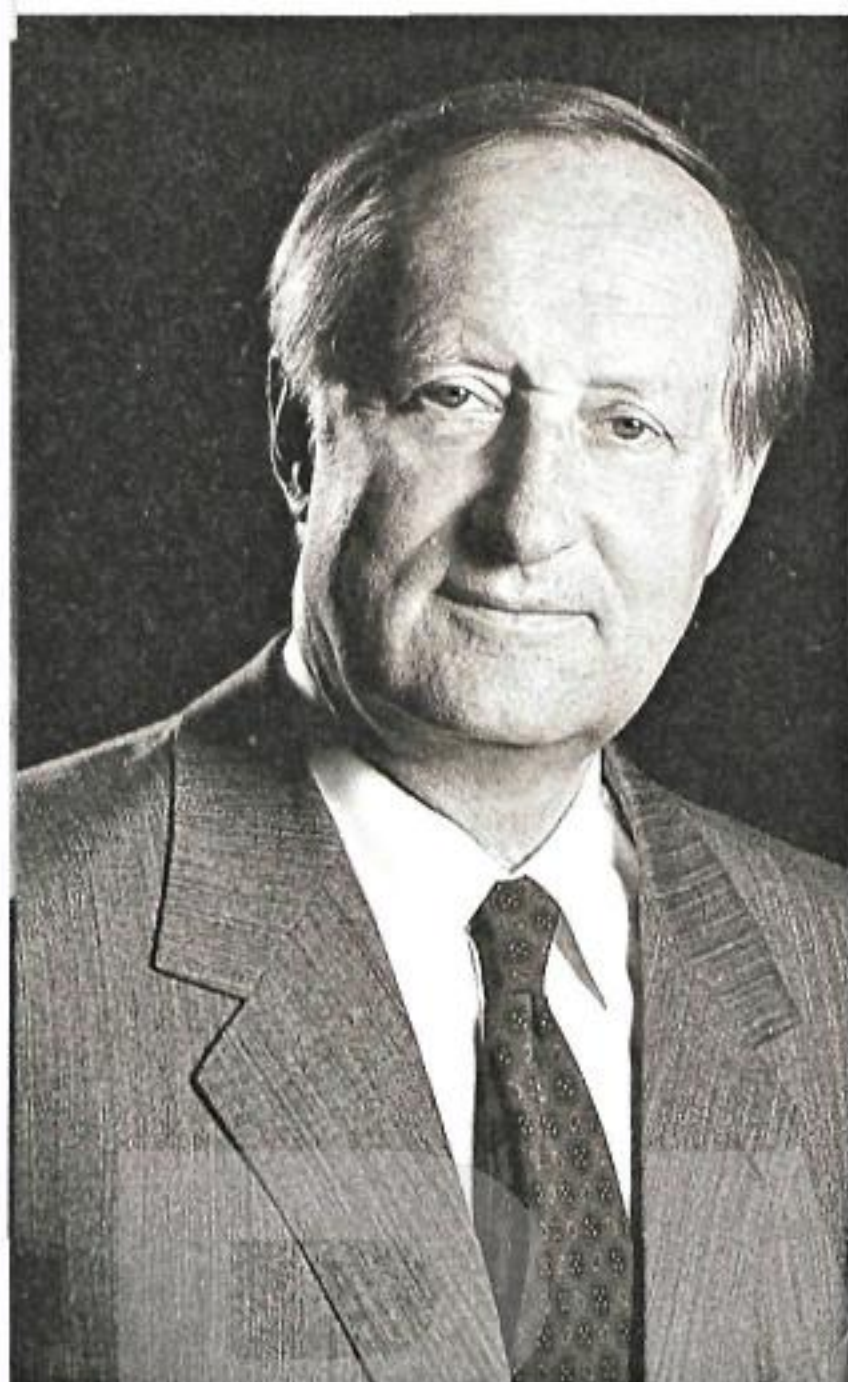
Our employment and personnel policy follows the same principles. We believe the preservation and enhancement of our employees' knowledge, skills, experience and enthusiasm are absolutely essential for consolidating the Company's strength in the long term. The wish and ability of our employees to improve, on a continuous basis, sequences and performance – in short, productivity – are becoming increasingly important. The scope and substance of the Company's quantitative and, in particular, qualitative growth will depend on how well we succeed. In this respect, the acquisition of Rover has opened up new potential of mutual benefit.

While acting in accordance with these principles, we again made noticeable progress in 1995, on which we are pleased to report in the following. This progress will contribute to the Company's continuing success in the future.

A handwritten signature in dark ink, appearing to read 'B. Pischetsrieder', with a large, stylized initial 'B' at the top.

Bernd Pischetsrieder

Report of the Supervisory Board



The Supervisory Board regularly reviewed the Company's business throughout the financial year. At joint meetings and on the basis of the Board of Management's written and verbal reports, the Supervisory Board studied closely the Company's situation, the course of business and the intended business policy, and discussed these matters with the Board of Management. In addition to the regular meetings, the Supervisory Board was informed about the main business transactions in discussions with the Chairman of the Board of Management.

In an increasingly difficult environment, mainly as a result of the appreciation of the D-mark against the currencies of major sales markets, the Company increased its efforts to safeguard both its competitiveness and its earning power. Measures included the further internationalisation of purchasing, production and sales through cooperation between BMW and Rover. Special attention was paid to the development of new markets. The Supervisory Board supported the measures taken by the Board of Management.

Joint discussions focused on the production start-up at the new plant at Spartanburg in South Carolina and the establishment of sales companies in Mexico, South Korea and Brazil. The revision of important models at BMW and Rover was another key topic of discussion at the meetings with the Board of Management. The Supervisory Board was interested not only in the core business of car-making, but also in the motorcycle and aero engine businesses. The long-term development of all fields of business was discussed in detail.

The Annual Financial Statements for the 1995 Financial Year, the Books of Account and the Economic Review have been examined by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, which has provided its unrestricted confirmatory audit certificate. The Supervisory Board agrees to the result of this audit.

At its meeting on March 21st 1996, the Supervisory Board examined and

approved the Annual Financial Statements and the Economic Review, prepared by the Board of Management. The Annual Financial Statements are thereby adopted.

The proposal of the Board of Management for the allocation of profits has been examined by the Supervisory Board which supports the proposal. According to the final result of the Supervisory Board's review, there are no objections to be raised.

The Consolidated Financial Statements and the Economic Review of the BMW Group included in the Economic Review, which have been provided with the unrestricted confirmatory audit certificate of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, as well as the report of the auditor of the Consolidated Financial Statements, have been duly submitted to the Supervisory Board.

Dr. Hans Meinhardt retired from the Supervisory Board with the close of the Annual General Meeting on May 17th 1995 and Mr Alois Mathe retired from the Supervisory Board on July 31st 1995. The Supervisory Board expressed its thanks to Dr. Meinhardt and Mr Mathe for their services on the Supervisory Board.

On May 17th 1995, the Annual General Meeting elected Dr.-Ing. Dieter Soltmann to the Supervisory Board. Mr Gerhard Gutsmedl was elected to replace Mr Mathe on the Supervisory Board from August 1st 1995.

In its meeting on December 5th 1995, the Supervisory Board appointed Dr. Walter Hasselkus to the Board of Management from January 1st 1996.

Munich, March 21st 1996

A handwritten signature in blue ink, appearing to read 'E. Kuenheim'.

The Supervisory Board
Eberhard v. Kuenheim
Chairman

Supervisory Board

Dr.-Ing. E.h. Dr.-Ing. E.h.
Eberhard v. Kuenheim
Munich, Chairman
Former Chairman of the Board
of Management of BMW AG

Manfred Schoch*
Munich, Deputy Chairman
Chairman of the Works Council

Hans Graf von der Goltz
Bad Homburg v.d.H., Deputy Chairman
Businessman

Johann Vilsmeier*
Dingolfing, Deputy Chairman
Chairman of the Works Council
Dingolfing plant

Johanna Quandt
Bad Homburg v.d.H., Deputy Chairwoman
Member of the Supervisory Board of
Altana AG

Reinhold Bauer*
Landshut
Deputy Chairman of the Works Council
Landshut plant

Helmuth Baumgärtner*
Dingolfing
Member of the Works Council
Dingolfing plant

Klaus Bernhardt*
Frankfurt/Main
Trade union secretary

Hans Glas*
Munich
Director 7 Series

Gerhard Gutsmedl*
Munich
Deputy Chairman of the Works Council
Munich plant
(from August 1st 1995)

Arthur L. Kelly
Chicago, Illinois
Managing Partner of
KEL Enterprises Ltd.

Dr.-Ing. E.h. Berthold Leibinger
Ditzingen
Managing Partner of
TRUMPF GmbH + Co.
Maschinenfabrik Stuttgart

Dr. h.c. André Leysen
Mortsel, Belgium
Chairman of the Supervisory Board of
Gevaert N.V.

Rudolf Lukes*
Munich
Trade union secretary

Prof. Dr. Dr. h.c. Hubert Markl
Constance
Professor at the
University of Constance

Alois Mathe*
Munich
Deputy Chairman of the Works Council
Munich plant
(until July 31st 1995)

Dr. Hans Meinhardt
Wiesbaden
Chairman of the Board of Management of
Linde AG
(until May 17th 1995)

Hans-Günther Niklas*
Regensburg
Chairman of the Works Council
Regensburg plant

Dr. Wolfgang Röllner
Frankfurt/Main
Chairman of the Supervisory Board of
Dresdner Bank AG

Werner Schreiber*
Frankfurt/Main
Executive Member of the Board of
Management of IG Metall

Dr.-Ing. Dieter Soltmann
Munich
Member of the Managing Board of
Gabriel Sedlmayr
Spaten-Franziskaner-Bräu KGaA
(from May 17th 1995)

Lodewijk C. van Wachem
The Hague, Netherlands
Chairman of the Supervisory Board of
Royal Dutch Petroleum Company/Shell

* employees' representative

Board of Management

Bernd Pischetsrieder
Chairman

Volker Doppelfeld

Dr. Walter Hasselkus
(from January 1st 1996)

Prof.Dr.-Ing.Dr.h.c.
Joachim Milberg

Helmut Niederhofer

Dr.-Ing. Wolfgang Reitzle

Dr.h.c. Horst Teltschik

Executive Directors:

Dr. Hagen Lüderitz

Dr. Helmut Panke

General Counsel:

Dr. Dieter Löchelt

BMW AG

BMW pursues a long-term business policy which extends beyond model and economic cycles. A new car plant overseas, the development of business with aero engines and the integration of new marques and companies are currently making special demands on the Company. The freedom to make corporate decisions is safeguarded by group financing instruments. The Group's employees and marques determine its success in the international market.

In 1995, the BMW Group continued to grow. For the first time, more than one million cars were produced and sold. Rover Group's integration advanced and the new US plant began series production according to plan. Sales of BMW and Rover Group vehicles increased despite change-overs in important models. The Company coped well financially with both the increase in the workforce and investment in plant and products. However, the continuing exchange losses of major currencies can be countered only in the long term.

International market position developed

Business in the BMW Group generally developed satisfactorily in 1995. Sales of BMW cars and motorcycles increased despite stagnating markets worldwide. While undergoing many changes, Rover Group also sold more vehicles than in the previous year. In addition, great efforts were made to safeguard the entire Group's earning power with further productivity gains.

The BMW model range continued to be revised and broadened, primarily with the introduction of a new generation of 5 Series cars and the Z3 roadster. Both models were very well received. Rover Group greatly improved its competitive position by launching completely new models in the Rover 200 and 400 Series, and developed new sales markets overseas.

The upward trend in the BMW motorcycle business remained strong even after the previous year's unusual growth. For the first time, more than 50,000 BMW motorcycles were delivered to customers in a single year. BMW Rolls-Royce GmbH also won over new customers. In 1995, a contract was concluded for the delivery of aero engines for a new, 100-seat passenger aircraft. Financial services achieved a business volume of DM19 billion with

sales financing programmes for BMW and Rover vehicles.

The BMW Group is currently in a phase of particularly high investment expenditure. This is mainly due to the requirements of Rover Group, the construction of the car plant in the United States and the development of the aero engine business. In the long term, this expenditure will open up the sustained opportunities available to a globally active manufacturer with a wide range of cars and advanced aero engines.

In the light of these extensive projects and, in particular, the marked deterioration in exchange rates, the 1995 result is satisfactory. The Group's income and financial position continues to be sound.

More than one million cars sold

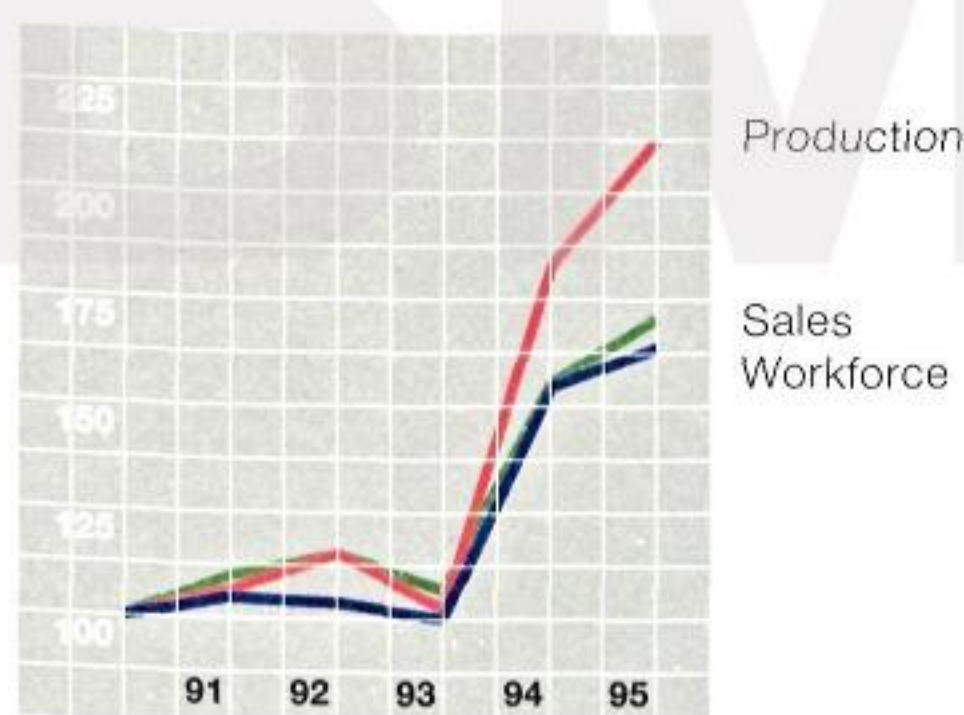
In 1995, 1.10 million BMW, Rover, Land Rover and MG vehicles were manufactured within the BMW Group. Since Rover Group was taken into account only from March 18th 1994, the date of its acquisition, group production grew by 16%. Group sales increased by 14% to 1.09 million units.

The production of BMW cars increased by 4% to 595,056 units. At Rover Group, vehicle production rose by 3% to 503,526 units, compared with the whole of 1994.

In total, 1.07 million cars were delivered to customers. Thus, the BMW Group was among Europe's five largest car manufacturers. While in Europe deliveries of 795,000 units remained slightly below the previous year's level, double-figure growth rates were often achieved overseas.

The most important sales markets were Germany, Great Britain and the United States where the Group also has its own car plants. About 60% of the cars produced in the Company are sold in these countries. Japan has increased in importance as a sales market. With some 60,000 new registrations, the BMW Group with all its marques was the country's largest car importer.

In 1995, the Group's vehicle and component plants continued to work to capacity. The BMW Dingolfing plant, with flexible production structures, was able to produce more cars than in the previous year despite the model change-over in the 5 Series. The new US plant started to produce 3 Series saloons in the spring;



Sales, Automobile Production and Workforce of the BMW Group
Index: 1990 = 100

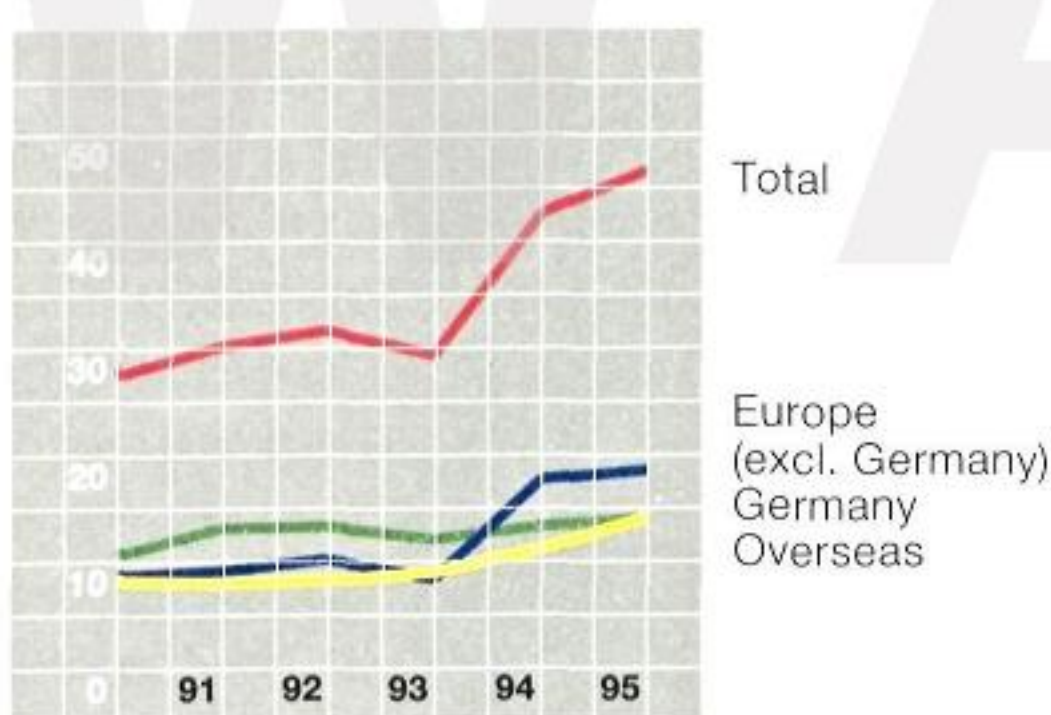
the Z3 roadster followed towards the end of the year. For the first time, a second production shift was worked at the Berlin motorcycle plant.

While production at the Land Rover factory in Solihull increased by 35% to 127,000 units in the course of an extensive programme of development and improvements, production at the two Rover car factories decreased slightly during the model change-overs.

Steady development of the Group's key figures

In 1995, the sales of the BMW Group rose by 9.5% to DM46.1 billion. Compared with the previous year, the growth of sales was not as strong as the increase in car production and sales. This was mainly due to the unfavourable development of exchange rates. Excluding Rover Group, BMW sales increased by 3.9% to DM33.2 billion.

When taking account of the increase in product inventories and own work capitalised amounting to DM1.2 billion, the Group's total value of production was DM47.3 billion; 9.3% higher than in the previous year.



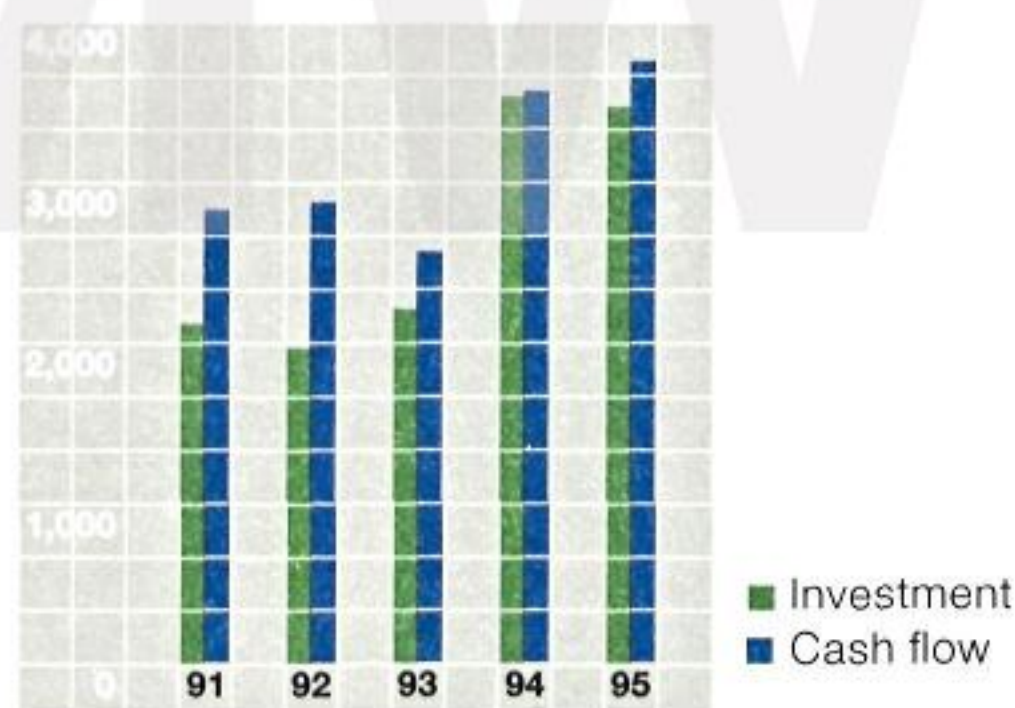
Sales of the BMW Group According to Regions
in DM billion

Material costs amounted to DM27.4 billion, compared with DM24.7 billion in the previous year. Their share of the total value of production rose by 0.8% to 57.9%. In contrast, the share of personnel costs decreased from 19.5% to 18.7%. In the BMW Group, wages, salaries, pension plans and social security contributions cost some DM9 billion; 5% more than in the previous year.

Depreciation on intangible and tangible fixed assets increased by 12% to DM2.9 billion and thus, once again, more strongly than the total value of production. Its share rose to 6.1%.

The rise in depreciation is due to the marked increase in the level of investment in the previous year.

With DM1,367 million, the result from ordinary business activities in the BMW Group remained at the previous year's level. Net income amounted to DM692 million, compared with DM697 million in the previous year.



**Investment and Cash Flow
of the BMW Group**
in DM million

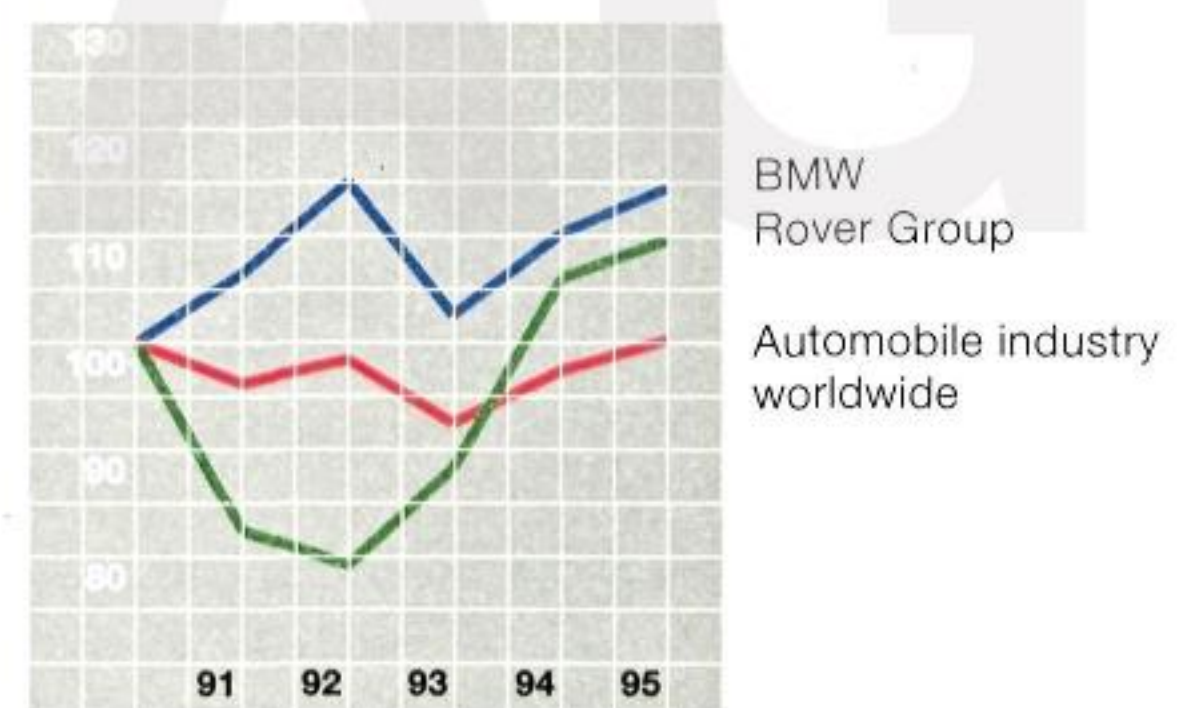
Proposed dividend of DM13.50

The Board of Management and the Supervisory Board propose to the Annual General Meeting that BMW AG's unappropriated profit available for distribution, amounting to DM267 million, be used to pay a dividend of DM13.50 per ordinary share and DM14.50 per preference share with a nominal value of DM50 each on the share capital (DM920 million in ordinary shares and DM65 million in preference shares).

International purchasing volume increased

In 1995, the BMW Group purchased goods and services worth DM30 billion. This expenditure was mainly on production materials and capital goods. While the strength of the D-mark and continuing rationalisation in the supply industry checked the growth of the cost of materials, the high wage settlements throughout the German supply industry and shorter working hours in the metal industry increased costs.

The upsurge in world market prices for industrial raw materials, recorded in previous years, came to an end. Some prices even began to decrease slightly.



Automobile Production
Index: 1990 = 100

BMW Group creates new workplaces worldwide

By the end of 1995, the workforce of the BMW Group had increased by 6,400 to 115,763 employees. While the workforce in the BMW car business grew by 1,700 to 69,653, it increased at Rover Group by 3,900 to 40,137. At BMW, additional employees were required mainly at the Dingolfing plant where the new 5 Series cars are manufactured and at the Spartanburg plant. At the new US plant, the workforce increased by almost 1,000 to 1,566 associates in the course of the production start-up.

At Rover Group, additional associates were hired at the Longbridge factory where the small and medium-sized Rover models are manufactured and, in particular, at the Solihull factory to cope with the increase in Land Rover production. Both factories lie in the south of Birmingham, the country's second-largest industrial city after London. The technical planning and development divisions were also strengthened by 500 highly-qualified employees.

Almost 800 new employees were required to work a second production shift at the BMW motorcycle plant in Berlin, assemble aero engines and develop financial services worldwide.

The Company's increasingly international character also resulted in new jobs in Germany. Thus, in the last two years, the number of employees at German BMW group companies has risen by a total of 2,400 to 63,500. At the end of the year, 2,600 young people were being trained in the Company.

In 1995, two company agreements were concluded in connection with the introduction of new working structures at the German BMW plants. These agreements increase the Company's flexibility and efficiency and permit suitable payment systems.

At the beginning of the new year, the Management and Works Council of BMW AG agreed on the introduction of "working time accounts" for production employees who are paid according to negotiated wage rates. This system creates greater scope for accumulating and reducing working hours and is a further step towards production in keeping with market requirements and thus towards safeguarding jobs.

Continuing high level of investment

BMW Group's investment of around DM3.5 billion remained at the previous year's markedly increased level. This amount includes Rover Group's investments of DM1.2 billion. The main projects involved preparations for the production of new vehicles and engines.

While investments in the new car plant in the United States and in the development, testing and assembly centre of BMW Rolls-Royce GmbH at Dahlewitz decreased when production began in the course of the year, expenditure increased markedly on the modernisation of existing facilities, and particularly on the construction of new, environmentally compatible paint shops at several plants. Further investments concentrated on the development of the sales organisation.

In 1995, the year's total investments were again financed from funds generated by the Group. The cash flow rose to DM3.8 billion.

The Group invested some DM1.9 billion in Germany. Here, BMW cars and motorcycles are sold through some 900 independent dealers and 18 sales outlets. At the end of 1995, some 240 German dealers belonged to the sales organisation for Rover vehicles.

**New international dimension for
research and development**

The development of new BMW cars, components and technologies is concentrated at the Group's Research and Engineering Centre in Munich. This centre provides more than 5,000 employees with the space and technical facilities required for flexible, project-oriented working methods. It also permits close cooperation with neighbouring development units and the nearby Munich plant.

The Aschheim test grounds, a recycling centre, BMW M GmbH and BMW Technik GmbH are at the same location.

All BMW diesel engines are developed at the diesel development centre at Steyr in Austria. Other development locations are Miramas in the south of France, mainly for endurance testing, and Los Angeles where BMW has a design office with Charles W. Pelly Designworks, Inc. which focuses on new trends in technology and lifestyle in America and the Pacific region.

At the beginning of 1995, Rover Group started to build a new development centre on its test grounds at Gaydon. The new centre will bring together Rover Group's design and engineering resources which were previously at several different locations.

Sharing technologies for efficiency

In 1995, the Group took up the special challenge of adjusting its development programmes for BMW and Rover Group vehicles in order to increase the individual character of the Group's marques and, at the same time, to improve considerably the efficiency of development and manufacturing processes by using the same technologies and components. In 1995, the purchasing and development divisions of BMW and Rover cooperated closely for this purpose.

An intensive exchange of information improved market transparency. A start was also made on the standardisation of parts and components, material and technology concepts for BMW and Rover Group cars. As a result, group savings are expected to be in hundreds of millions in the coming years. The development of a joint electrical and electronics platform for the cars of the BMW Group will be of outstanding importance.

The development of system sourcing and the inclusion of suppliers in the development teams at BMW, which first began in the 1980s, made further progress. In future, suppliers of vehicle components will be selected increasingly on a joint basis.

In the case of development projects on basic concepts, for example, on driver information systems, BMW also works with other manufacturers. Cooperation with universities and research institutes was increased.

BMW cooperates with institutions outside the Group in order to convert, as efficiently as possible, technological knowledge into marketable products. This is also the aim of a new programme on innovative, multi-disciplined management required for car and traffic technology and the evaluation and development of research projects.

Development in the first quarter of 1996

The economic situation did not improve in car markets at the beginning of the new year. At best, demand was stimulated by increasing replacement needs and new models.

Model innovations boosted demand for BMW cars. However, in the first quarter of 1996, production and sales of BMW cars were still down on the previous year's comparable figure because of the model change-overs.

The production start-up of the new 5 Series BMW was characterised by high quality and a comparatively rapid increase in production volume. By the end of March, some 700 new 5 Series cars were made per working day. The Z3 roadster was introduced, on schedule, onto the German and US markets by the beginning of the spring. At the new US plant, an investment programme worth 200 million US dollars was launched to increase the plant's daily production to some 400 units and prepare for new models.

In the first quarter of 1996, deliveries of Rover Group vehicles to customers were up on the previous year's comparable figure. During this period, deliveries of cars of all marques of the BMW Group were at the same level as 1995.

Outlook

World economic growth will continue to slow down in 1996. In the United States, capacity utilisation is deteriorating as orders decrease, and private consumption is becoming less dynamic. There are still no signs of economic recovery in Japan. In Europe, the decline in incoming orders has curbed industry's expectations. In Germany, growing unemployment is becoming the main theme of economic policy.

In these circumstances, car markets are also unlikely to grow significantly. In Japan, demand should continue to recover because of increasing replacement needs, but in the United States sales are expected to stagnate. In Europe, persistent unemployment and increasing taxes and charges will continue to check demand for cars. In Germany, more expensive cars are particularly hard hit by additional taxes.

At BMW, 1996 will be influenced by the increasing availability of the new 5 Series car and the Z3 roadster. Rover also started the year with new models. Additional sales opportunities are being developed as sales activities become increasingly international.

BMW assumes that the economic environment will not deteriorate further and is therefore expecting production and sales to rise again in 1996.

However, productivity must increase. In this respect, cooperation with Rover in development, production and sales has created new opportunities.

In the autumn of 1995, BMW's presentation at the International Motor Show in Frankfurt am Main was under a tent roof, inspired by the Munich Olympic stadium. Public interest focused on the latest generation of 5 Series BMW.





In 1995, the BMW Group continued to be in a sound financial position. Cash flow exceeded investments of DM3.5 billion. Total assets increased to more than DM40 billion, mainly because of the growth of financial services. The Group uses the opportunities offered by the international capital markets to finance its activities. The BMW share has offered a high yield for many years. In a difficult economic environment, net income amounted to DM692 million.

Balance sheet structures still sound

In 1995, as business expanded, the total assets of BMW Group rose by 5.6% to DM40.8 billion; DM2.2 billion more than in the previous year. Financial services accounted for most of this growth with DM1.7 billion. Thus, the financial services' share of the Group's balance sheet total increased by 2.3 percentage points to 36.7%.

The industrial core business is usually financed with a higher proportion of own funds than financial services. Therefore, the balance sheet structures of the two fields of business are explained separately and the balance sheet of the BMW Group is divided into core business and financial services within the framework of legal requirements.

The total assets of the core business rose by 1.8% to DM25.8 billion.

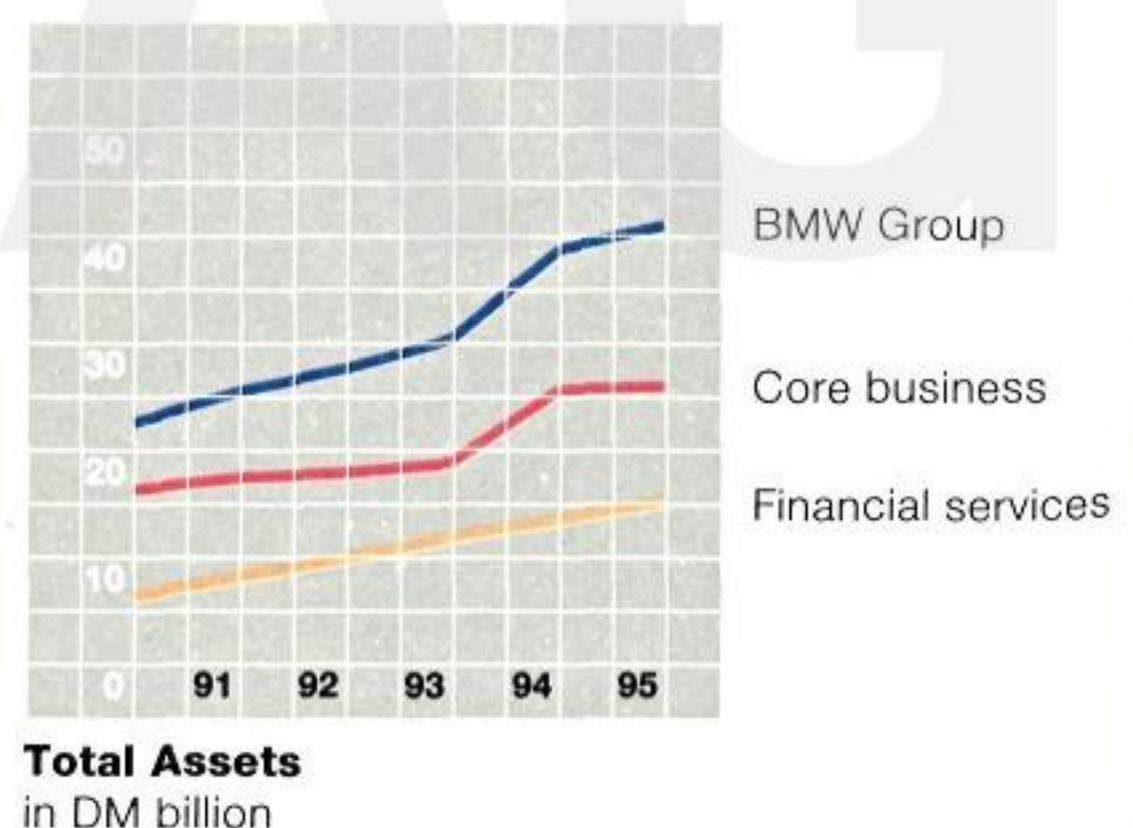
Investment in intangible and tangible fixed assets, amounting to DM3,477 million, contrasted with depreciation and disposals of DM2,979 million. Exchange losses from the translation of foreign currency accounts also reduced tangible assets by DM409 million. As a result, these assets increased by only 0.8%.

Investment amounted to 7.5% of sales, with 82.7% covered by depreciation. Again, cash flow completely financed investment.

Inventories rose by 4.2% and thus more strongly than the balance sheet total. This was mainly because the sales companies were supplied with newly introduced models.

At 1.0%, the increase in receivables was slightly weaker than that of the balance sheet total. Liquid funds of DM4.4 billion were higher than the previous year.

The ratio of own funds has risen by 0.3 percentage points to 25.1% of total assets. Own funds cover around 55% of fixed assets.



Provisions and accruals decreased by DM141 million, mainly because of the use of provisions for taxes.

Financial liabilities remained almost at the previous year's level. In contrast, other liabilities rose by 7.0%; more strongly than the balance sheet total. This was due to higher liabilities from leased fixed assets.

At DM159 million, net financial assets, ie, liquid funds and marketable securities less liabilities to banks and bonds, continued to be positive.

Financial services include the assets and liabilities from sales financing in the consolidated balance sheet.

The total assets of financial services increased by 12.8% to DM15 billion, with leased products accounting for 51.9% of the total assets.

Leased products were valued at group manufacturing costs. Additions amounted to DM5,964 million. Using the declining balance method, depreciation amounted to DM3,371 million. Used car book values decreased by DM1,299 million as a result of the sale of the cars concerned. Exchange losses from the translation of foreign currency accounts reduced the amount generated by leased products by DM197 million.

Own funds in the financial services were increased by DM81 million. At 11.4%, the ratio of own funds to total assets is still high.

Balance Sheet Structure BMW Core Business

	31. 12. 1995		31. 12. 1994		Change
	DM million	%	DM million	%	DM million
Fixed assets	11,905	46.1	11,748	46.3	+ 157
Inventories	5,183	20.0	4,973	19.6	+ 210
Receivables	4,397	17.0	4,353	17.1	+ 44
Liquid funds	4,354	16.9	4,319	17.0	+ 35
Balance sheet total	25,839	100.0	25,393	100.0	+ 446
Own funds	6,491	25.1	6,294	24.8	+ 197
Provisions and accruals	9,608	37.2	9,749	38.4	- 141
Financial liabilities	4,195	16.2	4,169	16.4	+ 26
Other liabilities	5,545	21.5	5,181	20.4	+ 364

Balance Sheet Structure BMW Financial Services

Leased products	7,782	51.9	6,685	50.3	+ 1,097
Receivables from sales financing	7,226	48.1	6,615	49.7	+ 611
Balance sheet total	15,008	100.0	13,300	100.0	+ 1,708
Own funds	1,709	11.4	1,628	12.2	+ 81
Liabilities from sales financing	13,299	88.6	11,672	87.8	+ 1,627

Cash flow rose again

In the statement of sources and application of funds, cash flows are shown separately according to operating, investment, financing and sales financing activities. The financial funds contain the Group's liquid funds, ie, marketable securities, notes and liquid funds.

The application of funds for investment activities is covered by the cash flow from operating activities. The cash flow increased by DM186 million to DM3,755 million.

Declining interest rates on financial markets

In 1995, declining inflation rates and weaker investment activity worldwide made long-term interest rates fall on the international financial markets. This development was largely parallel in the United States and most European countries. In Germany, for example, the average yield of public bonds decreased from around 7.5% to 5.5%.

Statement of Sources and Application of Funds
 in DM million

	1995	1994
Net income	692	697
Depreciation and disposal of intangible and tangible fixed assets	+ 2,979	+ 2,631
Increase in pension fund provisions	+ 84	+ 241
Cash flow	+ 3,755	+3,569
Other sources from current operating activities	+ 143	+ 799
Cash flow from operating activities	+ 3,898	+4,368
Application of funds for investment activities	- 3,553	-5,280
Increase/Decrease of funds from financing activities	- 110	+ 731
Application of funds for sales financing	- 130	- 215
Change in liquidity	+ 105	- 396
Change of value of financial funds due to exchange rates	- 70	- 57
Liquid funds on January 1st	4,319	4,772
Liquid funds on December 31st	4,354	4,319
of which: marketable securities and notes	1,474	1,636
liquid funds	2,880	2,683

In contrast, short-term interest rates did not develop uniformly. In most western industrial countries, they were lowered by the central banks to support the respective economy. In Japan, the discount rate reached a historic low of 0.5%. In other countries, such as Great Britain, Spain and Italy, short-term interest rates had to be raised temporarily in order to stop further losses in currency value, particularly against the D-mark.

D-mark continues to make gains

In 1995, the international foreign exchange markets were again marked by strong fluctuations and uncertainty.

The US dollar began the year at DM1.55 but fell by 13% to a historic low of DM1.35 by the spring. In 1995, the US dollar averaged DM1.43; 12% below the previous year's average. The US dollar also lost against the Japanese yen by an average of 9%. The dollar's weakness was caused mainly by the high deficits in the US government budget and trade balance.

The foreign exchange value of the D-mark rose by an average of around 4.7% against the currencies of the most important industrial countries. This was primarily due to Germany's strict, stability-oriented monetary and fiscal policy. In addition, other central banks use the D-mark increasingly as a reserve currency.

Mid-year, intervention by several central banks and interest rate cuts in Germany and Japan stabilised the exchange rates of most currencies. In the autumn, however, the debate about European monetary union led to further tension on the currency markets.

International group financing

BMW financed group activities both economically and soundly with a wide range of financing instruments. In 1995, BMW issued two five-year public bonds on the international capital market. The financing company in the Netherlands, BMW Finance N.V., issued bonds amounting to DM2.5 billion Luxembourg francs. BMW Australia Ltd. raised 100 million Australian dollars in the capital market.

The Euro Medium Term Note Programme amounting to one billion US dollars, issued in the previous year, was used to place several tranches in various currencies with different terms. BMW also made its first private placement in the United States.

BMW AG has a commercial paper programme of DM1.5 billion and BMW US Capital Corp. of 2.5 billion US dollars to meet short-term financial requirements.

Derivative financial instruments

Derivatives are used by the BMW Group only to hedge the operating business. For years, they have hedged flows of funds and capital against changes in interest and exchange rates. While currency risks occur when exporting cars and purchasing production materials abroad, fluctuations in interest rates mainly affect the lending and leasing business.

Both foreign currency forward contracts and options are concluded in order to hedge rates for payments made in foreign currencies. In the long term, BMW aims to largely balance the currency flows within the Group. The establishment of a car plant in the United States has created the necessary conditions for this. In Europe, monetary union is expected to put an end to the distortions of competition caused by exchange rates.

The funds raised on the capital market for refinancing are tailored, with suitable interest instruments, to meet respective needs in terms of currency, amount and maturity.

Monitoring and risk limitation

In transactions with derivatives, as in all other financial business, BMW pursues a policy of strict separation of trade, handling and monitoring procedures. Detailed guidelines and regular reports ensure the necessary transparency. Systems and procedures are constantly checked and improved.

In order to minimise risks, business with derivative financial instruments is concluded only with partners with impeccable ratings. BMW is guided by the assessments of leading rating agencies. In addition, maximum limits are set for business with individual trading partners.

The BMW share as an attractive long-term investment

At the beginning of 1995, the DAX (German share index) opened at a high level of 2079 points. During the spring, uncertainty about the development of interest rates, the strike in the German metal industry and, in particular, the drop in value of the US dollar checked the profit expectations of German companies. At the end of March, the DAX fell to the year's low of 1911 points. In September, it peaked at 2317 points and then ended 1995 at 2254 points; 8% higher than at the beginning of the year.

BMW Shares	1991	1992	1993	1994	1995
Ordinary share					
Number of shares in thousands	16,875	16,875	16,875	18,409	18,409
Stock exchange quotation in DM					
Year end	473	466	715	767	740
High	592	615	715	960	838
Low	359	447	485	666	665
Preference share					
Number of shares in thousands	1,047	1,103	1,156	1,293	1,328
Stock exchange quotation in DM					
Year end	370	342	519	558	519
High	463	465	519	695	600
Low	300	336	359	480	482
Key data per share in DM ^{1) 2)}					
Dividend					
Ordinary share	12.50	12.50	12.50	12.50 1.50 ³⁾	13.50
Preference share	13.50	13.50	13.50	13.50 1.50 ³⁾	14.50
Tax credit for shareholders resident in Germany					
Ordinary share	7.03	7.03	5.36	6.00	5.79
Preference share	7.59	7.59	5.79	6.43	6.21
Net income	43.77	40.45	28.66	35.44	35.12
Cash flow	158	160	143	181	191
Shareholders' equity ⁴⁾	345	362	378	389	403

¹⁾ Without values adjusted retroactively due to the capital adjustment in 1991 in a ratio of 8:1 and the capital increase in 1994 in a ratio of 11:1

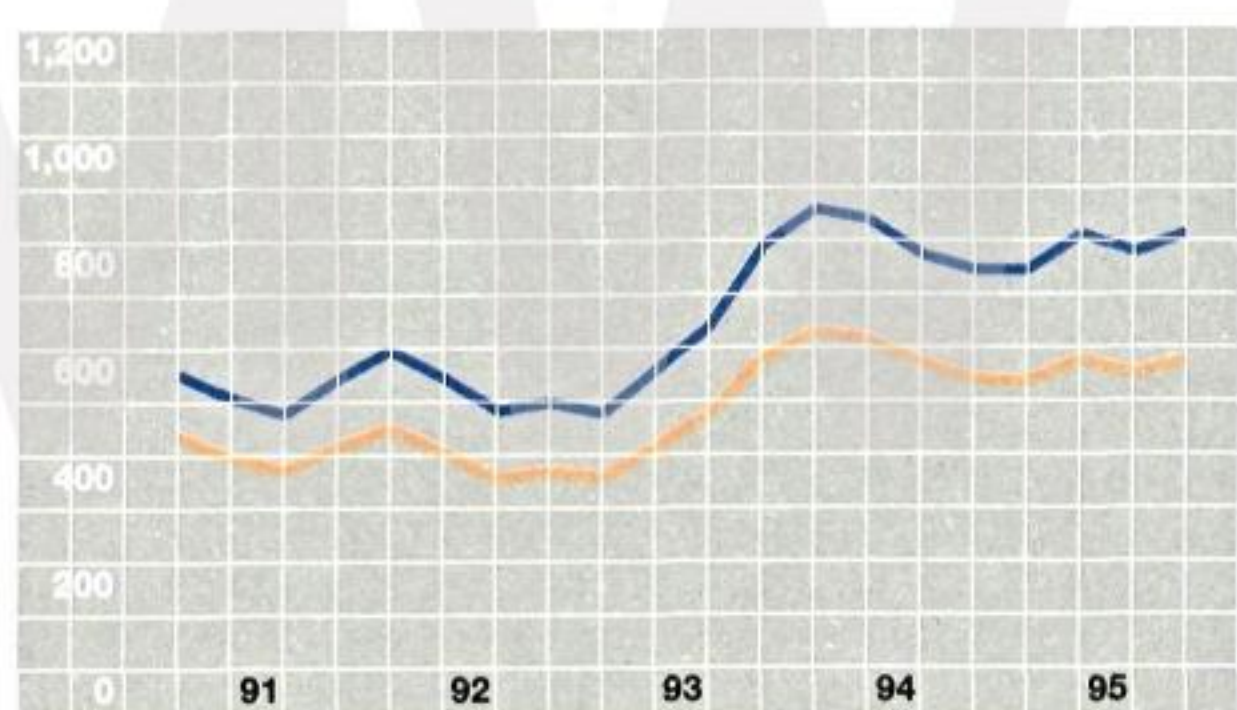
²⁾ Weighting of shares according to entitlement to dividend in year of issue

³⁾ Bonus

⁴⁾ Excluding unappropriated profit available for distribution.

In 1995, the price of the BMW ordinary share generally followed the trend on the entire German share market. The year's low of DM665 in the spring was followed by its high of DM838 in September. After ending the year at a price of DM740, the share rose to more than DM800 again in the first quarter of 1996.

The proposed dividend of DM13.50 per ordinary and DM14.50 per preference share for 1995 increases to DM19.29 and DM20.71 respectively, when including the tax credit for shareholders resident in Germany. Total dividend payments amount to DM267 million, compared with DM277 million in the previous year.



Performance of the BMW Share
Quarterly average in DM

— Ordinary share
— Preference share

The BMW share has been an attractive investment in recent years. Investors who bought BMW shares at the beginning of 1986 have had an average yearly yield of almost 10% for ten years. In the last five years, the annual yield has been more than 20%. German government bonds yielded only 5.4% and 8.8% respectively in the same periods.

Preference shares for employees

In 1995, new preference shares were again issued to employees in order to encourage employees' savings. As a result, the subscribed capital of BMW AG increased by DM1,768,000 to DM986,850,000.

**Companies of the
BMW Group**

The companies shown here, representing the Group's different fields of business, are predominantly wholly-owned BMW companies.

Automobiles and Motorcycles

BMW AG
Munich

Development

Research and Engineering Centre
Munich

Diesel Development Centre
Steyr, Austria

**BMW M GmbH, Gesellschaft
für individuelle Automobile**
Munich

BMW Technik GmbH
Munich

Charles W. Pelly Designworks, Inc.
Newbury Park, Ca., USA

Sales

BMW Austria Ges.m.b.H.
Salzburg

BMW Belgium S.A./N.V.
Bornem

BMW France S.A.
Bois d'Arcy

BMW (GB) Ltd.
Bracknell

BMW Ibérica S.A.
Madrid

BMW Italia S.p.A.
Palazzolo di Sona (Verona)

BMW Nederland B.V.
The Hague

BMW Norge A/S
Oslo

BMW (Schweiz) AG
Dielsdorf

Oy BMW Suomi AB
Helsinki

BMW Sverige AB
Stockholm

Production

Munich plant

Dingolfing plant

Regensburg plant

Wackersdorf plant

Landshut plant

Berlin plant

Eisenach plant

Steyr plant, Austria

Spartanburg plant, USA

Toluca plant, Mexico

Rossllyn plant, South Africa

Sales

BMW Asia Pte.Ltd.
Singapore

BMW Australia Ltd.
Melbourne

BMW de Latinoamérica S.A.
Buenos Aires

BMW do Brasil Ltda.
São Paulo

BMW Canada Inc.
Whitby

BMW Japan Corp.
Tokyo

BMW Korea Co., Ltd.
Seoul

BMW de México S.A. de C.V.
Mexico City

BMW New Zealand Ltd.
Auckland

BMW of North America Inc.
Wilmington, Del.

BMW (South Africa) (Pty) Ltd.
Pretoria

Automobiles

Rover Group Ltd.
Birmingham

Development and Production

Research and Test Centre
Gaydon

Longbridge plant

Solihull plant

Cowley plant

Swindon plant

Sales

Rover Belgium N.V.
Wolove

Rover Deutschland GmbH
Neuss

Rover España S.A.
Madrid

Rover France S.A.
Argenteuil

Rover Ireland Ltd.
Dublin

Rover Italia S.p.A.
Rome

Rover Nederland B.V.
Vianen

Rover Portugal Veiculos e Pecas Lda
Lisbon

Rover Australia Pty
Parramatta

Land Rover do Brasil Ltda.
São Paulo

Rover Japan Ltd.
Tokyo

Land Rover (South Africa) (Pty) Ltd.
Pretoria

Land Rover North America, Inc.
Dover, Del.

Aeronautical Engineering

BMW Rolls-Royce GmbH
Oberursel

Financial Services

Financial service companies
in 14 countries

Other Subsidiaries

Bavaria Wirtschaftsagentur GmbH
Munich

**BETEK Bau- und
Energietechnik GmbH**
Munich

Kontron Elektronik GmbH
Eching

Softlab GmbH
für Systementwicklung und EDV-
Anwendung

Munich

Group Financing

BMW Coordination Center N.V.
Bornem

BMW Finance N.V.
The Hague

**BMW Österreich Finanzierungs
GmbH**
Steyr

BMW Overseas Enterprises N.V.
Willemstad, Curaçao

BMW UK Capital Ltd.
Birmingham

BMW US Capital Corp.
Wilmington, Del.

January

BMW was the first European car manufacturer to establish assembly facilities with a local partner in Vietnam. The first BMW dealership opened in Manila in the Philippines.

The new BMW Recycling Centre was presented to the public at Lohhof near Munich.

Rover introduced a newly developed diesel engine with direct fuel injection in the Rover 620SDi.

BMW was the first foreign car manufacturer to establish its own sales company in South Korea.

February

The readers of the automobile journal "auto, motor und sport" voted the BMW 5 and 7 Series the "best cars" in their categories in 1995.

March

The touring version of the 3 Series BMW and the new MG sports car were presented at the Salon International de l'Automobile in Geneva.

The BMW Isetta, one of the symbols of the German economic miracle, celebrated its 40th birthday.

April

For the first time, a second production shift was worked at the Berlin plant in order to meet the strong demand for BMW motorcycles.

BMW purchased Designworks in southern California.

May

Rover introduced the hatchback version of the new 400 Series. The four-door saloon version followed in the autumn.

A contract was signed with the Indian Hero Group on the assembly and sale of the single-cylinder F 650 motorcycle in India.

"Kids Together" was the motto of the fourth project which BMW started, with youngsters, against violence and hostility to foreigners.

June

The three-millionth BMW engine was produced at Steyr.

July

The legendary 24-hour race at Spa-Francorchamps in Belgium ended with a victory for two BMW 320i touring cars.

TÜV Bayern/Sachsen inspected the quality management systems of BMW's new plant in the United States and issued a certificate confirming high standards.

August

The assembly of BMW cars for the Mexican market began at Toluca, Mexico.

September

The new 5 Series BMW had its world premiere at the International Motor Show in Frankfurt am Main. The 7 Series saloons became available with a 6-cylinder engine.

October

The new Rover 200 was presented at the London Motor Show. This model increases the marque's appeal in the lower medium-sized segment.

BMW established its 20th sales company abroad; in Brazil.

November

In Savannah, Georgia, the Gulfstream V executive aircraft made its maiden flight, equipped with two BR710 aero engines by BMW Rolls-Royce.

BMW presented the new Z3 roadster to the international trade press at Spartanburg, South Carolina.

The 14th BMW Art Car, painted by David Hockney, was exhibited at the Royal Academy in London.

December

BMW Technik GmbH, the centre which pioneers new concepts for cars and components, had its 10th anniversary.

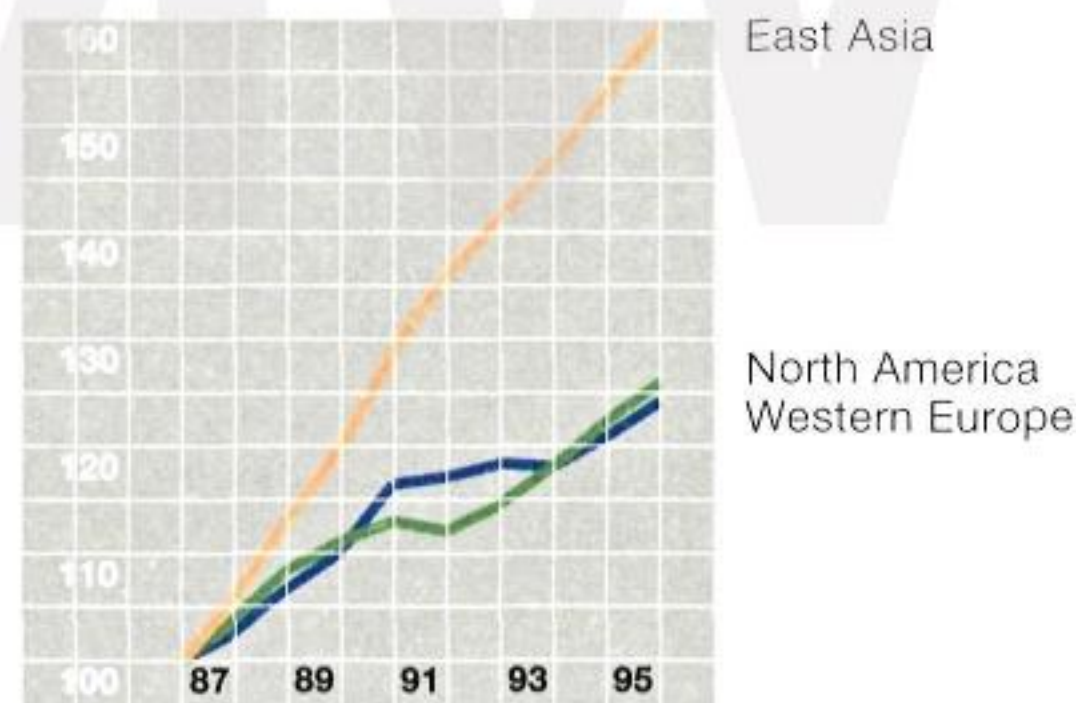
In 1995, some 100,000 8-cylinder engines were manufactured at the companies of the BMW Group; two-thirds of total European production. BMW is the leading manufacturer of 12-cylinder engines.

The world economy grew less dynamically in 1995. The markets were adversely affected by the development of public finances and exchange rates. Only Asia and Latin America still showed signs of expansion. Car manufacturers built new plants in their sales markets. Suppliers also took an increasingly global approach. Car sales stagnated in Europe and North America, while demand recovered in Japan. In Germany, the upturn fell short of expectations. Additional burdens are curbing prospects on the car market.

World economy: growth without drive

The world economy failed to develop as dynamically as in 1994, growing by only 2.7%. Economic growth slowed down in almost all industrial countries. Turbulence on the international exchange markets had a considerable impact. Investment in inventories also slackened as usual during the course of the cycle.

In 1995, world trade increased by 8%; again far more strongly than the world economy. The strongest impetus came from threshold countries in Asia and Latin America whose economic growth was mainly due to exports.



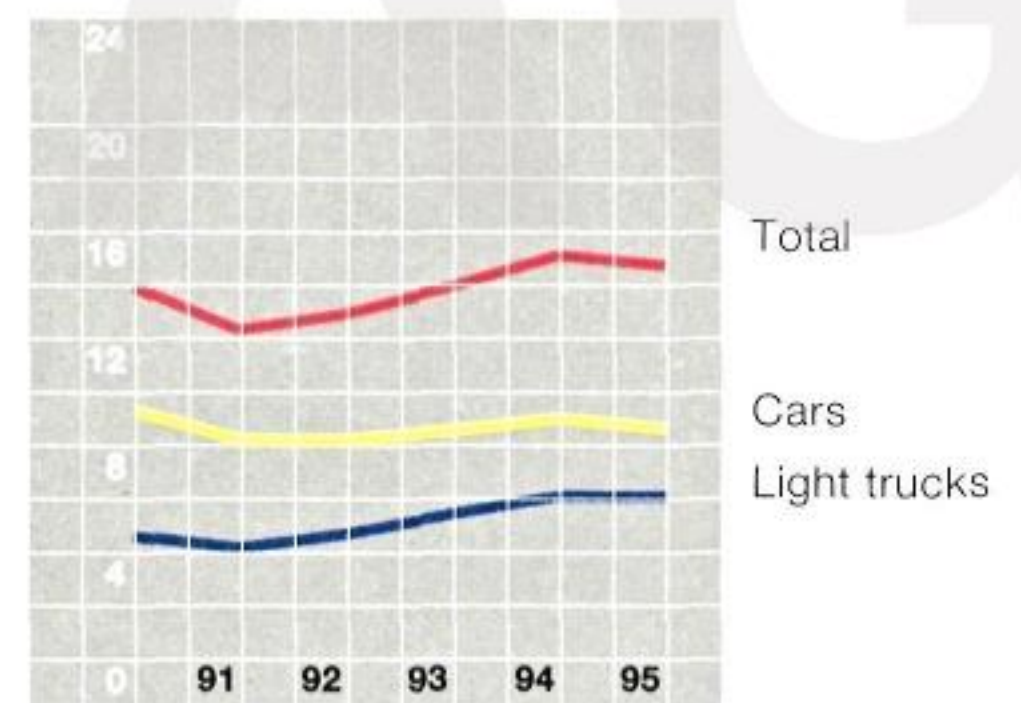
Gross Domestic Product
Index: 1986 = 100

The trend towards low inflation rates continued in both the industrial and threshold countries as a result of slacker demand and further productivity gains.

World car production stagnated

In 1995, demand for cars fell short of expectations. Thus, worldwide production rose by only 2% to 36.3 million cars, compared with 4% growth in the previous year. While in Europe production rose by 4% to 13.3 million cars, it declined in North America and Japan by 2% each to 7.7 million and 7.6 million cars respectively.

In Latin America, the trend differed from one country to the next. Thus, Argentina and Mexico recorded two-figure decreases, while car production in Brazil rose by 4% to 1.3 million units.



**Automobile Registrations
in the United States**
in millions

In South Korea, which now ranks fifth among the car-making nations, production increased by 16% to 2.1 million cars.

1995 saw further structural shifts in the international car industry. More capacity moved from traditional production centres to sales markets. The supply industry followed this trend, moving increasingly to more economical locations. The establishment of system suppliers was also symptomatic of the continuing concentration process.

US economy: soft landing at the end of the boom

In the United States, the overheating feared at the end of the boom, which had lasted several years, was largely avoided. With low inflationary expectations, comparatively low unemployment of 5.6% and moderate wage increases, growth continued, albeit in a weaker form.

However, the current account showed a record deficit. The public-sector deficit continued to cause considerable uncertainty. Thus, the size of the deficit and insufficient domestic savings were enough to shake confidence in the US dollar time and again.

In the United States, deliveries of new cars to customers decreased by 4% to 8.6 million units. Traditional US manufacturers and Japanese marques were affected most by weaker demand. As many as 1.6 million of the 2.6 million Japanese cars sold in the United States were also produced there. These cars are exported increasingly to Japan and Europe. The light truck segment stagnated at 6.1 million units.

Imported cars accounted for only a 19% share of the US market, compared with 30% eight years previously. Sales of German marques developed satisfactorily, rising by 12% to 300,000 units.

In the United States, production decreased by 4% to 6.4 million cars. In Canada, it reached its 1993 level with 1.3 million units.

However, Canadian demand for cars fell by 10% to 670,000 units; the lowest figure for 25 years.

In Mexico, the total market fell to one-quarter of the previous year's level of 413,000 units because of the financial crisis.

Latin America: on the right path despite setbacks

Despite recent turbulence, the prospects for Latin America remained favourable. The economic and political reforms of the last few years have strengthened the free-market forces throughout the sub-continent. Investments by foreign, including growing numbers of German companies have contributed to this development.

With 2.2 million units, more cars were produced in Latin America than in South Korea in 1995. While in Brazil demand for cars rose by 27% to 1.4 million units, in Argentina it fell by around 30% to 281,000 units.

Japan: car sales rise despite economic stagnation

The structural problems of the Japanese economy and, for a long time, the high value of the yen hindered notable growth for the fourth successive year. Even extensive economic programmes and the Bank of Japan's expansive monetary policy did not make the gross national product rise by more than half a percent in 1995.

In the Japanese car market, increasing replacement requirements were mainly responsible for the further recovery of demand. Registrations of new cars rose by 6% to 4.4 million units. In the top market segment, they grew by 13% to 535,000 units.

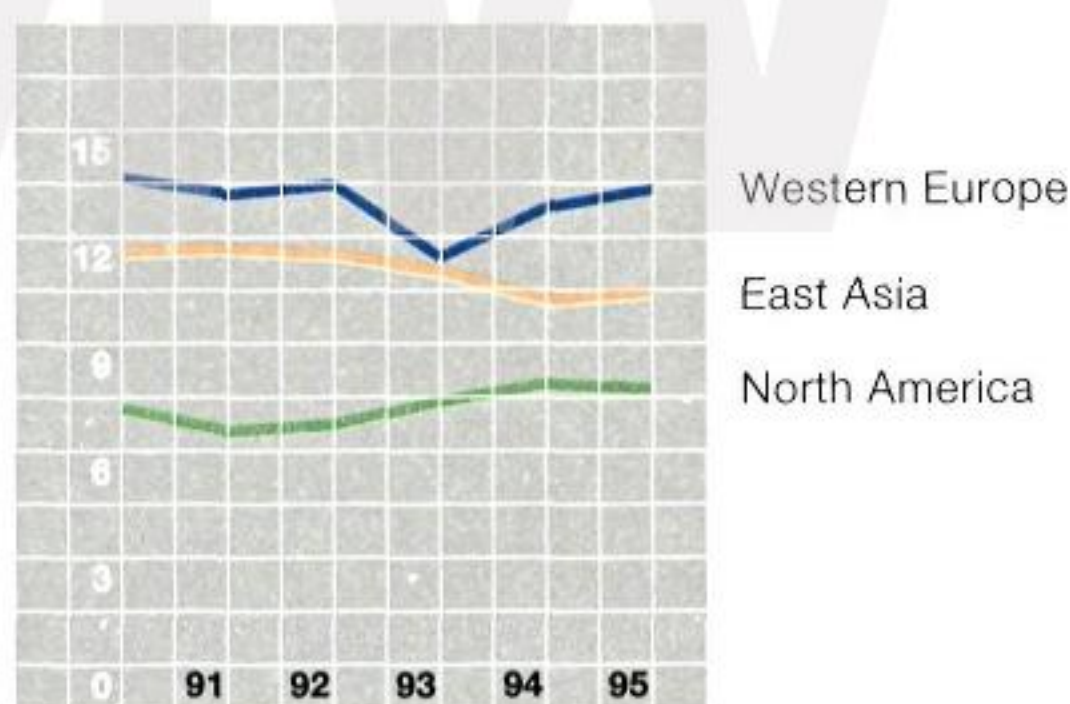
Imported cars recorded 31% growth to 362,000 units, achieving a market share of 8.2%. European manufacturers largely accounted for this development, while Japanese marques from American and European plants made up one-quarter of the imported cars.

The further decline in car exports by 14% to 2.9 million units was accompanied by a corresponding increase in production outside Japan.

East Asia continues to be dynamic

The strength of the Japanese yen benefited the Asian threshold countries in particular, as their sales opportunities improved in Japan. Furthermore, Japanese companies continued to move production to these countries. The continuing economic upturn also boosted demand for cars by 10% to more than 3 million units.

China and India, the most populous countries in the world, have already ousted Germany from third place among the largest economies in terms of purchasing power. However, low per capita incomes will limit the market for expensive consumer goods in the foreseeable future.



Automobile Production
in millions

Europe on the road to monetary union

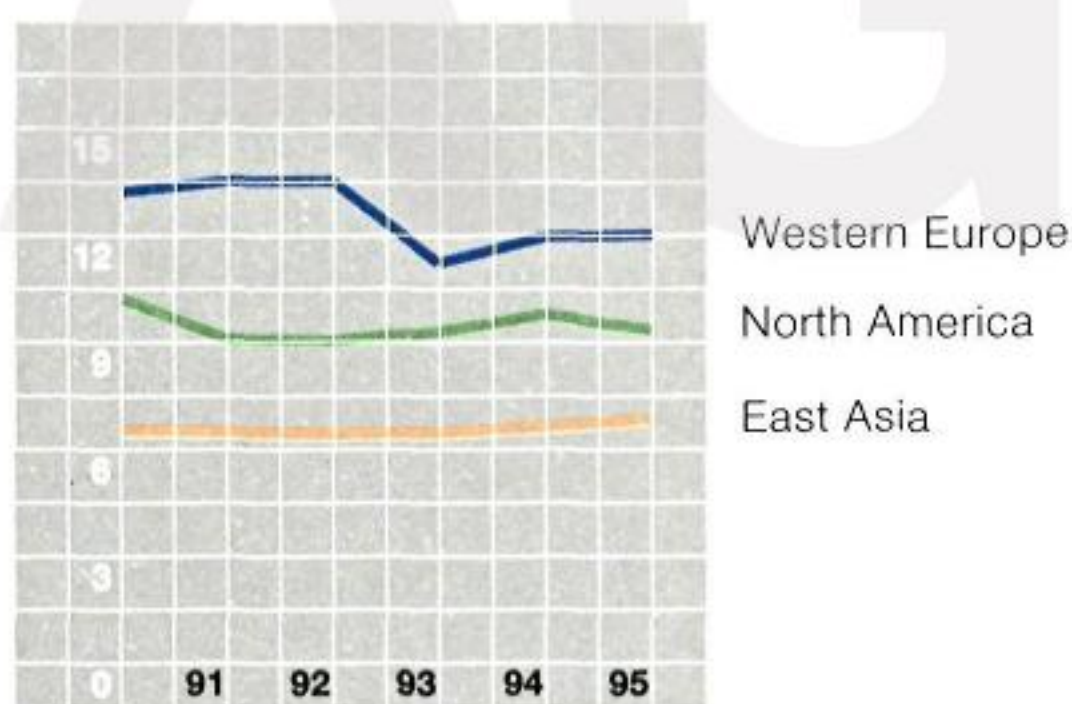
In most west European countries, economic growth weakened, averaging around 2.5%, compared with 2.9% in the previous year.

Despite differing attitudes towards participation in the planned European monetary union, marked progress was made in the fight against inflation, with Europe's average inflation rate decreasing from 4.0% to 2.7% in four years. However, consolidation of public finances proved extremely difficult because of the high level of unemployment. In particular, those

countries less accustomed to stability were forced to undergo a severe process of real economic adjustment.

While Great Britain, Italy and Spain gained additional export opportunities through the devaluation of their currencies, Germany and France were particularly hard hit by the measures to economise.

In Western Europe, registrations of new cars remained at around 12 million units, having increased by 6% in the previous year. Slight growth was recorded in Germany, Italy and Great Britain. In France, Spain and Denmark sales increased initially, but slackened when the governments phased out financial incentives. In Spain, demand was 25% below the all-time high recorded in 1989.



Automobile Registrations
in millions

While German manufacturers maintained their leading position in Western Europe with a market share of 38%, the share of French cars decreased to 22%. The Italian share remained stable at 11%. Japanese marques again accounted for 11% of all registrations.

Thirty percent of the Japanese cars sold in Germany were produced in Europe or the United States.

Sales of the South Korean car industry, now represented by three marques in Europe, increased by two-thirds to 179,000 units, accounting for a market share of 1.5%.

Diesel-engined cars achieved a 23% share as in the previous year. France was again the largest European diesel market, with diesel-engined cars accounting for a 47% share.

While the total market remained unchanged, production in Western Europe rose by 4% to 13.3 million cars. The Japanese car plants made a significant contribution to this increase, with 16% growth to 520,000 units.

Germany: upturn without jobs

At the beginning of 1995, the upturn, which had brought Germany out of recession in the previous year, was curbed by strong appreciation of the D-mark and wage increases which clearly exceeded productivity gains. Real growth of 1.9% was lower than in the previous year and fell short of expectations.

In Germany, the economy is held in check by state-generated burdens. Thus, despite high capacity utilisation, the unfavourable factors affecting Germany's status as an industrial base played an increasingly important role in investment decisions. Investments in machinery and equipment, and private consumption, which usually support the second phase of an upturn, remained weak. This is also evident from the investments of German companies abroad which, in 1995, were almost five times as high as the influx of capital for foreign investment in Germany. Despite considerable wage increases, additional taxes and charges prevented private disposable incomes from rising appreciably.

Modest economic growth and slight increases in employment in the east of Germany did not prevent a decline in jobs in the west. Thus, for the first time in the Federal Republic's history, the economy grew without having a positive effect on the labour market.

German car market recovers slightly

In Germany, the many new models launched in 1995 helped to boost registrations by 3% to 3.3 million cars. While in the old federal states demand increased by 5%, in the eastern part of the country it decreased by 2%. Diesel-engined cars accounted for a 14.6% share; two percentage points below the previous year's figure.

Registrations of foreign marques increased by 2% to 1.06 million units. In the new federal states, their 47% share was still extremely high.

Car production rose by 7% to 4.4 million units. Exports increased more strongly, by 9% to 2.5 million units. Thus, the share of exports rose to 57%. However, in the second half of the year, the upward trend in exports was checked noticeably by the unfavourable development of exchange rates.

Two-thirds of the exported cars went to other countries in the European Union. Exports to Asian markets increased by 14%. They more than doubled to Latin America. The production of German marques abroad rose from 1.9 million to 2.2 million units.

At the end of the year, some 660,000 people were employed in the German car industry, about the same number as in the previous year.

British car market stagnates

In 1995, car registrations in Great Britain increased by 2% to 1.95 million units. This was partly due to the relatively large size of the business market.

The trend towards diesel-engined cars came to a halt after several years of steady growth in demand. The share of diesel cars fell slightly to 21%.

Foreign marques continued to gain ground, accounting for a 51% share. Thus, registrations of Italian marques increased by 22%, German by 13% and Japanese by 5%.

Car production rose by 4% to 1.53 million units. Every fourth car made in Great Britain was a Japanese marque. Rover Group was again the largest British car manufacturer.

Central Europe makes economic progress

Starting from a low level, the countries of Eastern Europe, excluding the CIS, achieved economic growth of between 4% and 6%.

Trade with the European Union, which accounts for about 75% of these countries' foreign trade, continued to grow. However, in 1995, most of the former eastern bloc countries still had current account deficits because of their huge need for foreign capital to modernise their industries.

In this region, total car production increased slightly to 1.7 million units.

Recycling structures continue to be developed

In Germany, a further 20 firms were licensed to recycle BMW cars in 1995. Thus, 50 recycling firms now accept scrapped BMW cars nation-wide. BMW's activities to dismantle and recycle scrapped cars meanwhile set standards. These can be used as a basis for the legal rules and regulations required for a comprehensive recycling system to be successful.

Through the cooperation agreed with Fiat and Renault in the previous year, the number of Italian recycling firms that accept partners' scrapped cars rose to around 75. Mid-year, Rover Group integrated 12 firms in Great Britain into this international recycling network. The companies are responsible in their respective country for the recycling of their partners' scrapped cars.

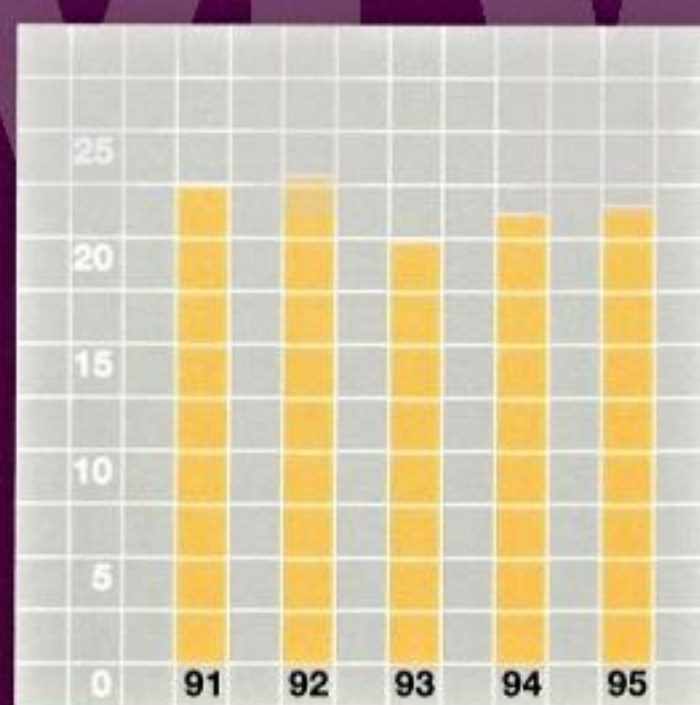
In the Netherlands, the businesses of the BMW dealer organisation formed a nation-wide recycling network. Initiatives to recycle scrapped cars with a minimum impact on resources and environment also continued overseas.

Products designed for recycling

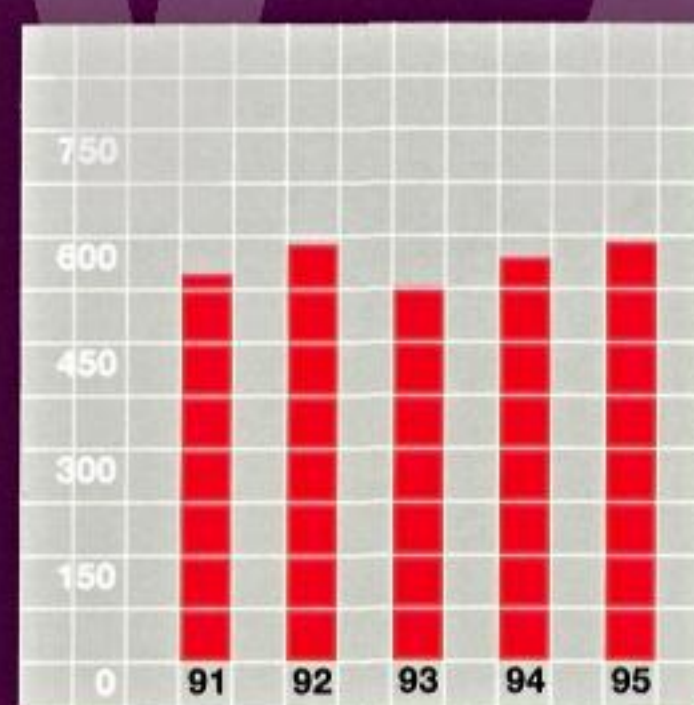
The dismantling and recycling facilities at Lohhof near Munich are so close to the BMW Research and Engineering Centre that the know-how acquired during the recycling of scrapped cars can be integrated, on a continuous basis, into the development processes for new cars and components.

As a result, the volume of economically recyclable plastics in the new 5 Series BMW is 70% higher than in the previous model. Plastic waste that occurs during production of the instrument panel is used immediately to make other parts for these cars. Around 15% of the plastics used are made of recycled materials.

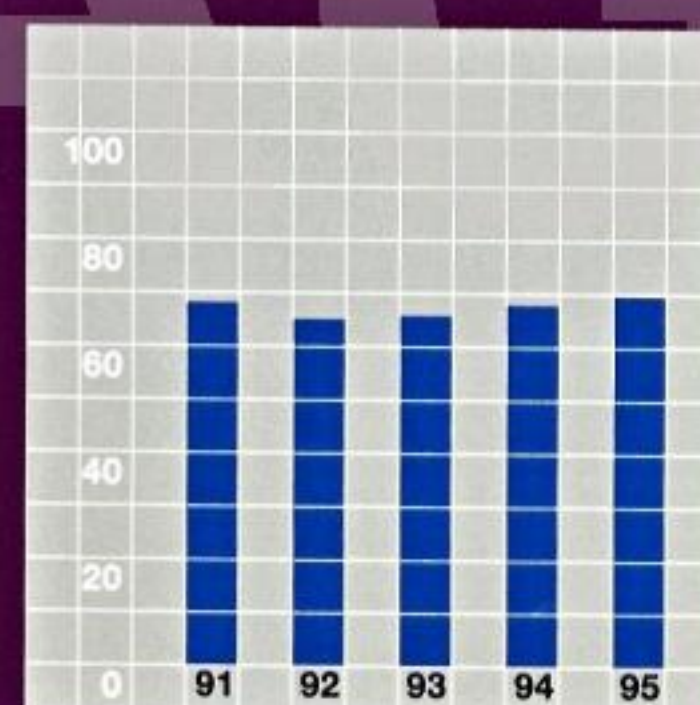
Cars and motorcycles are BMW's main area of competence. In 1995, the marque again set standards with individual products and advanced technology. With environmentally compatible production, the re-use of parts and materials, intelligent traffic management and linked transport systems, the Company contributes to sustained mobility.



**Sales of
BMW Automobiles**
in DM billion



**Production of
BMW Automobiles**
in thousands



**Employees in the
BMW Automobile Business**
in thousands



BMW Automobile and Motorcycle Range

BMW cars and motorcycles in New Jersey against the skyline of Manhattan, New York City.

3 Series

316i

1596cc, 75kW (102bhp)

¹ 318i

1796cc, 85kW (115bhp)

318tds

1665cc, 66kW (90bhp)

320i

1991cc, 110kW (150bhp)

323i

2494cc, 125kW (170bhp)

325td

2498cc, 85kW (115bhp)

325tds

2498cc, 105kW (143bhp)

328i

2793cc, 142kW (193bhp)

M3

3201cc, 236kW (321bhp)

318i touring

1796cc, 85kW (115bhp)

318tds touring

1665cc, 66kW (90bhp)

² 320i touring

1991cc, 110kW (150bhp)

323i touring

2494cc, 125kW (170bhp)

325tds touring

2498cc, 105kW (143bhp)

328i touring

2793cc, 142kW (193bhp)

316i compact

1596cc, 75kW (102bhp)

316g compact

1596cc, 64kW (87bhp)

³ 318ti compact

1895cc, 103kW (140bhp)

318tds compact

1665cc, 66kW (90bhp)

316i Coupé

1596cc, 75kW (102bhp)

318is Coupé

1895cc, 103kW (140bhp)

320i Coupé

1991cc, 110kW (150bhp)

323i Coupé

2494cc, 125kW (170bhp)

328i Coupé

2793cc, 142kW (193bhp)

⁴ M3 Coupé

3201cc, 236kW (321bhp)

318i Convertible

1796cc, 85kW (115bhp)

320i Convertible

1991cc, 110kW (150bhp)

⁵ 328i Convertible

2793cc, 142kW (193bhp)

M3 Convertible

3201cc, 236kW (321bhp)

⁶ Z3 roadster 1.8

1796cc, 85kW (115bhp)

Z3 roadster 1.9

1895cc, 103kW (140bhp)

5 Series

520i

1991cc, 110kW (150bhp)

⁷ 523i

2494cc, 125kW (170bhp)

⁸ 525tds

2498cc, 105kW (143bhp)

528i

2793cc, 142kW (193bhp)

535i

3498cc, 173kW (235bhp)

540i

4398cc, 210kW (286bhp)

518i touring

1796cc, 85kW (115bhp)

518g touring

1796cc, 74kW (101bhp)

520i touring

1991cc, 110kW (150bhp)

525i touring

2494cc, 141kW (192bhp)

525td touring

2498cc, 85kW (115bhp)

525tds touring

2498cc, 105kW (143bhp)

⁹ 530i touring

2997cc, 160kW (218bhp)

540i touring

3982cc, 210kW (286bhp)

7 Series

725tds

2498cc, 105kW (143bhp)

728i

2793cc, 142kW (193bhp)

735i

3498cc, 173kW (235bhp)

¹⁰ 740i

4398cc, 210kW (286bhp)

750i

5379cc, 240kW (326bhp)

728iL

2793cc, 142kW (193bhp)

735iL

3498cc, 173kW (235bhp)

740iL

4398cc, 210kW (286bhp)

¹¹ 750iL

5379cc, 240kW (326bhp)

8 Series

¹² 840Ci

4398cc, 210kW (286bhp)

850Ci

5379cc, 240kW (326bhp)

850CSi

5576cc, 280kW (380bhp)

Motorcycles

F 650

652cc, 35kW (48bhp)

R 850 R

848cc, 52kW (70bhp)

¹³ R 1100 R, R 1100 GS

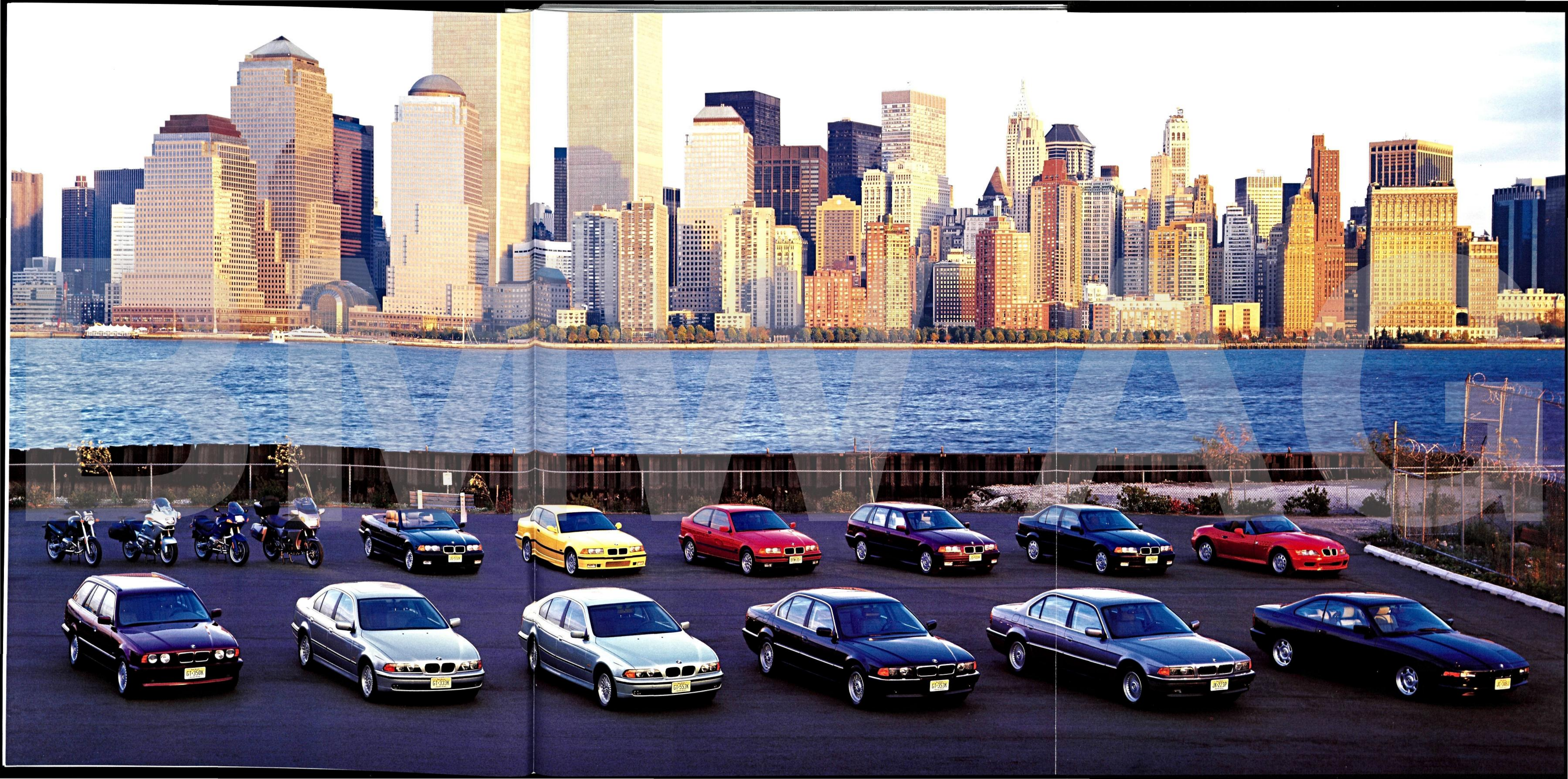
1085cc, 59kW (80bhp)

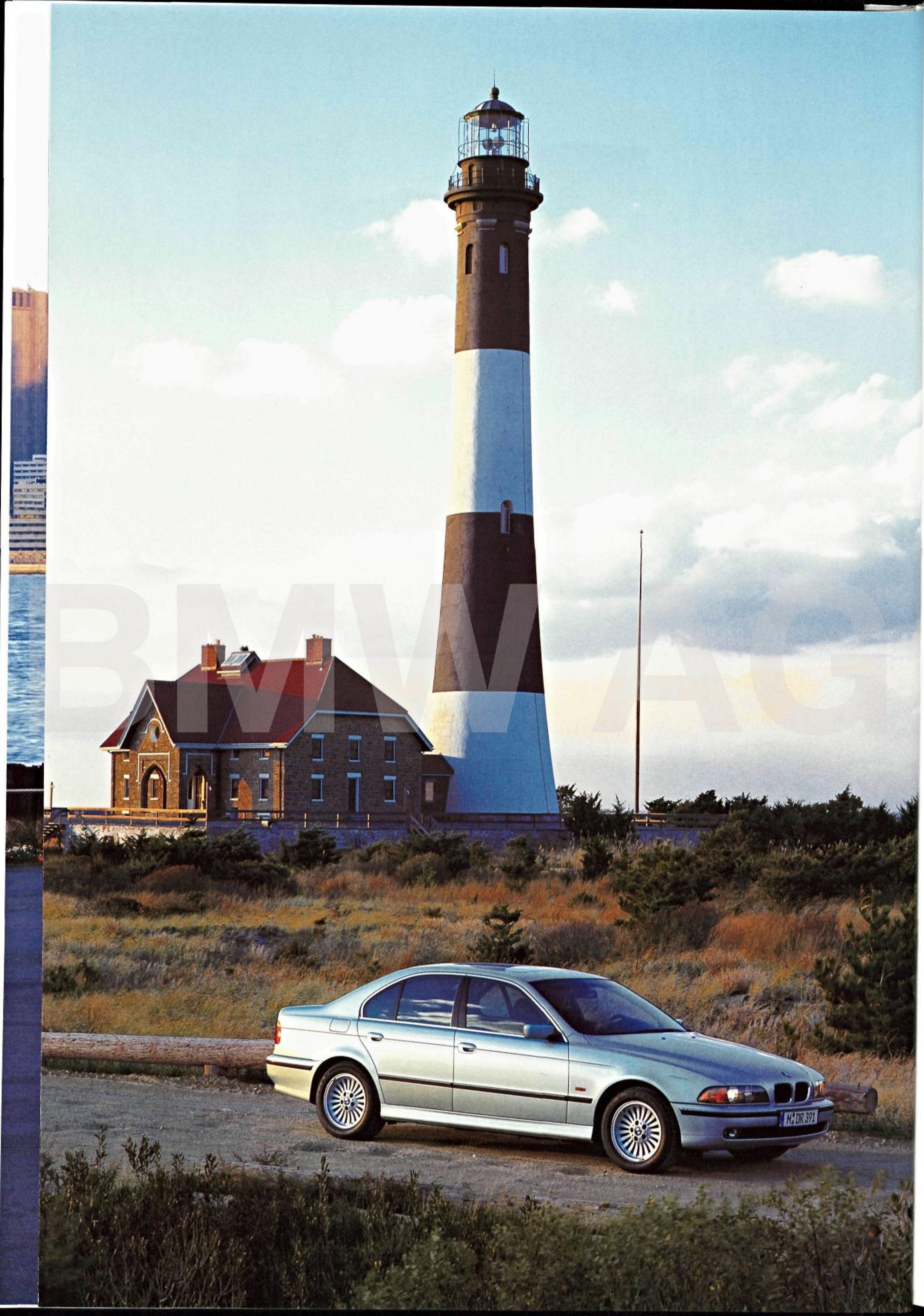
^{15, 14} R 1100 RS, R 1100 RT

1085cc, 66kW (90bhp)

¹⁶ K 1100 RS, K 1100 LT

1092cc, 74kW (100bhp)





BMW Automobiles	1995	1994
Sales in DM billion	21.5	21.1
Production in thousands	595	573
Employees in thousands	69.7	68.0

Demand for BMW cars continued to increase. In 1995, sales rose particularly in the United States, Great Britain and Japan. New sales companies strengthened BMW's market position in Asia and Latin America. The 3 Series BMW achieved a record with deliveries to customers of more than 400,000 cars. In Europe, the 7 Series saloons with 8- and 12-cylinder engines were the leaders in their segment. The new 5 Series was introduced into the markets to widespread acclaim. BMW dealers invested in first-class, comprehensive customer services.

Rising demand for BMW cars

In 1995, deliveries of new BMW cars to customers increased by 3% to more than 590,000 units. As a result, the BMW share of the world car market rose to 1.7%.

This growth was achieved despite stagnating sales in the BMW segment and at the same time as the model change-over in the 5 Series. It was mainly due to the continuing market success of the 3 Series and the worldwide availability of the new generation of 7 Series cars, introduced in the previous year.

Despite keener competition, sales of 3 Series cars increased by 7% to 413,100 units. Again, these cars were the most successful in their segment. For the first time, more than 400,000 of these cars were delivered to customers worldwide in a single year.

In 1995, demand was boosted by the compact models, some 85,000 of which were delivered to customers, and the touring versions introduced in May. The compact models, in particular, appealed to new customers. The revised 2.5- and 2.8-litre, 6-cylinder engines and the new 1.7-litre, 4-cylinder diesel engine also stimulated demand.

With sales of more than 200,000 units, the four-door saloon remained the most popular 3 Series car. Demand for Convertibles also continued to rise, achieving a new high of 34,000 units in an increasingly competitive market. Deliveries of M3 cars to customers rose to 12,200 units; also a record level.

At the end of 1995, BMW presented the Z3 roadster, first available with either a 1.8- or 1.9-litre, 4-cylinder engine. At the Salon International de l'Automobile in Geneva at the beginning of the new year, BMW M GmbH showed a particularly powerful version, the M roadster, with a new 3.2-litre, 6-cylinder engine from the M3 Series.

Demand for the new roadster exceeded all expectations. The first cars were delivered to customers in the United States and in Germany in March 1996.

In 1995, the most important innovation to the BMW model range was the introduction of a new generation of 5 Series cars. Despite the model change-over, sales of the medium-sized BMW decreased by only 17% to 124,000 units. Thus, in its last year of production, almost as many 5 Series cars of the outgoing generation were sold as in the preceding model's best year. A total of 1.3 million of these 5 Series cars, first introduced in 1988, had been produced and sold.

The touring versions of the outgoing model, which are still being produced for the time being, contributed to the satisfactory development of the 5 Series. Some 40% of these cars were fitted with diesel engines. Production of the outgoing 5 Series saloon stopped at the end of 1995.

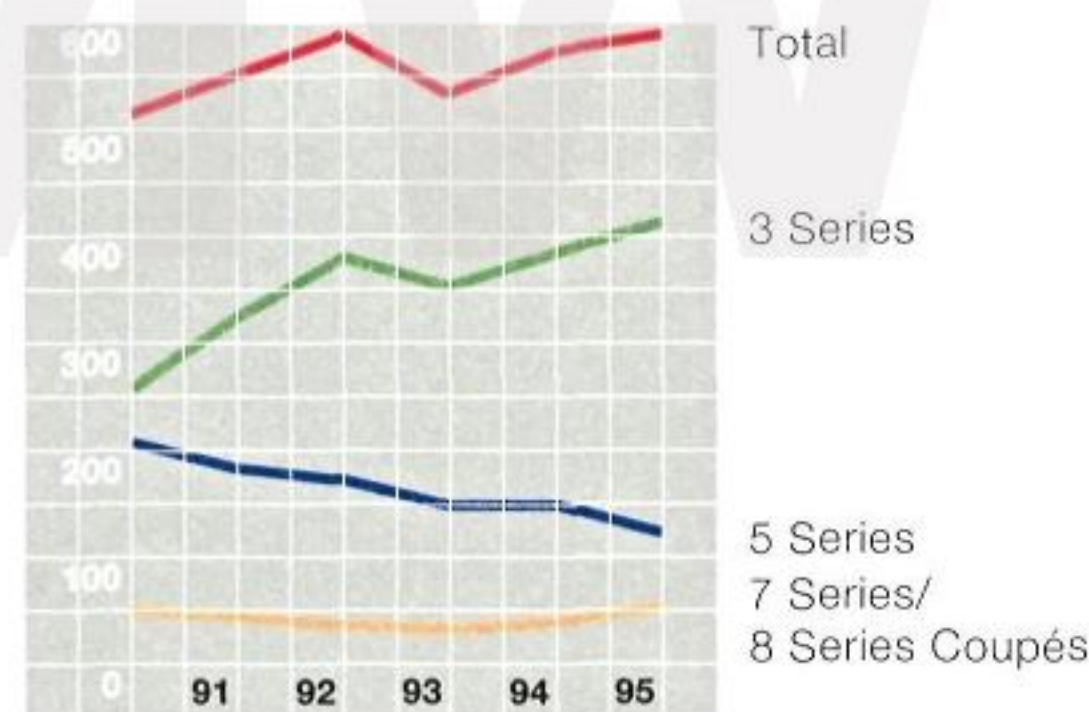
The new 5 Series BMW was presented to the international public in the autumn and launched in continental Europe in December 1995. It will become available in Great Britain and in overseas markets by mid-1996.

The production start-up at the BMW Dingolfing plant, where 7 and 8 Series cars are also made, went according to plan. The new cars were distinguished by an unusually high standard of quality from the start.

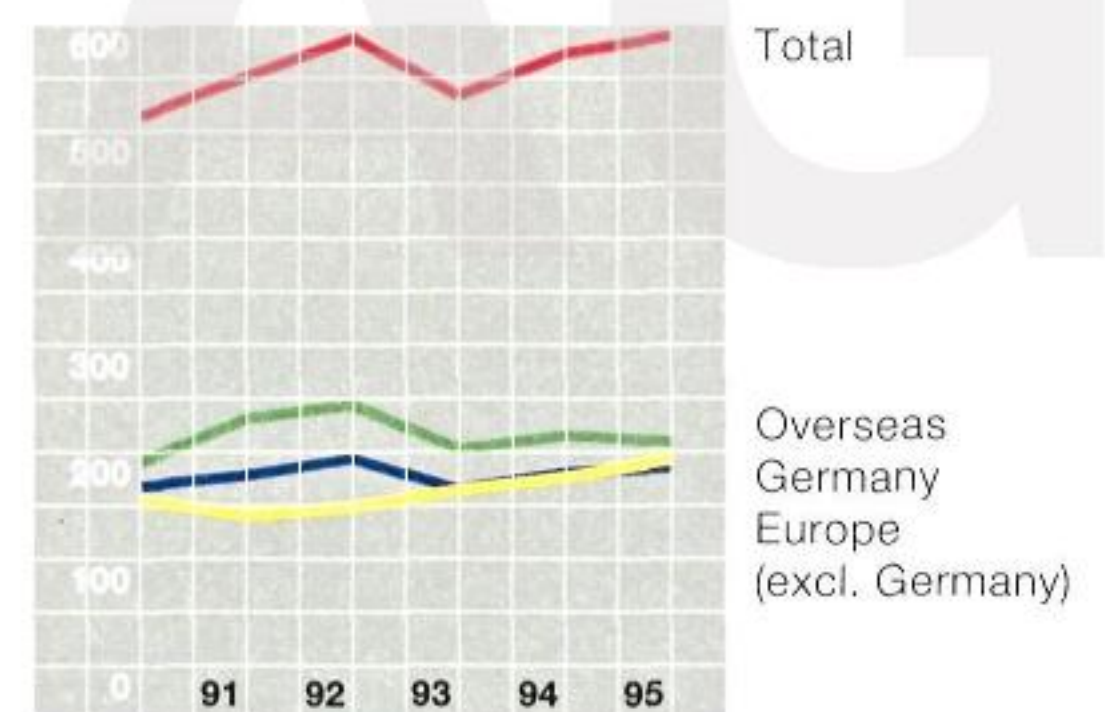
First assessments by trade press, dealers and customers suggest that the 5 Series BMW will continue to be a success.

In September, a 2.8-litre, 6-cylinder engine with 142kW (193bhp) was added to the range of engines for the 7 Series BMW. The new 728i model is also available with an extended wheelbase. From the spring of 1996, the large BMW saloon will also be available with a diesel engine which uses only 7.5 litres of fuel per 100km.

The large coupés of the BMW 8 Series are also fitted with 8- and 12-cylinder engines; 2,700 of these cars were delivered to customers. BMW M GmbH equipped around 15% of these cars in accordance with the customer's personal wishes.



Deliveries of BMW Cars to Customers According to Models
in thousands



Deliveries of BMW Cars to Customers According to Regions
in thousands

In 1995, the new BMW 7 Series established itself in the world markets with models with 8- and 12-cylinder engines. Deliveries to customers rose to more than 50,000 units, 42% up on the previous year. In Europe, the large BMW saloons were the cars in greatest demand in the top market segment. BMW was Europe's largest manufacturer of 8-cylinder engines and was the world leader for 12-cylinder engines.

From December 1995, BMW was the first European car manufacturer to offer, in its standard range, two cars with natural gas propulsion. The 316g compact and 518g touring versions have both a compressed gas tank and a conventional petrol supply.

With their introduction, BMW took a decisive step towards advancing a promising technology. The technologies developed, particularly for storing natural gas, are an important preliminary for the long-term aim of using hydrogen as a source of energy for car propulsion.

BMW cars maintained their position in Western Europe

Despite economic and political uncertainties, 392,000 new BMW cars were delivered to customers in Western Europe, corresponding to a market share of 3.3%. BMW had to cope with considerable competitive disadvantages because of the devaluation of numerous European currencies against the D-mark.

In Germany, with 214,900 new registrations, the BMW marque maintained the previous year's high level, achieving a market share of 6.5%. Despite keener competition, registrations of 3 Series cars increased by 8% to almost 150,000 units. With 16,900 registrations and a good 30% share of the top market segment, the 7 Series BMW was the high-performance luxury car in greatest demand. After a sharp increase triggered by tax advantages in the previous year, demand for diesel-engined cars fell by 16% to 27,400 units.

BMW sales developed excellently in Great Britain, rising by 21% to 55,000 units. It was the first time that more than 50,000 BMW cars were sold there. While the total market remained almost unchanged, the BMW share increased from 2.4% to 2.8%. The marque's long-standing, leading position in Great Britain's top car segment consolidated further. Increased awareness of the Company due to the acquisition of Rover Group may also have contributed to this development.

In France, the economic slowdown also affected registrations of BMW cars, declining by about 5% to 25,100 units. As the boom in diesel-engined cars continued, the share of 3 Series saloons with diesel engines increased to 77%. In the 5 Series, nine out of ten customers chose a diesel model.

Price increases due to shifts in exchange rates affected sales in Italy and, in particular, in Spain. In Italy, BMW registrations decreased by 8% to 28,400 new

cars. In Spain, some 9,600 BMW cars were delivered to customers, compared with 13,600 in the previous year. In Austria and Switzerland, BMW cars maintained their market position with more than 10,000 new registrations each. In Belgium, they achieved a market share of 3.8%; an all-time high.

In the smaller markets of southern and northern Europe where BMW is represented by independent importers, demand rose by around 15% to 12,000 units. The new 318tds, a 4-cylinder diesel model, contributed significantly to this development. In the markets of Central and Eastern Europe, sales were hampered by changing import regulations and duties. With 2,200 units, they achieved about 90% of the previous year's level.

Further growth in North America

In the United States, the momentous business decision to build a car plant at Spartanburg soon had a positive effect on the Company's position. With strong demand for all BMW models, sales rose by 10% to 93,300 units, in contrast to the general market trend. Since the 1991 low, deliveries to customers have increased by 75%.

Deliveries of the 7 Series BMW rose by 50% to 15,000 cars. This is a record for the high-performance 8- and 12-cylinder models. For the outgoing 5 Series car, 1995 was the third-best sales year since the model's introduction. Deliveries of 3 Series cars increased by more than 10%, with demand for the M3 BMW almost doubling to 5,800 units.

In Canada, BMW again sold 5,200 cars although the overall market declined significantly. New models and extensive investment in the quality of the sales organisation and customer service consolidated BMW's market position in Canada.

Upward trend in Latin America

After Southeast Asia, Latin America is considered the region with the greatest opportunities for growth. Since important countries in Latin America began, in the early 1990s, to pursue free-market policies, the car market, excluding Mexico, has doubled to 2 million units a year. Car imports have also almost doubled to 440,000 units. Sales of BMW cars trebled, from a low level, to 5,000 units.

However, the region is still marked by economic instability and protectionist tendencies. In Brazil, with 1.4 million units by far the largest car market in Latin America, car imports were hard hit by unexpected increases in customs duties in 1995. However, the formation of common markets, such as NAFTA in the north and Mercosur in the south of America, suggest more steady economic development in the future.

In 1995, BMW greatly increased its presence in the region in order to better develop the sales potential of the Latin American market.

Since Mexico will be closed to car imports until the year 2004, BMW began, in August 1995, with the local assembly of BMW cars. By cooperating closely with the Mexican supply industry, the required local content of 30% was easily achieved.

Activities at BMW de México S.A. de C.V., the sales company established in 1994, focused on developing a nationwide dealer organisation. In addition, the BMW company is to increase cooperation with the Mexican supply industry.

BMW de Latinoamérica S.A., the new sales office in Buenos Aires, Argentina, caters for the needs of the other Spanish-speaking countries of Latin America, and the Caribbean. In São Paulo, Brazil, a new sales company, BMW do Brasil Ltda., opened in October. Two thousand eight hundred BMW cars were sold there in the entire year.

Differing trends in East Asia

In 1995, almost every tenth BMW car was sold in East Asia. While new registrations rose by 19% to 34,400 units in Japan, a sales volume of some 25,000 units was again achieved in the other East Asian countries.

Recent market success in Japan was influenced by the high level of acceptance of BMW cars. It was also due to the steady development of an exclusive dealer organisation since BMW Japan Corp. started business activities in 1981.

In South Korea, BMW was the first foreign car manufacturer to establish its own sales company. BMW Korea Co. Ltd. opened on July 1st 1995. More than 700 BMW cars were sold in an extremely difficult environment, compared with only 100 to 200 cars in previous years.

In order to serve the East Asian import markets, BMW Asia Pte. Ltd. in Singapore established a service training centre and began to build a distribution centre for parts and accessories. From here, the 20 or so BMW markets in the region will be supplied efficiently and flexibly within 24 hours, as in Europe and the United States, with a range of 20,000 Genuine BMW Parts and Accessories.

In 1995, East Asian car markets developed very differently from one country to the next. This was partly due to political uncertainties and to dependence on the US dollar. High customs duties or taxes were levied on high-performance cars almost everywhere.

Car imports are practically impossible in a number of markets. Therefore, in Indonesia, Malaysia, Thailand, Vietnam and the Philippines, BMW cars are assembled from kits by local importers. In 1995, almost every second BMW car sold in the region came from one of these five assembly plants.

In 1995, the region's largest markets for BMW sales were again Taiwan with 7,900 and Thailand with 6,300 units. BMW achieved the highest market share

Car Markets in Countries with BMW Sales Companies

1995

1994

Europe

Austria	Total market	279,600	273,700
	BMW	10,100	10,300
Belgium	Total market	358,900	387,300
	BMW	13,600	13,500
France	Total market	1,930,500	1,972,900
	BMW	25,100	26,500
Germany	Total market	3,314,000	3,209,200
	BMW	214,900	214,800
Great Britain	Total market	1,945,400	1,910,900
	BMW	55,000	45,600
Italy	Total market	1,712,300	1,671,800
	BMW	28,400	30,500
Netherlands	Total market	446,400	433,900
	BMW	9,600	10,100
Spain	Total market	799,000	873,800
	BMW	9,600	13,600
Sweden, Norway and Finland	Total market	340,100	308,600
	BMW	3,500	3,200
Switzerland	Total market	268,400	267,300
	BMW	10,400	10,300

Overseas

Australia	Total market	488,400	460,700
	BMW	7,900	7,300
Brazil	Total market	1,447,100	1,139,400
	BMW	2,800	3,500
Canada	Total market	669,600	746,000
	BMW	5,200	5,200
Japan	Total market	4,443,900	4,210,200
	BMW	34,400	29,000
Mexico	Total market	93,000	413,000
	BMW	260	0
New Zealand	Total market	64,400	59,900
	BMW	930	790
South Africa	Total market	236,600	192,000
	BMW	18,000	15,500
South Korea	Total market	1,135,000	1,140,400
	BMW	710	190
USA	Total market	8,635,900	8,991,600
	BMW	93,300	84,500

worldwide of 11% in Hong Kong with the sale of 2,500 cars.

In China, considerable restrictions made imports of complete cars fall by 30% to 24,000 units. BMW sold 850 cars; slightly more than in the previous year. In 1996, the BMW sales network will be increased by two to six sales partners. The marque will then be represented by a total of twelve businesses in China's major centres. BMW has had its own office in Beijing since 1994.

BMW consolidates its market position in the Middle East

In 1995, deliveries of new BMW cars to customers in the Middle East increased by 14% to 3,200 units. Around 40% of the BMW customers chose a 7 Series car. Saudi Arabia and the United Arab Emirates (UAE) remained the largest single markets with 900 units each.

Substantial investments continued to be made in the region. In Abu Dhabi, UAE, the BMW importer opened a new showroom and in Amman, Jordan, a customer service centre was put into operation. New import centres are being established in Dubai (UAE), Doha (Qatar), San'a (Yemen) and Manama (Bahrain).

Highs in Australia and New Zealand, second-best year for BMW South Africa

On the fifth continent, demand for BMW cars was stronger than ever before. In Australia, registrations rose by 8.5% to 7,900 and in New Zealand by 18% to some 900 units.

In South Africa, BMW registrations increased by 16% to 18,000 units, corresponding to a market share of 7.6%. In addition, the first 500 3 Series cars produced at BMW South Africa were exported to Australia.

BMW gained a special reputation in South Africa because of the Company's steadfast commitment to a liberal economy and society during apartheid. In 1995, BMW continued to support a variety of programmes devoted to education, social services and the establishment of new businesses.

BMW

High-quality customer service

In 1995, BMW dealers throughout the world again made substantial investments in buildings, technical equipment and staff training. These activities focused on preparations for the introduction of the new 5 Series BMW. Measures are intended primarily to improve individual and comprehensive services for customers.

Both BMW and independent market research organisations conducted surveys to determine the level of customer satisfaction with the services of the BMW sales organisation. The findings were integrated into ongoing measures.

In the new generation of the BMW 5 Series, maintenance costs were reduced by around 30% by extending service intervals and simplifying the maintenance required. In Germany, comprehensive insurance for the new 5 Series BMW is also far more economical than for the previous model and its competitors.

BMW M GmbH Gesellschaft für individuelle Automobile, Munich

The company develops individual and particularly high-performance cars and engines on the basis of BMW's standard product range.

At BMW, the letter M stands for motors and motor sport. For some twenty years, M models have offered fascinating technology and sheer driving pleasure. Their roots go back to the mid-engined M1 Coupé and the most successful racing car of international events for touring car versions of existing models.

In 1995, the company was responsible for producing 38,000 cars. It also took part in touring car events and held BMW driver training courses. The latter have been available for twenty years and are the oldest of their kind.

The revision of the BMW M3, available as saloon, Coupé and Convertible, was completed in 1995. As a result, the performance of both the engine and braking system has been enhanced. The company

also developed an M roadster. In 1995, some 13,000 M cars and 25,000 BMW cars equipped in accordance with personal wishes were delivered to customers.

M5 production was phased out during the model change-over in the 5 Series in the autumn of 1995. More than 12,000 of these outstanding, high-performance saloons had been produced with hand-crafted perfection since 1988. The company's extensive know-how for the production of unusual cars is applied increasingly to meet customers' wishes for individually styled BMW cars.

The racing cars developed by BMW M GmbH on the basis of the BMW 320i were particularly successful. In 1995, these cars won 19 touring car championships, also in Japan. Drivers of BMW 320i racing versions won 24-hour races on the Nürburgring and in Spa-Francorchamps, Belgium. A McLaren F1, equipped with a 12-cylinder BMW engine, won at Le Mans, France, and Suzuka, Japan.

More than 7,000 participants learnt, in BMW driver training courses, how to drive circumspectly and safely. Courses range from half-day sessions to one-week stays with an accompanying sports programme.

At the end of 1995, BMW M GmbH employed some 450 people.

The new 5 Series BMW shows the possibilities of today's car technology. Design and technology are combined harmoniously. The Z3 roadster offers sheer driving pleasure in its original form. BMW advances towards the future with two models with natural gas propulsion in its standard range. New engines and additional equipment enhance other models and support the driver with information and comfort.

The new 5 Series BMW: advanced technology and sophisticated styling

In September 1995, the fifth generation of the medium-sized BMW was presented to the public at the International Motor Show in Frankfurt am Main. The completely new saloon continues the BMW tradition in the top medium-sized car segment. The well-known characteristics of these cars, such as elegance, dynamic performance and safety, were refined with advanced technologies. The functional lightweight construction helped to reduce both noise levels in the interior and fuel consumption, and markedly to improve handling. Special attention was paid to the harmonious coordination of design and technology.

The outstanding features of the body are its clear lines and a level of dynamic and static torsional rigidity, which is still to be achieved in other cars in this segment. Although its weight remains unchanged, the new body is twice as rigid as that of the previous model. Thus, the basis was created for improved dynamic performance and safety. The drag coefficient decreased by about 20%. As a result, the BMW 520i with sporting suspension and chassis achieves the outstandingly low value of 0.26.

The proven BMW restraint systems for driver and passengers, combined with an extremely stable passenger compartment and flexible deformation zones, ensure maximum passive safety. Reinforcements in the sides and the new door anchor

system, first used in the 7 Series BMW, give occupants additional protection in the event of side impact.

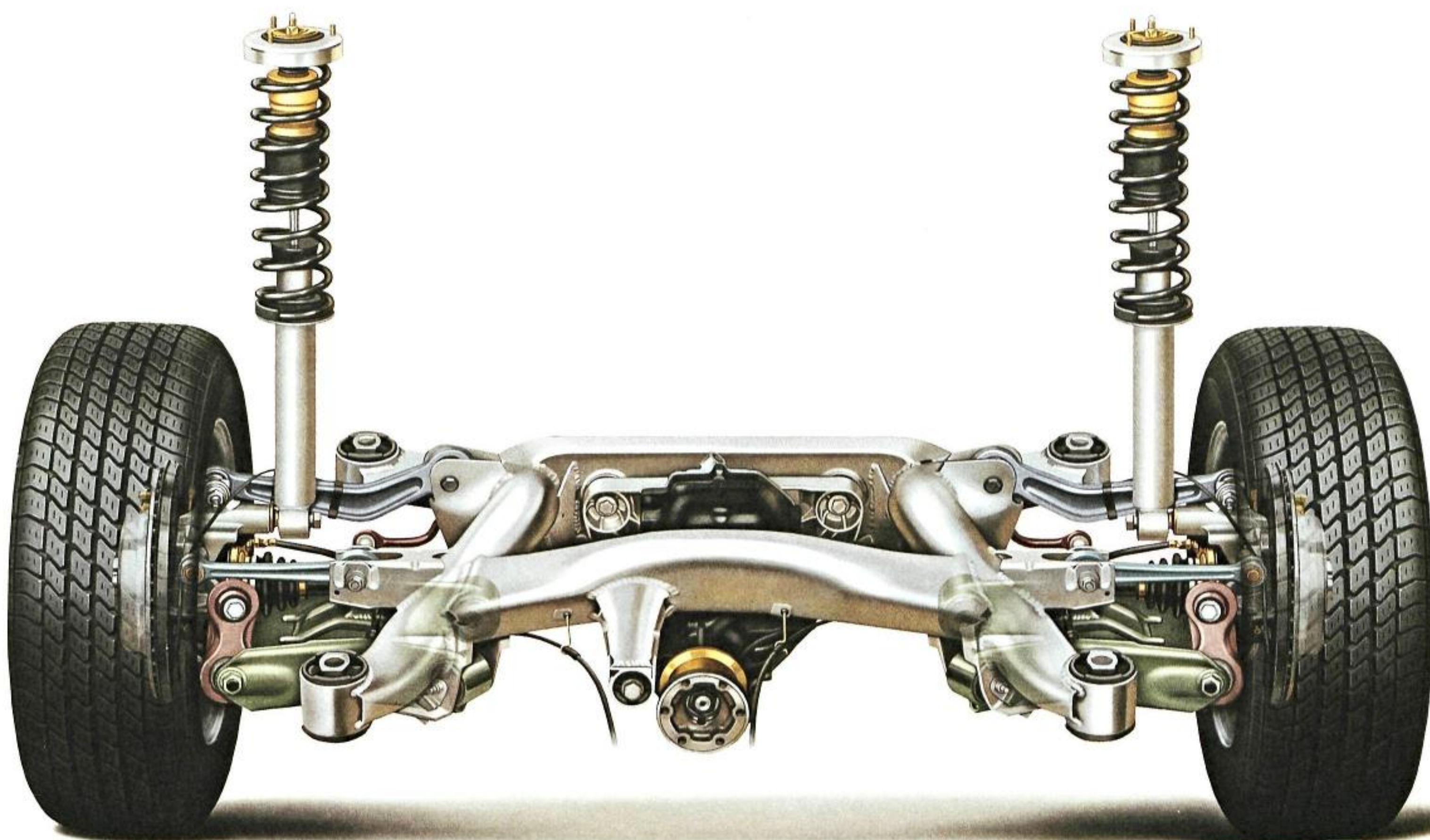
The range of safety technology is completed by numerous other measures to reduce collision damage both to your own car and other road users. As a result, in Germany comprehensive insurance is far more economical for the new 5 Series BMW than for the previous models. The cost advantage can be several thousand D-marks a year.

The design of the interior is in keeping with the outer lines of the body. The typical BMW instrument panel opening up to the passenger side emphasises the feeling of spaciousness. The satellite-assisted navigation system CARIN is available as option. This guides the driver simply and efficiently to his destination with verbal and visual indications on the monitor.

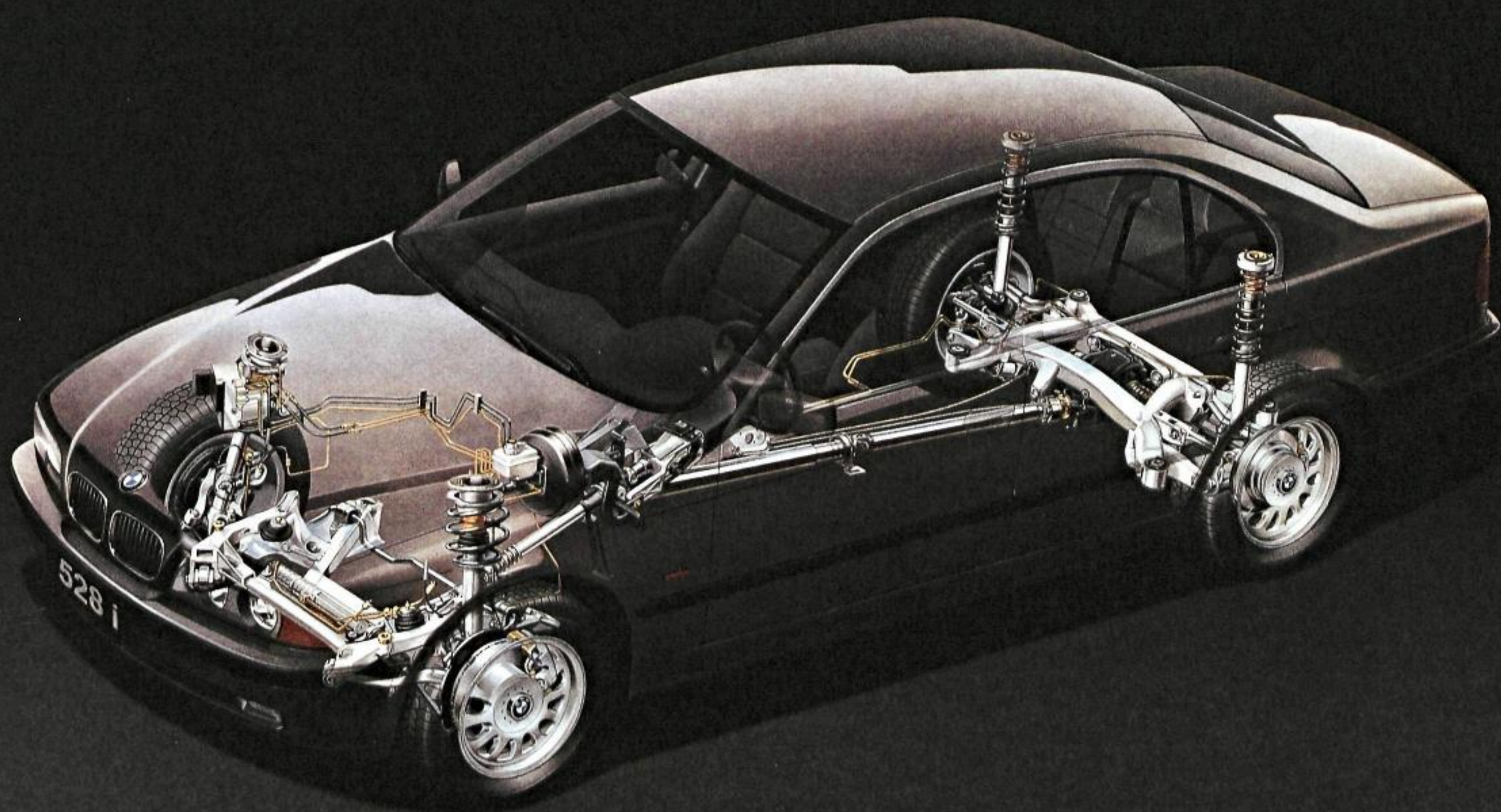
Great technical progress has been made with the suspension and chassis of the new 5 Series car which, for the first time in volume production, are made almost entirely of aluminium. The standard wheels are also made of this lightweight metal. The resultant weight saving of some 65kg opens up new opportunities for coordinating suspension and chassis. The lightweight construction, combining sporting, precise and comfortable handling, sets new standards. Air suspension is available as option for the rear axle.

Driving safety was increased by electronically controlled ASC+T (Automatic Stability Control + Traction), available in the new 5 Series for the first time as standard. This system, now standard in the 7 Series BMW, prevents the wheels from spinning on a smooth surface and thus increases driving stability, particularly in curves. ASC+T also greatly improves traction, for example, on snow.

For the first time in volume production, the suspension and chassis of the new 5 Series BMW are made entirely of aluminium. The functional lightweight construction not only saves weight but also enhances handling and comfort.



BMW AG



The new 5 Series BMW is available first with the revised 2.0- to 2.8-litre, 6-cylinder petrol engines and the 2.5-litre turbo-charged diesel engine with charge-air intercooling. The refined 8-cylinder engines will follow in the first half of 1996.

The use of aluminium also results in an extremely favourable ratio between weight and performance in all petrol engines. Noise emissions are reduced by hydraulic engine mounts which almost completely prevent the transmission of high-frequency vibrations. Low-frequency noises were largely eliminated by installing a Helmholtz resonator in the exhaust system. As a result, exterior noise decreased by 10dB(A). The noise emissions of the new 5 Series BMW are 40% below the maximum permitted in Europe since the autumn of 1995.

New technologies and materials also brought advances in other areas of environmental protection. For example, exhaust emissions from a cold start can be reduced significantly by a latent heat reservoir, available for the first time for the 5 Series BMW. Stored waste heat makes the engine warm up more rapidly. It can also be used to quickly defrost the wind-screen.

The instrument panel is made entirely of polyurethane. This is the first time in volume production that a single material has been used for such a complex component.

The Z3 roadster: sheer driving pleasure in its original form

The Z3 roadster upholds a BMW tradition of unusual open-top sports cars, beginning in the mid-1930s with the legendary 328, followed in the 1950s by the BMW 507 and last embodied by the high-tech Z1 sports car.

The two-seater Z3 follows the classic roadster principle with a long bonnet, low waistline and short overhangs. The long wheelbase, wide track and well set-back seating make driving this car an experience. The Z3 combines harmoniously traditional style elements with typical BMW design characteristics.

Two 4-cylinder, in-line engines will be available at first. In addition to the 1.8-litre power unit with 85kW (115bhp), the roadster can be equipped with a totally revised 1.9-litre engine with four-valve technology which develops output of 103kW (140bhp). At the beginning of 1996, BMW M GmbH showed the concept car for an M roadster at the Salon International de l'Automobile in Geneva. This car, equipped with the new 3.2-litre, 6-cylinder engine of the M3 Series, demonstrates the Z3's development potential.

Like all classic roadsters, the Z3 has rear wheel drive. The rigid body, low centre of gravity and balanced axle load distribution also contribute to the car's outstanding performance. With largely neutral steering behaviour, the Z3 can be driven dynamically, comfortably and safely with direct, servo-assisted rack and pinion steering. The Z3 can be equipped with the ASC+T system as option.

The rear axle was based on a design which gave the most successful touring car ever, the M3 built until 1992, its excellent handling characteristics. With a tank capacity of 51 litres, the Z3 has a range of more than 600km.

Special measures had to be taken to ensure that the open-top roadster had a rigid body and achieved a high level of passive safety. Thus, the frame of the wind-

screen was shaped, with a double tube structure, into an effective safety roll bar for driver and passenger.

Noise and vibration levels are so low that Z3 drivers can relax. Instruments are limited to essentials, in keeping with the roadster concept, and are ergonomically designed as in all BMW cars.

The soft top is integrated harmoniously into the outer contours and can be opened and closed easily with two handles. An electrically operated top and a hard top are being prepared.

With the Z3 roadster, BMW has another car which reflects the marque's traditional sporting character.

Europe's first cars with natural gas propulsion go into production

From December 1995, BMW was the first European car manufacturer to offer, in its standard range, two cars with natural gas propulsion; the 316g compact and the 518g touring versions. They have both a compressed gas tank and a conventional petrol supply.

They are also the first European cars to meet the US requirements for ultra low emission vehicles (ULEV). In terms of exhaust emissions, cars of this kind represent an intermediate stage between the technology usually applied today and completely emission-free cars.

Natural gas is particularly well-suited for internal combustion engines because of its high knock resistance and simple mixture. While being as efficient as petrol, natural gas combustion is almost odour-free and has very low emissions.

By offering these models, BMW is taking a decisive step towards the introduction of alternative sources of energy for private transport. The technologies developed, particularly for storing gaseous fuels in cars, are an important preliminary to the use of hydrogen in the long term.

Natural gas is stored in a fully lined 80-litre tank at a pressure of more than 200bar. As soon as the gas tank is empty, the fuel feed switches automatically from natural gas to petrol. At the same time, Digital Motor Electronics adjust all engine functions exactly to the new fuel. The desired fuel can be selected by a switch. Thus, the car's range is not limited to 200 to 250km, as would be the case if natural gas were its only fuel.

The new system of propulsion meets all the required standards of safety. The gas tank was designed for several times the maximum pressure required for storage, and secured firmly in the car with a specially developed steel structure.

For the next stage of development, BMW is working on a storage system that

liquefies natural gas not under pressure but by cooling to -160° centigrade. This requires costly insulation. With the same tank volume, cars with natural gas propulsion would then achieve ranges of about 70% of today's petrol-driven cars.

Cars with natural gas propulsion already provide a practical alternative for regional transport. With comparable fuel consumption, emissions contain about 25% less carbon dioxide and 80% fewer hydrocarbons. The BMW 316g compact and 518g touring versions are particularly suited for mobile service-providers and private customers who require an environment-friendly car for short and medium distances.

As a fuel, natural gas has the added advantage of comparatively good availability. In contrast to other alternative sources of energy, natural gas can be provided, in Germany and numerous other countries, through an extensive network of pipelines. It must only be cleaned and liquefied for use in cars. There are no refining processes, such as are required for the production of petrol and diesel fuel from oil.

8-cylinder engines refined, Steptronic introduced

The 8-cylinder engines used in 5, 7 and 8 Series BMWs since 1992 were refined in keeping with state-of-the-art propulsion technology. Torque and thus the engines' tractive power were increased, fuel consumption and exhaust emissions reduced and driving comfort enhanced.

Cubic capacities were increased to 3.5 and 4.4 litres. The nominal output of the 3.5-litre engine rose to 173kW (235bhp); that of the larger engine remained unchanged at 210kW (286bhp). The numerous individual measures included the complete revision of the valve and camshaft gear and new, digital engine control. Exhaust emissions of both engines are well below the maximum permitted values of all countries where they are available.

Transmissions also had to be adjusted for higher torque. A completely new five-gear automatic transmission, distinguished by its gear shift comfort, was developed for the 3.5-litre engine.

All new 8-cylinder models with automatic transmission are equipped with Steptronic as standard. In addition to fully automatic, adaptive control, this system permits a shift, in stages, into the next higher or lower gear by moving the gear lever forwards or backwards.

New models and equipment in the 3 and 7 Series

In March 1995, BMW presented the 3 Series touring version at the Salon International de l'Automobile in Geneva. After the saloon, Coupé, Convertible and compact, this is the fifth body version of the 3 Series. More than 125,000 cars of the previous touring version had been produced.

The new touring version also has a variable interior and a large rear door. The rear seat backs can be folded down individually, enlarging the luggage compartment to up to 1,320 litres according to the VDA standard (German Motor Industry Federation). Practically all interior measurements are noticeably larger than those of the preceding model.

In June 1995, BMW launched a particularly economical 3 Series car, the 318tds compact. Equipped with the new 1.7-litre, 4-cylinder turbo-charged diesel engine, this BMW uses only 5.9 litres of fuel per 100km.

The engine of the most powerful versions of the 3 Series, the M3 cars developed by BMW M GmbH, was also revised. Enlarged to 3.2 litres, the M3 engine now develops an output of 236kW (321bhp). Maximum torque rose by 10% to 350Nm.

The new engine was equipped with Digital Motor Electronics, developed by BMW, and continuously adjustable inlet and exhaust camshafts, known as the "double vanos system". Together, the measures reduced the M3's fuel consumption from 9.1 to 8.7 litres per 100km.

Power train, chassis and suspension were also thoroughly revised. Thus, the M3 was equipped with six-speed transmission, the sixth gear being designed as overdrive with a high ratio. The brake system was adopted from the M5. The composite structure of the front wheel brakes is derived from racing sports.

In September, a 2.8-litre, 6-cylinder engine was added to the range available for 7 Series cars. This engine is also distin-

guished by its harmonious performance, low exhaust emissions and economical fuel consumption. The 6-cylinder diesel engine was also prepared for use in 7 Series cars. With this engine, the large BMW saloons can be driven with fuel consumption of only 7.5 litres per 100km.

From the beginning of 1996, the 7 Series BMW will be equipped with the ASC+T traction system as standard. Refined electronic damper control (EDC) is also available as option. Side airbags for driver and front passenger can be installed to increase passive safety.

BMW Technik GmbH, Munich

The 100 or so employees of BMW Technik GmbH carry out special, promising development tasks in car and transport technology and in the environment of the car business. The company is equipped with all the necessary plant and facilities.

Its terms of reference include new solutions and concepts for subsystems which can be used in future series-produced cars. The company also develops new car concepts, including design and technology, and produces prototypes.

In 1995, the concept car "Just for Two" was presented at the Tokyo Motor Show. This completely open two-seater without panelling has an aluminium frame and a 4-cylinder transverse motorcycle engine at the rear.

In the ultramodern acoustic wind tunnel of BMW Technik GmbH, tests were carried out on prototypes and series-produced cars to reduce noise levels.

In 1995, the flexible BMW plants adapted to the development of demand. Production capacity was fully utilised, even in a difficult economic environment. All model start-ups were characterised by extremely high quality. With great dedication, associates and suppliers got production going at the new US plant. High-level investments were made to convert paint shops for environmentally compatible technologies.

Further increase in BMW car production

In 1995, the BMW plants worked to capacity. They produced a total of 595,000 cars; 22,000 more than in the previous year.

The Munich plant again produced more than 190,000 and the Regensburg plant 170,000 of the 3 Series BMW. Traditionally, the larger BMW cars are manufactured at the Dingolfing plant. In 1995, an additional 30,000 3 Series cars were produced there. As a result, production at the Dingolfing plant increased by around 10% to 195,000 units despite the model change-over in the 5 Series. This reflects the flexibility of the linked system of BMW plants in Bavaria.

The Munich and Dingolfing plants also produced some 30,000 parts kits for assembly plants abroad. More than half of these kits were supplied to the BMW plant in South Africa.

In its first year of production, the new BMW plant at Spartanburg, South Carolina, manufactured some 12,000 cars, including the first 2,000 Z3 roadsters. Mid-year, BMW began the assembly of 3 Series saloons in Mexico. The BMW assembly plants in the Asian-Pacific region are run by local importers.

High investment in German car plants

The plants' efficiency was further enhanced by continued investment and flexible working methods. At the Munich plant, the construction of two environmentally compatible paint shops for finishing coats, worth some DM250 million, made rapid progress.

In 1995, the Dingolfing plant was influenced by the model change-over in the 5 Series. With investments of some DM250 million, the body shell facilities were completely restructured and re-equipped for the new models. They now provide far better conditions for group work.

The precision and quality of manufacturing processes was enhanced by new automatic laser and shielded arc welding systems and by plasma arc cutting technology. The level of automation for body shell construction increased to 95%. Assembly work is facilitated by a system which automatically connects together the entire drive shaft, comprising engine, transmission and axles.

Production of the new 5 Series axle components, made entirely of aluminium for the first time in car-making history, presented a special technological challenge. This lightweight metal is particularly suitable because it not only reduces overall weight but also improves the performance of chassis and suspension. Moreover, the technology is available for the volume production of chassis and suspension in this material.

However, in view of aluminium's specific characteristics, new methods had to be developed for construction, testing and, in particular, production so that these sophisticated components can be manufactured in the required quality and quantities.

These include a completely new, fully automatic method of shaping complex hollow parts, in which aluminium tubing is pressed against the inner wall of the tool by an emulsion of water and oil under high

pressure. The components are then welded, using a particularly accurate light arc welding technique. Production quality is assured by endoscopic examination of all welds.

The production of the new models is characterised by high quality. At the end of the year, some 250 units were produced per working day. More employees were required at the Dingolfing plant to carry out the additional tasks. Thus, their number rose by 900 to 18,400. Painting technology began to be converted for water-based paints.

In the spring, the Regensburg plant began to produce the touring versions of the 3 Series BMW. The European preparation centre for the Z3 roadsters from the United States was also established at Regensburg. BMW has six such centres; three in the United States and one each in Japan, Great Britain and Germany. There, the cars are checked after shipment by sea and, if necessary, equipped with components to comply with national requirements.

Production started at the US plant

In March 1995, thirty months after the ground-breaking ceremony for the new US plant at Spartanburg, South Carolina, the first BMW 3 Series cars from the new facilities were delivered to customers in North America. Series production of the new Z3 roadster, manufactured exclusively in the United States, began at the end of the year. A second production shift was introduced at the same time. For this, the workforce was increased to 1,566 associates. Investment for plant and tools amounted to some 600 million US dollars.

Mid-1995, TÜV Bayern/Sachsen, a technical inspection organisation, inspected the plant's quality management systems and issued a certificate confirming high standards. This will facilitate the worldwide export of the cars manufactured there. In the United States, independent customer surveys confirmed the high quality of BMW products and services.

A new infrastructure of suppliers had to be established, mainly for the roadster's production, in order to take full advantage of the new site. Some 60 systems suppliers, based in the United States, Canada, Mexico and several European countries, now work for BMW's US plant. Fourteen of these suppliers have established their own production facilities near the plant. Engines, transmissions and some other parts come from Europe.

New structures for the assembly plant in South Africa

South Africa's return to the international business community permanently changed conditions for the BMW assembly plant at Rosslyn near Pretoria. In 1995, duties on imported cars were halved, but at more than 60% they were still extremely high. Nevertheless, increasing numbers of cars from other BMW plants are being delivered to South Africa. In future, therefore, BMW South Africa will concentrate on the assembly of the 3 Series BMW and Land Rover models.

In 1995, BMW in South Africa produced 18,500 3 and 5 Series cars and around 1,200 Land Rovers. In the next few years, the South African plant will be developed and modernised to cope with the increase in demand expected in southern Africa and to enable it to become more closely integrated into the BMW system of linked production plants.

Increased capacity at the BMW engine plant at Steyr, large orders for BMW organisational units

All work is judged by the highest standards of efficiency and quality in order to safeguard the Company's long-term competitiveness. That is why, in 1991, BMW had already regrouped several functional areas at the different plants, such as engine construction and tool-making, the foundry and plastics production, in organisational units with their own responsibility for results. These units compete with other suppliers and offer, with success, their services in the markets.

The fifth stage of construction began at the BMW engine plant at Steyr, Austria, in 1995. With investments of some DM500 million, production capacity will increase by 100,000 to some 500,000 engines a year by 1998, and the development centre for diesel engines will be enlarged. The scope of development work will also increase markedly with the introduction of new technologies, the extension of the range of diesel engines and increasing business with customers outside the Group.

The series production of 6-cylinder petrol engines with aluminium cases began in the autumn. A total of 391,000 engines was manufactured in the entire year. So far, BMW has invested almost DM2 billion at Steyr, thereby creating 2,200 workplaces.

The Landshut plant produces plastic and cast parts and mechanical components. The parts produced by this organisational unit, run like an individual business, also participate directly in international competition. Thus, in 1995, the plastics unit received a large order to supply a US manufacturer with up to 200,000 bumpers a year. The Landshut plant also manufactures the completely recyclable instrument panel for the new 5 Series BMW.

The foundry's productivity and efficiency increased owing to a new three-shift system in the die casting plant. In 1995,

the tool-making unit, which includes the Eisenach plant, received further orders to produce tools and pressed parts for several European vehicle manufacturers.

Advances in environmental protection

BMW continued, on schedule, its programme to upgrade its plants, on a continuous basis, by constructing new, environmentally compatible paint shops at the Munich and Dingolfing plants. The paint shops at Regensburg and Spartanburg were designed to use water-based paints from the beginning of production.

Another innovation is the use of a solvent-free, watery wax dispersion for protective coatings for cavities in cars. In January 1995, BMW was the first manufacturer to introduce this environmentally compatible process into its Munich, Regensburg and Spartanburg plants. Dingolfing will follow by mid-1996.

BMW's major recycling activities focus on the re-use of plastics. For the first time in car manufacture, the instrument panel of the new 5 Series BMW is made out of a single type of material. The polyurethane used can thus be completely recycled. In the autumn, this development was awarded the first prize for innovative plastic products by the Society of Plastic Engineers.

BMW

Close cooperation with suppliers

At BMW, suppliers are involved at an early stage in the development, planning and production of new models and components. Suitable systems and methods had already been developed in previous years.

Thus, in 1995, more than 250 suppliers for the new 5 Series BMW had the opportunity to take part in the assembly of the components during prototype construction at the Dingolfing plant and thus to acquire know-how for their own production processes. In addition, before the start-up of the 5 Series, suppliers manufactured full production quality components in real time conditions and with the means at their disposal for series production. BMW experts provided the necessary support.

Measures of this kind helped to accelerate sequences, reduce costs and achieve a high start-up quality.

The production of the Z3 roadster in the United States resulted in new international cooperation. The suppliers involved in development were selected during a concept competition more than three years before series production began. Thus, they were integrated, at an early stage, into the simultaneous engineering teams at BMW.

The parallel development of product and production processes also made possible short development times, favourable costs and high quality in the new international dimension. Increasing numbers of orders for complete systems or modules were placed with only a few suppliers. Most of the new, model-specific parts for the Z3, accounting for about half the product costs, come from only 18 systems suppliers. These delivery ranges are generally pre-assembled by the suppliers near the plant and delivered in the form of modules.

In the United States, BMW gave the suppliers special support in preparation for series production. Thus, even in new conditions for everyone concerned, components and systems were coordinated

within a short time and the quality of series production was safeguarded.

Cooperation with suppliers lasts as long as the cars and components are produced. In June, 100 suppliers for the 7 Series car met BMW specialists in development, purchasing and quality management at the Dingolfing plant. They exchanged experiences and elaborated measures to enhance production quality, efficiency and flexibility.

BMW industrial park at Wackersdorf

BMW uses the site it acquired in 1989 at Wackersdorf, to the north of Regensburg, to locate suppliers close to the plant in the long term. In a first stage, BMW and suppliers are cooperating as partners at a new centre of competence for car interiors.

Having production facilities for whole product groups at a single site facilitates the exchange of information, change management and all logistical processes. The joint use of technical facilities also has obvious advantages.

By the end of 1995, seven suppliers had decided or already begun to establish production facilities on the BMW site. By 1998, the site should provide a total of 1,600 jobs.

Global sourcing

BMW uses the opportunities of global sourcing in order to safeguard the high technical standard and quality of its products and, wherever possible, to benefit from favourable cost structures. Besides, in many countries, purchases of local materials are a prerequisite for the sale of cars and kits or to reduce customs duties.

In the 1970s, as sales became increasingly international, BMW began to develop relations with suppliers worldwide. Today, BMW purchases production materials from more than forty countries and runs its own purchasing offices in the most important markets.

In 1995, some 940 suppliers delivered production materials to the BMW plants worldwide. They included 240 foreign companies. Around 80 companies supplied both BMW and Rover Group.

In North America, BMW cooperated with more than 60 suppliers. They delivered mainly to the new US plant, but also to the BMW plants in Germany.

In order to avoid Mexico's high import duties on cars and kits, materials worth almost 80% of the import value must be purchased there. When assembling cars in Mexico, more than 30% of the value must be local content.

At the end of 1995, BMW had 20 suppliers of production materials in Mexico. The supply industry there has already achieved the high standard of know-how and quality required by BMW. It also offers other group plants new purchasing opportunities.

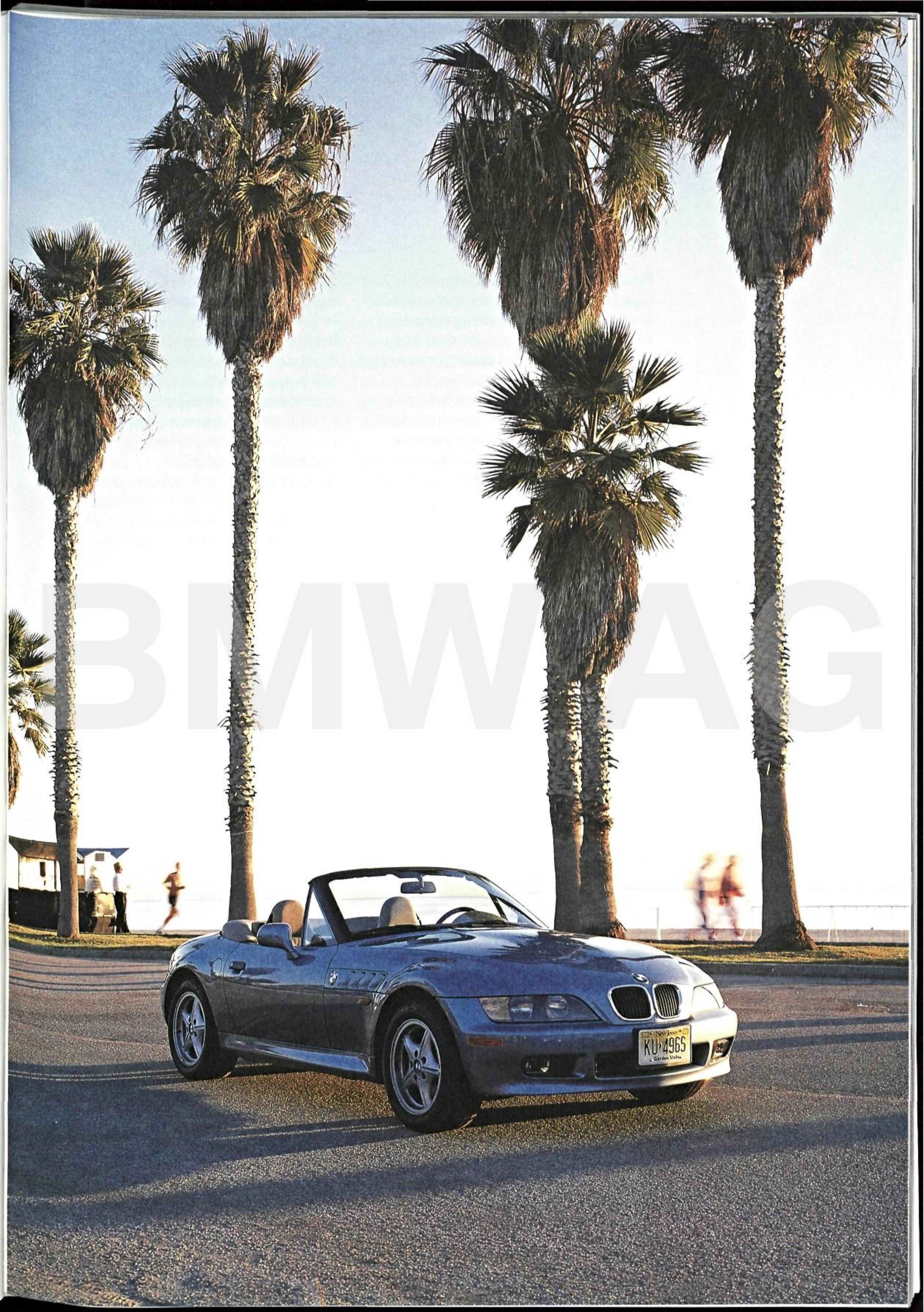
BMW aims to create an international system of linked production plants, particularly for easily transportable parts with high tool costs.

Internationalisation brings new challenges for group logistics

When the car plant and new network of suppliers were developed in North America, additional internationally oriented control, transport and stock systems had to be established.

The progress which BMW's organisational units have made in international business outside the Group also brought greater challenges to group logistics. Synergy was achieved by concentrating shipments for distribution to the United States, East Asia, South Africa and Australia. Together, BMW and Rover Group worked on the integration of logistical processes in the enlarged BMW Group.

The Z3 roadster at Malibu Beach, Los Angeles: developed in Germany, made in the United States and in demand worldwide.



Flexible systems of working hours, new working structures and a specially coordinated payment system opened up new scope for Company and employees. As a result, orders and projects were carried out more efficiently. Employees are offered new opportunities for development. Training and further education became increasingly international. In 1995, the number of employees increased due to rising production and new projects.

New jobs in production

At the end of 1995, 69,653 people were employed in the BMW car business; 1,700 more than in the previous year. The additional employees were required mainly for the increased production at the Dingolfing plant and the new car plant at Spartanburg, South Carolina.

Considering the increased capacity required for the new model start-ups, the workforce grew comparatively modestly. This was mainly due to new working structures in production. Advantage was taken of flexible working hours, employees were moved temporarily from their regular place of employment to other plants and peak demand was met by offering employment on limited contracts.

In future, BMW will make greater use of these instruments so that the workforce continues to develop steadily, even if personnel requirements change at the individual plants and productivity rises. All measures of this kind aim to safeguard the Company's long-term competitiveness and thus safeguard existing jobs.

In 1995, some 500 new employees were recruited at the German BMW plants. They included one hundred highly-qualified employees who were hired with the Group's further development in mind. They are being prepared for a wide range of special and executive tasks.

At the new US plant, the workforce increased from 975 to 1,566 associates in 1995.

New working structures gain ground in all areas of the Company

In 1995, the introduction of process- and employee-oriented structures was advanced systematically. Thus, at the end of the year, as many as 70% of production employees worked in groups.

Using the experience gained during pilot projects lasting several years, the Company and Works Council concluded an agreement on the introduction of new working structures at BMW from July 1st 1995. The agreement established a framework for the new forms of cooperation and work organisation in production. The new working structures which are to be introduced for office employees will be specified and developed during pilot projects. Equal priority was given to the Company's productivity and job satisfaction.

In projects at all BMW plants and in the central divisions, work sequences for production and office employees are now oriented more closely to the Company's essential, interactive, linked processes. Cooperation in independent teams is encouraged and employees' participation in decision-making processes has increased.

The new, process-oriented forms of work have proved indispensable for further progress in quality and productivity throughout the Company. As part of the continuous process of improvement, employees are provided with the methodical know-how to solve as many problems as possible both independently and on the spot.

The number of proposals for improvements, submitted by employees, increased by around 70% to 26,300. Almost two-thirds of the ideas were put into practice quickly and efficiently through the employees' direct participation. The proposals resulted in savings of DM35 million.

New system of payment agreed

The new work structures also required a suitable system of remuneration. Therefore, former piecework pay for production workers was replaced by the payment of premiums. The company agreement "New Payment" was concluded on July 1st 1995.

Under this agreement, a production employee's personal contribution to group work can be rewarded by a premium. In addition, employees who assume varied and sophisticated tasks are offered new opportunities for development.

Workforce at End of Year

	1995	1994
BMW automobiles	69,653	67,953
Head office and Munich plant	22,738	23,099
Dingolfing plant	18,408	17,528
Regensburg plant (incl. Wackersdorf)	7,257	7,420
Landshut plant	3,086	3,056
Eisenach plant	232	212
Berlin plant (excl. motorcycles)	401	511
Steyr plant, Austria	2,151	2,116
Spartanburg plant, USA	1,566	591
Rossllyn plant, South Africa	2,990	2,920
Toluca plant, Mexico	35	0
Other facilities, sales companies and investments	10,789	10,500

The new system of payment will be introduced successively to all areas of production. This system will create the conditions for paying production and office employees according to the same principles of performance and team orientation.

Flexible systems of working hours facilitate the introduction of the 35-hour week

In the German metal and electrical industry, the regular working week was cut by one hour to 35 hours from October 1st 1995 in accordance with the terms of the collective agreement. With the existing systems of flexible working hours, the plants of BMW AG were able to cope with this cut without reducing manufacturing hours.

Three shifts were worked at the light metal foundry of the Landshut plant in order to meet increased demand. The foundry works 138.5 hours a week in 17 shifts, including Saturday. Operating time can be increased to 144 hours with an 18th shift. The employees work on three to six days a week for an average of 35 hours. Increased capacity utilisation and greater flexibility reduced unit costs.

In 1991, the BMW motorcycle plant in Berlin had already introduced a system of working hours which takes account of strong seasonal fluctuations in the motorcycle business. In 1995, a second production shift was introduced until the summer break. This arrangement was prolonged by one year because of continuing strong demand for BMW motorcycles.

The part-time initiative, introduced in 1994, was continued. By making it more widely available, the number of part-time employees increased by 9% to more than 2,000. So far, more than 300 employees have used the new opportunity to take extended leave; a special form of flexible working hours. All BMW part-time systems of work involve a proportionate reduction in pay.

In 1995, flexi-time applied, for the first time, for an entire year. Thus, depending on requirements, working hours were spread over one year, within the framework of the German Law on Working Hours. This accelerated, in particular, project and development sequences. The greater scope offered by more flexible working hours also motivated employees to give their best in the pursuit of company goals.

Training and further education becomes increasingly international

Training and further education aimed primarily to enhance skills and abilities which are required for tasks performed in new working structures. The preparation of employees for the Company's increasing globalisation became more important than ever.

Since suppliers participate in BMW's development and production processes from an early stage, they were also included in preparatory and accompanying educational schemes.

In the interest of Total Quality Management, project managers and executives were trained increasingly as multipliers for the application of new forms of work in the Company.

In 1995, more than 90% of the 537 young people who completed their vocational training at one of the BMW plants in Germany were subsequently employed full-time by the Company. The others moved on to further training elsewhere. More than 800 young people started training at BMW; they numbered 2,600 in all. Thus, in 1995 the Company again contributed to the vocational training and development of young people.

BMW is working on new job specifications in order to gear apprentices' qualifications even better to future requirements.

For the first time, an attractive new training scheme enabled young people to complete their three-year vocational training as skilled workers and, at the same time, qualify for entrance to technical college.

BMW apprentices did extremely well in the competitions of the Bavarian metal and electrical industry and gained first places in the German "foreign languages" competition.

As in the entire field of personnel development, an international approach became increasingly important in initial vocational training. For the first time, an exchange was organised with apprentices

from the Rover Group plants in Great Britain. Commercial apprentices from Munich had an opportunity to work at the Spartanburg plant. The long-standing Franco-German exchange programme was also continued.

In 1995, the exchange of personnel with subsidiaries, the plants in the United States and South Africa and, in particular, with Rover Group achieved a new dimension, underlining the importance of international experience for employees and executives.

The international BMW trainee programme was also successful. Trainees, students working for their first degree and candidates for a doctor's degree have shown growing interest in working at BMW.

The wide range of specialised further education which BMW offers in Munich was brought together at a special centre for business studies, called "Fachtraining", which is also open to customers outside the Group. This is a further step towards the free-market orientation of the education and training schemes.

1995 negotiating round increases personnel costs by 10%

On May 1st 1995, a new collective agreement came into force for the west German metal industry. It applies until the end of 1996. The agreement stipulated a 3.4% increase in wages and salaries from May and a further increase of 3.6% from November 1995. Lump sums were paid for January to April.

Combined with the one-hour reduction in working hours to 35 hours a week from October 1st 1995, already agreed in 1990, costs per working hour rose by a total of around ten percent in the course of the year.

The BMW 1500, launched in 1961, was the first of a new range of BMW cars. Its design formed the basis for development of the modern range of BMW models and thus for the entire Company's growth. In 1995, BMW presented the new 5 Series, the fifth generation of medium-sized cars. Their form and technology reflect the quality of a concept which has matured during more than 30 years of development and with the production of more than 3 million cars.

BMW 1500: a milestone in car history

In September 1961, BMW presented a prototype of the 1500 at the 40th International Motor Show in Frankfurt. The idea for this model originated in the late 1950s when large 6- and 8-cylinder saloons, exclusive roadsters and the Isetta "bubble cars" earned the Company prestige and sympathy, but were not going to carry it into the future.

The Company knew that it had to fill the gap in its car range and develop a four-door saloon which continued the tradition of the sporting touring models of the 1930s. The new car was to have a high-performance engine and safe, sporting chassis and suspension, be easy to drive and offer an elegant, comfortable interior with typical BMW styling. The result was the BMW 1500; a completely new kind of "coordinated" car which set new standards.

The new design displayed unusual proportions with large expanses of glass above a low waistline and a striking front. The new BMW was fitted with a 4-cylinder, in-line engine with overhead camshaft and advanced combustion chamber design, which developed an output of 80bhp. Its short piston stroke and crankshaft with five bearings made the high-performance engine run with characteristic smoothness. Other trailblazing features included McPherson spring struts at the front and semi-trailing arms at the rear, and disc

brakes first used by BMW a short time previously.

This model's basic concept proved a market success for ten years. Some 350,000 of the 1500 to 2000 models were produced between 1962 and 1972. The top model, the BMW 2000tii, already had 130bhp and reached a top speed of 185kph.

In 1966, the smaller, two-door 02 Series was developed from the 1600, a refined version of the first model. These two models established the segment of compact, sporting cars, initially described as the BMW niche. From 1968, the models ranging from the 6-cylinder BMW 2500 to the much-praised 3.0 Si placed BMW firmly in the top market segment.

The need to use resources sparingly, protect the environment and control traffic intelligently makes compact, technically advanced cars a modern concept to this day; a concept which many other manufacturers now also call their own.

The core of the BMW range: the 5 Series car

When the second generation of models was presented in the autumn of 1972, shortly after the Munich Olympics, the future dimensions of the BMW automobile range had long been defined. The new medium-sized car, now called the 5 Series, was followed by the small 3 Series and the large 7 Series saloons. From then on, whatever their size, all BMW cars shared the characteristics for which the marque is renowned: high power reserves, advanced technology, excellent handling, sporting elegance and driver orientation.

The new model offered, in particular, more space, greater comfort and safety for the occupants and enough room for a 6-cylinder engine under the bonnet. Apart from the established 4-cylinder engine from the BMW 2000, the car was a completely new design. The 520 was followed by the 6-cylinder 525 and 528 models.

Three generations of 5 Series BMW, presented in 1981, 1988 and 1995.



For the first time, computers were used extensively to design the body shell. Crash tests and work in the wind tunnel had already become routine for the development engineers. The standard of passive safety thus achieved made the 5 Series BMW one of the safest cars of its day, while the harmonious blend of sporting performance and comfort made it the ideal touring saloon for discerning customers.

The 5 Series car remained a sales success even after the first oil crisis in 1973, when a car's fuel consumption was suddenly given high priority. Annual production rose almost steadily from around 50,000 units in the first full year of production to more than 100,000 units in 1979. This shows that the concept and versions of the 5 Series BMW corresponded exactly with customers' expectations.

During the nine years until 1981, almost 700,000 of these cars were produced; twice as many units as of the 1500, 1800 and 2000 models. The choice of models ranged from the BMW 518 with 90bhp to the M 535i with an output of 218bhp. When developing this car, BMW Motorsport GmbH had used the engine and major suspension components from the 635 CSi Coupé.

The 5 Series for the 1980s: sporting, environmentally compatible and innovative

When the third generation of 5 Series BMW was being designed, the increased cost of energy and growing environmental awareness had changed the criteria for judging a car's qualities. Typical BMW characteristics now had to be combined with reduced fuel consumption and low exhaust emissions by using advanced technologies.

This was achieved in the models presented in June 1981. The car's weight decreased by up to 90kg as a result of high-quality lightweight construction, aerodynamic tuning reduced drag by 10% and electronically controlled petrol injection for all 6-cylinder models improved both fuel consumption and emission levels. In the top 528i model, the combination of all these measures resulted in a 15% reduction in fuel consumption. The new possibilities of on-board electronics were also used for driver information.

In addition to refining existing power units, two new engine concepts, both designed for particular economic efficiency, were used for the first time in this series in 1983: an improved 6-cylinder petrol engine following the BMW eta concept and a diesel engine.

From the beginning of 1985, BMW Motorsport GmbH produced the now legendary M5 for drivers who preferred a four-door saloon with the performance and handling of a classic sports car. Its 3.5-litre, 6-cylinder engine had already made car history in the M1 Coupé.

With 720,000 cars, production of this generation of 5 Series BMW had exceeded that of the preceding model in only seven years. BMW had also changed its image among the public from the supplier of a niche range of sporting cars to the manufacturer of exclusive, quality products.

Breakthrough to world success

The fourth generation of medium-sized BMW, introduced in 1988, brought the series a quantum leap forward. Sales were to almost double to 1.3 million units, compared with the preceding model. In peak years, more than 200,000 5 Series cars were delivered to customers, their share of total car production being around 40% in those years.

Cars with 8-cylinder engines were added to the range with 4- and 6-cylinder power units, permanent four-wheel drive became available alongside classic standard drive, and an elegant touring version was offered in addition to the saloon. Owing to an integrated model cycle, important components of the 5 and 7 Series BMW were developed at the same time; later on at BMW's new Research and Engineering Centre.

With the help of Digital Motor Electronics, systems were developed which brought decisive progress in the field of motoring safety. These include Automatic Stability Control (ASC) which, combined with the anti-lock braking system, resulted in new safety reserves. All safety systems were coordinated with one another in accordance with BMW's comprehensive safety concept F.I.R.S.T. (Fully Integrated Road Safety Technology).

The outstanding feature of the car's lines is the consistent wedge shape of the body from the flat front to the striking rear. Without compromises in comfort and driving stability, the car was designed with both a characteristic body and particularly favourable aerodynamics. The 5 Series thus possessed all the qualities to take a leading position in the upper medium-sized segment.

The latest generation's outstanding feature: a harmonious concept

The fifth generation of medium-sized BMW saloons, presented in the autumn of 1995, is also full of technical innovations. For the first time in car-making history, the suspension is made entirely of aluminium. This lightweight metal is also an important component of all petrol engines. A satellite-assisted navigation system opens up new possibilities for driver information, a latent heat reservoir helps to reduce emissions during cold starting, and new concepts increase the amount of recyclable materials to an outstanding 85%. In short, progress has been made in all technical disciplines in the new 5 Series BMW.

During the car's development, special attention was paid to the comfort and safety of driver and passengers. Therefore, all components, the formal design and selection of materials were carefully coordinated. The design looks powerful and elegant, combining both established and new, dynamic elements of styling. The interior is distinguished by its generous lines, high-quality materials and ergonomically arranged controls and indicators.

While maintaining compact outer dimensions, the medium-sized BMW achieved a higher standard than the previous model due to its advanced technology and wide range of equipment and options. At the beginning of 1996, the readers of the automobile journal "auto, motor und sport" voted the new 5 Series BMW the world's best car in the upper medium-sized segment. First assessments by customers and dealers also suggest that the 5 Series BMW will continue to develop successfully.

BMW Motorcycles	1995	1994
Sales in DM million	731	608
Production in thousands	52.7	44.4
Employees at end of year	1,900	1,758

In 1995, after the previous year's strong growth, the upward trend in the BMW motorcycle business continued, while the world market stagnated. For the first time, more than 50,000 BMW motorcycles were delivered to customers; a new record for the third successive year. The introduction of the R1100RT touring machine completed the quartet of new motorcycles with flat twin engines. Again, BMW set standards of safety and environmental protection.

Motorcycle markets did not develop uniformly

In 1995, most motorcycle markets maintained the previous year's level. However, total worldwide deliveries of new motorcycles to customers decreased slightly to 806,000 because of markedly weaker demand in the large markets of Japan and Italy. In contrast, slight growth was recorded in Germany, the United States, France and Great Britain which, along with Italy, were the five largest markets for BMW motorcycles.

The trend towards larger machines continued in 1995. While demand decreased by 14% for motorcycles with less than 500cc, it increased by a total of 5% for large machines. Sales of motorcycles with more than 750cc rose by 7% to some 340,000 units.

In Germany, motorcycle registrations rose by 3% to 178,000 units; a new record. Continuing lively interest in motorcycling is reflected by the growing number of motorcycles registered. In Germany, more than two million people now own a motorcycle.

Germany and the United States, where more than 200,000 new motorcycles were delivered to customers, are the world's two largest motorcycle markets. In 1995, they accounted for half the motorcycle market in the developed industrial nations.

BMW motorcycles still on the up-and-up

In 1995, deliveries of new BMW motorcycles to customers rose, from a high level, by 8% to 50,246 units, continuing the steady upward trend since 1990. While demand for motorcycles generally stagnated, BMW's share of the motorcycle market increased from 3.8% at that time to 6.2%. BMW motorcycles with more than 750cc achieved a world market share of 10.7%.

This success is mainly due to the revision and extension of the BMW range of motorcycles and to European cooperation in development and production which is unique in the motorcycle industry.

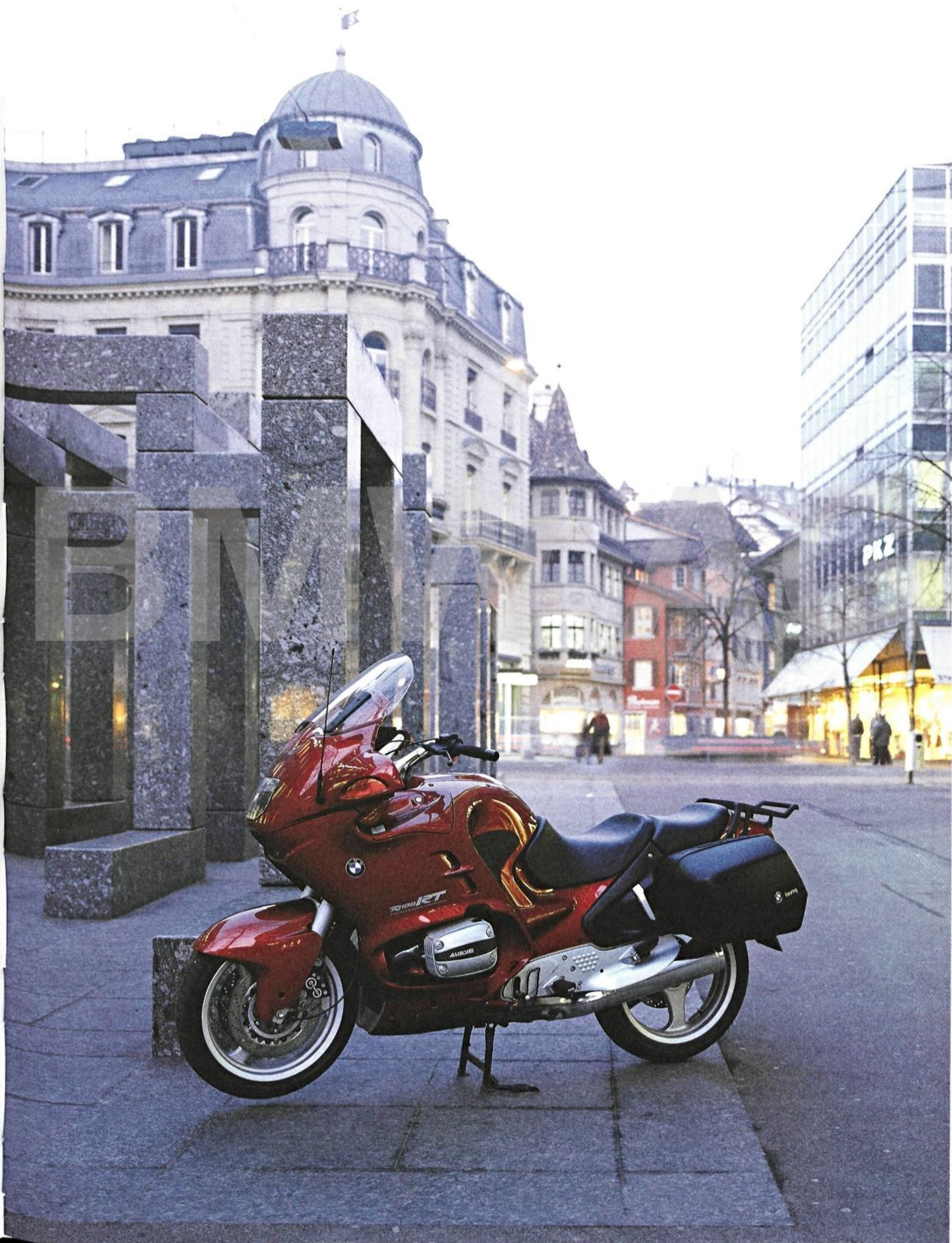
The most important milestone in the product initiative was the introduction of a new generation of motorcycles with 2-cylinder flat twin engines in the spring of 1993. The sporting R1100RS was followed, in 1994, by the Enduro version, the R1100GS, and a classic roadster without fairing, the R1100R. In the autumn of 1995, BMW presented the tourer, the R1100RT, to the public. In 1995, these four motorcycles accounted for about 45% of total unit sales.

With sales of almost 10,000 units, the single-cylinder F 650 was again the most popular BMW motorcycle. Since its introduction in the autumn of 1993, the BMW share of motorcycles with 500 to 750cc has doubled to 5.5%.

Based on BMW's technical concept and design, the F 650 was developed jointly with the Italian motorcycle manufacturer Aprilia at Noale near Venice. The motorcycle is also assembled there. The engine comes from Bombardier-Rotax in Austria where it was developed according to BMW's specifications.

The 4-cylinder motorcycles, the K1100RS and the K1100LT, were thoroughly revised in 1992. After ten years, production of 3-cylinder versions of the K Series ended, as planned, in order to streamline the range of BMW motorcycles.

The R1100RT tourer: the fourth model of the new generation of BMW motorcycles with flat twin engines, next to a sculpture by Max Bill in Zurich, Switzerland.



Increased importance of the German market

Demand for BMW motorcycles developed particularly satisfactorily in Germany. Registrations rose by 11% to 21,900 units, their share of the entire German motorcycle market increasing to 12.3%. In the top market segment, BMW was the market leader with a share of more than 25%.

Fifty-seven percent of all BMW motorcycles were sold abroad, compared with 58% in the previous year. BMW's most important foreign markets were the United States with 5,000 new registrations, followed by France and Italy with almost 4,000 units each. BMW motorcycles achieved the strongest increases in Belgium, Austria and Switzerland where between 1,100 and 1,400 units were registered.

New R1100RT tourer presented

The R1100RT with full fairing was presented in September 1995. The special characteristics of the RT models, such as excellent wind and weather protection, suitability for long distances, robustness and reliability, were enhanced and combined with the innovative technology of the new generation of flat twin engines.

The machine is powered by the new electronically controlled 2-cylinder flat twin engine with four-valve technology. The 1085cc engine, cooled with air and oil, develops an output of 66kW (90bhp) and maximum torque of 95Nm. The BMW Telelever, a new kind of front-wheel suspension, and the Paralever, a double-joint swinging arm on the rear wheel, ensure outstanding roadholding. The anti-lock braking system is standard.

With its excellent handling, the R1100RT set new standards for touring machines. It is easy to manoeuvre in city traffic, sporting to handle on winding country roads and comfortable and relaxing to ride on long stretches of motorway.

BMW continues to set standards of safety and environmental protection

From the autumn of 1995, the top models, the R1100RT and K1100LT, were fitted with an electronically controlled anti-lock braking system as standard. BMW was the first motorcycle manufacturer to introduce anti-lock braking in 1988. This technology greatly increases motorcycling safety.

From the spring of 1995, all 2- and 4-cylinder BMW motorcycles in the current range were fitted with a controlled three-way catalytic converter as standard for Germany and several other markets. The single-cylinder motorcycles are fitted with an uncontrolled catalytic converter.

BMW has equipped motorcycles with catalytic converters since 1991 and is still the only motorcycle manufacturer to use this technology consistently in motorcycles in order to reduce emissions of pollutants.

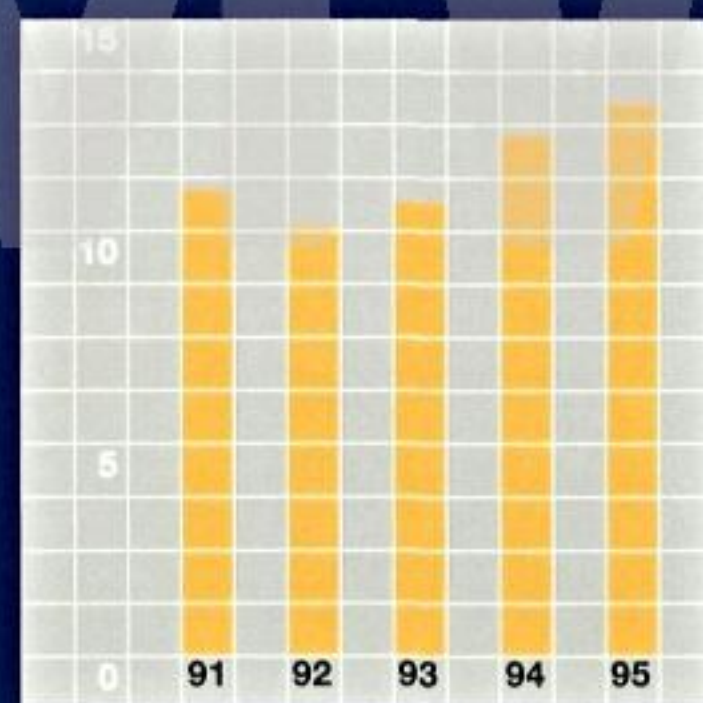
Further increase in sales, second production shift at the Berlin plant

In 1995, sales generated by BMW motorcycles rose by 20% to DM731 million; the sale of parts and accessories brought a further DM187 million.

With the introduction, for the first time, of a second shift at the Berlin plant, production increased by 28% to 42,053 units. Aprilia produced a further 10,600 F 650 motorcycles on BMW's behalf. At the end of 1995, the motorcycle business employed around 1,900 people.

In view of the generally subdued economic prospects, demand in the motorcycle markets is not expected to rise further in 1996. BMW will continue to make motorcycles safer and more environmentally compatible, and to promote knowledge and riding skills among motorcyclists worldwide. With its individual motorcycles with a technological lead, BMW aims, in 1996, to consolidate its market position which has improved markedly in recent years.

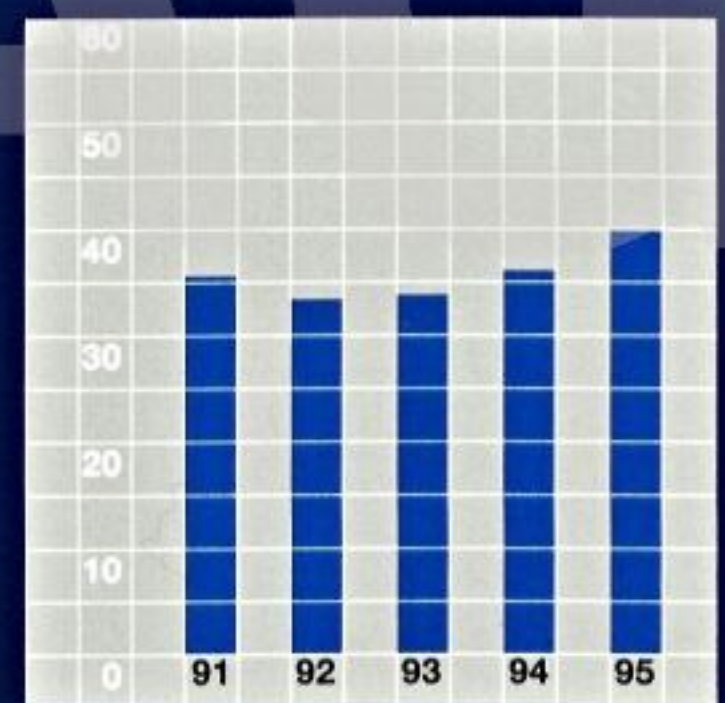
In 1995, Rover Group was Great Britain's largest car manufacturer and also its largest car exporter. Within four years, deliveries to customers of Rover, Land Rover and MG vehicles increased by one-quarter to more than 480,000 units. New products are being developed, and the plants modernised, with an extensive programme of investment.



Rover Group Sales
in DM billion



Rover Group Production
in thousands



Rover Group Employees
in thousands



Rover Group Automobile Range

Rover, Land Rover and MG vehicles at the Royal Victoria Dock in London's East End with Canary Wharf in the background.

Mini

Sprite, Mayfair

1275cc, 39kW (53bhp)

1 Cooper, Cabriolet

1275cc, 46kW (63bhp)

Rover

2 111i, 111Si, 111SLi

1120cc, 44kW (60bhp)

114GTa, 114GSi

1396cc, 55kW (75bhp)

115SD, 115SLD

1527cc, 42kW (57bhp)

Cabriolet

1396cc, 55kW (75bhp)

214i

1396cc, 55kW (75bhp)

214Si

1396cc, 76kW (103bhp)

216Si, 216SLi

1590cc, 82kW (111bhp)

200vi

1796cc, 110kW (150bhp)

220D, 220SD

1994cc, 64kW (86bhp)

220SDi

1994cc, 77kW (105bhp)

3 1.6 Coupé

1590cc, 82kW (111bhp)

1.8 VVC Coupé

1796cc, 110kW (150bhp)

4 1.6 Cabriolet

1590cc, 82kW (111bhp)

414, 414i, 414Si

1396cc, 76kW (103bhp)

5 416Si, 416SLi

1590cc, 82kW (111bhp)

6 420i, 420Si, 420SLi, 420GSi

1994cc, 100kW (136bhp)

420D, 420SD

1994cc, 64kW (86bhp)

420SDi, 420SLDi, 420GSDi

1994cc, 77kW (105bhp)

Tourer 1.8 TD

1769cc, 65kW (88bhp)

Tourer 1.8 VVC

1796cc, 110kW (150bhp)

618i, 618Si

1850cc, 85kW (115bhp)

620Si, 620SLi, 620GSi

1997cc, 96kW (131bhp)

623GSi

2259cc, 116kW (158bhp)

7 620ti

1994cc, 147kW (200bhp)

620SDi, 620SLDi, 620GSDi

1994cc, 77kW (105bhp)

8 820i, 820Si, 820SLi

1994cc, 100kW (136bhp)

Vitesse

1994cc, 147kW (200bhp)

825Di, 825SDi, 825SLDi

2498cc, 87kW (118bhp)

9 825Si, 825SLi, Sterling,

Coupé

2497cc, 129kW (175bhp)

MG

10 MGF 1.8i

1796cc, 88kW (120bhp)

MGF 1.8i VVC

1796cc, 110kW (150bhp)

Land Rover

Defender 90

2495cc, 83kW (113bhp)

11 Defender 110

2495cc, 83kW (113bhp)

Defender 130

2495cc, 83kW (113bhp)

Discovery Tdi (3-door)

2495cc, 83kW (113bhp)

12 Discovery Tdi/ES (5-door)

2495cc, 83kW (113bhp)

Discovery V8i (3-door)

3947cc, 135kW (182bhp)

Discovery V8i/ES (5-door)

3947cc, 135kW (182bhp)

Range Rover 4.0/4.0 SE

3950cc, 140kW (190bhp)

13 Range Rover 4.6 HSE

4554cc, 166kW (225bhp)

Range Rover 2.5 DT/DSE

2497cc, 100kW (136bhp)





Rover Group	1995	1994
Sales in DM billion	13.0	12.3
Production in thousands	504	487
Employees in thousands	40.1	36.2

In 1995, production and sales of Rover Group vehicles generally continued to increase. Overseas, high growth rates were achieved. As a result, the company's traditional dependency on the British market decreased. While Rover sales were not as high as in the previous year because of important model change-overs and reorientation of the sales policy, demand for Land Rover vehicles rose to a record level. The company also continued to develop and improve its worldwide sales organisation.

Rover Group sales affected by new models

In 1995, Rover Group delivered 483,100 Rover, Land Rover and MG vehicles to customers worldwide; a 2% increase on the previous year, despite far-reaching restructuring and increasingly weak demand in car markets. Car sales increased by around one-quarter, compared with the last demand low in 1992.

At that time, only every third Rover Group vehicle was sold outside Great Britain. In 1995, however, sales abroad accounted for 48% of the total. This share will rise as business activities become increasingly international.

Demand for Rover cars was affected by the model change-overs in the 200 and 400 Series. The new Rover 400 was introduced in May as a five-door saloon with hatchback. It was followed, in September, by the presentation of the four-door version at the International Motor Show in Frankfurt. The new Rover 200 was introduced shortly afterwards at the London Motor Show.

During the model change-overs, sales of Rover cars, including Minis, decreased by 5% to 367,500 units. Not participating in the disorderly discounting in the British business market, which greatly influences sales, also contributed to this develop-

ment. Car sales to private customers remained comparatively stable with a marked shift towards more expensive models.

During the second half of the year, the new models greatly stimulated demand, particularly in Great Britain. During this period, worldwide deliveries of Rover 400 cars were twice as high as in the previous year. The new models are being launched progressively into European and overseas markets. With the Rover 200, 400 and 600, the company has an attractive range of cars with a distinctive design and a high standard of technology.

Deliveries of Land Rover vehicles rose by 28% to 115,600 units; a new high. With sales of more than 60,000 units, the Discovery was again the marque's most popular model.

However, luxury Range Rovers, which had been completely renewed in the previous year, recorded the strongest growth. Deliveries of this model increased by 70% to 28,000 units. Production of the preceding model, the Range Rover Classic, was phased out at the beginning of 1996.

The new Rover 200 during the international press presentation at Portofino, Italy, in November 1995.

Rover Group Automobiles

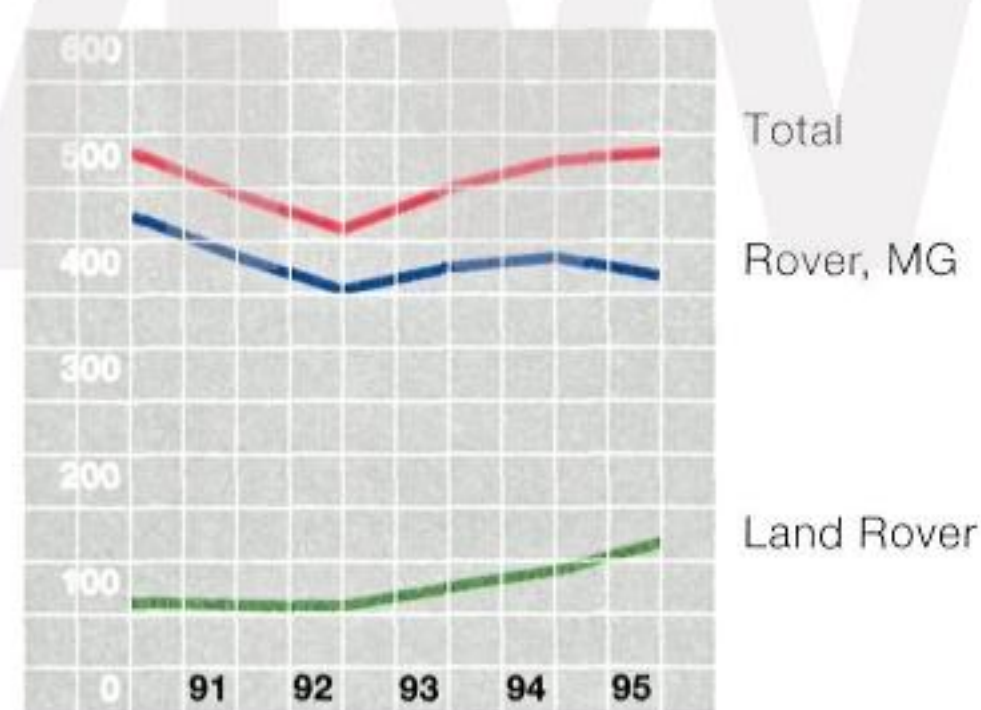
Sales and Distribution

Many customers still considered the legendary Defender the epitome of the off-road vehicle. In 1995, some 26,800 units were delivered to customers; one-quarter more than in the previous year.

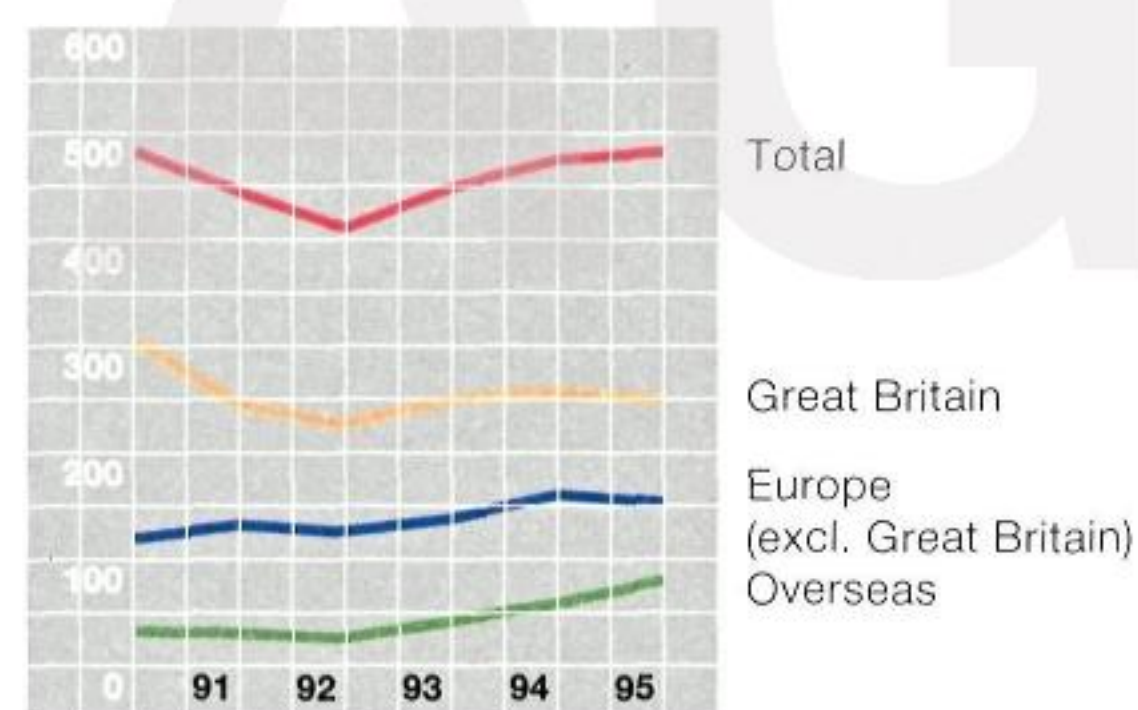
A completely new MG, the MGF with mid-engine, continued the British sports car tradition. Deliveries to customers began in November. Production of a limited edition of 2,000 MGRV8 cars ceased at the end of the year.

In Great Britain, sales were affected primarily by the renewal of the Rover model range. In the company's home market, where every second Rover Group vehicle was sold in 1995, deliveries to customers fell slightly to 249,300 units; a 12.8% market share.

In continental Europe, unfavourable market conditions affected the company's sales, particularly in France and Spain. In contrast, deliveries to customers in Italy rose by 13% to some 38,600 vehicles owing to the new Rover 400 and the Range Rover models introduced in the previous year.



Deliveries of Rover Group Vehicles to Customers According to Marques
in thousands



Deliveries of Rover Group Vehicles to Customers According to Regions
in thousands

Downturn ends in Europe

In Europe, sales were affected by generally stagnating demand in car markets. In addition, state scrappage premiums distorted purchasing patterns in the lower segments of several important markets. In 1995, Rover Group's European sales decreased by 3% to 403,000 units. Their market share was 3.4%, compared with 3.5% in the previous year.

In Germany, although still at a comparatively low level, Rover Group achieved a 6% increase in deliveries to 13,300 units. Sales potential will be far better when the dealer organisation has been developed and extensively restructured.

In the fourth quarter of 1995, Rover Group recorded marked growth as the new models became increasingly available in Europe.

New records overseas

Overseas, deliveries to customers of Rover, Land Rover and MG vehicles rose by 37% to more than 80,000 units. Thus, sales in these markets have doubled within three years. Forty-four percent of Land Rover sales were outside Europe.

In North America, demand for Land Rovers continued to be extremely lively, with sales rising by two-thirds to 20,800 units; a new record. Sales of the Discovery increased by 78% to 12,100 units. The new Range Rover was very well received by customers. The market for the Defender remained stable at 1,600 units.

The upward trend also continued in Japan where all Rover Group models are available. Registrations of Rover Group vehicles rose by 33% to 25,200 units. Rover and Land Rover vehicles each achieved two-figure growth rates. In 1995, Japan was the company's third-largest foreign sales market after France and Italy.

Car Markets in Countries with Rover Group Sales Companies¹⁾

		1995	1994
Europe			
Belgium	Total market	358,900	387,300
	Rover Group	4,000	5,300
France	Total market	1,930,500	1,972,900
	Rover Group	45,600	52,100
Germany	Total market	3,314,000	3,209,200
	Rover Group	13,300	12,500
Great Britain	Total market	1,945,400	1,910,900
	Rover Group	249,300	256,200
Ireland	Total market	88,000	80,400
	Rover Group	3,100	2,400
Italy	Total market	1,712,300	1,671,800
	Rover Group	38,600	34,300
Netherlands	Total market	446,400	433,900
	Rover Group	7,000	6,000
Portugal	Total market	210,000	233,200
	Rover Group	8,400	11,700
Spain	Total market	799,000	873,800
	Rover Group	20,900	27,400
Overseas			
Australia	Total market	488,400	460,700
	Rover Group	5,700	4,900
Japan	Total market	4,443,900	4,210,200
	Rover Group	25,200	19,000
South Africa	Total market	236,600	192,000
	Rover Group	1,800	1,400
USA and Canada	Total market	9,305,500	9,737,700
	Rover Group	20,800	12,600

¹⁾ Total market: cars

Rover Group: Rover, Land Rover and MG

In Australia, Land Rover sales increased by around 15% to 5,700 units, although demand for off-road vehicles generally stagnated.

In 1995, Land Rover was the leading marque in its segment. This points clearly to the performance and reliability of these vehicles in difficult terrain and extreme climates.

International sales organisation continues to be developed

Rover Group has its own sales companies in 14 markets on five continents. In more than 100 other countries, Rover Group vehicles are sold by importers. Large investments continued to be made in the development of the worldwide information network and the improvement of logistical systems.

In the major European markets, the long-term programmes to restructure and improve the quality of the dealer organisation made good progress. In Germany, 40% of almost 240 Rover and Land Rover dealer businesses have been upgraded within two years.

The dealer network overseas continued to expand. In the United States, the number of businesses increased from 88 to 96, 30 of which are specialist Land Rover Centres. There, potential customers can use a computer-assisted system to gather information on the entire range of models and the possibilities of "tailor-made" vehicles, and gain their own impressions on specially designed test tracks.

There are plans to extend the US retail network to 125 businesses in 1996. All the new dealerships will be Land Rover Centres. With a readily available, nationwide sales and customer service organisation, the company will be able to take advantage of additional opportunities in the United States.

Rover Japan now has more than 300 businesses specialised in sales and customer service. In 1995, after investment of some DM30 million, the company opened

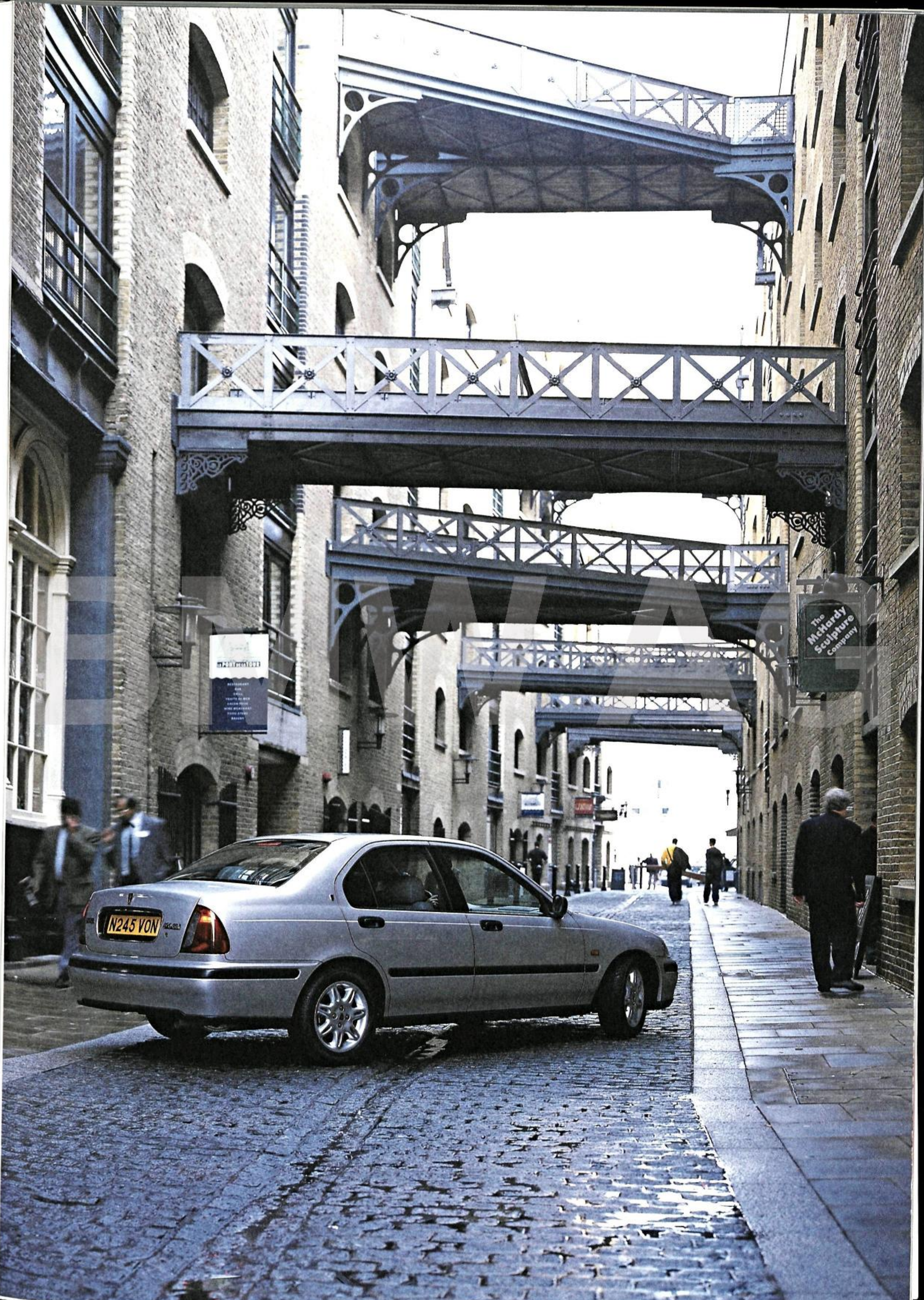
new vehicle preparation and service training centres at Toyohashi, between Tokyo and Osaka.

In South Africa, the Land Rover sales company, established at the end of 1994, opened for business. The Defender and Discovery models sold in this country are assembled from parts kits by BMW South Africa. In 1995, 1,800 Land Rover vehicles were delivered to customers in South Africa, compared with 1,400 in the previous year.

Sales of Rover Group vehicles rely, like those of BMW, on a worldwide network of independent dealerships and a marked brand identity. In regions with adequate sales potential, the company establishes exclusive dealerships for the marque. In rural areas and in very large countries, Rover Group vehicles continue to be sold by multi-brand dealers in order to ensure an efficient distribution network.

In addition, every possibility is being examined in order to increase, through concentration of existing infrastructures, systems and market experience at BMW and Rover, the productivity and quality of all sales services and thus to open up jointly new markets for the entire Group's range of vehicles. BMW's financial services were supplemented by corresponding programmes for Rover Group.

Characteristic view of the four-door saloon version of the Rover 400 in Butler's Wharf, a London shopping street.



Two completely new generations of cars increased the attractiveness of the Rover model range, while the new MGF continues the tradition of British sports cars. The new vehicles reflect Rover Group's efficiency and expertise. The company is preparing for the technological challenges of the future with a new Design and Engineering Centre.

New Rover styling continues

In 1995, Rover launched new generations of cars in two series, beginning with the five-door version of the new Rover 400 in May. This was followed by the unveiling of the four-door saloon in September. The new Rover 200 was introduced to the public at the London Motor Show in October.

The individual image of Rover cars was further refined in these models. The new styling was first seen in the Rover 600 which received an award from the British Design Council in 1994. With the Rover 200, 400 and 600, the marque now has an attractive range of models with a new, individual appearance in the medium-sized car segments.

In addition to launching new models, the existing range of Rover and Land Rover vehicles was upgraded as part of the continuing programme of realignment and enlarged by additional equipment and fittings.

New Rover 400 presented in two versions

The new generation of the Rover 400 is available in two body versions. They are positioned significantly further up-market than the previous Rover 400. Compared with other cars in their segment, they offer exceptional ride comfort and an outstanding interior environment.

While the five-door version features the practicality of a large hatchback, the four-door saloon is distinguished by its striking rear design. With a volume of 480 litres, the saloon's luggage compartment is extremely spacious.

The new Rover 400 Series has a wide range of 4-cylinder, 1.4-, 1.6- and 2.0-litre petrol engines, and two 2-litre diesel engines with direct fuel injection and turbo-charging. Engine power ranges from 64kW (86bhp) to 100kW (136bhp).

The more powerful of the two diesel engines, with charge-air intercooling, develops a maximum torque of 210Nm and output of 77kW (105bhp). With this power unit, the Rover 400 SDi is particularly economical to run, fuel consumption being only 5.1 litres per 100km.

Hydraulic engine mounts and a new suspension system reduce the transmission of vibrations from engine, chassis and suspension to the interior. The double wishbone suspension at the front and multi-link system at the rear ensure an extremely comfortable ride. The body's high torsional strength also contributes to comfortable yet dynamic handling.

Special occupant protection features make the new Rover 400 particularly safe for a car in this segment. A driver's airbag is fitted as standard in all models; a passenger airbag is also standard in high specification models.

An advanced alarm system and engine immobilisation through the electronic engine management system provide security against theft in all versions of the 400.

The new Rover 200: dynamic performance and comfort in the lower medium-sized segment

In 1995, the realignment of the medium car range was completed with the announcement and introduction of the new Rover 200 Series. The Rover 200 is a compact saloon, available in a three- or five-door version. Like its outer form, the interior displays distinctly youthful styling.

Special attention was paid to developing a comfortable, versatile car with responsive and sporting handling. The luggage compartment can be enlarged from a good 300 litres to up to 1,086 litres by folding down one or both of the rear seat backs, as required.

The Rover 200 is available with a choice of high-performance 1.4-, 1.6- and 1.8-litre petrol engines and two diesel engines. Output ranges from 55kW (75bhp) to 110kW (150bhp). The 1.8-litre engine with variable valve control and four-valve technology, which also powers the MGF 1.8iVVC, gives the Rover 200vi outstanding performance for a car in this segment. The car accelerates from 0 to 100kph in 8 seconds and uses 7 litres of petrol per 100km. The diesel-engined Rover 220SDi has an average fuel consumption of only 5.1 litres.

Like the Rover 400, the smaller 200 features a combination of hydraulic engine mounts and special dampers for added comfort. The newly developed suspension with McPherson struts at the front and an H-shaped multi-link system at the rear also contributes to the car's balanced handling.

Occupant safety features and anti-theft systems are as comprehensive as the 400 Series. In order to reduce repair costs, the Rover 200 was fitted with new bumper systems with integrated impact boxes which, in collisions at low speeds, absorb the energy through deformation and thus prevent damage to the car's structure.

Mini: "Car of the Century"

In November, the Mini received the accolade of "Car of the Century" from the British motoring magazine "Autocar".

The award was made on the occasion of the magazine's 100th birthday and was presented to Rover at the Natural History Museum in London. The Mini, first presented in 1959, is considered the epitome of the small car with an innovative front-wheel drive concept which revolutionised the motor industry.

The MGF: the rebirth of a motoring legend

In March 1995, 70 years after the first MG sports car was built at Morris Garages (MG), a completely new sports car, the MGF, was presented at the Salon International de l'Automobile in Geneva. Styling and engine concept also give the new MG its special character.

The MGF holds a special position in its segment due to its mid-engine/rear-wheel drive configuration which provides exceptional handling and agility. Double wishbone suspension, four disc brakes, an electronically controlled anti-lock braking system and advanced electric power-assisted steering ensure a high degree of active safety.

Passive safety is ensured by a strong, zinc-coated body, engineered to meet the requirements of the 55kph offset barrier crash test. Other safety features, such as a high-tensile steel tube in the windscreen frame and a driver's airbag as standard, enhance occupant protection.

Power is provided by two versions of the 1.8-litre, 4-cylinder engine of Rover's K Series, both of which are distinguished by smooth-running performance, economical fuel consumption and low servicing costs.

With an 88kW (120bhp) engine, the MGF 1.8i accelerates from 0 to 100kph in 9.2 seconds and has a top speed of 192kph. The MGF 1.8iVVC is equipped with the version with a sophisticated form of variable valve control. With this engine, the car accelerates to 100kph in only 7.7 seconds and has a top speed of more than 200kph.

The new sports car continues the classic elements of MG design in a modern form. Clear lines make the MGF look both elegant and powerful. The fabric hood is easy to open and close. An optional hard top with a heated rear window can be fitted with ease and transforms the MGF into a stylish sports coupé.

The MGF aroused great interest among the public, dealers and customers worldwide. The first cars were delivered to customers in Great Britain in November. The MGF will be available in other markets during 1996.

New Design and Engineering Centre under construction

Construction of the new Rover Group Design and Engineering Centre at Gaydon, between Birmingham and Oxford, has progressed since the beginning of 1995.

The complex of buildings for up to 1,000 associates is being constructed with investments of more than DM50 million. It will provide the facilities required by Rover Group's development and planning divisions for efficient teamwork.

Thus, the company is preparing to face the coming technological challenges of the international car market. Work at the new centre is scheduled to begin at the end of 1996.

The Range Rover, the luxury off-road vehicle, in the Scottish Highlands.

BMW AG



The Rover Group production facilities are being developed and modernised with an extensive investment programme. Within two years, annual investment has increased to DM1.2 billion. In the course of a product initiative on a scale previously unknown, the plants have coped with model start-ups and introduced new production technologies.

New capacity for Rover Group

In 1995, Rover Group production rose by 3% to 503,526 units; the highest level since 1989. At Solihull, Land Rover production reached a record 127,400 units.

Production capacity was extended mainly at the Longbridge and Solihull car plants in order to meet the demand expected for the new models.

Investments are being made in new paint shops at all vehicle plants in order to enhance product quality and increase environmental compatibility. As a result, the use of water-based paints is increasing. In addition, various measures to improve production and logistical processes increased the flexibility of the entire production network, including the suppliers.

Three new models at Longbridge

The small and medium-sized models, from the Mini to the Rover 400 and the new MGF, are manufactured at the Longbridge plant, Rover Group's largest car factory.

When production of the MG RV8 ended at the Cowley plant near Oxford, a completely refurbished assembly hall was opened in Longbridge for MGF production. Since the new sports car is made in comparatively small numbers, its production is not highly automated. It relies heavily on the craftsmanship of the associates. However, the most modern technologies are used for the MGF's body shell, painting and logistics.

The new hall is designed for assembly not only of the MGF but also of the Rover 200 Cabriolets and Coupés. Thus, the production programme can be adapted flexibly to meet market requirements.

Special body framing lines were set up for the newly developed Rover 200 and 400 models. Here more than half the welds are applied by a total of some 200 robots. The body panels come by rail from Rover Body and Pressings in Swindon. They are transported in special two-tier wagons.

The new Rover 200 and 400 models are also assembled in a completely refurbished and enlarged production area.

At the plant, intermediate stores are limited to a minimum. Parts, components and sub-assemblies are stored directly at the work stations where they are needed at short notice. Each 8-hour shift, suppliers make some 250 "just in time" deliveries for the 400 Series alone.

Increased capacity and new paint shop at Solihull

In 1995, investment also increased at the Land Rover factory at Solihull with the building of an engine plant. A new paint shop and new assembly facilities were also under construction in the latter part of the year.

When complete, the new facilities will enable Land Rover to adjust production to growing worldwide demand for its vehicles.

Awards for Rover engineers

Rover engineers were awarded the Royal Automobile Club's Dewar Trophy for the development of a laser-based visual inspection system for measuring and analysing minute stress vibrations. This holographic system helps to improve a car's structural integrity.

Rover also received a UK Manufacturing Industry Achievement Award for the development of the 2-litre, L Series turbo diesel engine with direct fuel injection. This power unit sets standards of performance, drivability and economy for medium-sized, diesel-engined cars. It also has particularly low emissions.

Savings in purchasing and logistics

In 1995, close cooperation between the logistics divisions of BMW and Rover helped to reduce the costs of transport and delivery of Rover Group vehicles to worldwide markets. The concentration of activities also increased efficiency in other areas of the company, such as sourcing, financing and commercial processes.

Second- and third-tier suppliers are included in the optimisation of all the company's business processes. These activities are intended to constantly improve quality and reduce costs.

CARE recycling programme continued

In 1995, Rover Group was the project manager of the UK Consortium for Automotive Recycling (CARE), in which nine car manufacturers were involved at the end of the year. This initiative aims to improve environmental standards for the disposal of scrapped vehicles and to raise the share of recycled materials.

The CARE project sets strict standards for the dismantling of scrapped cars, the careful separation of materials and the treatment of fluids from cars in order to avoid, as far as possible, contamination of the environment.

Workforce at End of Year	1995	1994
Rover Group	40,137	36,238
Small and medium-sized Rover cars	10,715	9,540
Large Rover cars	3,364	3,347
Land Rover vehicles	7,326	6,203
Engines	8,474	7,771
Pressings	4,763	4,440
Other areas, sales companies and investments	5,495	4,937

In 1995, Rover Group recruited some 3,900 additional employees. The increase in personnel was primarily to prepare for the production of three new models at the Longbridge plant and to boost production capacity at the Land Rover plant at Solihull. Rover also appointed 500 design and development engineers.

Personnel prepared for new tasks

At the end of 1995, Rover Group employed some 40,000 people. This is the highest figure for five years and is a reflection of the various projects to develop the company's market position and business volume.

In addition to increasing personnel capacity, Rover Group continued the learning and development programmes for its associates. In 1995, these included, in particular, investment in educational facilities, such as the new Axis learning centre at Rover Body and Pressings at Swindon.

The rooms and technical facilities at this centre enable the plant's associates to gain the best possible qualifications. These aim primarily at constant improvement of the efficiency and quality of all production processes. At the other Rover Group sites, existing training centres were modernised and upgraded.

Integrated training and education schemes

Rover Group launched a special training scheme for young recruits in order to prepare them for progression through the company. The scheme provides a broad range of training in vocational skills and lays the foundations for further study.

This scheme serves as a model for other companies. It was launched, in March 1995, at Rover's Cowley plant by the British Secretary of State for Employment.

Company education schemes for associates have been supplemented by external programmes for many years. In 1995, the large number of Rover associates who acquired formal qualifications in the company during the year included the first graduates from Rover Group's Total Quality Leadership Programme. They gained a master's degree from John Moores University, Liverpool. Projects carried out successfully at Rover were recognised as part of qualification for the degree.

The first Rover associates to complete the engineering doctorate programme, established in 1992 with Warwick University, near Birmingham, have now qualified as doctors of engineering.

In a learning and development survey, nearly 4,000 associates were asked to give their views on subjects such as barriers to learning, managerial support for learning, and the quality and quantity of learning opportunities at Rover.

The results provide a basis for the future development of training and education schemes at Rover which aim both at the improvement of vocational qualifications and the personal development of associates.

Involvement in international learning organisations

Rover Group is a member of both the European Lifelong Learning Initiative (ELLI) and the European Consortium of Learning Organisations (ECLO). In May 1995, Rover organised ECLO's first international conference at Warwick University.

BMW's history began with aero engines in 1916. Together with Rolls-Royce plc, the Company returned to the field of aeronautical engineering in 1990. Since then, BMW Rolls-Royce GmbH has gained an international reputation with a new generation of aero engines.

In the car business, demand is increasing for leasing and loan financing. Financial services have doubled their volume of business within five years. The activities of other subsidiaries complement the Group's traditional fields of business.

**BMW Rolls-Royce 1995 1994
Aero Engines**

Sales in DM million	174	179
Employees at end of year	1,775	1,399

In 1995, BMW Rolls-Royce succeeded in entering the promising market of aero engines for 100-seat passenger aircraft. The order backlog increased to more than DM2 billion. Flight trials with the BR710 aero engines began on schedule. At the Dahlewitz plant, preparations began for series assembly. With new technologies, future aero engines are to set new standards for economy, noise and exhaust emissions.

Large order from US airline

In October 1995, ValuJet Airlines, Inc. in Atlanta, Georgia, decided to buy the new MD-95 regional jet from McDonnell Douglas Corp. and BMW Rolls-Royce aero engines. As the first customer, ValuJet was decisive for the construction of this short- and medium-range jet powered exclusively by the BR715 aero engines of BMW Rolls-Royce.

BMW Rolls-Royce had previously supplied the aircraft manufacturers Gulfstream Aerospace Corp. and Bombardier Inc. With the new order, the company now has an airline as a direct business partner. This was a further important step in the development of the company's long-term competitive position.

The maiden flight of the MD-95 will probably be in May 1998. The aero engine for the new type of aircraft is expected to be licensed in the autumn of the same year. Delivery of the first aero engines to ValuJet is scheduled for mid-1999.

ValuJet will first purchase 50 MD-95 aircraft from McDonnell Douglas and 108 BR715 aero engines from BMW Rolls-Royce. As a result, the order backlog for BMW Rolls-Royce aero engines has risen to more than DM2 billion. Options exist for a further 50 aircraft.

Maiden flight with BR710 aero engine

In November 1995, Gulfstream V, a large executive aircraft equipped with two BR710 aero engines, made its maiden flight from Savannah Airport in Georgia, USA. The city on the Atlantic coast in the southeast of the United States is the headquarters of Gulfstream Aerospace Corp., the first customer of the BR700 engine family developed by BMW Rolls-Royce.

The BR 710 aero engine is the first version of this family and thus the first German aero engine to receive a licence for civilian aircraft.

Together, the BR710 aero engines, which will power both the Gulfstream V and Bombardier's Global Express, have almost 30,000 pounds thrust when starting. In the process, air is drawn in by the fan with a diameter of around 120cm and compressed to 27bar in a ten-stage compressor. The air is mixed with fuel and ignited in the ring combustion chamber.

After combustion, the hot gases are released at supersonic speed. They flow out through two-phase high- and low-pressure turbines which power the compressor and fan.

With these aero engines, Gulfstream V or Bombardier's Global Express will have a range of 6,500 nautical miles or 12,000km. Thus, executive aircraft will be able to fly non-stop, for example, from New York to Tokyo.

This is due to the powerful BR710 aero engines with their economical fuel consumption which rapidly bring the aircraft to cruising heights of up to 51,000 feet or 15,500 metres. The BMW Rolls-Royce engines also set new standards for noise and exhaust emissions.

New small power unit completes 600-hour endurance test successfully

The auxiliary power unit APU RE220 completed a 600-hour endurance test successfully at the test centre for small power units of BMW Rolls-Royce GmbH at Oberursel near Frankfurt. This small power unit is being developed and produced in a joint venture with five partners. The US manufacturer AlliedSignal Inc. acts as coordinator, while BMW Rolls-Royce is responsible for the compressor and thus for one of the essential sub-assemblies. The other partners are Kawasaki Heavy Industries, Alfa Romeo Avio and Singapore Aerospace.

In future, the APU RE220 will supply executive aircraft and regional jets with electric power when on the ground and safeguard the energy supply for important on-board functions during the flight. The first power units will be delivered to customers at the end of 1996. Thus, the development and production of auxiliary power units have become an important field of business for the Oberursel plant.

Development of the Dahlewitz plant near Berlin makes rapid progress

The large assembly hall for BR700 aero engines at the Dahlewitz plant was completed and equipped in just nine months. In the first stage of construction, plant and personnel capacity are designed for the assembly of 120 aero engines a year. Upon completion of the second stage of construction, up to 300 units a year will be assembled in modules and as functioning aero engines. Parts and components come from the Oberursel plant, from Rolls-Royce plc in Great Britain and suppliers from all over the world.

After engine assembly began in June 1995, aero engines were produced for flight trials with the new BR710 engine system.

So far, BMW Rolls-Royce has invested around DM300 million in the development, testing and assembly centre at Dahlewitz, including some DM50 million for the new assembly hall and its equipment. At the end of 1995, 700 highly-qualified employees were working at these new facilities.

Total investment in the development and production of the new BR700 engine family, amounting to around one billion D-marks so far, will generate sales upon the scheduled delivery of the first aero engines to customers from the end of 1996. At DM174 million, the sales of BMW Rolls-Royce GmbH remained at the previous year's level. In 1995, the number of employees increased by 376 to a total of 1,775.

BMW Rolls-Royce initiates technology programme

In 1995, BMW Rolls-Royce began work on the technological bases for developing a particularly environmentally acceptable engine for civilian aircraft. The guiding concept is "An environmentally compatible engine, the 3E 2010." The main aims are to improve fuel consumption and exhaust emission levels and to find out how to reduce engine noise.

With this initiative, the company is taking part in the Federal Government's 1995 to 1998 Programme of Aviation Research and Technology. Here it is concentrating on six individual projects on low-emission combustion chambers and low-noise exhaust mixers and on the design of high-pressure turbines and compressors. New materials and innovative concepts to increase engine efficiency, and new control technologies are being developed with partners from industry and research.

The roll-out of Gulfstream V was in Savannah, Georgia, on September 22nd 1995. The new executive jet, seating 8 to 12 passengers, is powered by two BR710 aero engines by BMW Rolls-Royce.



Financial Services	1995	1994
Total contracts in thousands	577	509
New financing contracts in thousands	545	460
Sales from leasing in DM billion	5.0	4.4
Employees at end of year	901	653

Financial services continued to develop satisfactorily in 1995. The financing volume increased to DM19 billion. The development of a financial services organisation for Rover Group made good progress. Germany, Japan and the United States are the largest markets for the BMW Group's financial services.

Above-average growth of financial services continues

The wide range of BMW leasing and loan financing services strengthens the market position of the Group's cars and motorcycles and generates additional earnings. The volume of business has more than doubled since 1991 when BMW's worldwide financing activities were brought together in a single organisational unit.

In 1995, despite increased competition, the average financing volume rose by around 10% to DM19 billion. Financial services for Rover Group contributed only slightly to this development.

The largest increases were recorded in Germany and the United States. These two markets account for almost 70% of all BMW Group's financial services. Other European countries account for 13% and Japan for 12%.

The special competitive advantage of BMW's financial services is due to the tailor-made loans offered to dealers and customers to finance their cars and motorcycles.

In 1995, BMW group companies concluded a total of 545,000 leasing and loan contracts. Thus, the number of new contracts increased by about 20%. Most of the contracts were concluded with dealers and customers for financing new and used cars.

In the markets in which BMW is represented by its own financing companies, almost every third BMW customer financed their new car through a BMW company. By the end of the year, the total number of contracts had risen to 577,000 worldwide; 68,000 more than in the previous year.

Dynamic development in Europe and overseas

With 214,000 new and 285,000 existing contracts, Germany remained BMW's most important market for financial services in 1995. With market penetration of 27%, which is comparatively high for Germany, the financing volume increased by 15% to DM8.5 billion.

In the other European markets, the number of new contracts increased by a total of 30% to 122,000, mainly due to the growth in Great Britain and the Netherlands.

In the overseas markets, new business increased by 18% to 208,000 contracts. BMW Financial Services NA, Inc. in the United States accounted for the largest share with 116,000 contracts. The total overseas financing volume rose to DM8.3 billion.

Financial services for Rover Group, activities in new markets

After developing the Group's own financial services organisation for the BMW sales companies, 1995's structural measures focused on extending business activities to Rover Group vehicles.

Programmes were developed for Rover Group on the basis of the existing organisation and the systems and products of BMW's financial services. They are offered by Rover Group's sales organisation and handled by BMW Group's financial services.

At the end of 1995, Rover financial services were available in almost all European countries in which Rover Group has its own sales companies.

In Great Britain, a joint venture company offers Rover financial services. In the United States, Canada, Japan, Australia, New Zealand and South Africa, BMW financial services are available to Rover Group customers and dealers.

The new financing programmes for Rover Group were very well received in the markets.

Group companies offer financial services for BMW cars and motorcycles in 14 markets. In 1995, a further BMW leasing company was opened in Italy. The company established in Canada in the previous year more than doubled the BMW financing volume in that country.

Financial services also entered a new phase of business development. After introducing financial services in the markets of Europe, North America and Japan, cooperation began with local financial institutions in Southeast Asia.

Consistent risk management

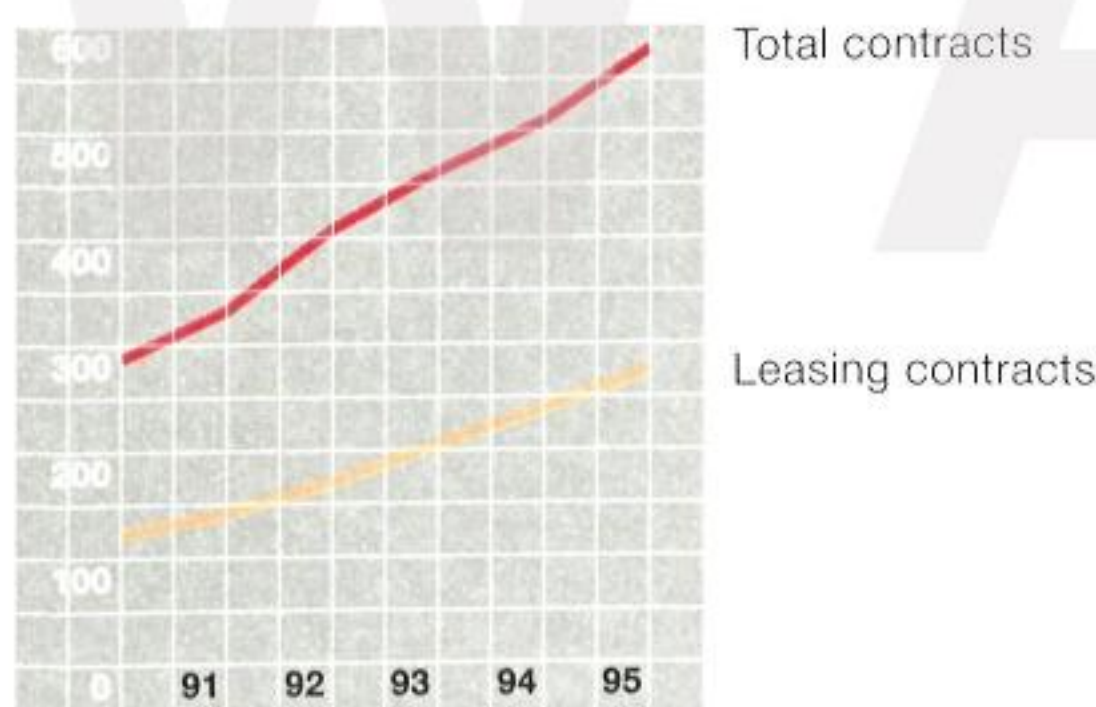
The risk of loan losses is minimised by careful credit assessment. Nevertheless, adequate loan loss provisions are made. At the end of the contract's term, the market value of the financed vehicles is safeguarded mainly by an internationally oriented used car policy in keeping with market requirements.

The BMW financing companies arranged refinancing on favourable conditions directly through the capital markets. BMW pursues a policy of matching maturities for customer financing and raising capital in order to exclude, as far as possible, risks arising from changes in interest rates.

Rover expected to stimulate further growth

With attractive tailor-made products, financial services will continue to contribute to the Group's development. The development of financial services for Rover Group, in particular, is expected to stimulate further marked growth in the volume of business and number of contracts in this field.

With the further development of the single European market, BMW will use every opportunity to improve cost structures in this field of business by standardising handling, risk and control systems.



Total Contracts of BMW Financial Services
in thousands

Software and electronics supplement the Group's traditional fields of business. Project business was developed in 1995. Service companies work for BMW and clients outside the Group.

Bavaria Wirtschaftsagentur GmbH, Munich

Bavaria Wirtschaftsagentur arranges insurance worldwide for the BMW Group. It helps the companies to determine insurance risks and prevent losses, and arranges the necessary insurance.

Insurance for the car and motorcycle business is offered through the financial services. Insurance is also arranged for employees and other corporate clients.

Bavaria Insurance Brokers Ltd., based in Dublin, Ireland, arranges international insurance. Bavaria Insurance Company Ltd. and BL Reinsurance Company Ltd., also based in Dublin, provide insurance and reinsurance, particularly for the risks of the BMW Group.

Bavaria-Lloyd Reisebüro GmbH, Munich, in which the Bavaria Wirtschaftsagentur holds a 51% interest, organises business trips and events for the BMW Group.

In 1995, Bavaria Wirtschaftsagentur and its subsidiaries employed some 90 people.

BETEK Bau- und Energietechnik GmbH, Munich

The company plans and coordinates construction projects for the BMW Group and clients outside the Group. BETEK, with its special focus on industrial and administrative construction, employs 170 people, including architects and engineers from all fields of construction.

The construction and power engineering business has all the elements required for the integrated planning of construction and energy projects. The project coordination business supports builder-owners in activities ranging from project development and construction supervision to quality, cost and schedule management.

In 1995, the new paint shops at the Munich and Dingolfing plants were handed over to BMW AG. The development and assembly centre at Dahlewitz near Berlin continued to be built for BMW Rolls-Royce GmbH. Activities increased to extend the BMW industrial park at Wackersdorf.

BETEK was commissioned with the coordination of reconstruction work for the Federal Ministry of Finance and five other ministries in connection with the Federal Government's move from Bonn to Berlin. It was also awarded the project coordination contract for the new building of the Museum of Transport and Technology Berlin. One of the first large projects for public clients, the new buildings of Technische Universität München in Garching, is nearing completion on schedule.

BETEK Bau- und Energietechnik GmbH, a company of the BMW Group, was project coordinator for the new buildings of Technische Universität München in Garching.



Kontron Elektronik GmbH, Eching

The company develops and sells worldwide computer-assisted solutions and services for industry and research. It uses the latest technologies in order to meet requirements in different sectors.

In 1995, Kontron Elektronik mainly developed its project business, offering comprehensive services from consulting to the installation of electronic systems. For example, several BMW sales outlets in Germany were linked electronically.

The new products launched in the markets in 1995 included portable and stationary industrial computers which can be adapted to meet customer requirements. Specially equipped Kontron computers were used for a large telecommunications project. The company presented a series of new software development tools at the Hanover Fair. The image-processing systems can now be used for three-dimensional representations.

As the United States and Japan are becoming increasingly important for the company, additional sales offices were opened in these markets. Worldwide, sales activities were geared increasingly to large customers and wholesalers. With 415 employees, the workforce of Kontron Elektronik GmbH remained at the previous year's level.

Softlab GmbH für Systementwicklung und EDV-Anwendung, Munich

During the course of 25 years, Softlab has become an international software and systems company with subsidiaries in Europe, the United States and Japan. In Europe, the company is the market leader for software production environments and in Germany it is one of the largest companies in the field of systems integration.

The company advises large corporate and public clients on the development and modernisation of information systems. It plans and installs the hardware and software required. Softlab's private-sector clients include banks, insurance companies and companies from the telecommunications, media and other industrial sectors.

Softlab also sells products and services for the development and maintenance of information systems and enables clients to re-use existing applications.

Softlab's efficiency is based on highly-developed information technology combined with an extensive knowledge of the requirements of different sectors. The company's capacity for individual problem solutions greatly increased.

1995 was marked by steady growth in the project and product business and by the increasingly international character of the company. At the end of the year, Softlab had 877 employees.

An aerial night photograph of a city, likely New York City, featuring a large bridge with a prominent steel truss structure in the foreground. The bridge's lights are visible, and the city skyline with various skyscrapers is illuminated in the background under a dark sky.

BMW in North America.

Germany and America have always had a special relationship with one another. German immigrants have helped to shape modern American culture and society. With time, a lively transatlantic dialogue has evolved. America has always been a country where visions have been realised and developed. BMW is using the opportunities of the New World and strengthening its presence in this market. In 1995, the start-up of series production at its own plant was a decisive step in BMW's development as a global Company.

BMW AG

Preserving the traces

"Typically American": Levi's® jeans have become a symbol of American lifestyle all over the world. But who gives a thought to their inventor's German origin? Levi Strauss had emigrated from Bavaria to the United States.

The Brooklyn Bridge from Long Island over the East River to Manhattan is a New York landmark. It was constructed in the last century by John Augustus Roebling, a German engineer from Thuringia.

A closer look reveals the different roots which made America a melting-pot of cultures. Europeans, including many Germans, decisively influenced the country's development well into the twentieth century.

The extent to which the German language was spoken is shown by Heinrich Miller's *Pennsylvanischer Staatsbote* which, on July 9th 1776, published the American Declaration of Independence for the first time in a newspaper – in German.

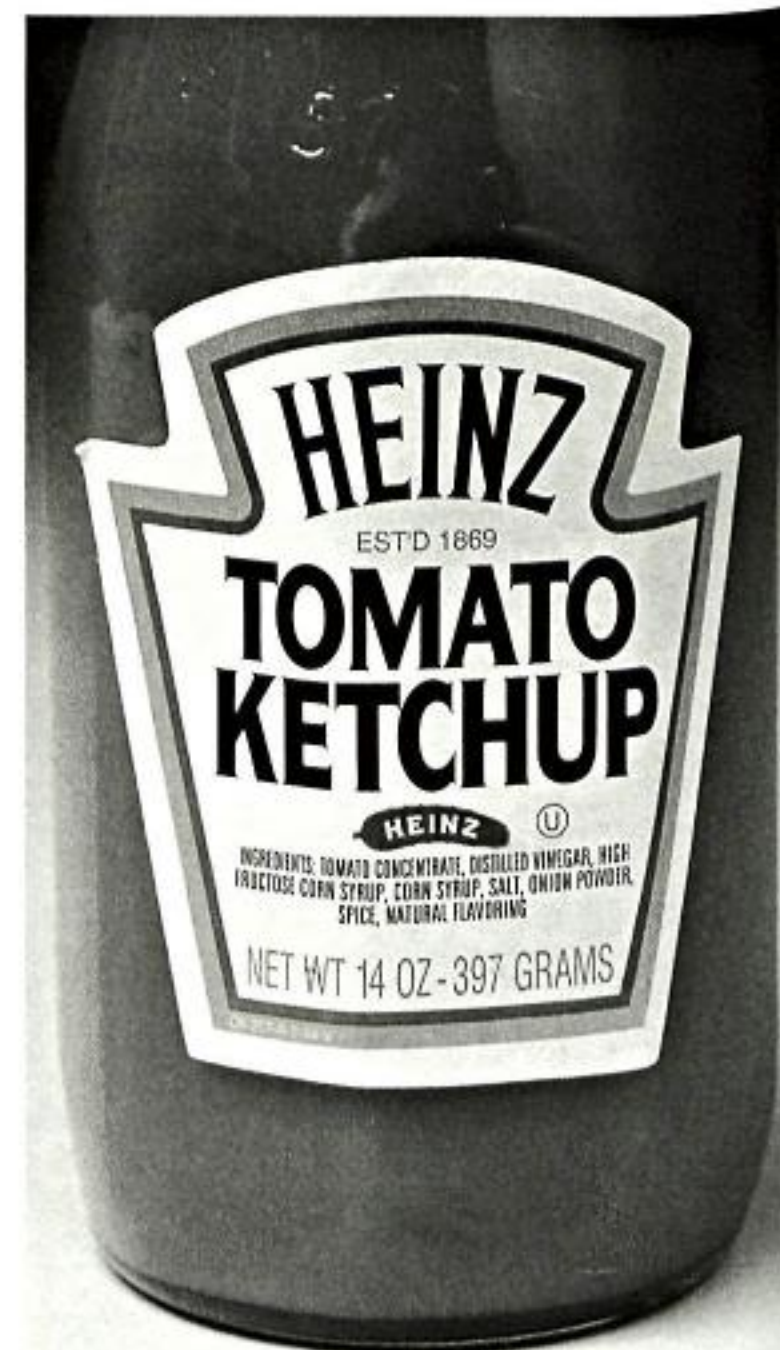
Such traces can be found in almost every sphere of life. In the world of film and television, science and culture, many important ideas came from Europe, and many of these from Germany. However, they were realised and disseminated in the United States.

As part of the American way of life, the symbols of a fresh start and renewal have found their way back to Europe and become part of our daily life. They are now integrated into life worldwide.

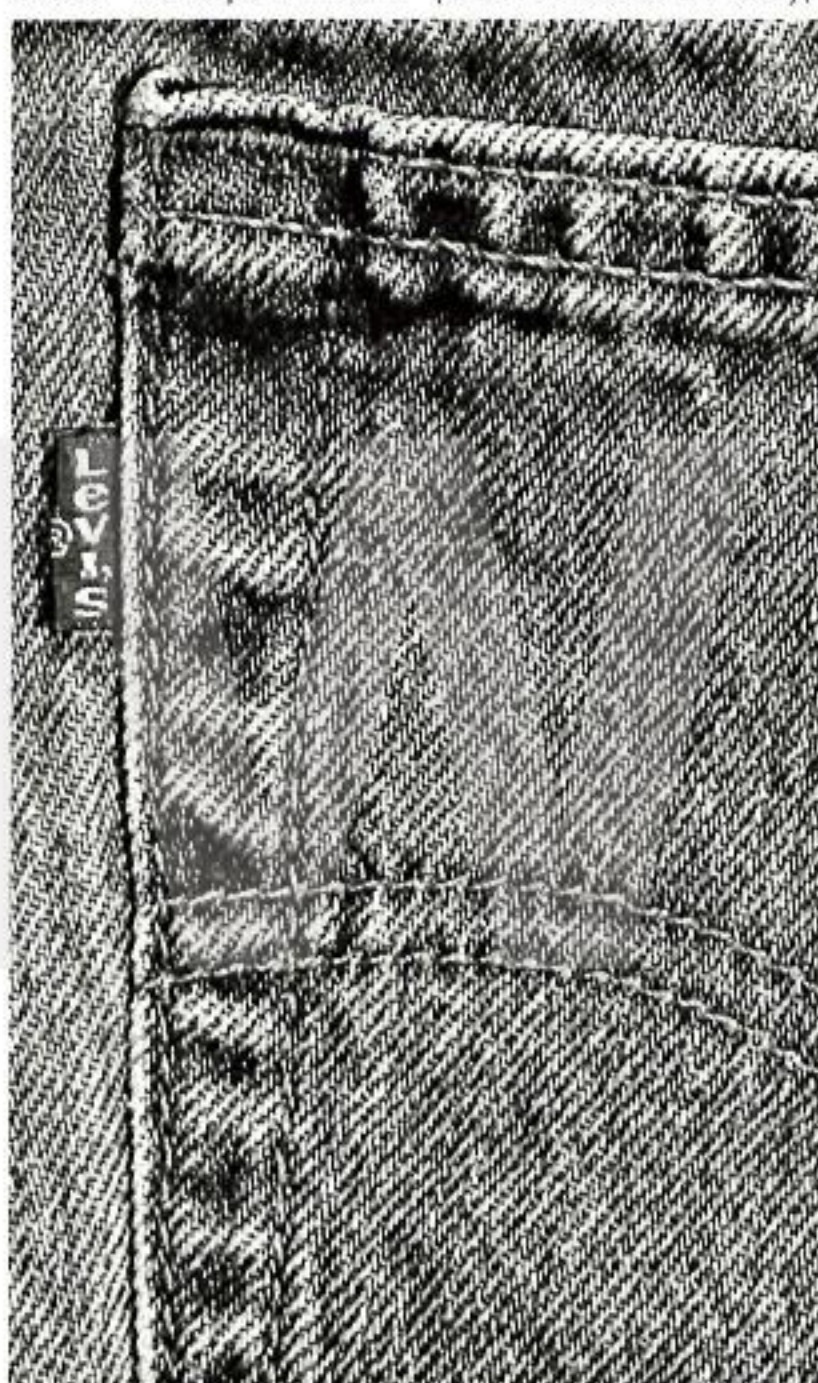
John Augustus Roebling,
1806-1869;
Brooklyn Bridge



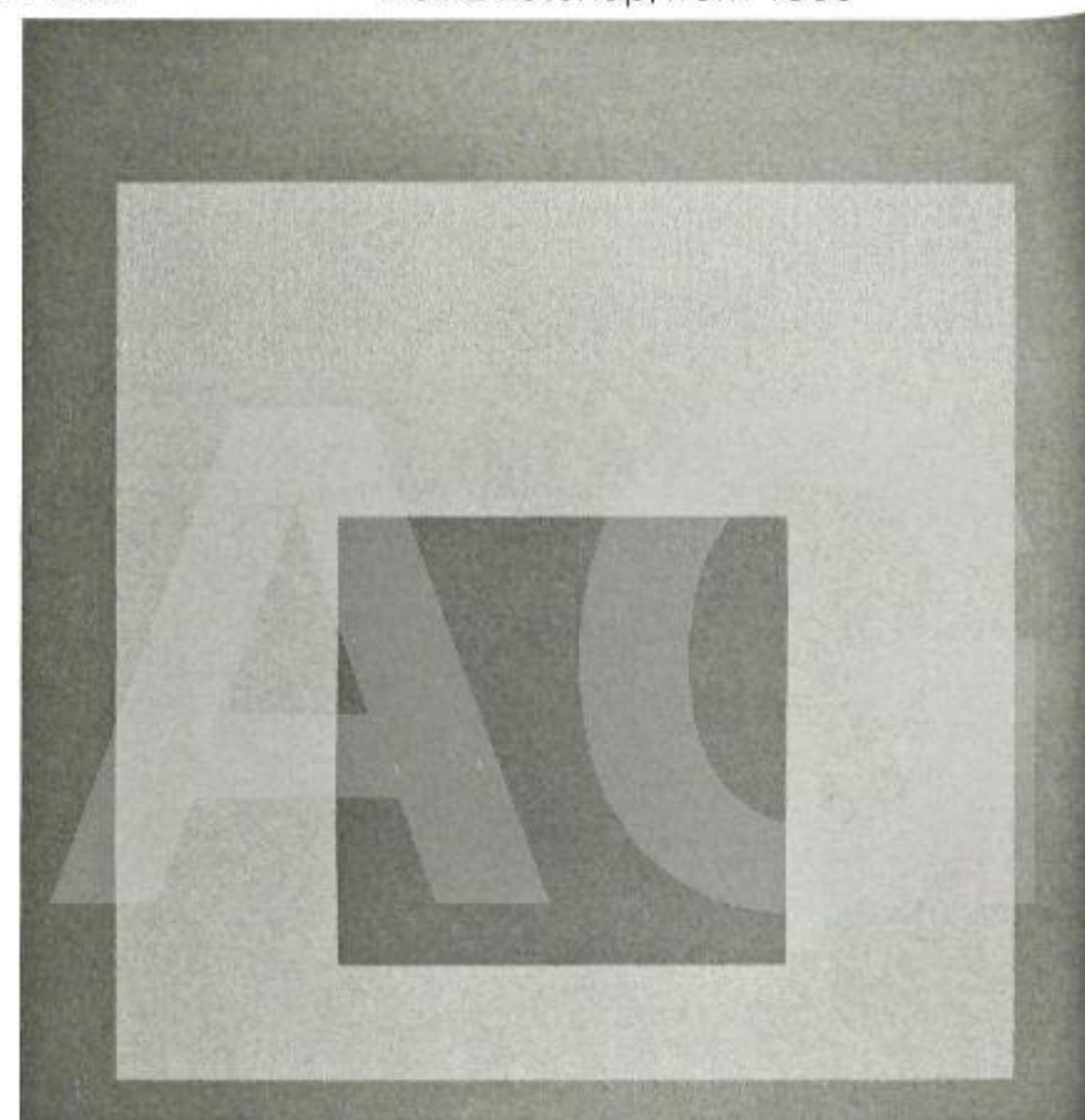
Steiff "Knopf im Ohr" (with button in ear), from 1903



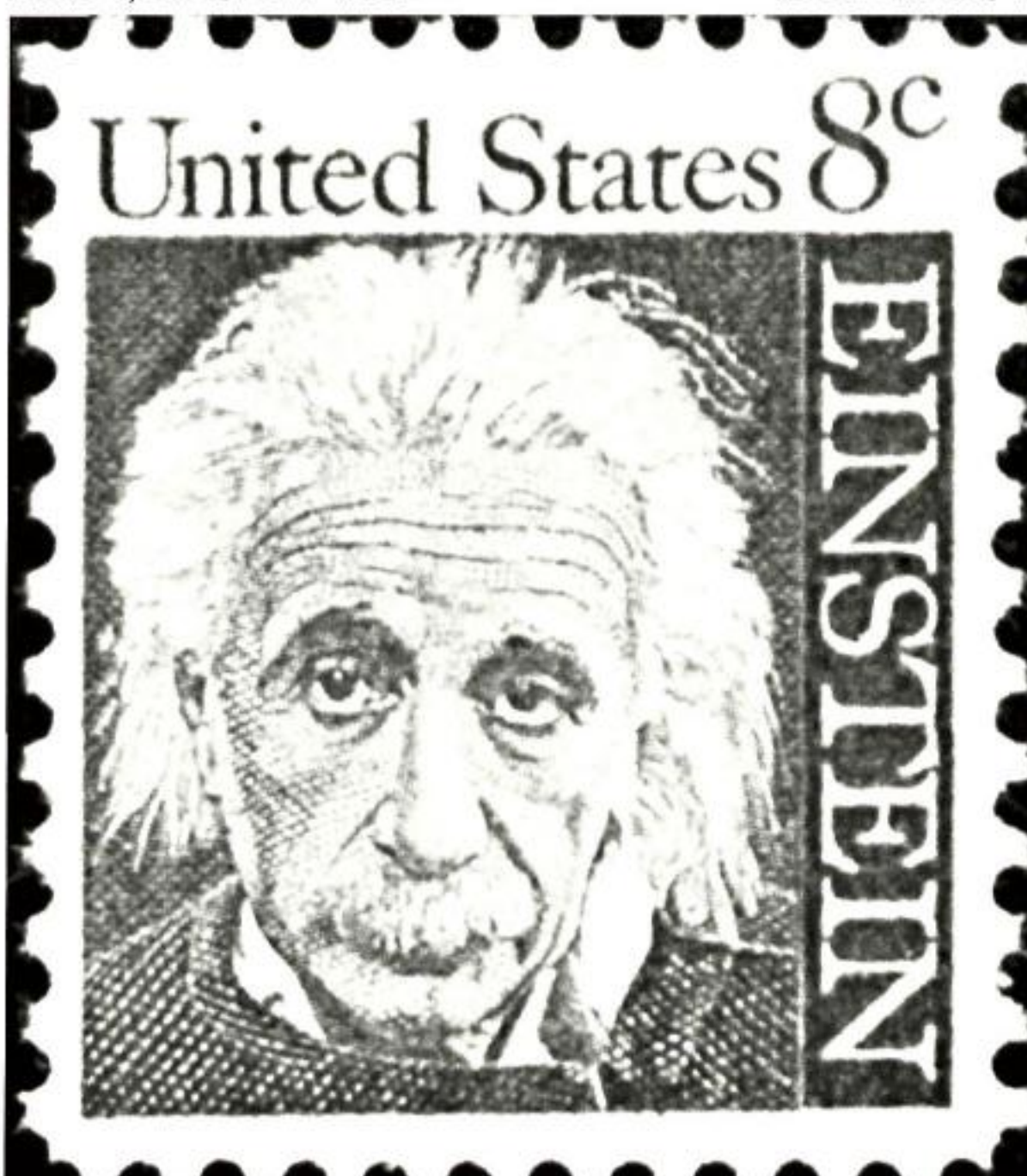
Heinz ketchup, from 1869



Levi's® jeans, from 1850



Josef Albers, 1888-1976; "Homage to the Square"



Albert Einstein, 1879-1955; physicist



Robert Rauschenberg, 1925; painter



Bayer aspirin, from 1863



Steinway pianos, from 1853



Henry Kissinger, 1923; politician



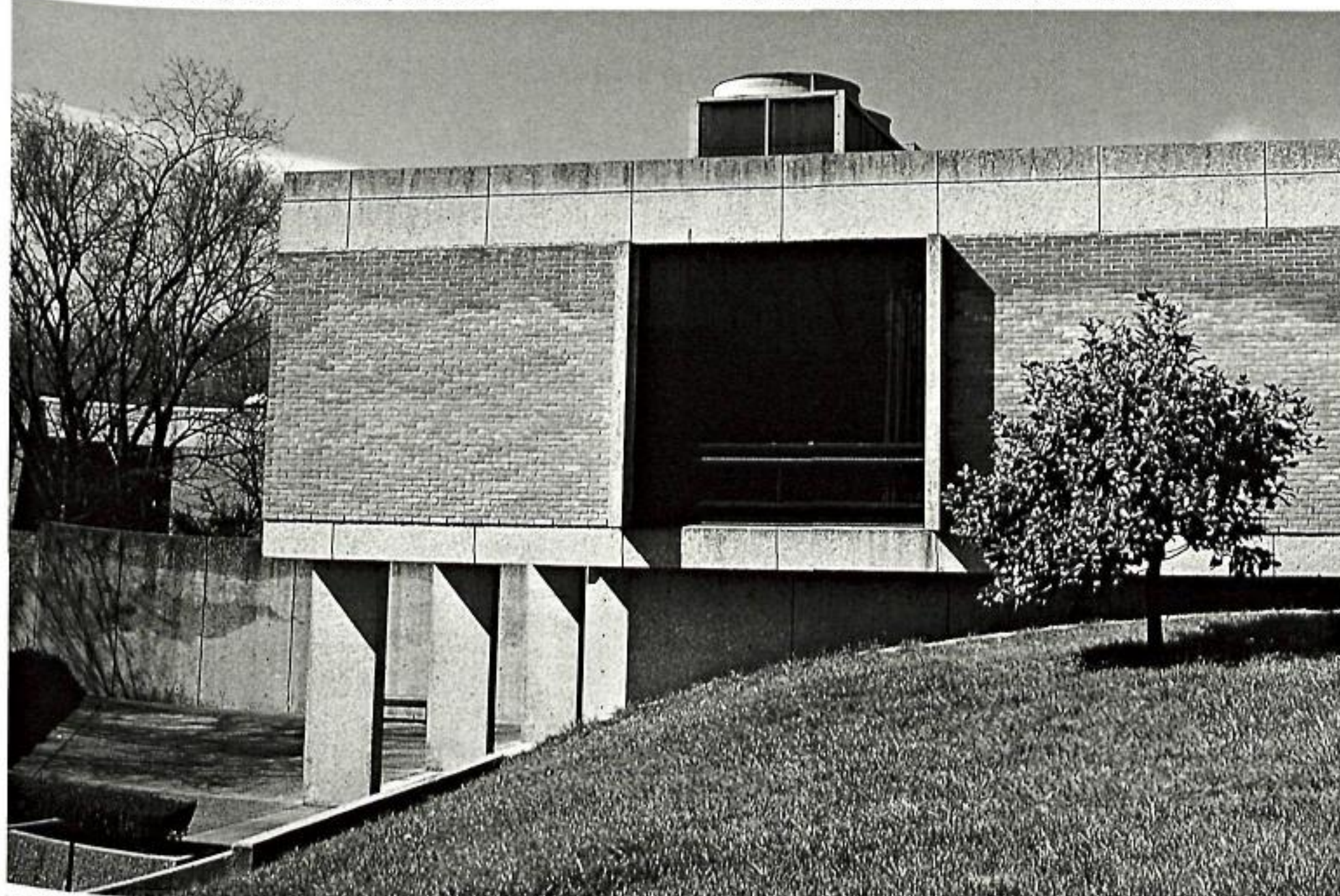
Marlene Dietrich, 1904–1992; actress



Hans Knoll, 1914–1955; Knoll furniture

garded as informal.
kin·der·gar·ten (kĭn'dər-gär'tn) four- to six-year-old children th to school. [G. : *Kinder*, pl. of *K* *Garten*, garden < MHG *garte* < **kin·der·gart·ner** (kĭn'dər-gärt'n kindergarten. 2. A teacher in *gärtner* < *Kindergarten*, kinderg **kind·heart·ed** (kĭnd'här'tĭd) *adj* a kind heart. —**kind·heart'ed·ly**

Kindergarten, a household English word



Walter Gropius, 1883–1969; Huntington Museum



Mies van der Rohe, 1886–1969; Seagram

The fascination of faraway places and the promise of boundless opportunities have made millions of people try their luck in America. They brought with them visions of a fresh start, freedom and prosperity which they could not achieve in their native countries. America became the largest social experiment the world has ever known.

Man as an individual, the principles of responsibility, liberalism and democracy, and the concept of the modern state: all these ideas were born in Europe, but many of them first made a breakthrough in North America.

Not only European ideas but also products and companies moved west via the United States to the rest of the world. The car is an outstanding example. Invented in Europe, it first became a mass product in the United States and thus the motor of social development. The necessity of individual mobility at an affordable price influences American life to this day.

The United States is the world's largest single car market and is also highly competitive. Important trends for car and transport technology, safety and environmental protection all start there. Companies wishing to achieve long-term success in the world market must also succeed in North America.

BMW accepted this challenge at an early date and in 1975 established one of its first foreign sales companies in the United States. Twenty years later, in 1995, the first BMWs made in the United States left the Company's plant in South Carolina.

Today, all BMW's corporate functions – development, purchasing and production, sales and financing – are represented in the United States, for it had become increasingly difficult, from a German base, to maintain the marque's position in this market.

Thus, the Company has gradually changed from an importer to a full member of the North American business community and society, thereby opening up new opportunities for shaping the future of individual mobility.

In addition to its technical and economic expertise, BMW has developed the social skills which enable it to integrate people from other cultures, new suppliers and different cultures of work and communications.

With the new plant in a new environment, the Company has put into practice ideas and concepts which will influence its overall development for years to come, maintain its capacity for change and broaden its horizons.

The new plant in the United States thus gives BMW far more than additional production capacity, more favourable cost structures or greater independence of exchange rate fluctuations and trade barriers. It is a decisive step in the evolution of a global Company.

As a result, the Company's competitiveness will be strengthened in the long term. "Made by BMW" will remain the hallmark of quality for fascinating cars and motorcycles.

Designworks/USA – a BMW company in pacesetting California

The west coast of the United States is considered the pacesetter for technology and lifestyle. There, films are made which move people, influence their ideas and behaviour. Important research centres are located in the west of the country, and the world of electronics found its home in Silicon Valley. For decades, California has set standards for the car industry worldwide.

While the east coast has its roots in Europe, California looks out to the Asian-Pacific region. The meeting of these two worlds results in a particularly open



climate which attracts creative people from every corner of the globe.

With the acquisition of Designworks/USA in Newbury Park near Los Angeles, BMW has established a base in this region which will provide many stimuli for the design of new products and materials.

Cooperation began at the end of the 1980s. The expertise of Designworks/USA in ergonomics and research on colours and materials is extremely important for BMW. Together with BMW engineers and designers, the company develops projects for the future which are devoted to both aesthetic and functional principles.



Designworks/USA has more than 20 years of experience in industrial design and product development. Today, some 50 engineers and designers work for renowned international companies. Projects have been carried out in the fields of electronics and telecommunications, transport, sports equipment and consumer goods.

Thirty months from the ground-breaking ceremony to the delivery of the first cars to customers

During its search for a new industrial base, BMW examined more than 250 possible locations in Germany, Europe and overseas over a period of three years. Mid-1992, the decision was made to construct the fourth complete BMW car plant between Greenville and Spartanburg in South Carolina. Thus, BMW was the first foreign manufacturer to establish a luxury car plant in the United States.

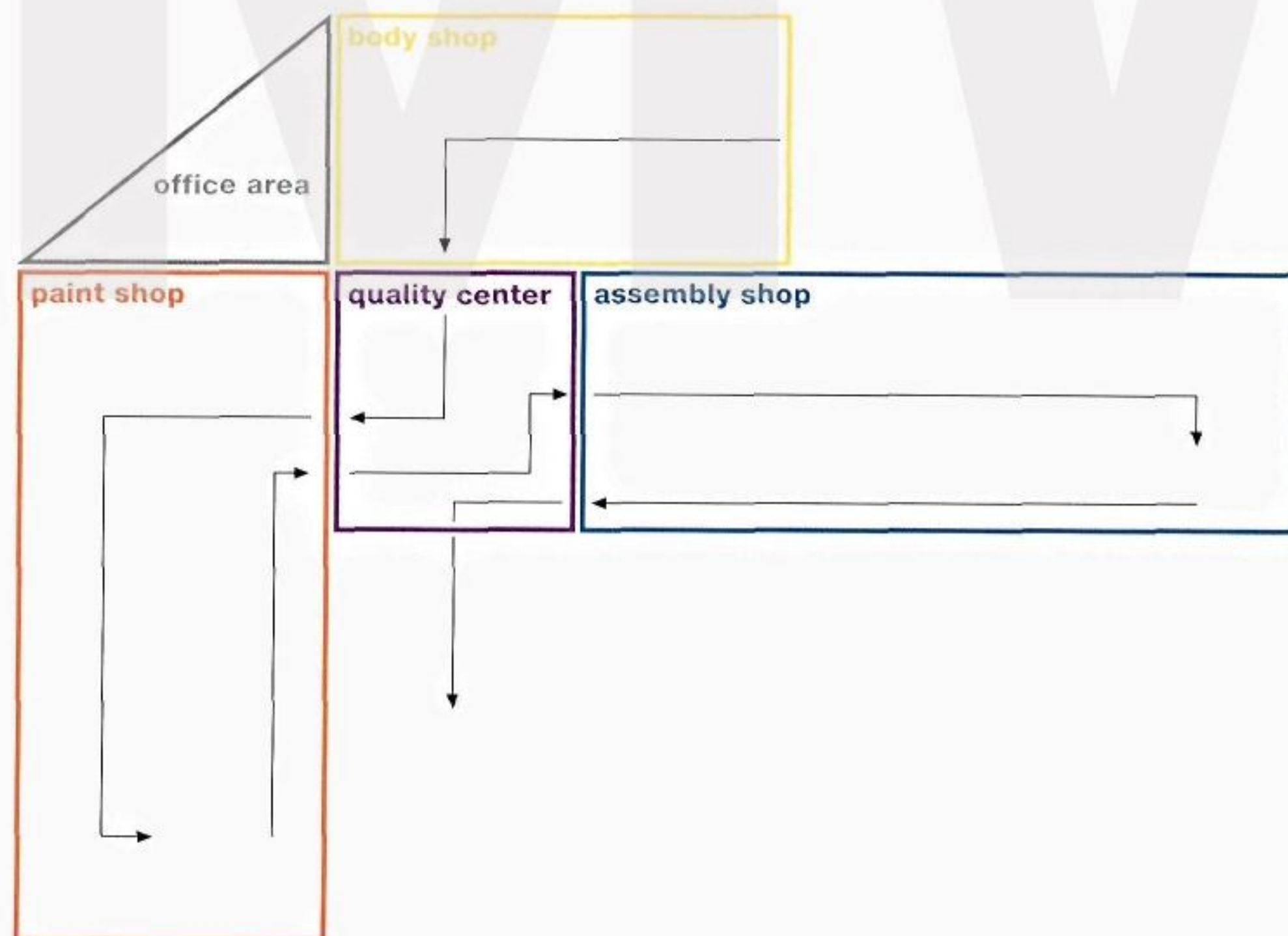
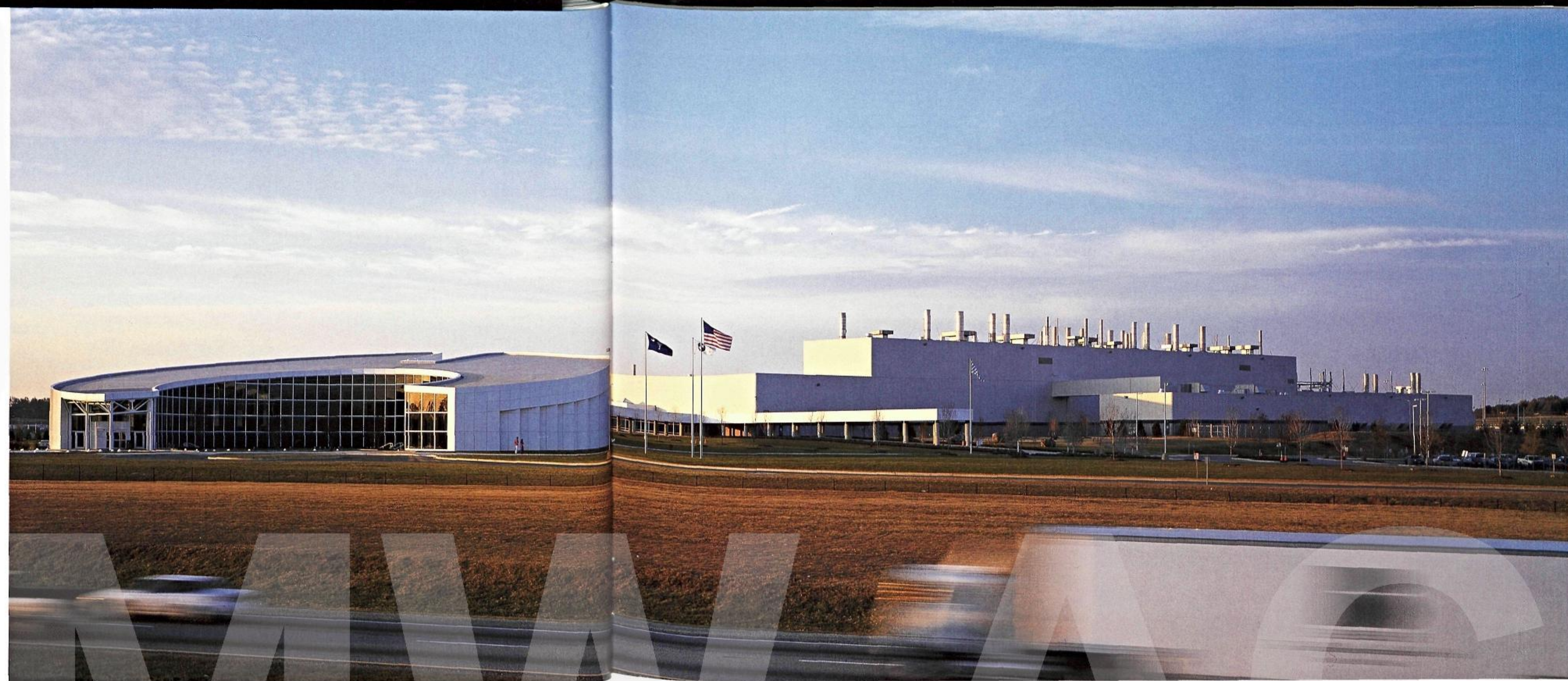
North America had been in the running for market reasons from an early date. When deciding on the exact location, numerous criteria proved decisive. They included the availability of qualified employees, good transport links and a developed infrastructure.

The Spartanburg plant lies on the Interstate 85 to Atlanta and is close to an international airport. The railway also passes nearby. Charleston, with its deep-sea port, is only two hours away. Thus, the plant has been fully integrated into BMW's logistics system.

Eberhard v. Kuenheim, the then Chairman of the Board of Management of BMW, and Carroll Campbell, Governor of South Carolina, conducted the ground-breaking ceremony on September 30th 1992.

The plant was opened officially two years later, on November 15th 1994, and the first BMW cars to be made in the United States were delivered to customers in March 1995.

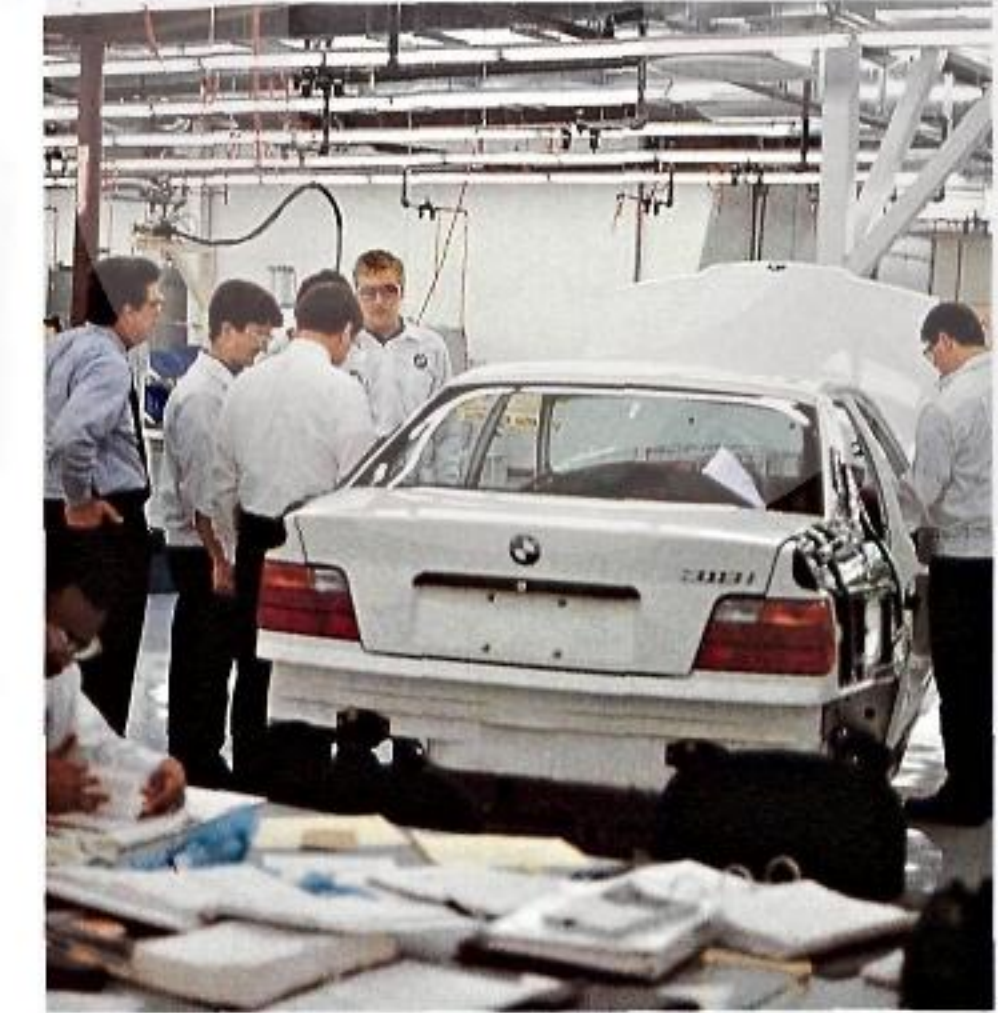
Some 400 million US dollars were invested in the buildings and production facilities of the new BMW plant. A further 200 million US dollars were required for the tools to manufacture new products. Body shell construction, paint shop and assembly are all under one roof. Combined with a single-line system, this design results in particularly efficient production processes.



September 30th 1992



Construction phase, visitors' centre in the foreground



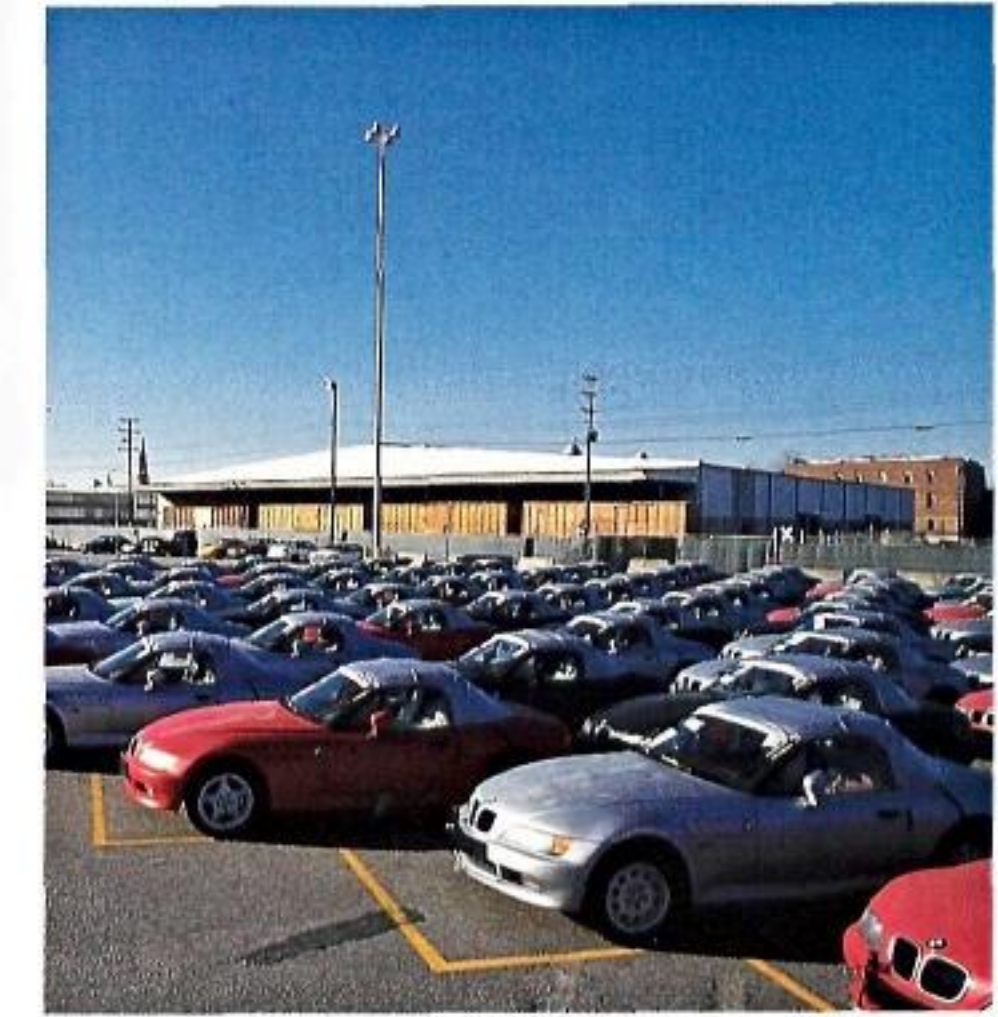
"On-the-product" training



Plant opening on November 15th 1994



First series-produced car, March 1995



Z3 in the Charleston preparation centre

Team spirit for success

A car plant's associates are its most important and most valuable assets. Their skills and dedication largely determine product quality and productivity. Therefore, BMW has set great store by the selection and training of associates, the formation of well-coordinated teams and short, transparent communication channels.

Thus, when designing the plant, the sequences were determined not only by the flow of materials as in the past, but also by the flow of information. At the heart of the plant, where the production line crosses several times, an open-plan environment brings together all the fields required for planning and controlling production.

Here, engineering, purchasing and quality management teams all work together with an unimpaired view of production. Decision-making processes are short because all the associates have eye contact with one another.

Almost all the associates come from the region. Originally, some 80,000 people applied from all over the country; around 40 applicants per job. South Carolina provided invaluable assistance in the selection and training of associates. The state's excellent system of vocational training was supplemented by training at BMW. Around 100 associates were prepared for their new tasks, and got to know their future contacts, at the BMW plants in Munich and Regensburg.

At the end of 1995, the workforce had grown to almost 1,600 associates. Today, everyone entering the plant notices not only the openness and team spirit, but also that typically American momentum that occurs when everyone is working together to achieve the same important goal.



Intensive product- and production-oriented training: in special programmes, associates worked on cars manufactured during pilot production in preparation for their new tasks. Team formation was particularly important. The central office area, located at the heart of the production plant, is also the communications centre.



Quality products "Made by BMW"

A new plant, a new team, a new product and new suppliers. Rarely has BMW met as great a challenge as during the start-up of the new plant in the United States.

Nevertheless, in 1995, the first year of production, around 12,000 BMW cars, including 2,000 Z3 roadsters, were produced in nine months. The entire plant's capacity is designed for 400 cars per day.



The BMW roadster is a completely new car. It is manufactured exclusively at this plant and exported to one hundred countries. A car for the world market and one for the region; this is the concept on which the plant's future is based.

At the Spartanburg plant, BMW was able to introduce new sequences without the limitations imposed by existing production facilities, products and teams. For example, BMW set standards for environmental protection by using water-based paints for both primer and base coats.

All efforts focus on maximum product quality. This was fully achieved with the start-up of series production. Mid-1995, TÜV Bayern/Sachsen inspected the processes and systems required and issued a certificate confirming high standards.



While constantly in the limelight, body shell construction, paint shop and assembly were put simultaneously into operation 4,500 miles away from Munich. The cars pass the plant's central office area after each stage of production. There the associates responsible can carry out all the necessary tests and rapidly take any action required.

Cooperation with the best suppliers for efficient production

The range of production at the Spartanburg plant is not as broad as at the European plants of the BMW Group. A new network of suppliers had to be developed, particularly for the production of the Z3 roadster. Like BMW, some suppliers came from Europe and also had to set up new production facilities.

In North America itself, 60 firms supply parts and components for the Z3. They are located as far apart as Canada in the north, Utah in the west and Mexico in the south. Fourteen suppliers have located their production facilities near the BMW plant.

From there, parts and components are delivered "just in time" to the assembly lines. Body shells are not pressed at BMW, but are delivered by suppliers. BMW's purchasing volume in the United States is already one billion D-marks a year. Each supplier has access to the areas in which his



Numerous suppliers have located their production facilities near the BMW plant. Lear Seating manufactures the seats for the Z3 roadster only two miles away. They are delivered "just in time" to the BMW assembly lines by typically American trucks.

products are assembled. Thus, suppliers are integrated into the teams and assume their share of responsibility for the end product.

BMW is making every effort to ensure long-term cooperation with excellent suppliers in the United States. The improvement of products and processes on a continuous basis is essential and remains a challenge throughout the entire product cycle.



BMW dealers - the marque's representatives

Even the best cars and motor-cycles can only be really successful if they are presented in an attractive environment by competent dealers and serviced by dedicated specialists. In the United States, 350 car and 175 motorcycle dealers attend to these tasks for BMW.

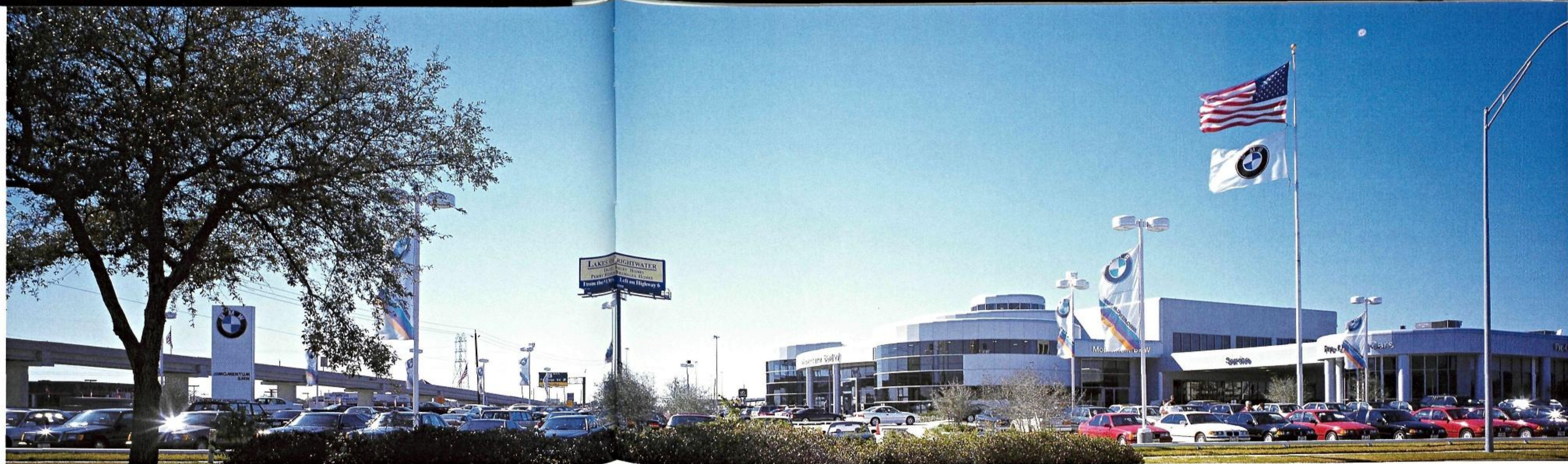
They are supported by BMW of North America from its headquarters in New Jersey. In addition, dealerships are served by regional sales offices and technical training centres in Atlanta, Chicago and Los Angeles which ensure efficient flows of information and short decision-making processes.

Preparation centres on the east and west coast of the United States check cars and parts before they are delivered to customers. BMW Financial Services in Ohio offers leasing and loan financing.

However, the dealers are the most important component of the sales network because they represent the marque vis-à-vis the customer. The essence of BMW cars and motorcycles is reflected by the dealerships. As perfect service centres for discerning customers, they are in keeping with the marque's exclusiveness. Their style is a successful synthesis of American service orientation and European design.

BMW is one of the leading car manufacturers in the luxury performance segment in the United States. Thus, at the dealership, the customer is the centre of attention. The atmosphere is more reminiscent of a Business Lounge than of the usual car dealership.

The workshop is also influenced by this style: clearly structured, transparent and equipped with all the necessary technical infrastructure.



In 1995 alone, BMW dealers in the United States invested 100 million US dollars in their businesses and thus in customers' lasting satisfaction with the Company's products and services. Mid-year in Houston, Texas, "Momentum", one of the largest BMW dealers in the United States, opened a new building for the sale of new and used BMW cars.



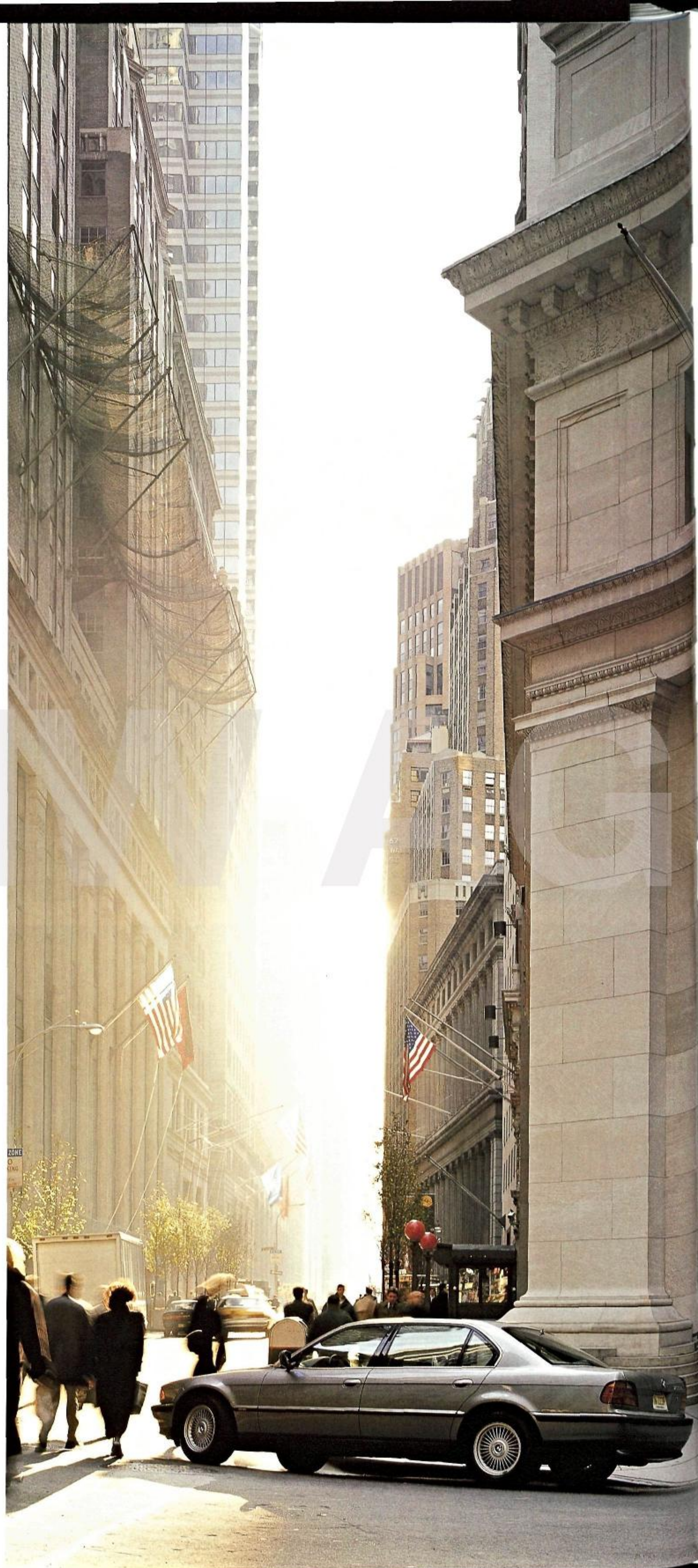
BMW cars on America's roads

The classic elegance of BMW cars fits perfectly into the American street scene, while creating a contrast with the anonymity of mass-produced cars. A BMW is the individual face in the crowd, the car for discerning customers who appreciate design, comfort and fascinating technology.

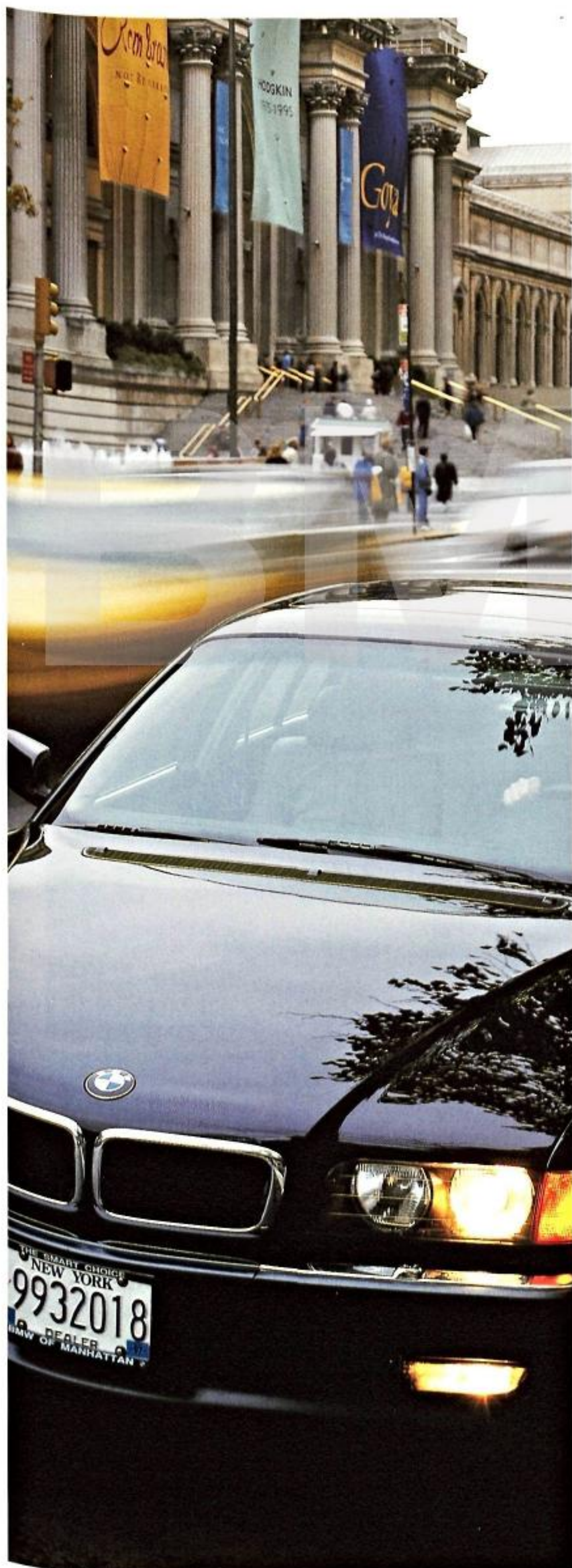
BMW cars display their European identity. At the same time, their individual design makes them a cosmopolitan product which is at home all over the world, wherever customers are looking for something special; wherever style and identity are an important part of the quality of life.

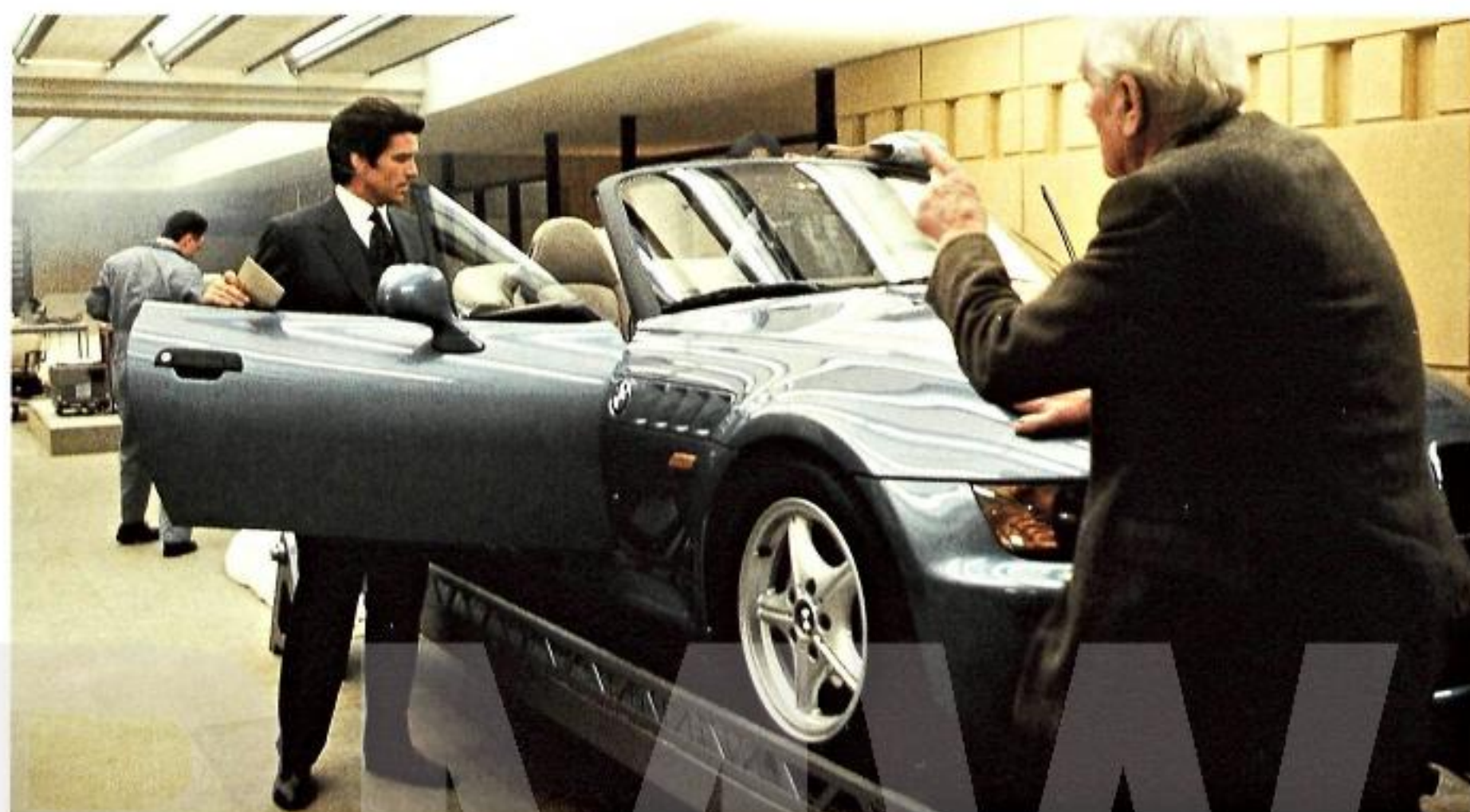
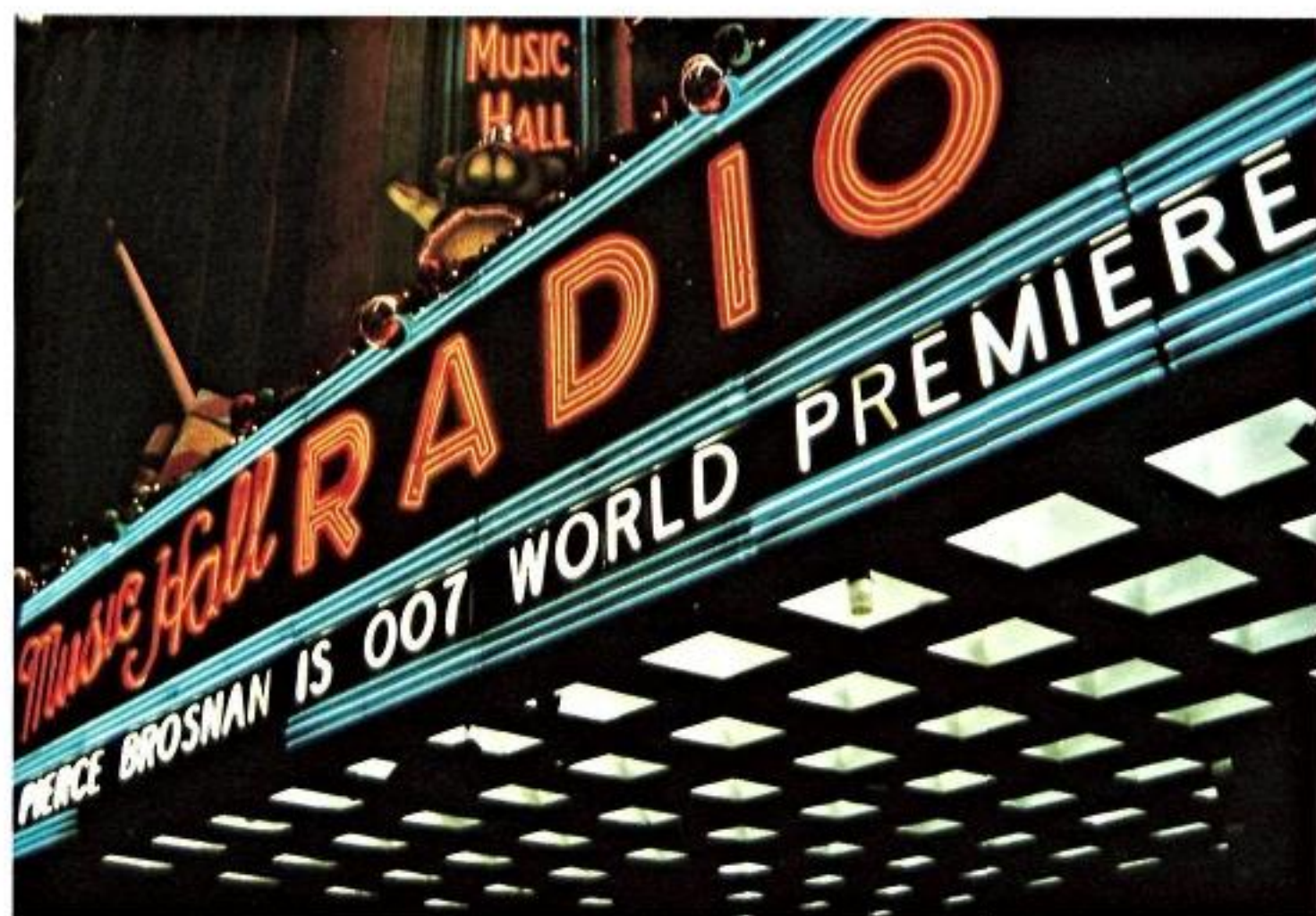
Good design, technical quality and outstanding comfort are in demand. In America, Asia and other parts of the world, customers want products with these attributes; products which contrast with the increasing superficiality of daily life.

BMW cars are developed and produced for these customers. BMW products fit into this environment; in America and elsewhere.



BMW 7 Series saloons also cut an elegant figure in New York: in Wall Street, the world's leading financial centre, in front of the Metropolitan Museum of Art on Central Park or in the fashionable environment of Madison Avenue.





The new BMW Z3 roadster as media star

Even before its official market launch, the Z3 roadster was on the cinema screen: as James Bond's car in "Golden Eye". The film preview was in the evening of November 13th 1995 in New York's Radio City Music Hall. From midday onwards, the press had an opportunity to experience live both the new Z3 and the new James Bond.

BMW AG

BMW Consolidated Balance Sheet

at December 31st 1995

(in millions of DM)

Assets	Notes	31.12.1995 DM million	31.12.1994 DM million
Intangible assets	(6)	358	422
Tangible assets		11,093	10,940
Financial assets	(7)	454	386
Fixed assets		11,905	11,748
Inventories	(8)	5,183	4,973
Leased products		7,782	6,685
Receivables from sales financing		7,226	6,615
Assets from sales financing	(9)	15,008	13,300
Trade receivables	(10)	2,573	2,658
Other receivables and miscellaneous assets	(10)	1,253	1,246
Marketable securities and notes	(11)	1,474	1,636
Liquid funds	(12)	2,880	2,683
Current assets		28,371	26,496
Prepaid expenses and deferred taxes	(13)	571	449
		40,847	38,693
Shareholders' equity and liabilities	Notes	31.12.1995 DM million	31.12.1994 DM million
Subscribed capital	(14)	987	985
Capital reserve	(14)	1,593	1,574
Revenue reserves	(15)	5,227	4,964
Unappropriated profit available for distribution		267	277
Minority interest	(16)	126	122
Shareholders' equity	(17)	8,200	7,922
Registered profit-sharing certificates		79	82
Pension provisions		2,009	1,859
Other provisions and accruals		7,599	7,890
Provisions and accruals	(18)	9,608	9,749
Bonds		2,791	2,938
Liabilities to banks		1,404	1,231
Trade payables		2,513	2,874
Other liabilities		2,781	2,055
Liabilities	(19)	9,489	9,098
Liabilities from sales financing		11,268	10,177
Deferred income from lease financing		2,031	1,495
Liabilities from sales financing	(20)	13,299	11,672
Deferred income		172	170
		40,847	38,693

BMW Consolidated Income Statement
for the financial year ended December 31st 1995
(in millions of DM)

	Notes	1995 DM million	1994 DM million
Net sales	(21)	46,144	42,125
Increase in product inventories and own work capitalised	(22)	1,189	1,162
Total value of production		47,333	43,287
Other operating income	(23)	1,814	1,947
Material costs	(24)	27,397	24,696
Personnel costs	(25)	8,846	8,425
Depreciation on intangible and tangible fixed assets	(26)	2,877	2,567
Other operating expenses	(27)	8,444	8,104
Net income from investments	(28)	91	42
Net interest income	(29)	220	344
Interest expense from lease financing	(30)	527	471
Result from ordinary business activities		1,367	1,357
Taxes on income	(31)	537	561
Other taxes		138	99
Net income	(32)	692	697

BMW Notes

Development of Consolidated Fixed Assets

Acquisition and manufacturing costs

	1.1.1995 ¹⁾ DM million	Translation difference DM million	Additions DM million	Reclassi- fications DM million	Disposals DM million	31.12.1995 DM million
Intangible assets	913	- 16	129	10	1	1,035
Land, titles to land, and buildings, including buildings on third-party land	7,090	- 203	326	62	52	7,223
Technical plant and machinery	19,713	- 461	2,039	271	305	21,257
Other plant, factory and office equipment	2,691	- 85	412	5	252	2,771
Advance payments and construction in progress	996	- 52	571	- 348	33	1,134
Tangible assets	30,490	- 801	3,348	- 10	642	32,385
Shares in subsidiaries	33	- 1	14	-	6	40
Loans to subsidiaries	6	-	-	-	1	5
Investment in associated companies	244	- 16	33	-	-	261
Investment in other companies	13	-	-	-	3	10
Long-term securities	10	-	1	-	-	11
Other long-term loans receivable	93	- 4	83	-	27	145
Financial assets	399	- 21	131	-	37	472
Fixed assets	31,802	- 838	3,608	-	680	33,892

¹⁾ Including gross amounts brought forward for companies subject to initial consolidation

Depreciation

Net book value

1.1.1995 ¹⁾ DM million	Translation difference DM million	Charge for year DM million	Reclassi- fications DM million	Disposals DM million	31.12.1995 DM million	31.12.1995 DM million	31.12.1994 DM million
491	- 3	182	7	-	677	358	422
2,403	- 50	224	-	20	2,557	4,666	4,687
14,991	- 287	2,110	- 5	290	16,519	4,738	4,722
2,156	- 68	361	- 2	231	2,216	555	535
-	-	-	-	-	-	1,134	996
19,550	- 405	2,695	- 7	541	21,292	11,093	10,940
-	-	2	-	-	2	38	33
-	-	-	-	-	-	5	6
-	-	-	-	-	-	261	244
6	-	-	-	-	6	4	7
-	-	-	-	-	-	11	10
7	-	3	-	-	10	135	86
13	-	5	-	-	18	454	386
20,054	- 408	2,882	-	541	21,987	11,905	11,748

**Consolidated companies
(1)**

The consolidated companies comprise BMW AG and, in principle, all subsidiaries in the Federal Republic of Germany and abroad. A total of 17 (1994: 15) subsidiaries in Germany and 123 (1994: 132) foreign subsidiaries has been consolidated.

Sixty-six (1994: 58) dormant or minor companies are not included in the consolidated financial statements, since they are not material to the Group's financial and earnings position.

In addition, the BMW Pensionskasse (Österreich) AG, Steyr, has not been consolidated because its assets are assigned for a specific purpose.

As in the previous year, five subsidiaries are not included in accordance with Section 296 Para. 1 No. 2 of the German Commercial Code (HGB). They are accounted for using the equity method.

The non-inclusion of subsidiaries has an impact on Group sales of about 1%.

Three associated companies are accounted for using the equity method. Twelve (1994: 11) associated companies are not included in the consolidated financial statements because of their relative insignificance to the Group's financial and earnings position. These associated companies are stated at cost, less write-downs where applicable, under investment in other companies.

A complete list of the Group's shareholdings is filed with the Commercial Register of the Munich Local Court (HRB 42243). The principal subsidiaries are listed on page 140.

**Changes in
consolidated group
(2)**

The structures of our British and Austrian subsidiaries have been altered. In Great Britain, Rover Group Holdings plc., Birmingham, has been renamed BMW (UK) Holdings Ltd., Birmingham, to which BMW (GB) Ltd., Bracknell was subsequently attached. In Austria, the motor manufacturing activities of BMW Motoren Gesellschaft m.b.H., Steyr, were spun off to form BMW Motoren AG, Steyr, while the remaining part of the company was renamed BMW Österreich Holding GmbH, Steyr. These restructuring measures had no effect on the Group's financial and earnings position.

As part of the restructuring programme, BMW (UK) Capital Ltd., Bracknell, and BMW Österreich Finanzierungs GmbH, Steyr, were reformed and included in the consolidated group.

Moreover, BMW Finanz Verwaltungs GmbH, Munich, BMW Verwaltungs GmbH, Munich, BMW Financial Services (Canada) Inc., Whitby, Rodacar AD, Varna, Bulgaria, Rover Pension Services Ltd., Birmingham, Rover Wholesale Ltd., Birmingham, and Rover Australia Superannuation Plan Pty. Ltd., Parramatta, have been included in the consolidated financial statements for the first time. The effect on the Group's financial and earnings position is not material.

The investment in subsidiaries is consolidated using the net book value method. Under this method, the cost of investment is set off against the Group's share of equity of the consolidated subsidiaries at the time of acquisition or initial consolidation. Any resulting excess of purchase consideration over the net assets acquired is set off against revenue reserves.

The same principles are applied in consolidating associated companies under the equity method.

Receivables, liabilities, provisions, income and intercompany profits are eliminated.

Principles of consolidation (3)

In the individual financial statements of BMW AG and its subsidiaries, receivables and liabilities are translated at the rate existing on the transaction date. Provisions are made for unrealised exchange rate losses at the balance sheet date. When foreign currency receivables and liabilities of non-German subsidiaries have been hedged by forward exchange contracts, they are valued at the appropriate hedging rate.

In the consolidated financial statements, fixed assets are translated at the closing rates of exchange like other assets and liabilities stated in foreign currency. Income and expenses are translated at the average rate of exchange rate for the year. Exchange differences resulting from the translation of shareholders' equity are taken directly through revenue reserves.

Foreign currency translation (4)

To improve clarity of presentation, individual items on the consolidated balance sheet and in the consolidated income statement have been combined. These items are shown separately in the Notes to the consolidated financial statements. Separate items have been added to the consolidated financial statements to show the effects of sales financing.

The individual financial statements have been prepared using uniform accounting policies. In order to ensure uniformity of valuation within the Group, the tax-allowable depreciation and special reserves which are included in the individual financial statements of the consolidated subsidiaries based solely on tax laws and regulations, are not included in the consolidated financial statements. Deviations from Group accounting policies by associated companies have not been adjusted if the amounts involved are immaterial.

Purchased intangible assets are carried at cost and are written down primarily using the straight-line method.

Tangible assets are valued at acquisition or manufacturing cost less depreciation. Office and factory buildings are depreciated using the straight-line method. Other depreciable tangible assets having a useful life of more than three years are depreciated using the declining balance method, switching to the straight-line method as soon as the latter results in higher depreciation.

Expenditure on low-value fixed assets is written off in full in the year in which it is incurred.

Office and factory buildings including utility distribution systems permanently attached to a building are depreciated in 8 to 25 years, residential buildings in up to 50 years, technical plant and machinery in up to 10 years, and other plant, factory and office equipment, in general, in 5 years. For machinery used in multiple-shift operations, depreciation rates are increased to take account of the additional utilisation.

Accounting policies and presentation (5)

The investment in non-consolidated subsidiaries and associated and other companies is valued at the lower of cost or current value. Long-term loans are stated at their discounted net present value.

Inventories of raw materials, supplies and goods for resale are stated at the lower of cost or market value. Work in progress and finished goods are valued at their direct material and production cost. Inventories resulting from goods supplied by consolidated companies include an appropriate portion of performance-related production overheads. Write-downs are made to cover risks arising for slow moving items or for technical obsolescence.

Own products which are included as assets of the group's leasing companies are recorded at manufacturing cost as permitted for financial reporting purposes. All other leased products are valued at cost. If the net realisable value is lower, then this value is used.

All risks identifiable on receivables and other assets are covered by appropriate write-downs. Receivables with current maturities of more than one year which bear nominal or no interest have been discounted.

Marketable securities and notes are stated at cost or market value at the balance sheet date, whichever is the lower.

Pension provisions are set up in accordance with actuarial principles, using a rate of interest of 5%. Other provisions and accruals are made to take account of all identifiable risks. Provisions are also made for deferred expenditure.

Deferred taxation is calculated on timing differences arising on the different treatment of transactions for financial and tax reporting purposes. Deferred tax assets and liabilities calculated on such timing differences are netted. A net deferred tax asset balance arising from deferred taxation in the individual financial statements is not recorded. Deferred taxes arising from consolidation adjustments are shown in accordance with the legal requirements.

Rover Group is not included in the prior year income statement figures until the time of acquisition on March 18th 1994.

BMW Notes
Consolidated Balance Sheet

Intangible assets include grants for tool costs, licences, entry fees and software.

**Intangible assets
(6)**

The additions to shares in subsidiaries relate primarily to a capital increase at BMW Korea Co., Ltd., Seoul, and the formation of BMW Italia Renting S.p.A., Palazzolo di Sona (Verona).

The disposals of shares in subsidiaries relate almost exclusively to the initial consolidation of BMW Financial Services (Canada) Inc., Whitby.

The investment in associated companies includes the subgroup of Bavaria Wirtschaftsagentur GmbH, Munich, EL-MOS Elektronik in MOS-Technologie GmbH, Dortmund, Rover Finance Holdings Ltd., Redhill, and UGC Limited, Oxford.

**Financial assets
(7)**

	31.12.1995 DM million	31.12.1994 DM million
Materials and supplies	573	575
Work in progress	801	817
Finished goods and goods for resale	4,195	3,892
Advance payments	35	21
	5,604	5,305
Advance payments received	421	332
	5,183	4,973

**Inventories
(8)**

BMW Notes
Consolidated Balance Sheet

**Assets from
sales financing
(9)**

	31.12.1995 DM million	31.12.1994 DM million
Leased products	7,782	6,685
Receivables from sales financing		
Customer loan receivables	7,104	6,480
– of which: with a maturity of more than one year: DM2,659 million (1994: DM2,690 million) –		
Other receivables	122	135
– of which: with a maturity of more than one year: DM16 million (1994: DM16 million) –		
	7,226	6,615
	15,008	13,300

Leased products include additions totalling DM5,964 million and depreciation totalling DM3,371 million. The disposals amount to

DM1,299 million. Foreign currency losses on the translation of foreign currency accounts amount to DM197 million.

**Receivables and
miscellaneous
assets
(10)**

	31.12.1995 DM million	31.12.1994 DM million
Trade receivables	2,573	2,658
– of which: with a maturity of more one year: DM31 million (1994: DM44 million) –		
Other receivables and miscellaneous assets		
Receivables from subsidiaries	475	311
– of which: with a maturity of more than one year: DM53 million (1994: DM17 million) –		
Receivables from associated and other companies in which an investment is held	22	42
– of which: with a maturity of more than one year: DM22 million (1994: DM22 million) –		
Miscellaneous assets	756	893
– of which: with a maturity of more than one year: DM162 million (1994: DM184 million) –		
	1,253	1,246
	3,826	3,904

Receivables from subsidiaries relate predominantly to financial receivables. Miscellaneous assets include primarily tax refund

claims, deferred interest receivable, loans and shareholder rights.

	31.12.1995 DM million	31.12.1994 DM million
Other securities	1,450	1,606
Notes	24	30
	1,474	1,636

**Marketable securities
and notes
(11)**

Other securities include primarily fixed-interest securities and shares in investment funds.

Liquid assets relate to cash in hand, deposits at the Bundesbank and cash at banks.

**Liquid funds
(12)**

	31.12.1995 DM million	31.12.1994 DM million
Prepaid expenses	158	163
Deferred taxes	413	286
	571	449

**Prepaid expenses
and deferred taxes
(13)**

The subscribed capital of BMW AG amounts to DM987 million and is divided into 10,599,110 ordinary shares with a nominal value of DM50 each, 225,000 ordinary shares with a nominal value of DM100 each, 368,000 ordinary shares with a nominal value of DM1,000 and 1,327,890 non-voting preference shares with a nominal value of DM50 each. The preference shares participate and bear an extra dividend of DM1 per share. All shares are bearer shares.

The subscribed capital increased by DM1.8 million through the issuance of 35,360 non-voting preference shares. A subscription right in the case of a rights issue is excluded for these shares. As a result, the remaining authorised capital of BMW AG, which permits non-voting preference shares with a nominal value of DM15 million to be issued up to May 1st 1999, amounted to DM11.6 million at the balance sheet date. The premium of DM19 million from this capital increase was transferred to capital reserve.

**Subscribed capital
and capital reserve
(14)**

Revenue reserves consist of legal reserves of DM2 million, the other revenue reserves of BMW AG, and the reserves set up from the net results of consolidated companies.

**Revenue reserves
(15)**

Minority interest represents the share of third parties in the equity of consolidated subsidiaries.

It includes primarily minority shareholders' interests in BMW Rolls-Royce GmbH, Oberursel.

**Minority interest
(16)**

**Shareholders' equity
(17)**

DM million

Movements in shareholders' equity:

Balance at December 31st 1994	7,922
Dividend of BMW AG for 1994	- 277
Increase in subscribed capital from remaining authorised capital	+ 2
Transfer to capital reserve from capital increase for preference shares	+ 19
Movements in revenue reserves	
- Transfer from net income	+ 420
- Set-off of differences resulting from capital consolidation	- 10
- Currency translation adjustment	- 147
	+ 263
Unappropriated profit available for distribution	+ 267
Change in minority interest	+ 4
- of which from net income: DM5 million -	
Balance at December 31st 1995	8,200

The set-off of differences resulting from capital consolidation relate primarily to the initial consolidation of BMW Financial Services (Canada) Inc., Whitby.

The currency translation adjustment includes the currency difference resulting from the translation of shareholders' equity.

**Provisions and
accruals
(18)**

	31.12.1995 DM million	31.12.1994 DM million
Pension provisions	2,009	1,859
Provisions for taxes	463	645
Other provisions and accruals	7,136	7,245
	9,608	9,749

The pension provisions relate mainly to commitments to pay old-age pensions to employees of BMW AG. The pension commitments are fully covered by provisions. Other provisions and accruals include, in particular, accruals for worldwide warranty obligations and manufacturer liability and obligations to employees.

In addition, this heading includes accruals for outstanding invoices from dealers and suppliers, anticipated losses on contracts and risks arising from litigation and guarantees. Provisions have also been set up for maintenance expenditure required in the financial year but deferred until the following year. Additional provisions have been created for anticipated major repairs.

	31.12.1995		31.12.1994	
	of which: with a maturity of			
	up to		over	
	1 year		5 years	
	DM million	DM million	DM million	DM million
Bonds	2,791	496	1,054	2,938
Liabilities to banks	1,404	1,114	60	1,231
Trade payables	2,513	2,513	–	2,874
Other liabilities				
Liabilities on bills accepted and drawn	68	68	–	50
Liabilities to subsidiaries	135	121	–	113
Liabilities to companies in which an investment is held	34	34	–	14
Liabilities to BMW employee welfare fund	66	–	66	65
Miscellaneous liabilities	2,478	1,794	182	1,813
– of which: for taxes	(462)	(462)	–	(272)
– of which: for social security	(162)	(162)	–	(158)
	2,781	2,017	248	2,055
	9,489	6,140	1,362	9,098

**Liabilities
(19)**

Liabilities due in one to five years total
DM1,987 million.

**Liabilities from
sales financing
(20)**

	31.12.1995			31.12.1994
	of which: with a maturity of			
	up to	over		
	1 year	5 years		
	DM million	DM million	DM million	DM million
Liabilities from sales financing				
Bonds	2,427	502	786	1,191
Liabilities to banks	5,616	2,580	85	5,645
- of which: secured by real estate liens	(97)			(143)
Trade payables	352	333	-	97
Commercial paper	2,295	2,295	-	3,047
Other liabilities	578	215	228	197
	11,268	5,925	1,099	10,177
Deferred income lease financing	2,031			1,495
	13,299	5,925	1,099	11,672

The liabilities from sales financing serve to refinance leased products and receivables from financing.

Liabilities due in one to five years total DM4,244 million.

Deferred income from lease financing relates to amounts received on lease contracts not yet due.

	31.12.1995 DM million	31.12.1994 DM million
Guarantees	509	23
Discounted bills of exchange	-	11

Contingent liabilities

DM8 million thereof relate to contingent liabilities to subsidiaries (1994: DM1 million).

Joint and several liability also exists in the case of investments in general partnerships.

According to current maturities, the net present value of future payment obligations under rental and leasing agreements amounting to DM1,619 millions is as follows:

	31.12.1995 DM million
1996	297
1997-2000	788
after 2000	534

Other financial obligations

DM61 million thereof relate to obligations to subsidiaries.

Purchasing commitments for capital investment projects amount to DM3,183 million.

Further financial obligations amount to DM113 million.

BMW Notes

Consolidated Income Statement

Net sales (21)

	1995 DM million	1994 DM million
Automobiles	33,547	30,524
Motorcycles	731	608
Leasing	5,044	4,421
Other sales	6,822	6,572
	46,144	42,125
Federal Republic of Germany	13,862	13,050
Europe excluding Federal Republic of Germany	18,330	17,502
North America, Asia, Africa, Australia and other markets	13,952	11,573
	46,144	42,125

Other sales relate principally to the sale of spare parts and accessories.

Increase in product inventories and own work capitalised (22)

	1995 DM million	1994 DM million
Increase in product inventories	1,092	1,050
Own work capitalised	97	112
	1,189	1,162

Besides changes in work in progress and finished goods, the increase in product inventories includes changes in leased products.

Other operating income (23)

Other operating income comprises primarily income from the release of provisions and accruals, foreign exchange gains, grants and incentives and releases of write-downs on receivables.

	1995 DM million	1994 DM million
Cost of raw materials, supplies and merchandise	26,828	24,213
Cost of purchased services	569	483
	27,397	24,696

**Material costs
(24)**

The cost of raw materials, supplies and merchandise increased because of significantly increased production.

	1995 DM million	1994 DM million
Wages and salaries	7,512	7,058
Social security, pension and welfare costs - of which for pension plans: DM260 million (1994: DM384 million) -	1,334	1,367
	8,846	8,425

**Personnel costs
(25)**

Average number of employees per year:	1995	1994
Wage earners	70,569	66,285
Salaried employees	36,375	34,635
	106,944	100,920

Depreciation on intangible and tangible fixed assets related to scheduled depreciation based on financial reporting principles.

**Depreciation on
intangible and tangible
fixed assets
(26)**

Other operating expenses include, in particular, administration and distribution costs, warranty, advertising, freight out, maintenance and repairs, rentals and leases, commissions, insurance premiums, foreign exchange losses and valuation allowances on receivables.

**Other operating
expenses
(27)**

BMW Notes

Consolidated Income Statement

Net income from investments (28)

	1995 DM million	1994 DM million
Income from investments	47	19
– of which: from subsidiaries: DM24 million (1994: DM– million) –		
Income from profit transfers	6	1
Income from associated companies	40	37
Expenses from loss transfers	–	8
Depreciation on investments in subsidiaries	2	7
	91	42

Income from associated companies includes the Group's share of the results of the subgroup Bavaria Wirtschaftsagentur GmbH, Munich, of EL-MOS Elektronik in MOS-Technologie GmbH, Dortmund, of Rover Finance Holdings Ltd., Redhill, and of UGC Limited, Oxford.

Net interest income (29)

	1995 DM million	1994 DM million
Income from other securities and long-term loans	5	3
Other interest and similar income	1,318	1,169
– of which: from subsidiaries: DM17 million (1994: DM13 million) –		
Interest and similar expenses	1,099	815
– of which: to subsidiaries: DM5 million (1994: DM3 million) –		
Write-downs on long-term loans, marketable securities and notes	4	13
	220	344

Interest and similar expenses, together with the interest expense from lease financing, amounted to DM1,626 million (1994: DM1,286 million).

The interest expense from the financing of leasing business is offset by corresponding gains which are contained in the leasing instalments and shown in net sales.

**Interest expense from
lease financing
(30)**

Taxes on income include German corporation and municipal trade income taxes as well as comparable foreign taxes relating to income. Such taxes are determined in accordance with the tax laws applicable to

the individual companies. In addition, taxes on income include the deferred taxes resulting from timing differences derived from consolidation entries.

**Taxes on income
(31)**

	1995 DM million	1994 DM million
Net income	692	697
Appropriations of net income:		
Minority interest in net income of subsidiaries	5	4
Transfer to revenue reserves	420	416
	425	420
Unappropriated profit available for distribution	267	277

**Net income
(32)**

**Total remuneration
of the Supervisory
Board and the Board
of Management**

Subject to the approval of the proposed dividend at the Annual General Meeting, the remuneration of members of the Board of Management for the 1995 financial year amounts to DM11.3 million (1994: DM11.0 million) and that for former members and their surviving dependents to DM2.4 million (1994: DM2.2 million).

Total remuneration of the Supervisory Board for 1995 amounts to DM1.6 million (1994: DM1.7 million).

The pension commitments to former members of the Board of Management and their surviving dependents are fully covered by an accrual of DM21.0 million (1994: DM21.6 million).

The members of the Supervisory Board and of the Board of Management are listed on pages 7 and 8.

Munich, March 1996

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Auditors' certificate

The Consolidated Financial Statements, which we have audited in accordance with professional standards, comply with the German legal provisions. The Consolidated Financial Statements present, in compliance with required accounting principles, a true and fair view of the Group's assets, liabilities, financial position and net income. The Group's Economic Review is consistent with the Consolidated Financial Statements.

Munich, March 6th 1996

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Hoyos Kilgert
Wirtschaftsprüfer Wirtschaftsprüfer
(independent auditors)

Balance Sheet and Income Statement of BMW AG

The Financial Statements of BMW AG, of which the Balance Sheet and the Income Statement are presented here, have been provided with the unrestricted confirmatory audit certificate of KPMG Deutsche Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich. They are published in the Federal Gazette and filed with the Commercial Register of the Munich Local Court. These Financial Statements are available from BMW AG, D-80788 Munich.

BMW AG

Balance Sheet of BMW AG
at December 31st 1995
(in millions of DM)

Assets	31.12.1995 DM million	31.12.1994 DM million
Intangible assets	109	159
Tangible assets	4,073	3,892
Financial assets	4,247	3,387
Fixed assets	8,429	7,438
Inventories	1,875	1,668
Trade receivables	534	676
Receivables from subsidiaries	2,878	2,807
Other receivables and miscellaneous assets	141	226
Marketable securities and notes	686	963
Liquid funds	1,209	1,519
Current assets	7,323	7,859
Prepaid expenses	4	4
	15,756	15,301
Shareholders' equity and liabilities	31.12.1995 DM million	31.12.1994 DM million
Subscribed capital	987	985
Capital reserve	1,593	1,574
Revenue reserves	3,439	3,171
Unappropriated profit available for distribution	267	277
Shareholders' equity	6,286	6,007
Registered profit-sharing certificates	79	82
Pension provisions	1,899	1,753
Other provisions and accruals	3,905	4,151
Provisions and accruals	5,804	5,904
Liabilities to banks	96	130
Trade payables	1,056	1,286
Liabilities to subsidiaries	1,325	634
Other liabilities	1,110	1,258
Liabilities	3,587	3,308
	15,756	15,301

Income Statement of BMW AG

for the financial year ended December 31st 1995

(in millions of DM)

	1995 DM million	1994 DM million
Net sales	28,561	27,448
Increase in product inventories and own work capitalised	175	179
Total value of production	28,736	27,627
Other operating income	811	765
Material costs	17,680	16,636
Personnel costs	5,588	5,644
Depreciation on intangible and tangible fixed assets	1,517	1,564
Other operating expenses	3,859	3,876
Net income from investments	- 234	- 44
Net interest income	174	191
Result from ordinary business activities	843	819
Taxes on income	236	197
Other taxes	72	69
Net income	535	553
Transfer to revenue reserves	268	276
Net income available for distribution	267	277

Subsidiaries of BMW AG

Major subsidiaries of BMW AG at December 31st 1995

	Shareholders' ¹⁾ equity DM million	Income ¹⁾ DM million	Capital investment in %
Domestic			
BMW Ingenieur-Zentrum GmbH + Co., Munich	548	0	100
BMW Rolls-Royce GmbH, Oberursel ³⁾	261	0	50.5
BMW Bank GmbH, Munich	226	16	100
BMW Finanz Verwaltungs GmbH, Munich	119	12	100
BMW Maschinenfabrik Spandau GmbH, Berlin	108	3	100
Softlab GmbH für Systementwicklung und EDV-Anwendung, Munich	63	²⁾	100
Kontron Elektronik GmbH, Echting ³⁾	42	0	100
BMW Maschinenfabrik Spandau GmbH + Co. Anlagen und Betriebs oHG, Berlin	39	33	100
BMW Leasing GmbH, Munich ⁴⁾	31	0	100
Rover Deutschland GmbH, Neuss	14	-6	100
BMW Fahrzeugtechnik GmbH, Eisenach ⁴⁾	²⁾	0	100
BMW INTEC Beteiligungs GmbH, Munich ⁴⁾	²⁾	0	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich ⁴⁾	²⁾	0	100
Foreign			
BMW Coordination Center N.V., Bornem	607	64	100
BMW (South Africa) (Pty) Ltd., Pretoria	264	82	100
BMW France S.A., Bois d'Arcy	220	46	100
BMW Finance N.V., The Hague	170	14	100
BMW Overseas Enterprises N.V., Willemstad	95	3	100
BMW Österreich Holding GmbH, Steyr	919	22	100
BMW Motoren AG, Steyr	270	96	100
BMW Austria Gesellschaft m.b.H., Salzburg	130	1	100
BMW Holding AG, Dielsdorf	34	7	100
BMW (Schweiz) AG, Dielsdorf	45	12	100
BMW Holding B.V., The Hague	1,351	342	100
BMW (US) Holding Corporation, Wilmington, Del. ⁵⁾	678	65	100
BMW Japan Corp., Tokyo	274	14	100
BMW Australia Ltd., Melbourne, Victoria	90	10	100
BMW Italia S.p.A., Palazzolo di Sona (Verona)	87	10	100
BMW Belgium S.A./N.V., Bornem	78	21	100
BMW Nederland B.V., The Hague	41	13	100
BMW Canada Inc., Whitby	36	1	100
BMW Ibérica S.A., Madrid	21	5	100
BMW (UK) Holdings Ltd., Birmingham	4,030	-66	100
Rover Group Ltd., Birmingham	2,730	-78	100
BMW (GB) Ltd., Bracknell	133	3	100
Rover Italia S.p.A., Rome	22	10	100
Rover France S.A., Argenteuil	21	-2	100
Rover Japan Ltd., Tokyo	16	13	100
Rover España S.A., Madrid	8	-4	100
Rover Portugal Veiculos e Pecas Limitada, Lisbon	2	-4	100
BMW (UK) Capital Ltd., Bracknell	²⁾	²⁾	100

¹⁾ The values correspond with the individual financial statements, prepared in accordance with the respective country's regulations, and do not show the companies' contribution to the consolidated financial statements. Equity and income of companies outside the Federal Republic of Germany are converted using the exchange rate on the balance sheet date.

²⁾ Less than DM500,000.

³⁾ Profit and loss transfer agreement with a subsidiary of BMW AG.

⁴⁾ Profit and loss transfer agreement with BMW AG.

140 ⁵⁾ Consolidated including BMW's operative US companies.

Agenda of the 76th Annual General Meeting to be held on Tuesday May 14th 1996 at 10am in the Philharmonie in the "Gasteig", Rosenheimer Strasse 5, 81667 Munich.

1.

Presentation of the Annual Financial Statements for the year ended December 31st 1995, the Economic Review and the Report of the Supervisory Board, as well as the Consolidated Financial Statements for the year ended December 31st 1995, together with the Economic Review of the BMW Group included in the Economic Review.

2.

Resolution on the appropriation of profit.

The Board of Management and the Supervisory Board propose to the Annual General Meeting that the profit available for distribution for the 1995 financial year, amounting to DM267,264,670, be appropriated as follows:

payment of a dividend of DM13.50 per ordinary share with a nominal value of DM50 of the nominal share capital with dividend entitlement (DM920,455,500 nominal capital), that is DM248,522,985, and

payment of a dividend of DM14.50 per preference share with a nominal value of DM50 of the nominal share capital with dividend entitlement (DM64,626,500 preference share capital), that is DM18,741,885.

3.

Resolution on the formal approval of the actions of the members of the Board of Management.

The Board of Management and the Supervisory Board propose that the actions of the Board of Management for the 1995 financial year be approved.

4.

Resolution on the formal approval of the actions of the members of the Supervisory Board.

The Board of Management and the Supervisory Board propose that the actions of the Supervisory Board for the 1995 financial year be approved.

5.

Appointment of auditors for the 1996 financial year.

The Supervisory Board proposes the appointment of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, as auditors for the 1996 financial year.

		1991	1992	1993	1994 ¹⁾	1995
Sales	DM million	29,839	31,241	29,016	42,125	46,144
Change	%	+ 9.8	+ 4.7	- 7.1	+45.2	+ 9.5
Production – automobiles						
Group	units	553,230	598,145	532,492	948,683	1,098,582
BMW	units	553,230	598,145	532,960	573,083	595,056
Rover Group	units	–	–	–	375,600 ²⁾	503,526
Sales – automobiles						
Group	units	552,660	594,895	535,492	960,433	1,092,497
BMW	units	552,660	594,895	535,492	568,733	592,838
Rover Group	units	–	–	–	391,700 ³⁾	499,659
Production – motorcycles ⁴⁾	units	33,980	35,910	36,990	44,435	52,653
Sales – motorcycles	units	32,187	35,675	35,031	44,203	50,842
Workforce at end of year		74,385	73,562	71,034	109,362	115,763
Investment	DM million	2,123	1,975	2,214	3,543	3,477
as % of sales	%	7.1	6.3	7.6	8.4	7.5
Depreciation	DM million	1,805	1,827	1,836	2,567	2,877
Cash flow	DM million	2,831	2,880	2,567	3,569	3,755
as % of investment	%	133.3	145.8	115.9	100.7	108.0
Fixed assets	DM million	6,748	6,834	7,151	11,748	11,905
Assets from sales financing	DM million	8,077	9,764	11,766	13,300	15,008
as % of balance sheet total	%	31.8	35.5	38.8	34.4	36.7
Other current assets and prepaid expenses	DM million	10,580	10,906	11,378	13,645	13,934
Subscribed capital	DM million	896	899	902	985	987
Reserves	DM million	5,174	5,502	5,787	6,538	6,820
Capital reserve	DM million	796	817	834	1,574	1,593
Revenue reserve	DM million	4,378	4,685	4,953	4,964	5,227
Shareholders' equity	DM million	6,392	6,718	7,025	7,922	8,200
as % of balance sheet total	%	25.2	24.4	23.2	20.5	20.1
as % of fixed assets	%	94.7	98.3	98.2	67.4	68.9
Debt/equity ratio						
Industrial business	%	30.9	30.7	30.3	24.8	25.1
Sales financing	%	12.8	13.0	12.0	12.2	11.4
Long-term borrowings	DM million	5,563	6,672	7,956	9,012	10,780
Long-term capital	DM million	11,955	13,390	14,981	16,934	18,980
as % of fixed assets	%	177.2	195.9	209.5	144.1	159.4
Liabilities from sales financing	DM million	7,042	8,497	10,353	11,672	13,299
Balance sheet total	DM million	25,405	27,504	30,295	38,693	40,847
Total value of production	DM million	30,577	32,671	30,932	43,287	47,333
per employee	DM	447,556	472,766	467,244	428,924	442,596
Material costs	DM million	17,427	18,542	17,368	24,696	27,397
Personnel costs	DM million	5,823	6,387	6,245	8,425	8,846
per employee	DM	85,231	92,423	94,334	83,482	82,716
Results from ordinary business activities	DM million	1,752	1,477	832	1,357	1,367
as % of total value of production	%	5.7	4.5	2.7	3.1	2.9
Taxes	DM million	969	751	316	660	675
Net income	DM million	783	726	516	697	692
Net income of BMW AG available for distribution	DM million	225	226	226	277	267

¹⁾ Incl. Rover Group from March 18th 1994²⁾ Whole of 1994: 487,298³⁾ Whole of 1994: 466,661⁴⁾ Incl. F 650 assembly at Aprilia S.p.A. from 1993

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