



**Annual Report
of the Bayerische
Motoren Werke
Munich
on the
1983 Business Year**

BMW AG



BMW

Year to Year Comparison

		1983	1982	Change %
BMW Group (worldwide)				
Sales	DM million	14,025.7	11,620.4	+ 20.7
Workforce at end of year		50,158	47,466	+ 5.7
Investment in tangible fixed assets	DM million	1,000.5	1,354.8	- 26.2
BMW AG				
Sales				
Total	DM million	11,480.9	9,371.6	+ 22.5
Domestic	DM million	4,619.5	3,649.1	+ 26.6
Foreign	DM million	6,861.4	5,722.5	+ 19.9
Production				
Automobiles	units	420,994	378,769	+ 11.1
Motorcycles	units	28,053	30,554	- 8.2
Automobile sales				
Total	units	422,491	377,684	+ 11.9
Domestic	units	158,823	130,798	+ 21.4
Foreign	units	263,668	246,886	+ 6.8
Motorcycle sales				
Total	units	28,291	30,398	- 6.9
Domestic	units	9,432	10,314	- 8.6
Foreign	units	18,859	20,084	- 6.1
Workforce at end of year		43,169	40,738	+ 6.0
Workforce expenditure	DM million	2,471.8	2,243.8	+ 10.2
Balance sheet total	DM million	5,201.1	4,626.1	+ 12.4
Common stock	DM million	600.0	600.0	-
Shareholders' equity	DM million	1,595.3	1,451.3	+ 9.9
Fixed assets and financial assets	DM million	2,487.3	2,422.7	+ 2.7
Investment in tangible fixed assets	DM million	800.6	752.5	+ 6.4
Depreciation on tangible fixed assets	DM million	716.9	615.8	+ 16.4
Year's net income	DM million	288.0	200.0	
Dividend	DM million	144.0	110.0	
per share of DM 50 nominal value	DM	11.- + 1.-	10.-	

**Bayerische
Motoren Werke
Aktiengesellschaft
Munich**

**Annual Report
on the
1983 Business Year**

BMW AG

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Report of the Supervisory Board

The Supervisory Board of Bayerische Motoren Werke AG regularly watched over the conduct of business at the Company throughout the business year. At joint meetings with the Board of Management and on the basis of the latter's written and verbal reports, it has studied closely the Company's situation, the course of business and the intended business policy, and discussed these matters with the Board of Management.

The Annual Financial Statement for the 1983 Business Year, the Books of Account and the Annual Report have been examined by Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, which has provided its unrestricted confirmatory audit certificate. The Supervisory Board assents to the result of this audit.

The Supervisory Board has examined and approved the Annual Financial Statement and the Annual Report of Bayerische Motoren Werke AG, prepared by the Board of Management. The Annual Financial Statement is thereby adopted.

The proposal of the Board of Management on the employment of the balance sheet profit has been examined by the Supervisory Board which supports the proposal. In accordance with the final result of the Supervisory Board's examination, no objections need be raised.

The Consolidated Financial Statement and the Consolidated Annual Report, which have been provided with the unrestricted confirmatory audit certificate of Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, as well as the report of the auditor of the Consolidated Financial Statement, have been duly submitted to the Supervisory Board.

As of May 6, 1983 Dr. Karlheinz Radermacher retired from the Board of Management. Dr. Eberhardt C. Sarfert resigned from the Board of Management on December 31, 1983 in order to devote himself fully to the motorcycle business as Chairman of the Board of Manage-

ment of BMW Motorrad GmbH and Head of the Motorcycle Division of BMW AG. The Supervisory Board expressed its thanks to both gentlemen for their work on the Board of Management.

In its meeting of October 5, 1983 the Supervisory Board appointed Dr. Hans Hagen deputy member of the Board of Management for Research and Development as of November 1, 1983, and Mr. Franz Köhne deputy member of the Board of Management and Labor Relations Director as of January 1, 1984. It also appointed Dr. Eberhard von Koerber deputy member of the Board of Management as of July 1, 1984.

Mr. Köhne retired from the Supervisory Board on December 31, 1983 because of his appointment to the Board of Management. In his place, upon the decision of the registry court based on a joint motion by the Supervisory Board and the Board of Management, Mr. Jakob Gilliam was appointed member of the Supervisory Board as of January 1, 1984.

Munich, May 1984

The Supervisory Board
Hans Graf von der Goltz
Chairman

The Automobile Industry in General

World economy: a change for the better

The world economy began to revive in 1983 after the longest recession of the post-war period. Recovery was limited initially to a few major industrial nations but spread across a broader front during the course of the year. For the first time since 1980 the real gross national product of the OECD countries rose again; however, the level of unemployment continued to be high.

Negative structural developments from previous years were a greater burden on incipient economic recovery than had been the case during earlier cyclical upturns. The problems of over-indebtedness of numerous threshold and developing countries were not solved in 1983. The rapid increase of the American national and current account deficits contributed to the high borrowing requirements throughout the world. Interest rates did actually drop, but far less than had been expected in view of the marked decrease in inflation. This applied especially to the United States and was also one of the reasons for the considerable rise in the external value of the dollar.

High interest rates and the increase in value of the dollar had negative repercussions on the world economy. The debts of the developing countries grew and their import capacity declined. In the industrial countries investment activity was influenced unfavorably, remaining weak overall.

The economy recovered primarily as a result of success in the struggle against inflation. In the OECD countries consumer prices rose by only 5%, half as much as a few years previously. The price of oil in particular went down and industrial prices stabilized.

Although the real purchasing power of private households hardly increased, consumption rose noticeably for the first time in years. It proved the mainstay of the economy, expression of the consumers' growing confidence in further economic development.

Demand was especially high for top-quality and durable consumer goods, including automobiles in particular. Substantial replacement demand that had built up during the past recession was now reflected in increased sales. The number of new registrations rose markedly on many of the major markets. Some 30 million automobiles were produced and sold worldwide in 1983, 11% more than in 1982. Once again the automobile industry with its stimulating influence was at the head of the general economic development.

United States: leader on the road to economic recovery

In the United States the economy revived vigorously in the year under review. This was the result both of the financial policy in deficit and the monetary policy which was considerably relaxed at times. In contrast to 1982, both these factors worked in the same direction, resulting in an upturn that accelerated during the course of the year. With an increase of 3.5% the gross national product in real terms registered the highest growth rate of all the OECD countries. Both unemployment and the inflation rate went down noticeably.

The American automobile market in particular benefitted from the vigorous increase in demand, having shrunk steadily in the four previous years. New registrations rose by 15% to over 9 million units but were still well below the level reached in 1977/78.

After the continuous losses of their share in the market in previous years the American manufacturers participated in the market growth at an above-average rate. Production, which with 5.1 million automobiles in the previous year had reached its lowest level since the end of the 1950s, rose sharply by one third to 6.8 million automobiles. This corresponded only to the level that had been reached in 1975; however, the earnings situation definitely improved as the radical schemes to adjust the structure of costs with the increased utilization of capacities rapidly began to take effect.

Thus, in the year under review the American automobile industry was able to clearly recover from the worst recession with the highest losses in its history.

In 1983 the share of imported makes of about 26% was slightly lower than in the previous year. This was primarily the result of voluntary export restraints on the part of the Japanese automobile industry; nevertheless, in 1983 every fifth automobile registered in the USA came from Japan. German makes maintained their market share of about 3%. BMW sold almost 60,000 automobiles for the first time.

Japan: limited growth

Japanese demand for automobiles continued to develop favorably. Registrations again increased by 3% to 3.1 million units; traditionally, 99% of the automobiles were Japanese. As in 1982, about three-quarters of the 35,000 imported automobiles came from the Federal Republic of Germany and practically every fourth German automobile was a BMW.

The Japanese automobile industry, whose strong expansion had come to a standstill in 1980, manufactured 7.2 million units, a 4% increase on the previous year. Domestic demand in particular contributed to this development; exports increased only slightly because of the import restrictions.

Thus, in the year under review the regional structure of the Japanese automobile business changed; exports to the USA rose by only 6%, to Europe by 17% and to the Federal Republic of Germany by about a third. Japanese manufacturers are increasingly avoiding the restrictions by shifting production to sales markets. Thus, international economic interdependence is growing.

Europe: economic activity without momentum

In 1983 most of the European countries lagged behind the development of the world economy borne largely by the USA and by Japan. Unavoidable efforts to consolidate — whether government budgets or external imbalances — curbed the development of domestic demand practically everywhere.

Investment activity was restrained because interest rates were still high. In real terms, the gross national product rose only slightly; the employment situation thus remained tense and was again the main problem in almost every European country in the year under review. The battle against inflation, however, was more successful. Therefore, with the additional withdrawal of savings, private consumption revived markedly.

The more favorable economic climate influenced automobile demand in Europe positively, too. Signs of stabilization, already apparent in the second half of 1982, grew stronger. New registrations increased further and with just under 10 million units were 5% up on the previous year. BMW exports increased at the same rate.

As in the previous year, however, development of the automobile business varied on the individual European markets. While the markets expanded vigorously in Great Britain and in the Netherlands for cyclical reasons and in Austria because of special factors, registrations dropped off in France, Italy and Switzerland.

As a result of higher domestic demand overall as well as the increase in exports to the dollar area, European automobile production was as high as 11.3 million units, 8% more than in the previous year. With a share of 38% of world production Western Europe thus kept its leading position ahead of Japan and the USA.

Federal Republic of Germany: economic turnaround underway

The economic development of the Federal Republic of Germany was favorable. There were clear signs of an economic upturn shortly after the beginning of the year and the trend continued all year. In real terms, the gross national product rose again for the first time for three years to reach its 1980 level.

Actual development thus surpassed expectations which had mostly been cautious at first. The inflation rate was almost halved; on average over the year it was only 3% in spite of numerous administrative price rises. The current account surplus was about as high as in the previous year.

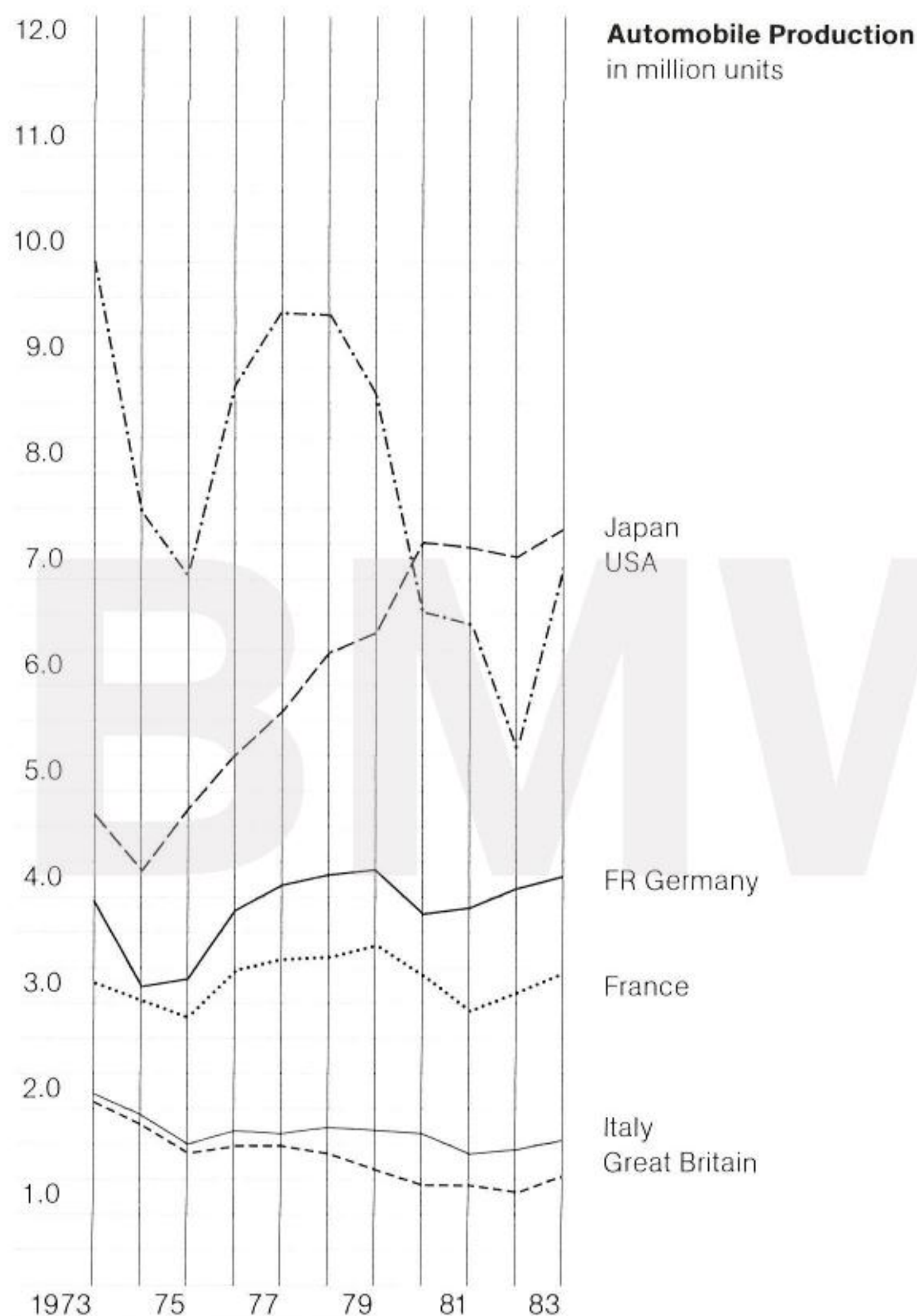
The economic recovery soon influenced the labor market in particular. The number of unemployed has decreased since the autumn taking account of seasonal adjustments; the year's average of 2.26 million unemployed was about a quarter of a million lower than expected at the beginning of the year.

There was a marked shift during the course of the year between the forces that initially brought about and later continued the economic turnaround. In the first half of 1983 domestic demand predominated, while in the second half a large number of orders from abroad was registered, supporting the positive development to date. This again points to the decisive importance of exports for starting economic recovery processes in the Federal Republic of Germany.

As in the other Western industrial nations, private consumption provided the stimulus for overall economic recovery. Contrary to expectations, it rose as a result of the changed mood amongst consumers. Since real incomes in the Federal Republic were hardly any higher than in the previous year savings were taken out; in addition, funds were used from savings schemes that matured. The automobile business benefitted in particular as high replacement demand had built up over the last few years.

Investment activity also revived markedly in the year under review, having

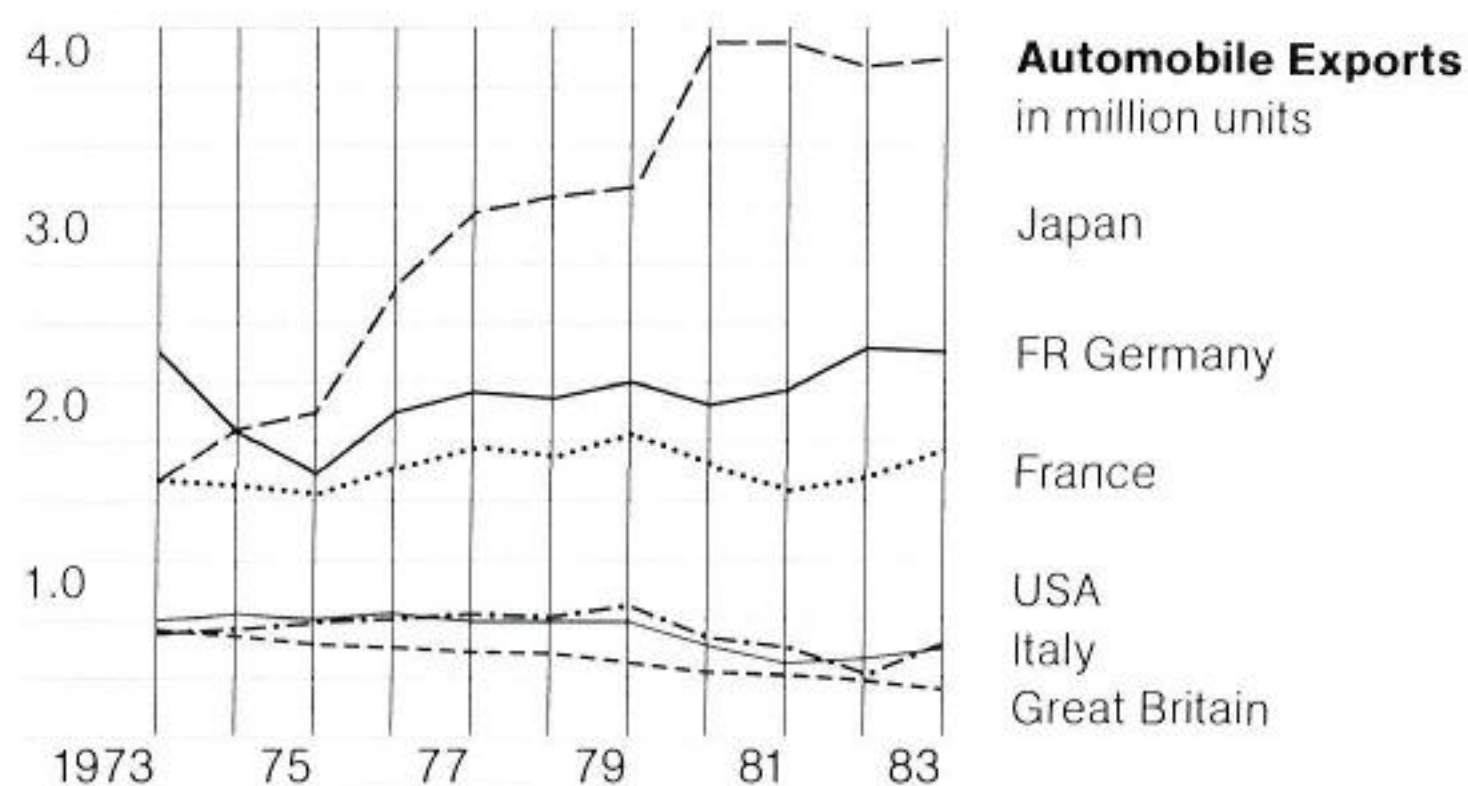
declined in the previous year. The recovery of the export business contributed substantially to this development — an indication of the more favorable outlook for the future of the German economy. As a result of constant efforts in the government sector to consolidate the budget, new borrowing clearly went down for the first time in a long while. Thus, conditions for lasting and self-sustaining economic growth have improved overall.

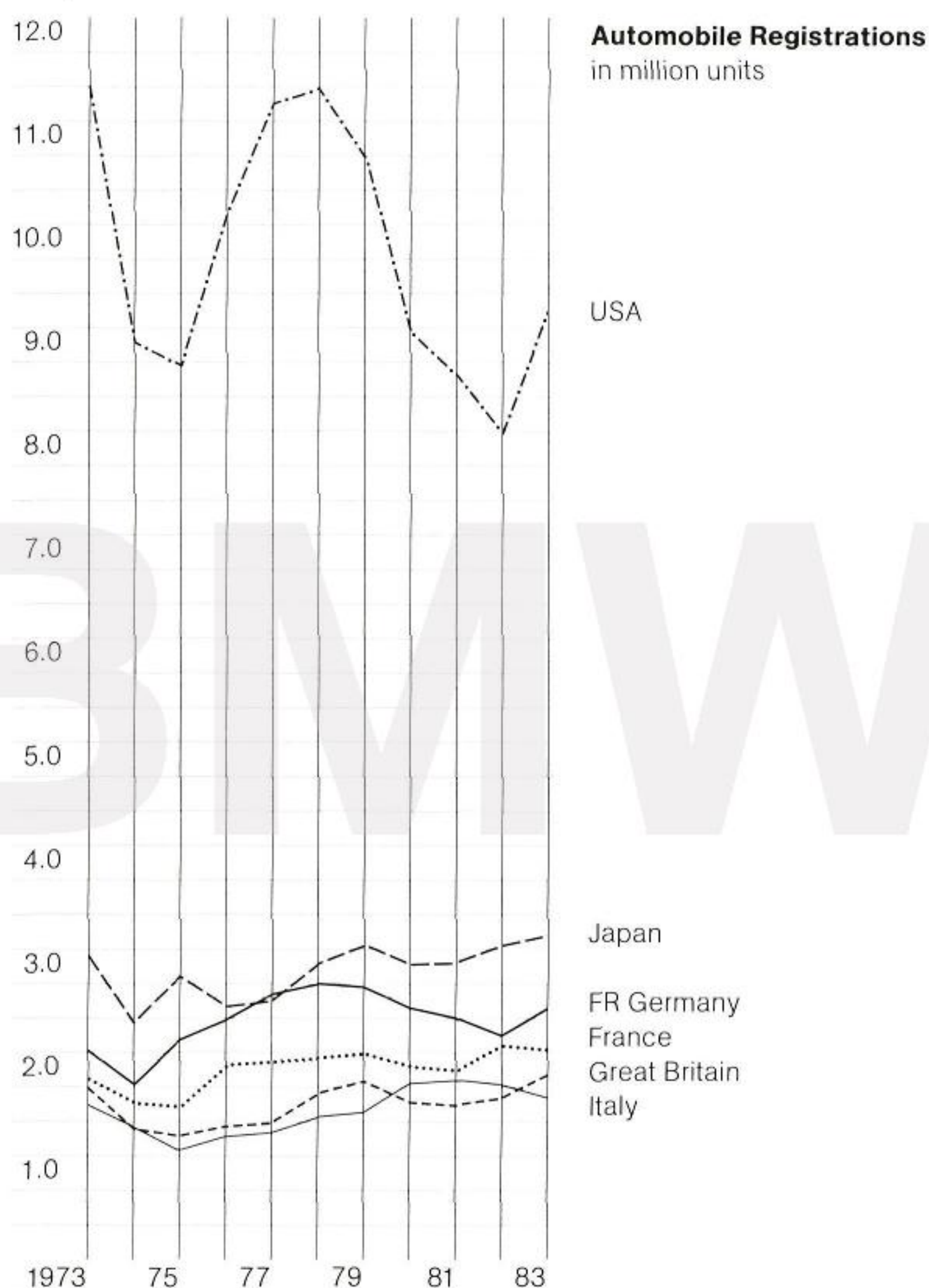


**German automobile industry:
stimulus for the entire economy**

The German automobile industry once again lived up to its reputation for leading economic development in 1983. It increased its output by 3% to 3.9 million units. The number of employees on short time decreased to a quarter during the course of the year and the number of employed rose slightly. In all, the German automobile manufacturers have created some 20,000 jobs within five years, while about 650,000 have been lost in industry as a whole.

The investments of the automobile industry had a positive influence on the entire economy. At about DM 9 billion in 1983 they have doubled within 5 years; in the year under review the automobile branch accounted for about one fifth of the investments made in German industry. Sales reached DM 155 billion, 7% more than in 1982. The automobile industry maintained its leading position ahead of the engineering sector in exports. About a quarter of the total tax revenues of the Federal Republic of Germany came from the automobile sector.





Automobile sales of German manufacturers: favorable domestic market, high exports

In 1983 the domestic market was marked by the economic recovery that had already begun at the end of the previous year. Development in the first six months was sometimes particularly lively owing to special influences; the raising of the value added tax mid-1983, for example, led to advance purchases. As expected, demand for new automobiles was distinctly lower in the second half of the year. The upward trend on the second-hand car market continued right up to the end, an expression of the population's unbroken wish to be mobile.

In all, 2.43 million new automobiles were registered in the Federal Republic of Germany in the year under review; this is a 13% increase on the previous year. The domestic market is thus following the medium-term trend again.

The market share of foreign manufacturers rose slightly to 24.4%. This was largely due to the sales successes of Japanese makes whose share increased from 9.8 to 10.6%. Demand for diesel automobiles dropped from 15.1 to 11.1% of the total market because of the diminishing price advantage of diesel fuel over petrol.

The sale of German automobiles manufactured outside the Federal Republic, especially in Belgium and Spain, increased noticeably in 1983. This shows that the German automobile industry not only sees Europe in terms of sales but increasingly as a unit. The market share rose from 3.5% to almost 8%.

Exports continued to be one of the mainstays for employment in the automobile industry. However, in contrast to many years in the past demand from abroad did not provide additional stimulus. With about 2.19 million units the high volume of the previous year was merely reached. As in previous years about four-fifths of all the German automobiles exported went to European markets. The highest increases, each of about one third, were recorded in Great

Britain and Austria. The downward trend in other European states, such as France and Italy, was thus cushioned.

Further interference in market processes

In the year under review the automobile became the subject of political discussion more than ever before. In view of the further spread of damage to forests the politicians felt that action was called for. However, neither they nor the branches of industry concerned have had sufficient opportunity to gain scientifically proven information on the various causes and effects.

Thanks to the automobile industry's efforts, the level of emissions of specific pollutants has already been considerably reduced in new automobiles in the last decade. The emission of carbon monoxide has dropped by two-thirds, that of hydrocarbons and nitrogen oxides by more than half. In spite of the progress that has already been made the Federal Government has declared its intention of advocating even stricter exhaust regulations within the EEC.

The German automobile industry warned against the consequences of taking unilateral action in Europe; however, it did not deny the necessity of taking further steps. Thus, together with the Confederation of the Petroleum Industry, it presented an introductory concept for automobiles with exhaust decontamination systems using a catalyst and for the unleaded petrol required for their trouble-free operation. The concept takes account of the many aspects of development-, labor- and capital-intensive processes of adjustment. It thus also shows clearly that the date of introduction, January 1, 1986, scheduled by the Federal Government, can only be a guide if there are not to be serious production losses. These would result in a reduction in employment and grave restraints on free trade in Europe.

Just how difficult it is for the Federal Government and the competent EEC authorities to tackle the exhaust question is reflected in their inability to draw up concrete regulations, such as are required by the manufacturers, despite the efforts made so far by all parties concerned.

BMW has never doubted that exhaust emissions from road traffic have to be reduced further. Corresponding proposals have existed since March last year. They also stress the necessity of a European solution. Moreover, they indicate the importance of adopting limits and test methods that already apply in several countries, not only in the interest of international free trade, but especially for reasons of time.

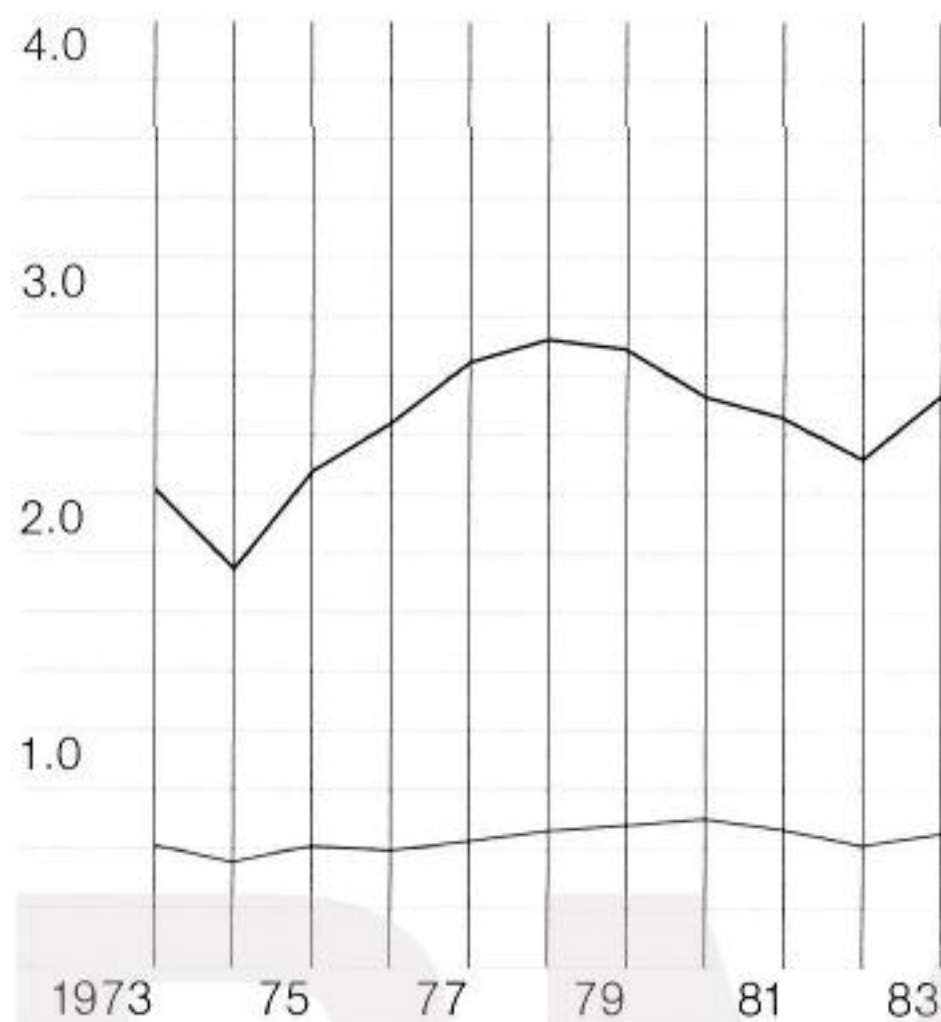
In conjunction with environmental protection, discussions have also occasionally dealt with the introduction of a general speed limit on German motorways. The available data, however, does not indicate that such a limit would have any beneficial effect. Thus, the Federal Government has decisively rejected any such measure to date; this was repeated by the Federal Chancellor on the occasion of the opening of the BMW motorcycle plant in Berlin on March 1, 1984.

Since last year the European authorities have been increasingly interested in the reorganization of the traditional distribution system of the automobile industry. The system is based on the manufacturer's right to select suitable retail outlets and to authorize them for that particular make (selective distribution system). The Commission's draft regulations could lead to a considerable weakening of this system, which has proved its worth for customer and trade alike.

BMW is endeavouring to counteract legislation at European level that would threaten the efficient distribution of vehicles through businesses committed to a single make. This system is imperative for the correct maintenance of vehicles. BMW is equally emphatic in rejecting the introduction of indirect price controls as well as the planned regulation of the



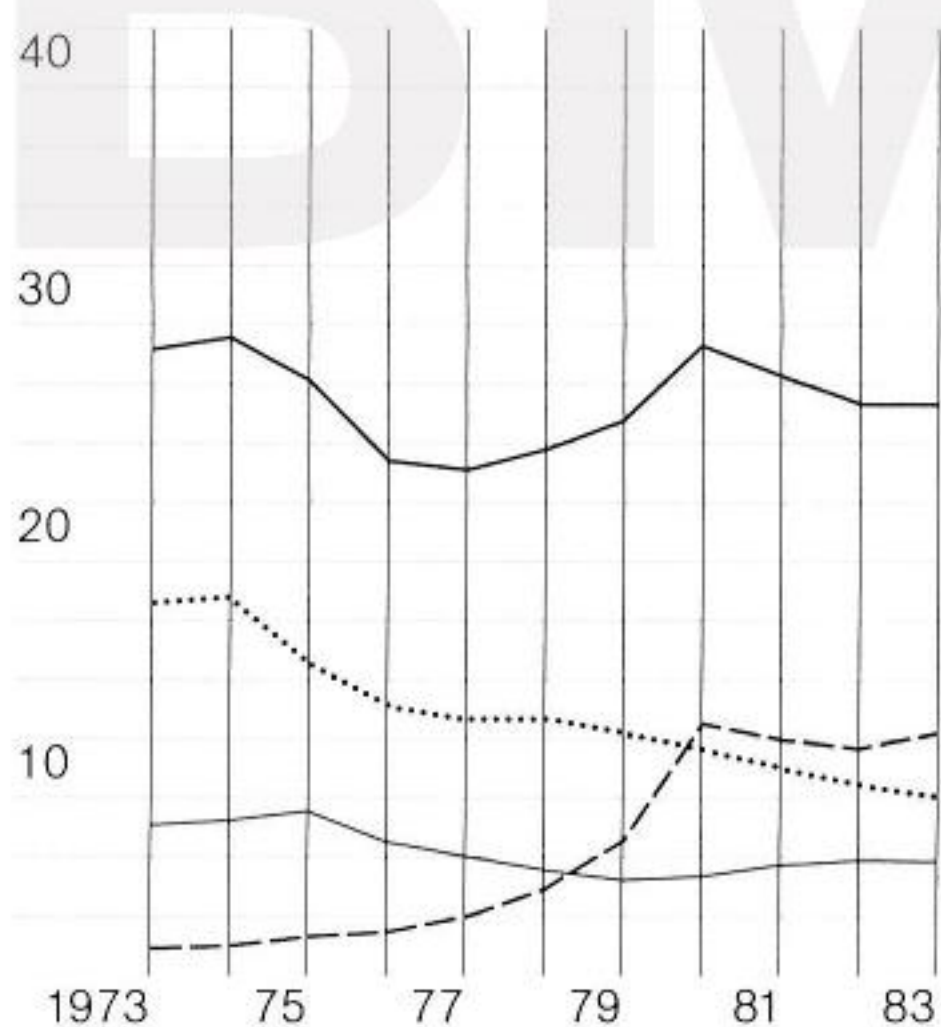
Four-door versions of the new compact and high-performance small BMW 3 Series have been available since late autumn 1983. Interest in these automobiles continues to be high both on domestic and foreign markets. The picture shows a BMW 320i in Paris.



Automobile Registrations
in the FR Germany
in million units

Total

Imports



Market Shares
of automobile registrations
in the FR Germany in %

Total imports

thereof from:
Japan

France
Italy

product ranges offered in the individual countries of the EEC. It is hoped that the misgivings expressed by national governments, other firms and BMW about the restrictive regulation of automobile distribution and the weakening of competition associated with this, will not remain unheard.

Business Development at BMW

General review:

new record in the Company's history

1983 proved a record year for BMW in a long series of good years. Both the economic figures of the previous year and the general market figures were again considerably exceeded. The measures taken over the years in all sectors of the company again led to the steady expansion of business in the year under review. Sales have been increasing yearly at a two-digit rate for almost 10 years; in 1983 they rose by about 20% as in the two previous years.

All the BMW series of automobiles contributed to the favorable development again in 1983; the market success of the new 3 Series was decisive. Following its introduction on the domestic market significant increases were recorded; exports also rose markedly above the level of the previous year. The motorcycle business was clearly revived by the presentation of the new K Series towards the end of the year.

As to the automobiles, demand shifted further towards the more expensive models within the series. Well over half of BMW automobiles, about a quarter of a million in all, were fitted with 6-cylinder engines. BMW has been Europe's largest manufacturer of 6-cylinder engines for years.

The expansion of BMW's plants and distribution organization entailed further increases in the number of employees. For the first time over 50,000 people were employed by BMW throughout the world. Thus, within a decade the Company has created well over 20,000 jobs.

Continuation of crucial activities in 1983

BMW has the production and distribution of high-quality and top-performance vehicles with the consistent use of the most modern technologies to thank for its favorable development in latter years. The results of the year under review again show the Company's willingness and ability to continue this course.

In the last decade BMW was one of the fastest-growing automobile companies in the world. For many years the major part of its production has been sold on more than 100 foreign markets. During the course of this development the number of models designed to meet the special requirements of certain markets has doubled to about 170 within ten years; expenditure on development rose at a disproportionately high rate. The differences in demand worldwide and the increasing competition were considerable, as were the growing number of uncoordinated technical regulations which increase prices and hit manufacturers of relatively small numbers of units particularly hard.

The uncompromising demand for high quality remained the guideline for BMW activities in the year under review. The high level attained in previous years and the competition on the world markets set the standards. Only further efforts in each sector of the Company can result in optimization of the entire operation. This requirement applies from the very earliest stages of planning a new model. Design and development have to take it into account as much as purchasing, manufacture and distribution, including the dealer organization and customer service. These activities are ensured by BMW employees throughout the world.

BMW in Motorsport

1983 was the most successful year in BMW's motorsports history which is so rich in tradition. It expressly confirmed the high performance and efficiency of BMW engines and vehicles.

The Formula I World Championship was won for the first time with a turbo-charged engine — the BMW power plant. Nelson Piquet gained the victory in a Brabham racing car with a 4-cylinder BMW engine, developed from a series-produced model, just two years after its first race. Dieter Quester won the best driver prize of the European Touring Car Championship in the production car racing group with a BMW 635 CSi coupé.

In motorcycle sport Hubert Auriol won his second victory for BMW on a R 100 early in 1983 when he participated in the world's most difficult rally from Paris to Dakar in West Africa. At the beginning of 1984 Gaston Rahier won the third victory for BMW; Auriol was second and Raymond Loizeaux, also on a BMW, took 5th place.

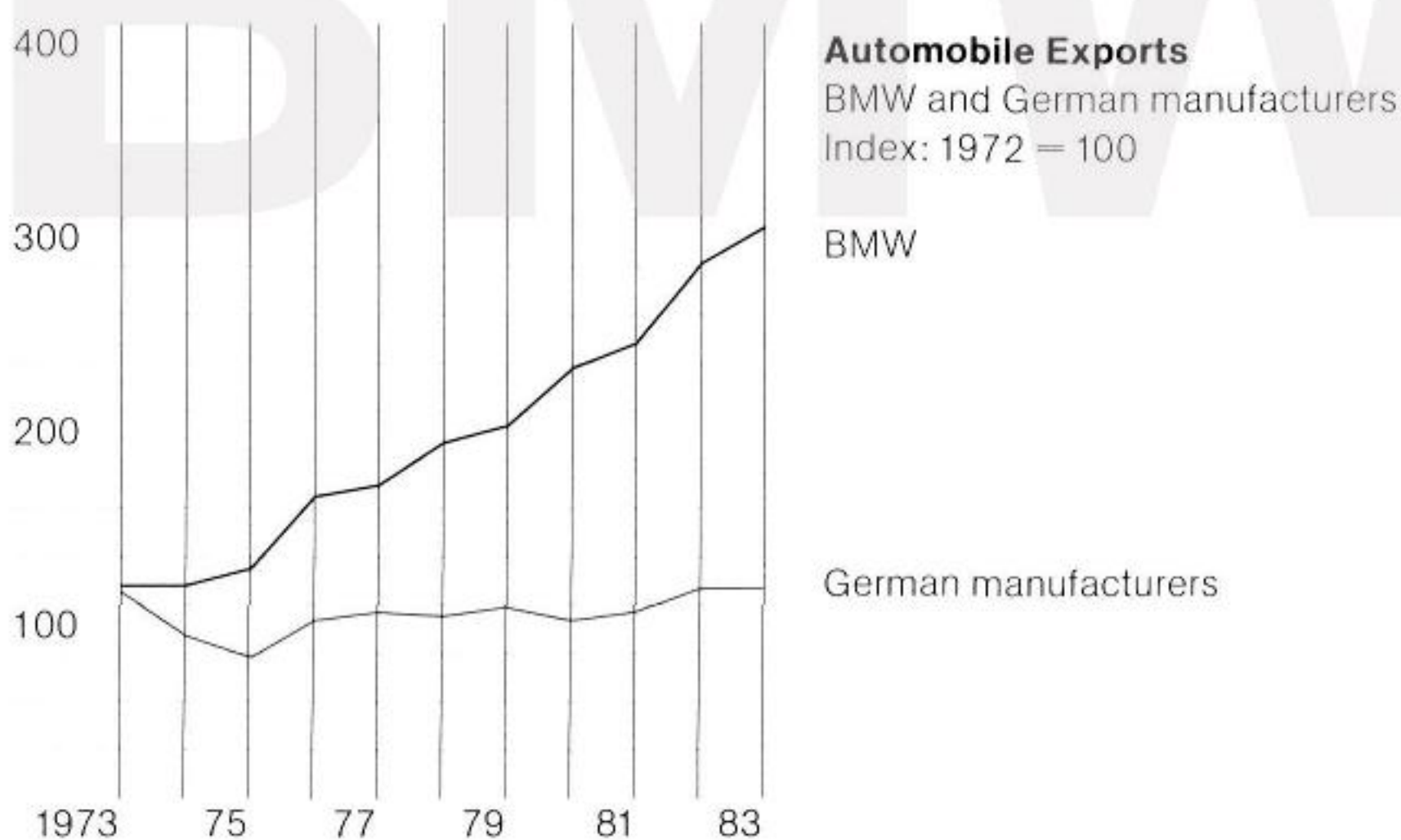
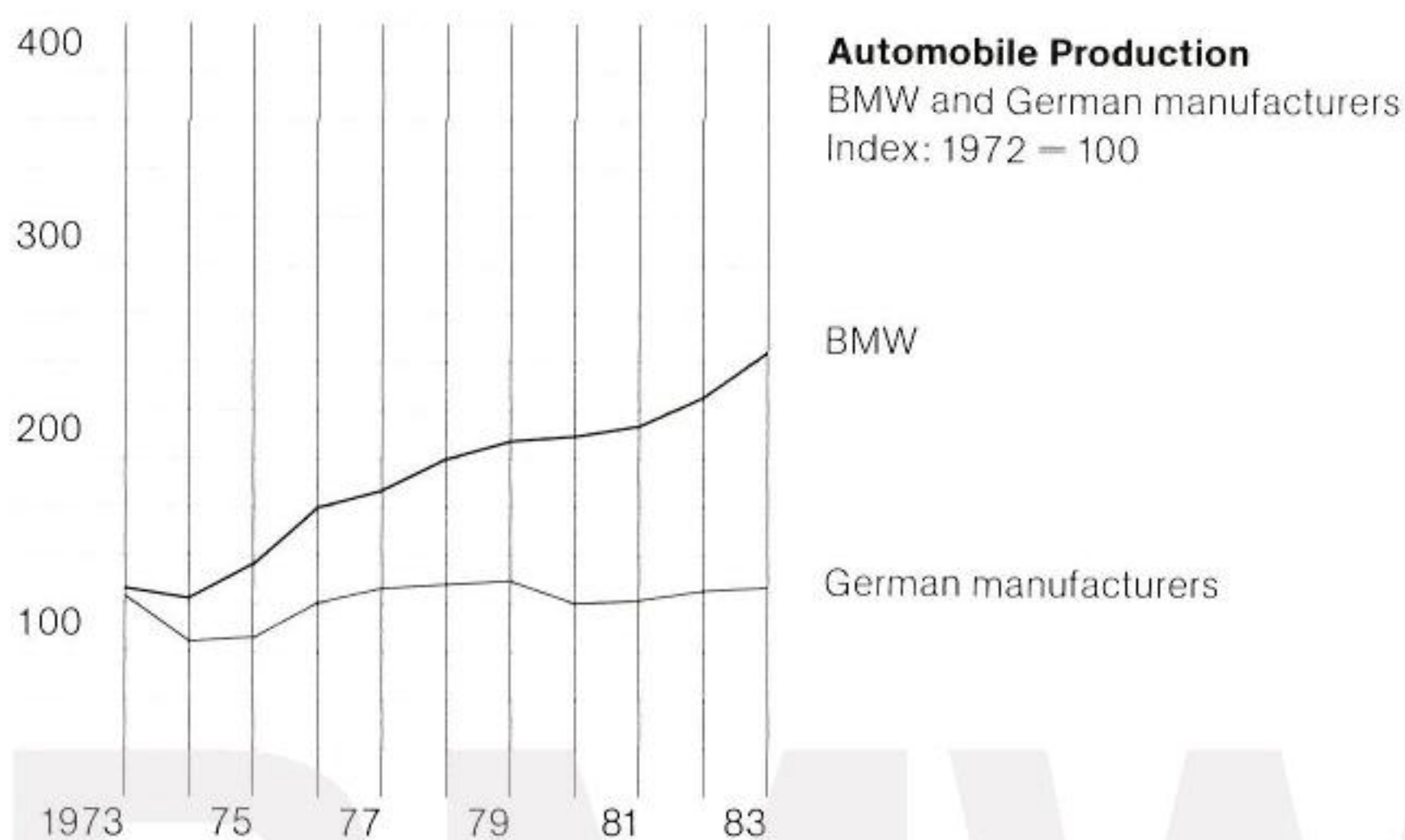
Demand for BMW automobiles increased further

Throughout the world 422,000 BMW automobiles were sold in the year under review, 12% more than in the previous year. In spite of special shifts and extra work in all sectors of the Company demand exceeded supply possibilities.

In the Federal Republic of Germany there was a record number of new BMW registrations. They rose by 22% to 156,000 automobiles; the market share amounted to 6.6% compared with 6.0% in 1982.

At the same time 264,000 automobiles were exported, a 7% increase on the previous year. As there was a shortage of automobiles available exports rose less steeply than domestic sales for the first time in years. Owing to various factors in the countries concerned, BMW sales in the individual markets also developed less uniformly than in some previous years.

Approximately 90% of the automobiles exported were again sold on 15 Western automobile markets. Following the strong expansion of BMW's market position because of high increase rates in previous years, total registrations of BMW automobiles in 1983 rose in these countries by a further 5% in all.



Of the traditionally largest Western European markets, pronounced growth was registered in Italy and in Great Britain; sales stagnated in France as a result of the overall unfavorable economic situation. Automobile registrations in Scandinavia exceeded the high levels already reached in 1982. BMW registrations in Austria rose by about one fifth, partly benefitted by advance purchases for tax purposes. The contrary was true of Switzerland where unilateral efforts in legislation on exhaust emissions led to a marked reduction of the range of models and thus of the sales figures.

The USA remained the most important foreign market for BMW; registrations rose to almost 60,000 units. The North American market thus absorbed a major part of BMW's additional export volume.

In contrast, in South Africa sales of just under 2,000 automobiles did not reach the level of the previous year. Once again economic difficulties led to import embargoes or to prohibitive taxation. The unpredictable political climate condemns foreign manufacturers to changing market activities at short notice, thus jeopardizing the success of long-term investments overall.

In Asia the strongest market development was again registered in Japan; thanks to the activities of BMW's own subsidiary the number of registrations rose by about one fifth to over 6,000 automobiles. The markets of the Middle East were expanded to plan. In all, with about 16,000 automobiles, sales in Asia in 1983 were twice as high as five years ago.

In order to develop foreign markets where the import of automobiles is impossible or impeded by restrictions, smallish BMW assembly plants are operated by BMW importers in some countries. In the year under review BMW's own plant in South Africa created the conditions for continuing market successes by expanding its production capacities.

Dealer organization and customer service at BMW

BMW's dealer organization and customer service are responsible for ensuring the correct function, quality, safety and maintenance of value of over three million BMW automobiles and more than a quarter of a million motorcycles all over the world.

The efficiency of the 4,300 authorized BMW dealers and service workshops with some 35,000 employees has been further increased in the fields of customer service and business organization and by instruction in the new technologies used in BMW vehicles.

The communication of knowledge and skills concerning new engine concepts as well as the overall increasing use of electronics has become considerably more efficient owing to a new computer-aided teaching system. This video system is now available in several languages and with a variety of programs.

The range of Genuine BMW Parts now comprises over 60,000 items as a result of the growing number of special versions. In order to safeguard the supply of BMW workshops, the central parts warehouse in Dingolfing has been expanded and the efficiency of operational organization further improved.

For the first time over 20,000 customers, about 30% more than in the previous year, collected their new BMW personally at the distribution center at Munich-Freimann.

Model policy and model innovations

The high overall demand for BMW automobiles was strongly influenced by the introduction of the new generation of the 3 Series. 1983 turned out to be the big year for small BMWs.

In the light of experience gained with more than two million units, road performance, handling and economy were again improved in the third generation of this model series. Signs of success were apparent immediately after its introduction towards the end of the previous year.

In all, about a quarter of a million 3 Series BMWs were produced and sold, which is far more than ever before in a single year. With 92,000 units, registrations in the Federal Republic were 37% up on 1982 although the larger part of the automobiles produced in this model series was also exported.

Demand was particularly high for the 320i and 323i models; thus, in the 3 Series alone more than 100,000 6-cylinder engines were fitted, twice as many as in the previous year. The four-door version available since the late autumn of 1983 has further stimulated demand.

In the autumn of 1983 the millionth 5 Series BMW rolled off the assembly lines at the Dingolfing plant since the introduction of this model series in 1972. The two new engine concepts introduced in the spring of 1983 have contributed substantially to the continued favorable development. Both new engines feature optimized consumption levels while still providing the performance that is so typical of BMWs.

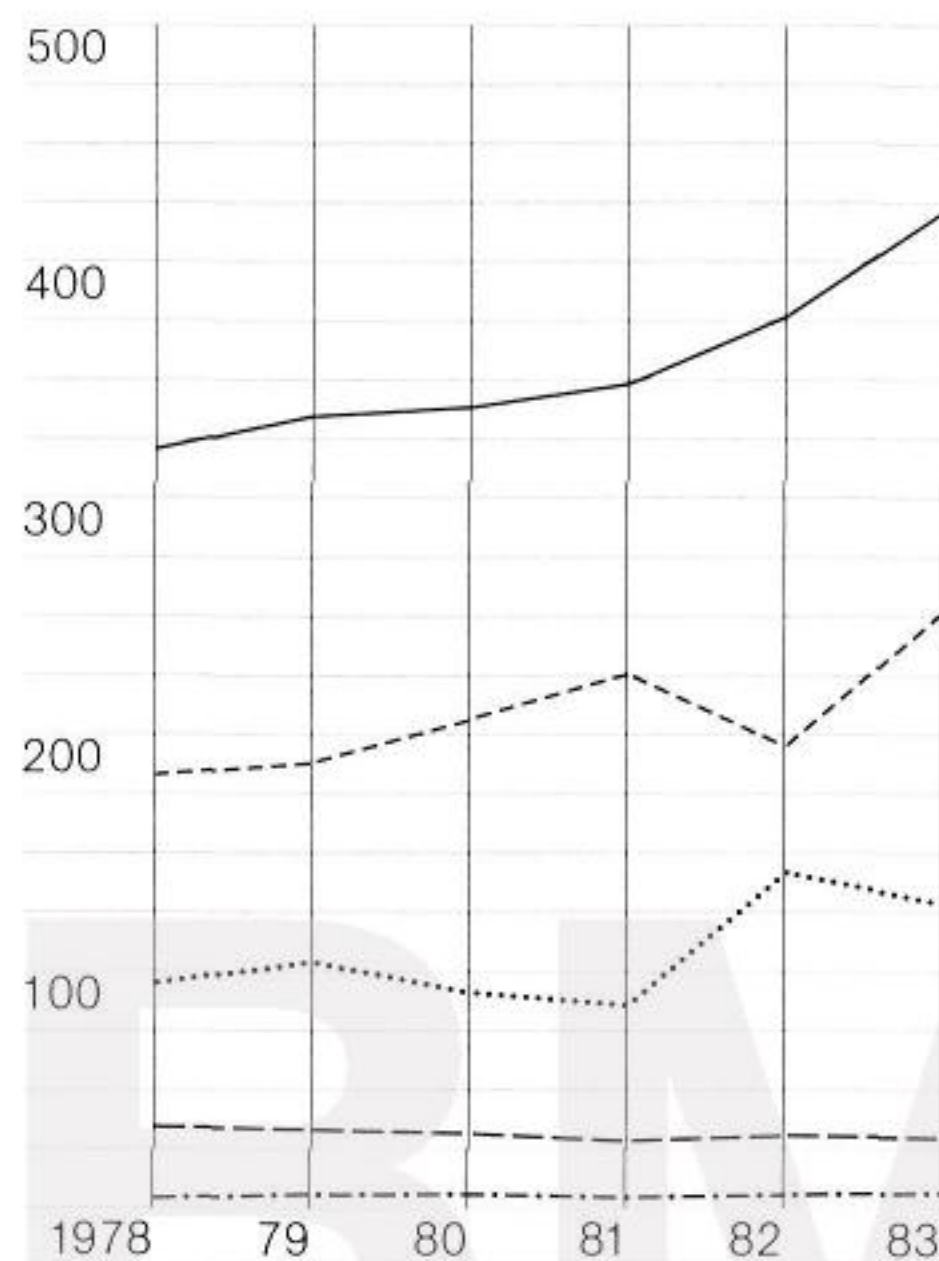
The BMW 525e, which was introduced first, offers a particularly economic drive alternative with its high torque, especially in the lower and middle speed ranges. By using the turbocharged diesel engine manufactured in the BMW plant in Steyr, Upper Austria, in the BMW 524td the historic step was taken into a new market for BMW. The two independent concepts take account of individual driving patterns and possibilities of use for which BMW automobiles had not been previously designed. The BMW

524td and 525e won over the expected number of new purchasers during the course of the year.

The large BMWs of the 6 and 7 Series also developed pleasingly; with a total of some 40,000 units, registrations for both series worldwide were 13% higher than in the previous year. The coupé reached its top production level since its introduction in 1976. Since then over 50,000 BMW 6 Series automobiles have been manufactured and sold.

New top models in both series were presented in 1983. The further improvements to the 745i already stimulated demand in the year under review; there are also signs of a corresponding rise in demand for the M 635 CSi coupé available from the spring of 1984 onwards.

Both models are designed for top performance owing to their optimized chassis and drive systems. The electronically/hydraulically controlled 4-speed automatic transmission, in conjunction with the second generation of Digital Motor Electronics, is completely new in the BMW 745i. The BMW M 635 CSi is largely characterized by the four-valve engine; the principle has proved successful in BMW motor racing engines for decades, and the engine itself was proved in the BMW M1 racing car.



BMW Automobile Sales
in thousand units

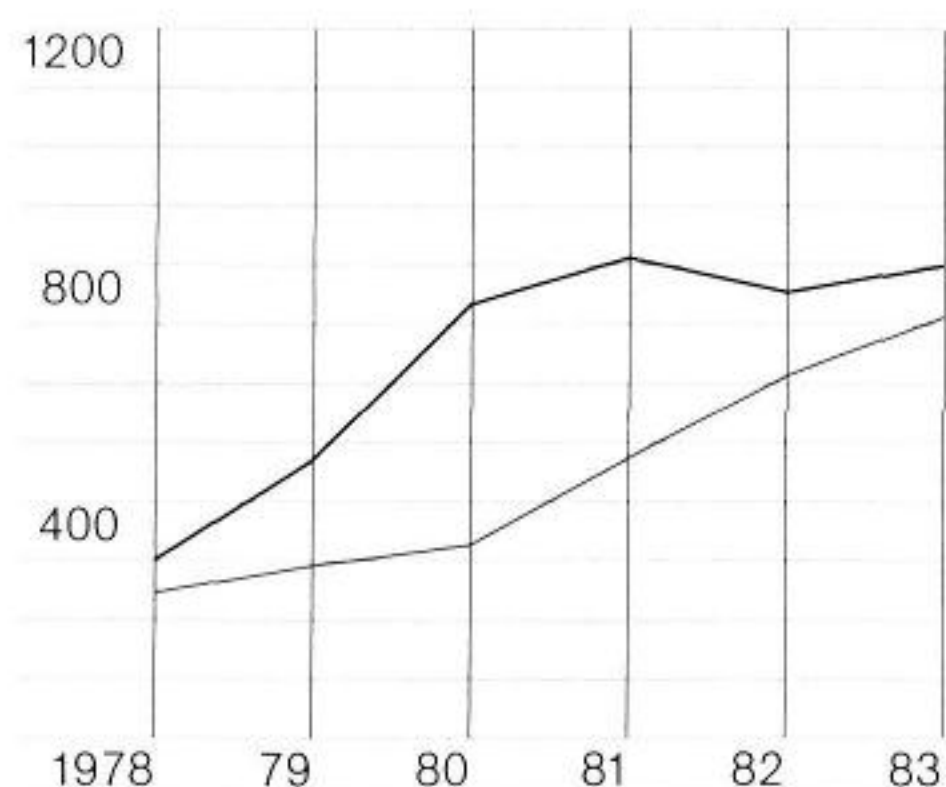
Total Sales

3 Series

5 Series

7 Series
6 Series (coupé)

Total sales	335,132	339,232	348,946	377,684	422,491
Domestic	162,271	140,772	138,399	130,798	158,823
Foreign	172,861	198,460	210,547	246,886	263,668
3 Series	188,887	207,098	226,236	195,507	253,331
5 Series	105,115	92,190	87,332	143,376	129,978
7 Series	34,402	33,148	29,583	31,438	31,188
6 Series (coupé)	6,728	6,796	5,795	7,363	7,994
	79	80	81	82	83



Investment in and Depreciation on Tangible Fixed Assets of BMW AG
in million DM

Investment
Depreciation

Investment in million DM	472.8	738.9	815.6	752.5	800.6
Depreciation in million DM	294.4	330.1	473.1	615.8	716.9
	79	80	81	82	83

Capacities fully utilized, plant expansion, high investments

In the year under review 421,000 automobiles were manufactured in all, 11% more than in 1982. This increase of about 42,000 automobiles corresponded to more than a third of the increased output in the Federal Republic of Germany. The capacities of the BMW plants were fully utilized, special shifts were required and the capacities were increased further.

Adjustments to capacities had to be made at all BMW plants but particularly at the automobile plant in Dingolfing and the engine plant in Steyr. By the end of the year daily production at Dingolfing had risen to over 1,000 units; this figure is markedly higher than at the Munich plant where expansion was completed almost 10 years ago. The extended production facilities can be used to the full during the current year. In all, production at both plants rose to some 1,940 automobiles per work day; thus, BMW reached the limits of its automobile production capacity at its existing plants.

At the end of 1982 Regensburg had already been chosen as location for the third indispensable automobile plant. In the summer of 1983 preparatory work began on the site and in April 1984 the foundation stone was laid. The overall design takes account of all the economically expedient technologies known to the automobile industry today; in so doing, it pays special attention to questions of environmental protection and to the structure of workplaces. The plant is expected to start production with a small number of units at the end of 1986.

At the Berlin plant motorcycle output was cut back by 8% to 28,000 units because of the production preparations for the new K Series and in keeping with a realistic assessment of the market. The new plant facilities required for foreseeable demand permit considerable growth of production. They were opened officially at the beginning of 1984 after a total investment of some DM 300 million.

The engine works in Steyr/Upper Austria were opened in March 1983 following investments of over DM 600 million. Since then it has been fully integrated into the linked system of BMW's domestic plants and relieves the engine building division at the Munich plant. The production volume has been raised according to schedule; the manufacture of diesel engines to supply FORD USA/Canada, too, from the autumn of 1983 onwards also began.

The BMW assembly plant at Rosslyn/South Africa was renovated and also considerably expanded. This was necessary as demand is expected to rise with the start of production of the 3 Series. Some DM 240 million have been invested in the facilities in the last three years.

A high level of automation had already been reached in previous years at the Munich and Dingolfing plants in connection with the launching of the new generations of the 5 and 3 Series. As the new 3 Series BMW has also been manufactured in Dingolfing since the spring of 1983, production of the four-door version began at both plants during the course of the year.

Supporting measures at all plants led to further restructuring and rationalization; for this purpose the most modern production technologies have been applied. The first robots used for painting improve the quality of BMW automobiles and at the same time relieve people of work in the traditional paint shops. New assembly operations and automated workplaces, the introduction of new casting methods and the increased use of computer-aided design and production improve employees' job opportunities.

BMW invested a total of DM 1 billion in fixed assets worldwide as part of the Company's medium-term planning; this corresponds to the high volume of past years. Investments in research and development increased further by 25%, having already risen at a high rate in the past.

Purchasing and logistics

The supply of raw materials and parts was free of problems in 1983. The level of demand led to an overall increase in the prices of raw materials on the world markets; aluminium, an important basic material for the automobile industry, was particularly affected. The development of the dollar exchange rate accelerated the upsurge of prices in the last few months of the year under review.

As in previous years BMW, with its increasing production and high volume of investments, continued to exert a favorable influence on the utilization of capacities and the employment situation of suppliers and service industries. This applies in particular to the domestic firms as the source of the majority of BMW's purchases, but also to well over 100 suppliers in some two dozen countries. Specific technical knowledge as well as quality, reliability and good value are major criteria when selecting suppliers and placing orders.

Thus, the Company contributed towards safeguarding some 80,000 jobs. These are predominantly in medium-sized firms, in small businesses and in the crafts sector.

BMW logistics optimize control and handling procedures. The automation of warehouse and conveying equipment has helped to accelerate the supply of materials. The transportation business has been integrated systematically. BMW would like to thank all its business partners.

Good business development

The sales of BMW AG rose by 22.5% in 1983 to DM 11.48 billion. Domestic business accounted for DM 4.62 billion and exports for DM 6.86 billion. Sales of the BMW Group amounted to DM 14.03 billion, corresponding to a 20.7% increase over the previous year. Apart from increases in the number of automobiles sold, the trend towards more expensive models within the model series as well as the favorable development of the subsidiaries contributed to this.

The pre-tax earnings of BMW AG rose to DM 905 million. The net income amounted to DM 288 million from which DM 144 million were allocated to reserves. The Supervisory Board and the Board of Management propose to the Annual General Meeting that the remaining balance sheet profit of DM 144 million is used to pay out a dividend of DM 11 and a bonus of DM 1 per share with a nominal value of DM 50.

Outlook for 1984

The automobile business

The world economy has continued to recover in the first few months of 1984. The strongest economic stimuli are still coming from the United States, while the European countries are making only slow progress because of the existing structural adjustment problems. Meanwhile the economic climate has improved so much in Europe that economic growth is expected to accelerate during the course of the year.

The recovery process is being helped by stable energy prices and the restrained level of inflation. The increasing purchasing power of private households and improved corporate earnings are stimulating consumption and investment activity.

With such a background, the climate for the automobile business is certainly favorable. However, the extent of the further upsurge in demand for automobiles still differs from country to country; the respective general development of the economy will prove decisive.

Nevertheless, the recovery of the world economy and thus of the international automobile business is not free of risks. These lie in particular in the possible repercussions of some of the Third World countries' overindebtedness, a crisis which is still smouldering, as well as in problems caused by high American deficits in the national budget and in the current account. The danger of steeply rising interest rates as well as of turbulence concerning the exchange rate of the dollar, which would lead to similar economic problems, such as an abrupt drop in prices for oil products, could result in considerable difficulties of adjustment for the international economy.

Apart from these dangers, conditions for the satisfactory development of the German automobile industry are favorable. The number of orders received by the German manufacturers from the domestic market in the first few months of the year did actually drop from a high level; nevertheless, a further rise in registrations is expected for 1984. The volume of export orders has stabilized so that further growth, starting from the position reached at the beginning of the year, is possible.

In all, there are signs that in 1984 production and sales of the German manufacturers will probably exceed the volume of the previous year. However, this depends on the extent of production losses as a result of industrial action.

As regards the trade union demands for a general and drastic shortening of weekly working hours without pay cuts and the unchanged legislation on work hours, BMW indicated at an early date the foreseeable dangers for the economy and for the Company.

The repercussions on costs would result in exactly the opposite to the desired employment effects. In addition, even with generally high unemployment, it is difficult to find enough personnel for many important and highly skilled jobs. The consequences would decisively weaken the competitiveness of German industry on the world markets.

Fixed and global regulations are particularly unacceptable because they leave too little scope for the varied circumstances of the companies and employees. Statutory provisions and collective agreements should, thus, merely form a framework for industry within which individual company arrangements are possible.

The future development of the German automobile industry also depends on whether individual countries refrain in future from taking further-reaching measures to protect their own automobile production by hindering or forbidding imports. Such measures include resistance to the introduction of US standards for exhaust regulations, ex-

pressed in several European countries, in so far as it is influenced by fears that the Japanese competition would then be able to gain ground more easily.

The danger of protectionism still exists. Even the USA are not immune to such tendencies. Last year a special import tax was introduced for heavy motorcycles; however, this is linked with quota criteria and does not apply to BMW. Another sign of protectionist tendencies is a senator's petition to limit the depreciation on automobiles used for business to a certain amount. This proposal, that has not yet found the necessary support amongst the competent legislative bodies, would result in a serious setback as regards sales possibilities for West German automobiles in the USA.

Outlook for BMW

Once again 1983 is proof that BMW's development also stands out positively from the rest of the industry in times of a general upturn on the market and of growing competition. New much-needed capacities will be created in the foreseeable future with the completion of the automobile plant in Regensburg. This justifies expectations that the Company is not only capable of permanently defending its market position but also of expanding it, provided this is not prevented by external influences.

The development of orders was favorable in the first few months of the year; fairly long delivery times cannot be avoided for some models. It is assumed that production and sales of BMW automobiles for the whole of 1984 will exceed the high level of the previous year.

The Company's activities remain varied. They include selective measures to improve capacities, supplement and renew the range of models, and the consolidation of the distribution organizations at home and abroad.

BMW will again make considerable investments in 1984. As in the past, investment activity will concentrate on improving and renewing the range of automobiles and engines as well as on optimizing production structures in the plants. The first building phase of the Regensburg plant has been started. High priority continues to be given to research and development; this is also demonstrated by the start to the building of a new research and engineering center in the north of Munich. Further investments to continuously improve quality ensure the right conditions for the Company's future success.

The Board of Management of BMW still considers the most important tasks to be the safeguarding worldwide of BMW's continuous development over many years and the preparation of the Company's entire structure to meet future challenges and market developments. Free world trade, the undisturbed international division of labor and unimpeded competition between companies are essential for the fulfilment of these tasks. The willingness of the Company's employees to contribute as in the past, for which BMW wishes to express its thanks, will prove equally important.



BMW's new K Series was introduced in autumn 1983 to complete the proven range of models with flat twin engines. It uses the most advanced engineering and production technologies to offer top performance, riding safety and quality. This is probably the first time a new generation of motorcycles has ever received so much attention worldwide.

The Motorcycle Business

Only some of the international motorcycle markets benefitted from the worldwide economic recovery; they developed at correspondingly varied rates. After declining in the two previous years, the number of registrations stagnated worldwide in the year under review.

In the Federal Republic of Germany demand had risen constantly until 1981. It declined by 3% in 1983 as in the previous year; a total of some 123,000 motorcycles were registered. In Great Britain the strong slump continued; the volume dropped to less than half of that of 1980. The motorcycle markets of the Netherlands, South Africa, Australia and France declined between a third and about 10%. Registrations even dropped by 3% in Japan; however, it remained the second largest motorcycle market in the world after North America. There, as in Spain and Austria, demand rose.

The market for smaller motorcycles between 300 and 500 cc was particularly affected as the age structure has shifted in recent years to the disadvantage of younger purchasers. The middle market segment developed at a lively rate, partly owing to the varied range of products offered by the Japanese manufacturers, while demand in the actual BMW range above 750 cc stagnated.

Once more, the four major Japanese manufacturers accounted for about 90% of the motorcycles offered throughout the world in 1983 although they cut back production and exports markedly overall again. Nevertheless, their large stocks were only partly reduced. The results of many years of destructive competition with excess production, frequent model changes and keen price wars damaged trade and disconcerted purchasers in the year under review.

As in the case of BMW automobiles, the range of BMW motorcycles is also geared to top quality and performance. The year under review was marked by the introduction of the new K Series to complete the range of motorcycles with the proven flat twin engine. The typical BMW characteristics are maintained and new groups of purchasers attracted. The

new series was introduced in the autumn and has not yet had time to affect the sales of the year under review.

The production of motorcycles was cut back by 8% in the course of production change-overs and adjustment to the general development of the market; some 28,000 motorcycles were manufactured and sold.

While the total market stagnated BMW improved its market position slightly; its market share worldwide was 1.9%. It has risen continually in recent years, especially in the actual BMW range, the market segment of large motorcycles; in the Federal Republic of Germany, Great Britain and Austria BMW was leading in the upper class above 750 cc in the year under review.

A total of 19,000 motorcycles was sold abroad; this corresponds to about two-thirds of production, as has been the case since 1980. Overall, BMW has clearly improved its market position in most of the major motorcycle markets; its position has remained unchanged in the Federal Republic of Germany since 1980. The shift in demand that began in 1982 from smaller models of the R 45/65 series to the larger models above 800 cc continued; their share of production rose to 85% compared with 63% in the previous year.

As in the past, the profit situation was influenced by the full use of special depreciations for Berlin as well as by the preparations entailed in starting production of the new series. The manufacture of automobile parts within the linked system of BMW plants is also taken into consideration.

At around 1,800, the number of employees at the Berlin plant remained at the same level as in 1982; the number of apprenticeships was increased. The extensive program of investments in recent years was concluded in the year under review; the new facilities were opened officially in March 1984. In conjunction with further investments they will permit expansion of production in the next few years in keeping with the demand that is expected.

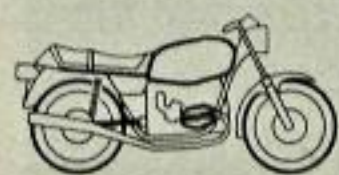
1983 was also a year of sports successes for the motorcycle. The double victory in the Paris-Dakar Rally at the beginning of 1984 as well as the first places in 1981 and 1983 prove that the concept of the flat twin engine, so rich in tradition, is valid and timeless.

Future prospects depend decisively on the K series of models. The trade and the specialized press have judged the new motorcycle concept very positively and in six countries the K 100 has already been voted "Motorcycle of the Year". With the slight rise in total demand, incoming orders provide a good basis overall for the expansion of BMW's market position.

The Model Range

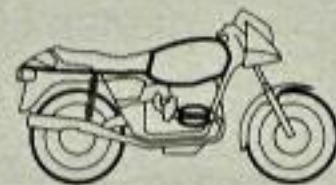
R 45

473 cc
20/26 kW (27/35 hp)



R 65/R 65 LS

650 cc
37 kW (50 hp)



R 80 G/S

797 cc
37 kW (50 hp)



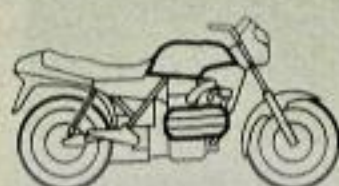
R 80 ST

797 cc
37 kW (50 hp)



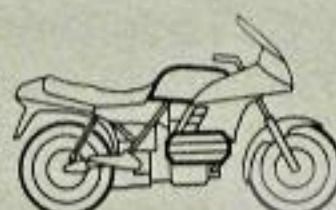
K 100

987 cc
66 kW (90 hp)



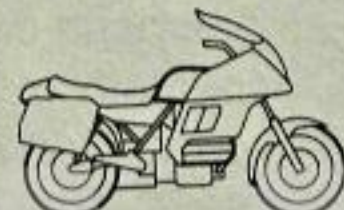
K 100 RS

987 cc
66 kW (90 hp)



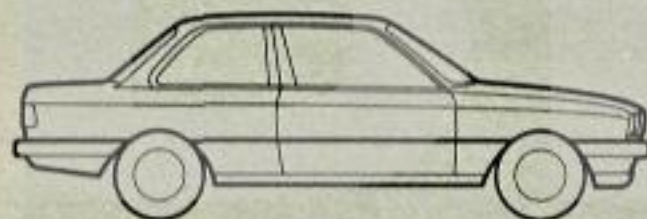
K 100 RT

987 cc
66 kW (90 hp)



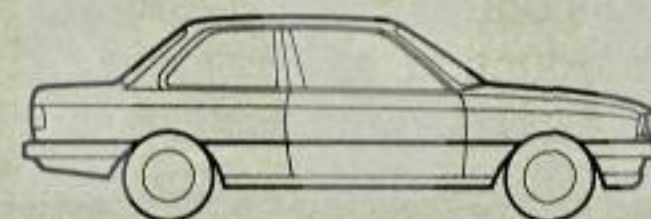
316

1766 cc
66 kW (90 hp)



318i

1766 cc
77 kW (105 hp)



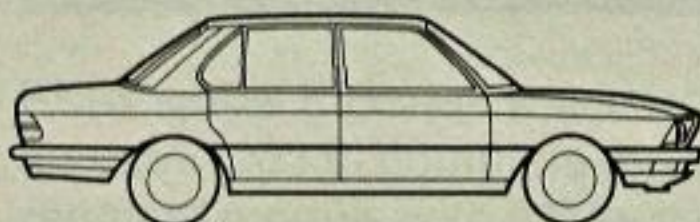
320i

1990 cc
92 kW (125 hp)



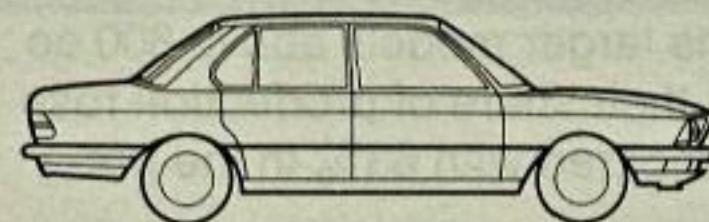
518

1766 cc
66 kW (90 hp)



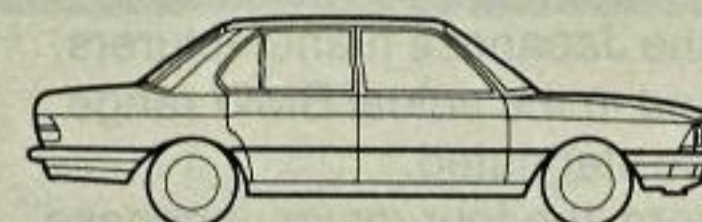
520i

1990 cc
92 kW (125 hp)



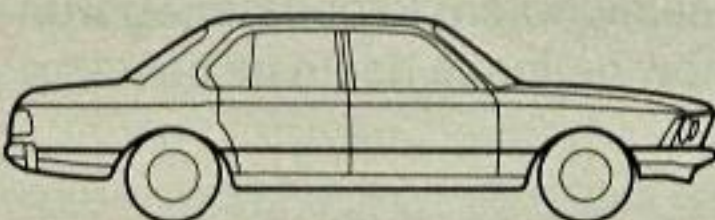
524 td

2443 cc
85 kW (115 hp)



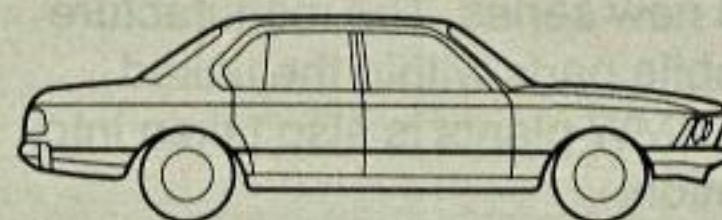
728i

2788 cc
135 kW (184 hp)



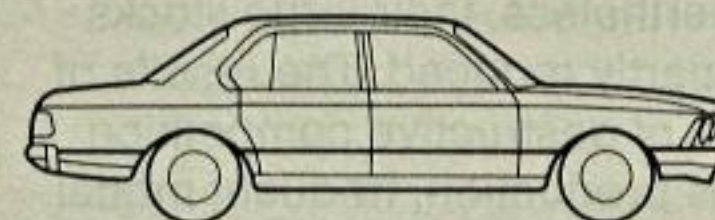
732i

3210 cc
145 kW (197 hp)



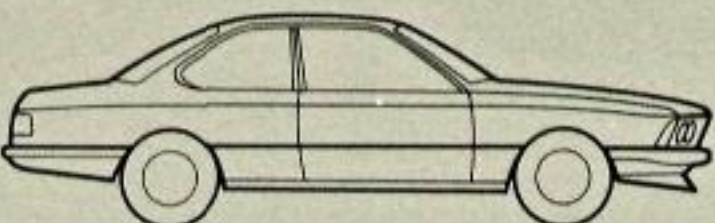
735i

3430 cc
160 kW (218 hp)



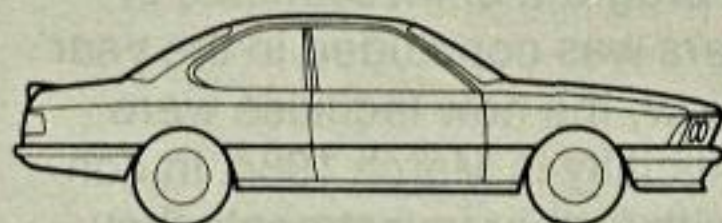
628 CSI

2788 cc
135 kW (184 hp)



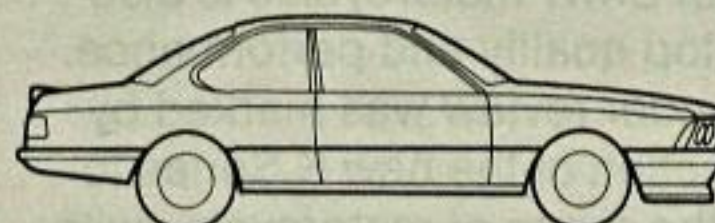
635 CSI

3430 cc
160 kW (218 hp)



M 635 CSI

3453 cc
210 kW (286 hp)



R 80 RT/R 100 RT

797/980 cc
37/51 kW (50/70 hp)



R 100

980 cc
49 kW (67 hp)



R 100 CS

980 cc
51 kW (70 hp)



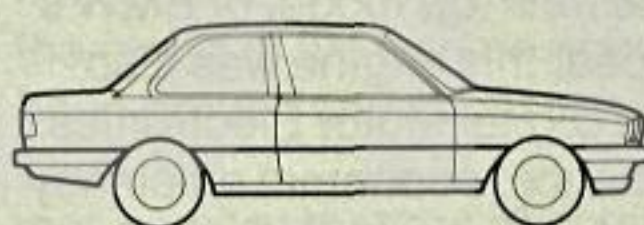
R 100 RS

980 cc
51 kW (70 hp)



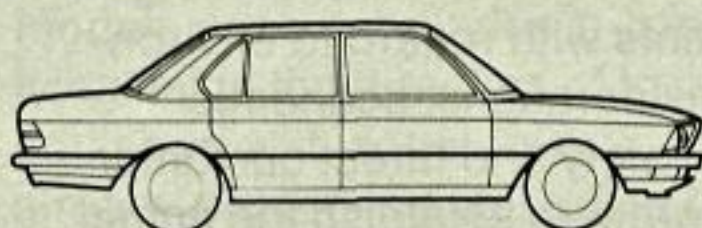
323i

2316 cc
110 kW (150 hp)



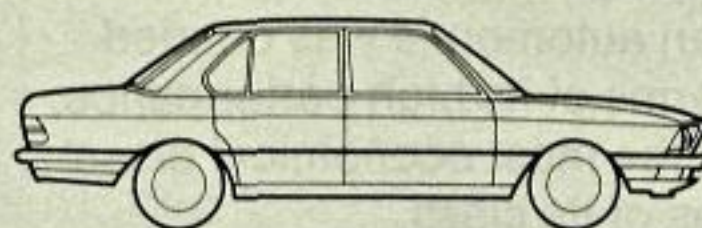
525e

2693 cc
92 kW (125 hp)



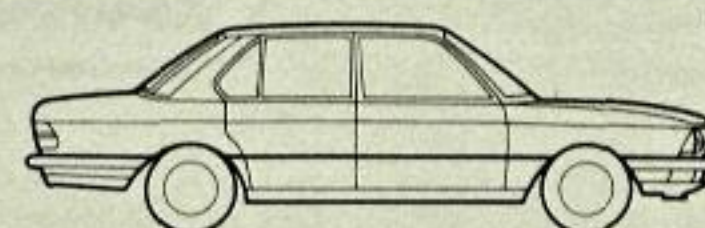
525i

2494 cc
110 kW (150 hp)



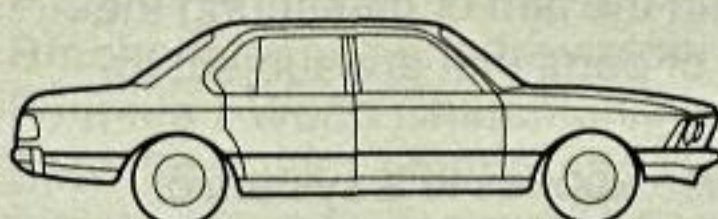
528i

2788 cc
135 kW (184 hp)



745i

3430 cc
185 kW (252 hp)



Research and Development

Research and development work at BMW in 1983 concentrated once again on innovative technical solutions to problems in the manufacture of series-produced automobiles. Having introduced the new generations of the 5 and 3 Series in the two preceding years, two new BMW drive concepts were put into series production in the spring of 1983; all the currently known and technically feasible possibilities were used in these concepts in order to reduce fuel consumption. First, an improved petrol engine following the BMW eta principle is being fitted in the new 525e; the Greek letter eta is used as the technical symbol for efficiency. With the introduction of the 524td BMW is for the first time offering an automobile with a diesel engine. Both models provide high performance in spite of the different characteristics compared with the other BMW engines.

The engine in the BMW 525e operates within high efficiency ranges. A performance comparable to other BMW automobiles is achieved by a very high torque and a considerable reduction in overall engine speeds. The engine thus had to be designed for greater capacity and higher compression. In addition, the inlet manifold and combustion chambers were optimized, fuel induction improved and the internal friction losses reduced. As a result of improved efficiency overall and the lower engine speeds, fuel consumption and noise levels were both reduced significantly.

When developing a 6-cylinder diesel engine for the 524td the advantages of the diesel principle had to be combined with comfort and high performance. The excellent performance needed was achieved with turbocharging. The further development of the swirl chamber combustion process led to lower fuel consumption and less noise during combustion. The emission of noxious substances is particularly low owing to the diesel combustion principle. With a vehicle concept designed to take account of the peculiarities of diesel operation an automobile was created which, in terms of its high performance, is amongst the most economical diesel automobiles of its class.

In the 316 and 518 models fuel utilization and emission values were improved further by using an electronically controlled carburettor. As part of further schemes to improve existing models, the range of BMW 3 Series models introduced in the previous year was extended in 1983 to include four-door versions. In spite of the more exacting technology and greater number of fittings required, the level of quality of this new series was extremely high from the very start of production because the design conditions for maximum production quality had been created from the moment the first designs had been made.

The BMW 745i was revised with the aim of improving economic efficiency. Digital Motor Electronics were incorporated, the capacity enlarged and compression increased. A major measure was the combination of the motor and transmission electronics in a single unit; this was achieved for the first time in a series-produced automobile. The electronic/hydraulic control system of the newly developed 4-speed automatic transmission permits individual gear-shift programs and thus the choice of driving with optimum fuel consumption or in a particularly sporty fashion. Apart from the automatic programs the driver can at any time select gears individually as with a manually shifted transmission.

The four-valve engine used in the BMW M1 was further developed for the M 635 CSi, the new top model of BMW's range of coupés; this engine was also equipped with Digital Motor Electronics. Thus, performance, economic efficiency and features of environmental significance were improved further.

The use of electronic components in automobile construction was purposefully continued in order to gain improvements with regard to environmental considerations, economic efficiency, safety and direct customer benefit. In order to establish the actual load on vehicles and thus determine the necessary servicing frequency more exactly, development work was continued on the service interval indicator system with the aim of measuring the condition of parts that are subject to wear and tear.

This also applies to a system of automobile self-diagnosis in which the electronic units record any failure that occurs and, to a certain extent, make substitute functions available so that the automobile can continue to be driven. The data is stored and provides a fast and unequivocal diagnosis of the vehicle's condition upon servicing.

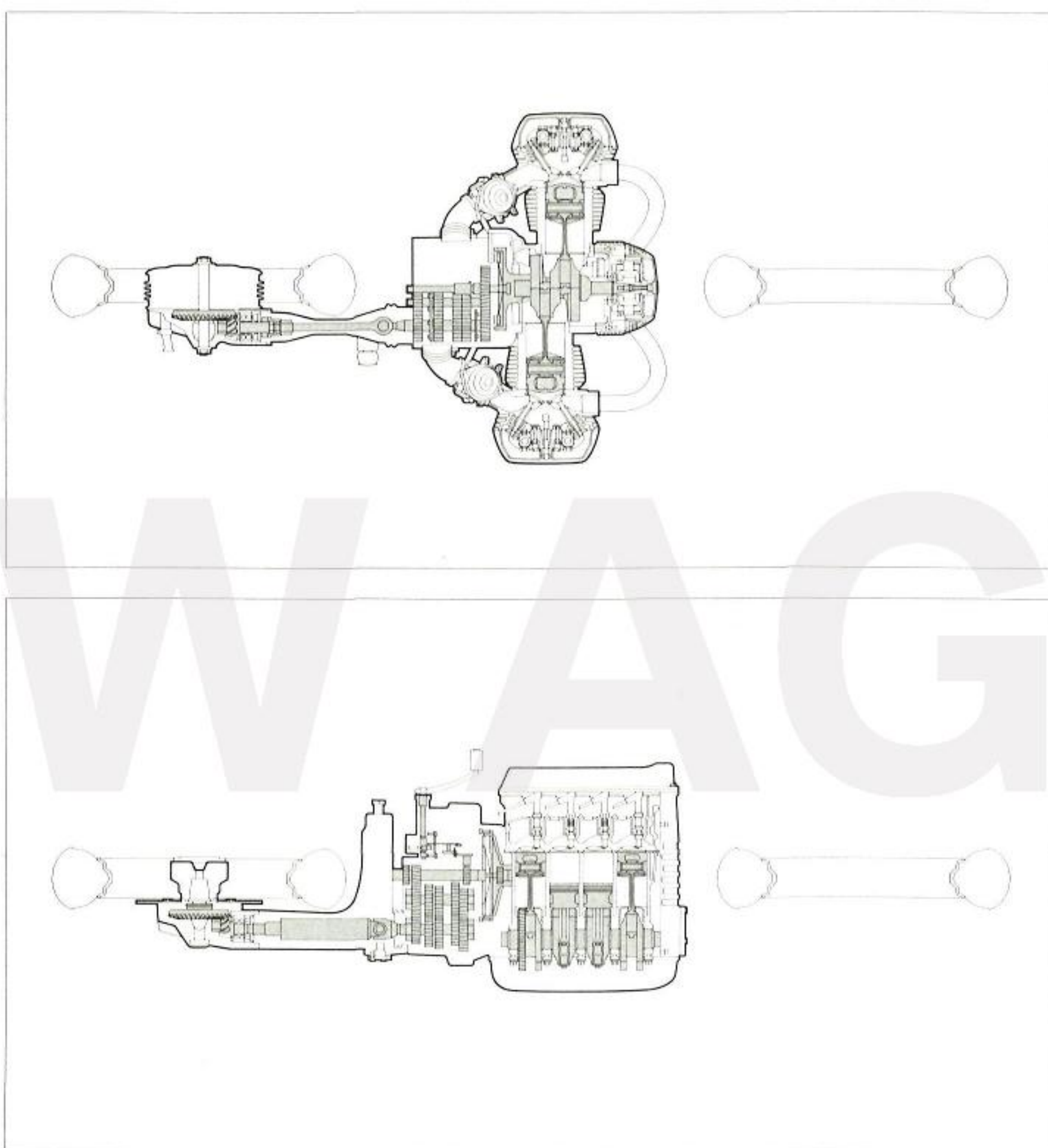
Work on a second generation of automobile computer with improved operation has been completed. The information is called up simply by consecutive taps of the indicator stalk on the steering wheel. It was installed first of all in the 3 Series models fitted with fuel-injection engines; it is to be used for the whole range of BMW automobiles apart from the diesels.

Greater use of the most modern electronics was also made for the design of new automobiles. At considerable cost the increase in CAD (Computer-Aided Design) and CAM (Computer-Aided Manufacturing) jobs leads to shorter development times and better quality of BMW automobiles.

In the motorcycle sector 1983 was of special significance for BMW. A new line in motorcycles, the K Series, joined the range of flat twin engines that have been proven and successful for 60 years. Thus, BMW offers top-performance motorcycles that are characterized by particular riding safety and in which reliability and performance are ideally linked.

The main features of this range of models are a 4-cylinder in-line engine lying flat in the direction of travel, equipped with a fuel-injection system already proved in automobile construction, a direct drive of the rear wheel in a monolever, and safe handling.

BMW frequently demonstrated the top performance of its vehicles and engines in sports events in 1983. The Brabham team gained a victory in the Formula 1 World Championship with a BMW Formula 1 engine, and the driver of a racing coupé constructed from a series-produced 635 CSi with Original BMW Parts won the best driver prize of the European Touring Car Championship.



Sectioned drawings show the different drive concepts of the two BMW motorcycles: air-cooled 2-cylinder flat twin engine for the R models (above) and liquid-cooled 4-cylinder in-line engine in the K Series (below).

Both engines lie installed with the crankshaft lengthwise in the direction of travel; this permits the direct drive of the rear wheel via a cardan shaft without loss of power. The design principle of both motorcycles results in excellent handling because of the low center of gravity and facilitates maintenance through good accessibility.

Development capacities were expanded according to schedule in the period under review. The various tasks were mastered not only by the increase in the size of the development team but also by expansion and more intensive use of the technical facilities. Thus, the number of engine test stands, some of which were allocated to the development team working at the BMW engine plant in Steyr, increased to over one hundred. Construction work on an acoustic testing center has progressed so well that it will be going into operation shortly.

In 1984 research and development work will be burdened with uncertainties about future conditions. The reduction of fuel consumption has been central to the development of new automobiles for almost a decade. During this period the average consumption of models of German manufacture has been cut by almost a fifth. At the same time, as a result of improved engine technology, the emission of carbon monoxide has sunk to a third of its level at the beginning of the 1970s; the emission of hydrocarbons and nitrogen oxides has been reduced by more than half.

A further drastic reduction of these values, however, demanded by the politicians in the short term, is linked with a series of conditions which have to be established immediately if the given time schedule is to be observed for only part of the model range that exists today. These concern the uncertainty of national legislation, the various views in neighbouring European countries, the regulations for the transitional period and the uncertainties about the fuel quality to be expected. Thus, expenditure on development is increased unnecessarily, capacities are tied up and the implementation of other important development schemes is hindered.

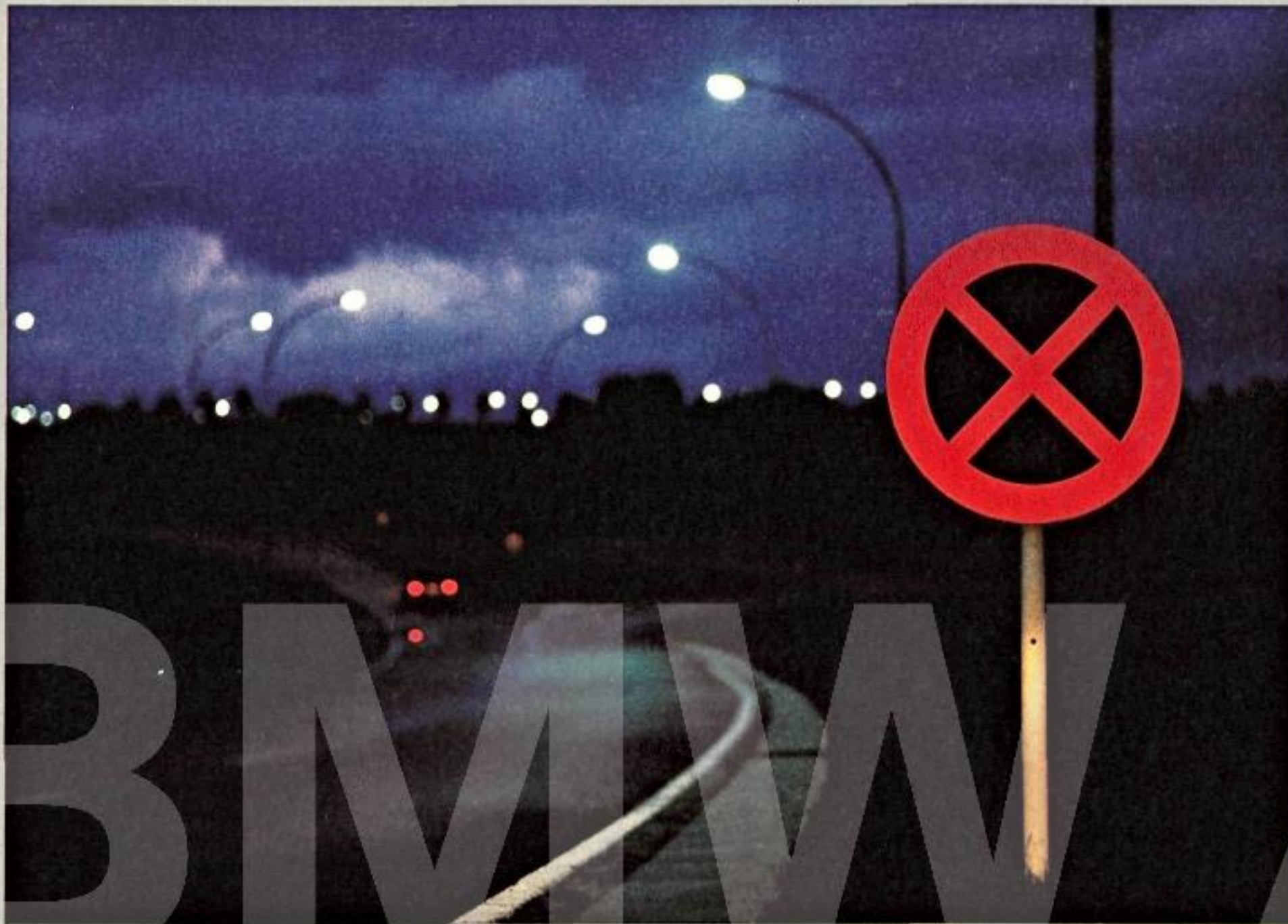
As the first feasible step in the short term all BMW models since the beginning of 1984 have been designed so that they can be run on either unleaded or leaded petrol. In addition, BMW offers one model from each of the 3, 5 and 7 Series

on the domestic market with the catalyst system used in US vehicles.

In 1983 the engineer Wolfgang Matschinsky was awarded the Herbert Quandt ring for his work leading to the development of the double-joint front axle; it was the first time this honor was awarded. With the endowment of this ring shortly before his death Herbert Quandt expressed his conviction that the business success of BMW is based decisively on a multitude of excellent technical achievements by employees in all sectors of the Company.

BMW AG

The Sign Language of Traffic



A sign is to a signal as a sentence to an exclamation. A sign like an X, derived from the idea of crossing something out, demands a certain type of behavior. A vehicle painted with zebra stripes is simply crying out for attention.

Apart from abstract forms, such as arrows, lines, circles and letters, there are also pictorial symbols, pictographs, to express notions in the visual language of traffic. Colors are significant, too. Red stands for stop, green for go and amber for caution.



A Medley of Signs

The signpost is old, as old as the arrow. Nevertheless, it is still being developed. Nowadays, increasing use is made of illuminated signs.

Warning lamps turn static appeals into dynamic fireworks. The lamps switch on one after another to produce blinking or a chain of flashing lights.

Crossings are turned into a maze of signals. In addition to the regulation signs which have become an official language, even the poles bearing the signs are identified and the markings on the road reinforce the message conveyed.

The visual language also makes use of the principle of repetition. The faster and denser the traffic, the more important the chain of information, caution and warning signs. Road maintenance depots become arsenals of traffic signs.

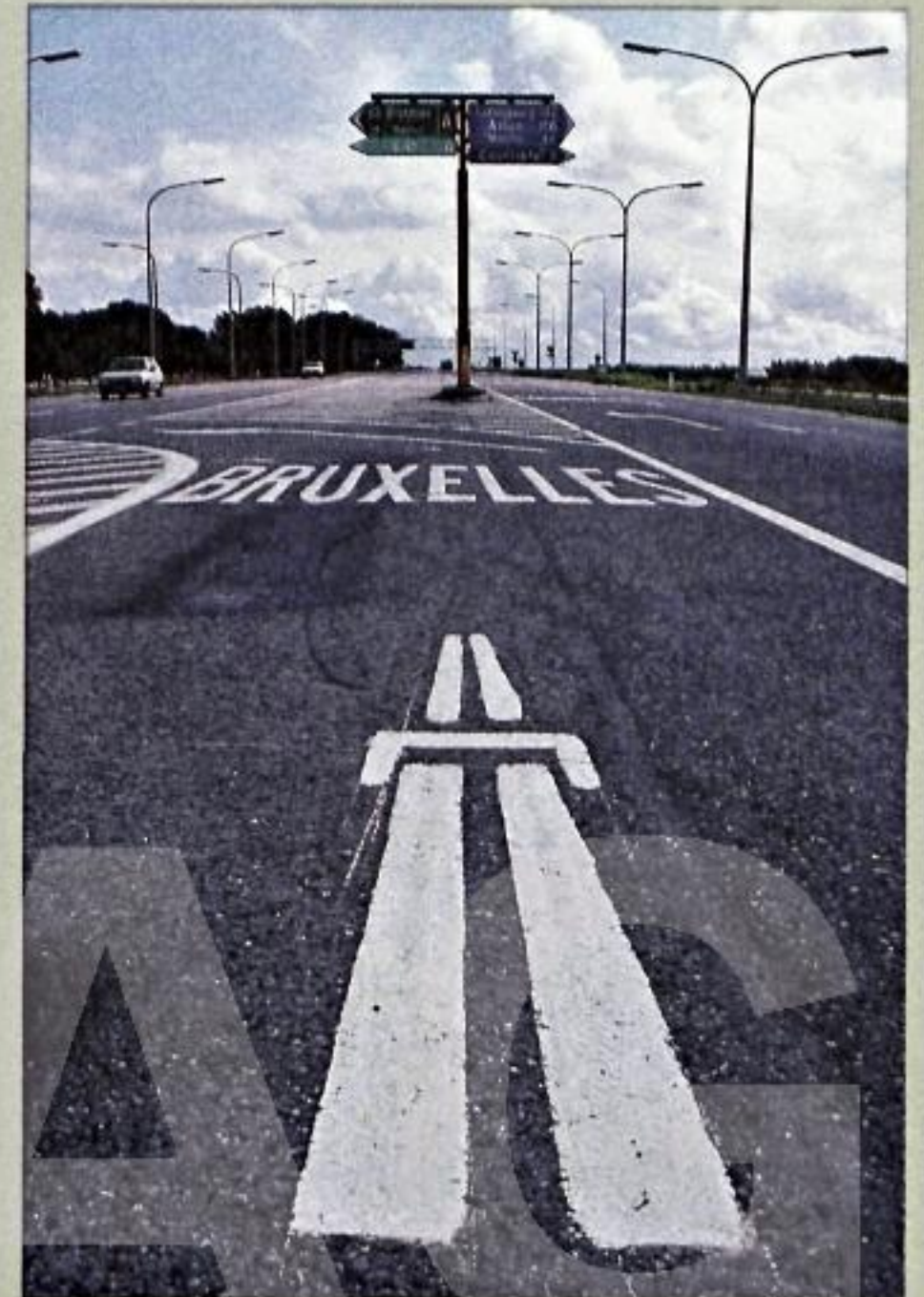


There are three reasons for the rapid increase of traffic information painted on the road. To begin with, there is room on the road, the signs can be larger, more noticeable. Secondly, it makes the road user even more aware of the risks in heavy traffic. And, finally, man is ground-oriented, so his main range of vision lies below the horizontal.

Apart from markings on the road that correspond to the signs, there are lines, such as zebra crossings and broken lines to mark the various lanes. They divide road and lanes into specific traffic zones, bicycle paths, footpaths, crossings . . .

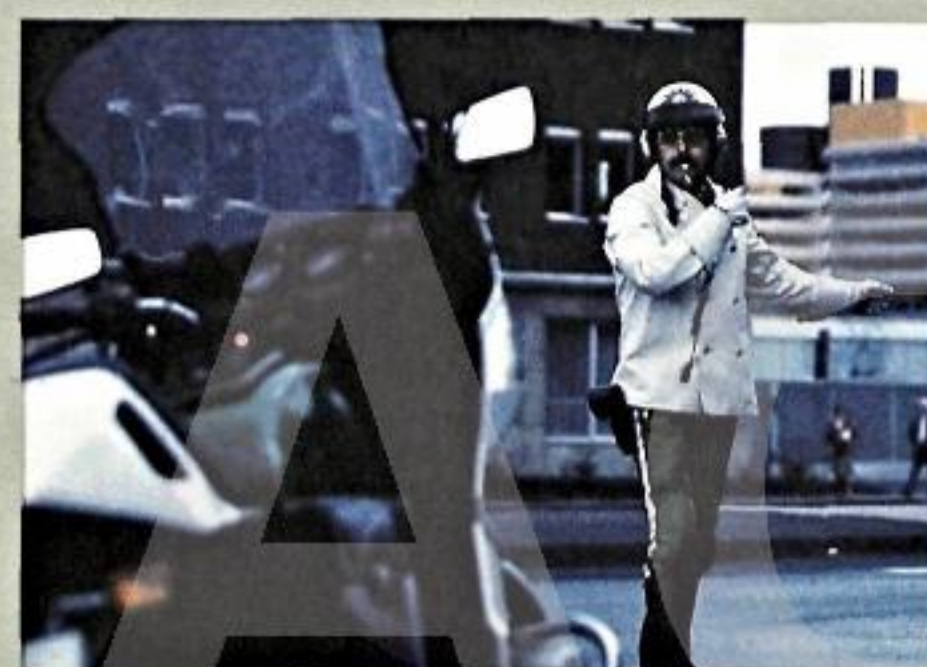


Markings on the road are drawn in a special perspective and are right only in the position in which the road user is supposed to read them. The painters do not always manage to find the right form for letters or pictographs. But even in art it took some time to learn to master perspective.



Hand Signals

A man is holding a signal in his hand, a flag. He can wave it and thus turn it into a dynamic signal. But the man himself is also a signal. He can be identified immediately as an official signal bearer. At the same time he provides a signal of caution like the policeman in uniform.



The automobile's first element of communication was the horn. The automobile was for a long time – and in many cases still is – considered a piece of mechanical equipment. In the meantime, however, the automobile is not so much a technical object as part of a comprehensive system, part of the traffic. It is related to the road, to other road users and to society which exerts its influence in the form of laws.

As a piece of technical equipment the automobile is autonomous, as part of a comprehensive system it relies on a constant flow of information between the various parts of the system. The driver needs information on the quality and special features of the road. He has to be able to see what the other driver is doing – for example, when he brakes or changes direction – and he has to know what the law demands of him, for example, when he has to keep within certain speed limits, such as in a residential area.

However, even when the automobile was still considered merely a piece of technical equipment it proved expedient to install a chain of information, a language, between the equipment and its driver. The dashboard tells us our speed, number of revolutions, oil pressure, temperature, the function of indicators and lights. We can see how much fresh air, how much warm air we are letting into the interior. We receive signals on the fuel level and on charging capacity of the alternator. And it looks as if the number of monitoring, maintenance and handling instructions for the driver is increasing. The language dimension of the automobile, even as a piece of technical equipment, is growing. In the meantime, it is quite usual now for the vehicle to tell us its fuel consumption depending on our mode of driving.

Picture or number? What do we prefer? This is a controversial question which becomes more important as the amount of information increases. Is man's mode of communication numerical or pictorial? What flow of information is right for us? Pictorial communication is fast and provides an overall view, numerical communication is exact but abstract. Instead of reading it, it forces us to start calculating.

This question is not restricted to the automobile. At the dashboard we begin to wonder how our brain works, how a computer works. Ultimately our eyes are not an organ on their own, but a specialized form of brain cells. Man's brain and eyes are closely linked. Without light, without visual perception we stop thinking, unlike the computer that likes the dark.

If communication with the automobile as a technical object poses such problems, how much more complex must be the language problems that arise in a system of flowing traffic. How do we adjust to our fellow road users, to road conditions, to the laws imposed?

After the First World War four compulsory traffic signs were introduced. They were like individual appeals, individual words in character. Today, with some two hundred traffic signs this form of visual language has already been given a grammar, syntax. There are groups of signs just as there are groups of words. Thus, there are signs prohibiting, informing, warning and directing us. Prohibitory signs are round and, as dominant signal, red in color. Ever since traffic signs have existed there has been a sign-oriented, visual culture. Every automobile manufacturer has its own sign, too. We live in an age of signs, stickers, buttons, badges, emblems, pictographs, symbols and signals.

The classical period of German literature was able to devote itself so intensively to language because there was scarcely any other form of communication. Today, verbal language is but one of many languages. A language linked with a specific area no longer suffices to provide the flow of information between people and society and the flow of information amongst different cultures. The language of pictographs alone, for example, has become indispensable for the development of the world civilization of the technical age into which we have entered.

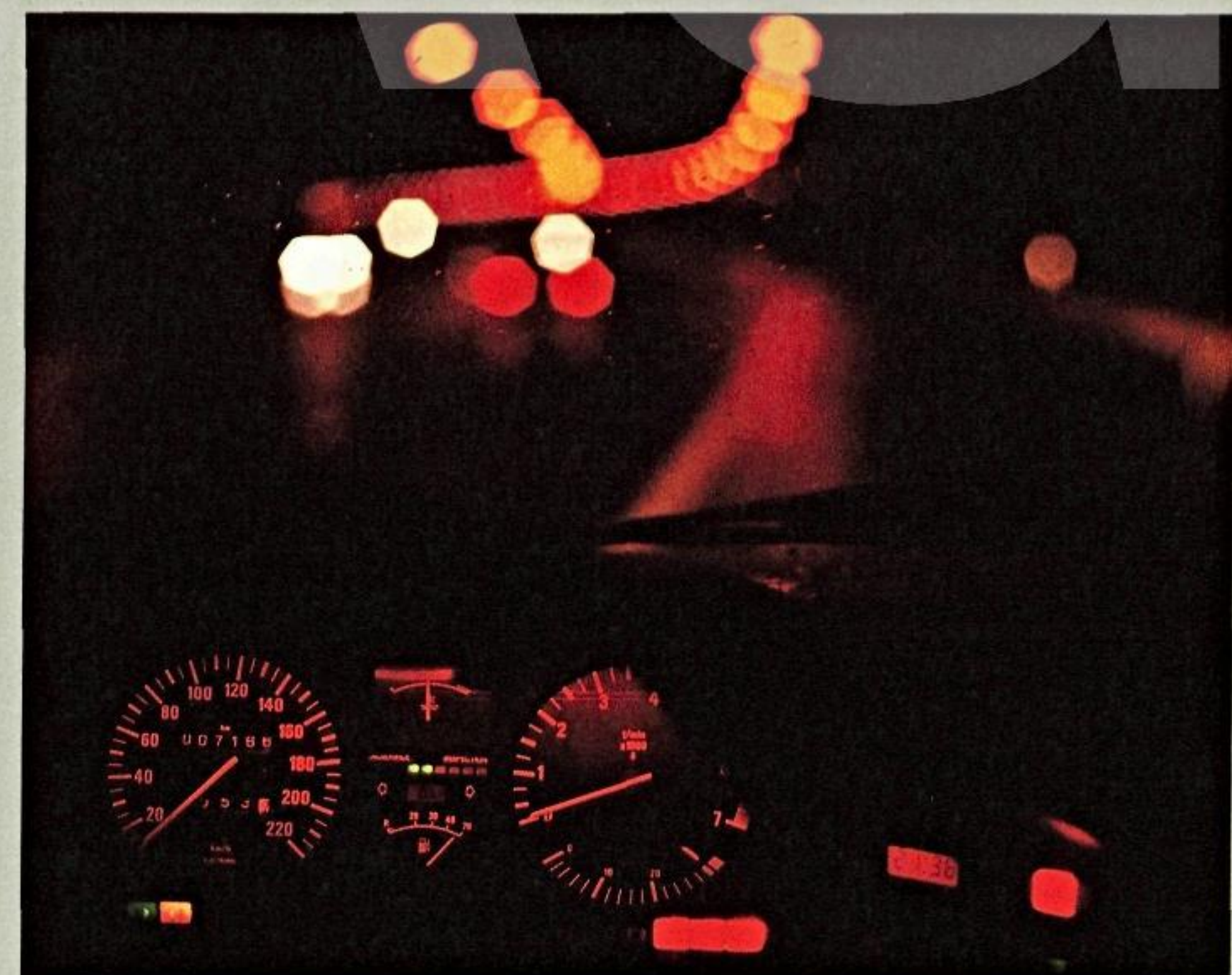
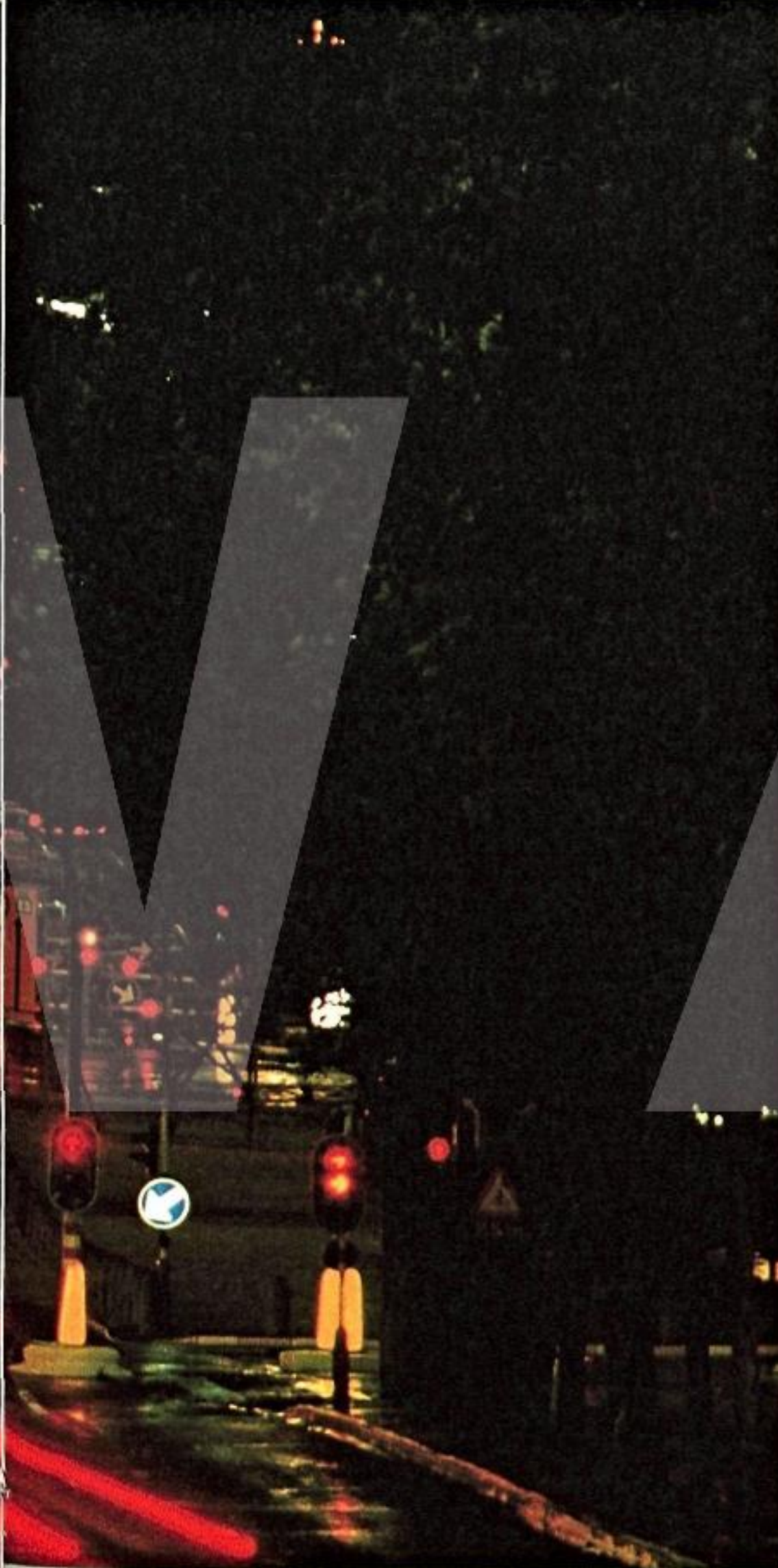
Without the language of traffic, today's traffic system would come to a standstill. It would suffocate. Instead of ensuring flow and dynamic order, it would leave total chaos in its wake.

Light Signals

At night everything wordly seems to disappear, only the signs remain. There are no automobiles, just headlamps and rear lights. Every dot of light is a message, giving information. A vast scenario of soundless language has been set up. What looks like chaos is an ordered whole, thanks to this very language.

Traffic has an inside and an outside language. Outside, signs and series of signals show us the way. Inside we are informed about our vehicle's behavior.

There is an official traffic language. This includes the rear lights of our automobile. And there is an unofficial language, such as the signs at petrol stations or outside a restaurant.

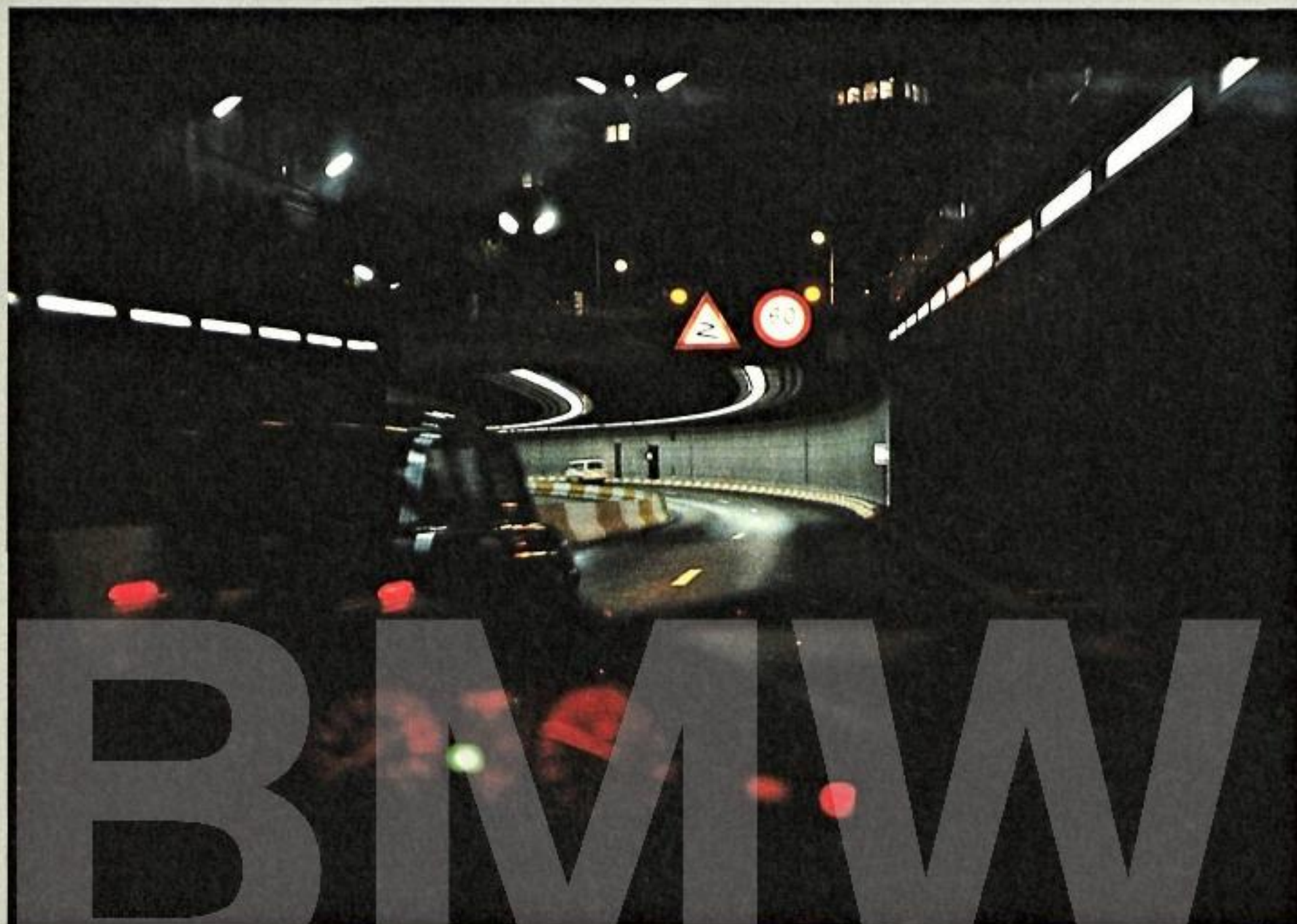


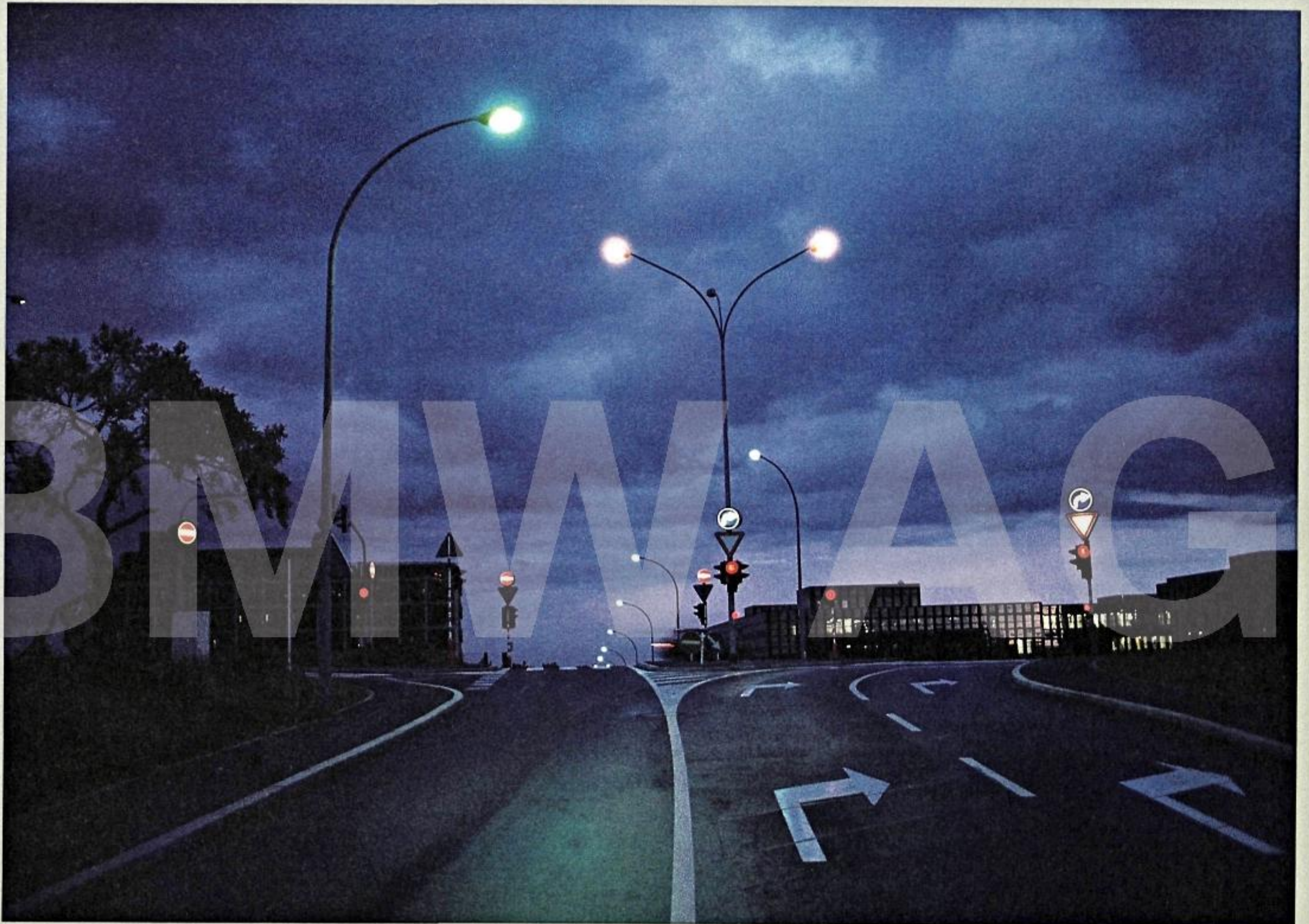
Guidelines

The message takes on continuous form. Signs not only indicate something but begin to act as a guide. At night and in tunnels there are lines of lights to show us where to go.

We are not only guided by signs at night. Signs form sequences and thus provide a continuous flow of information which we follow almost automatically.

Signs for changes of direction appear at three different levels. They are above the road. They appear at eye level and they are painted on the road.







A road can either be artificially marked out by traffic signs or defined by natural features of the countryside, leading us almost automatically, either with rows of trees, banks or bushes.



Workforce and Social Report

At the end of 1983 for the first time BMW employed over 50,000 people in a total of 13 countries, which is 2,700 more than in the previous year. In the Federal Republic of Germany the number of employees grew to almost 44,000. Thus, their number has quadrupled within 20 years, while the number of employees in the German motor vehicle industry has increased by half in the same period.

The almost constant growth rate in the Group and at BMW AG points to the consolidation of international business which had greatly expanded in previous years. In the year under review current rationalization schemes have resulted in production rising on average more than twice as steeply as the numbers employed. The employees have contributed decisively to this development with extra work in all sectors of the Company and with special shifts. The Board of Management of BMW AG thanks all employees for their cooperation and efficiency.

As to the structure of the workforce, the share of productive labor rose slightly; the share of indirect labor declined in almost the same proportion. The share of salaried employees remained unchanged for the first time in years. This reflects the organizational streamlining which has been carried out for a long time in the administrative sector. The Research and Development Division was further expanded.

The Dingolfing plant registered the highest growth as production increased; an additional 1,300 people were employed. At the Landshut plant some 1,200 people were employed at the end of the year, including 100 new jobs. BMW has expanded its leading position as an employer in Lower Bavaria; as in past years the unemployment rate in the labor exchange district concerned was below the average.

In Munich where more than half the employees of BMW AG work, there were some 1,000 new jobs. At the Berlin motorcycle plant at the end of the year there were over 1,800 employees and at the Steyr plant in Upper Austria some 1,200; here over 400 people began work during the course of the year as the plant was expanded to schedule.

The first employees have already been engaged for the new plant in Regensburg. The structure of the labor market is such that the large majority of the employees are expected to be found in this region. Well over 1,000 applications have already been received.

BMW's workforce policy in 1983 increasingly used and improved means that are equally in the interest of both employees and the Company.

Training is the first necessity. More than 500 young people completed it successfully in the year under review; most of them are employed at BMW in the job they have learnt. Initial training covers 33 recognized occupations, 8 of which are in the commercial and 25 in the industrial and technical field. About 700 young people took up their training. As in 1982 the Company again increased the number of apprenticeships by 10%; their share in the total workforce has been well above the average in the industry for years.

Since the autumn of 1983, 30 young people from the Regensburg area have been receiving training at the Dingolfing plant so that they can contribute to the high level of qualifications amongst BMW skilled workers at the Regensburg plant once they have completed their training; the same number will be trained in 1984.

At the end of 1983 a total of 2,097 apprentices, trainees and employees undergoing job conversion were employed at BMW AG; they also included quite a large number of young foreigners in the industrial sector. The trial scheme with promotion measures and training was continued with two groups, mostly consisting of young Turks. Some 1,200 students and pupils had the opportunity to do practical training for several months during the course of the year. On the part of the Company almost 70 full-time and 500 part-time employees guaranteed the high and constant quality of training. In all, BMW spent some DM 36 million.

The technical college model had been created upon the initiative of industry in order to link theoretical and practical training. The first BMW employees took their exams as assistant mechanical engineers in 1983; the aim of further training is to graduate as engineers. The trainee program for qualified university and technical college

Social Expenditure of BMW AG

in million DM

	1983	1982
Legal and Collective Social Expenditure		
Social security contributions	311.6	271.7
Sick pay	78.6	73.3
Paid public holidays	59.5	57.8
Collective vacation pay (50 %)	88.1	79.3
Capital savings payments	20.7	19.8
Other collective pay	16.2	14.7
Collective part of 13th month wages and salaries	43.0	41.2
	617.7	557.8
Operating Social Expenditure		
Canteens, travel expenses, housing subsidies, health care, etc.	63.0	56.4
Additional Social Expenditure		
Old age pensions and benefits	71.8	73.6
Christmas bonus, special payment and profit sharing (voluntary part)	186.9	140.7
Other benefits such as long-service and loyalty premiums, time off, additional vacation, etc.	24.3	22.4
	283.0	236.7
Total	963.7	850.9

Workforce Development

	1983	1982
BMW Group (worldwide)	50,158	47,466
BMW AG	43,169	40,738
thereof:		
Head office and Munich plant	22,895	21,901
Dingolfing plant	15,321	14,020
Landshut plant	1,198	1,102
Motorcycle division	2,056	2,039
BMW regional offices	1,699	1,676

graduates, proven for years, was continued; this is to help to meet requirements of managerial staff from within the Company.

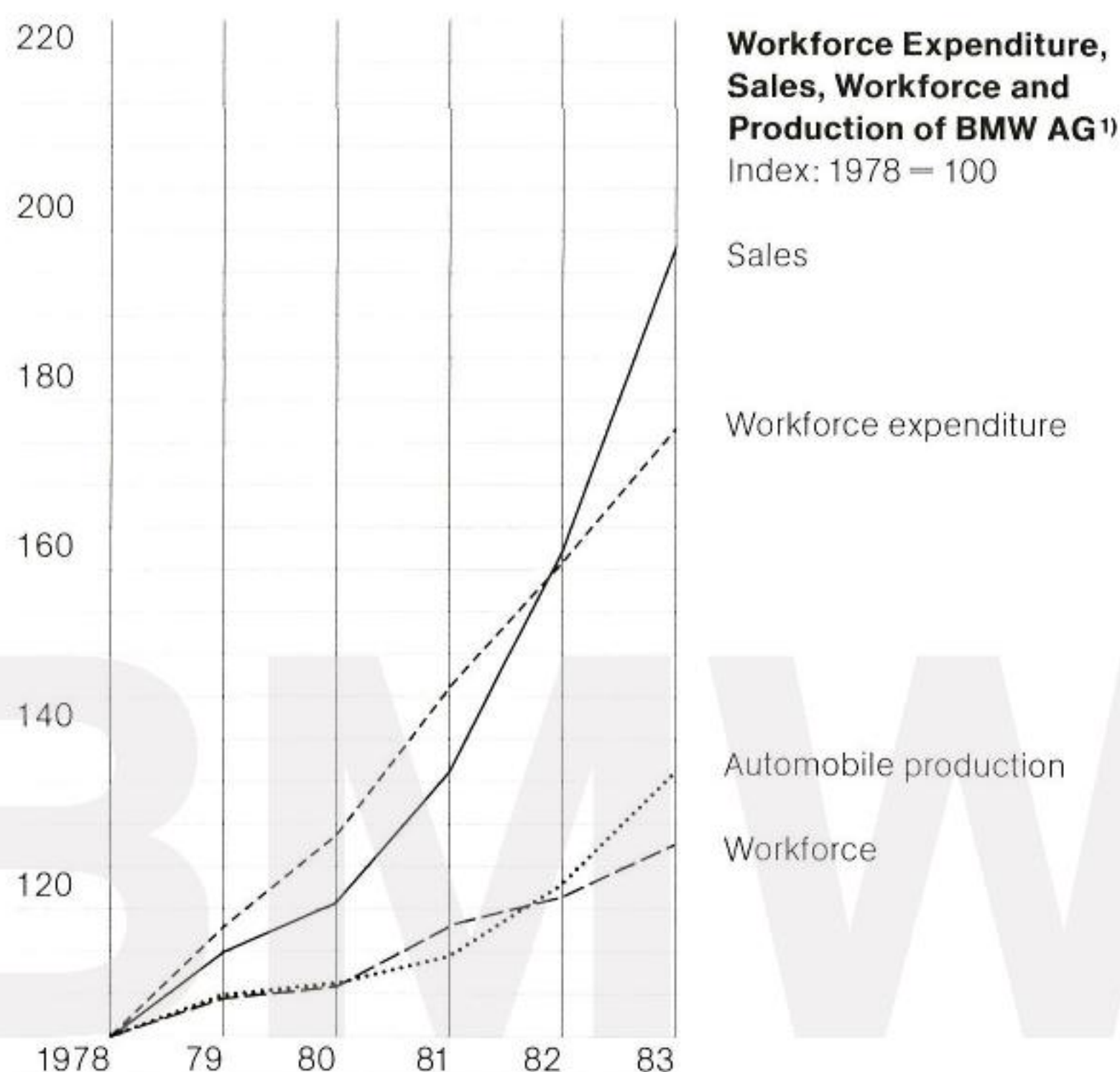
A major component of the workforce sector was the further training of employees. The type and scope of the schemes were again selectively improved and intensified. They help employees in their efforts to meet the increasing and changing demands made of the Company. Promoted in this way, their willingness to contribute has played an essential role in the productivity increases achieved in the past. Expenditure of BMW AG on further training schemes of all kinds amounted to DM 22 million; it has doubled within two years.

Altogether some 25,000 employees of BMW AG took part in further training schemes in 1983. The increase by about one half compared with the previous year is due essentially to the promotion of specialized further training in which the number of participants rose by more than half to some 13,000; this proves that the Company and its employees are committed to adapting to the demands of future technological change in all sectors.

Work in the "learning shop" was further expanded. BMW developed this model several years ago in order to solve production problems creatively by groups of workers and foremen. Innovation, product quality and the motivation of all concerned are influenced beneficially.

The Company's suggestion scheme reflects the employees' creativity and awareness of problems. The number of suggestions submitted exceeded that of the previous year by a quarter. An idea developed at the Dingolfing plant to save energy was honored with DM 117,000. Thus, as in 1981, a BMW employee received the highest individual premium paid in the German automobile industry.

As in the past, safety provisions and work organization were further improved. The number of industrial accidents and their severity continued to decline con-



Sales in million DM	6,560.3	6,898.5	7,822.1	9,371.6	11,480.9
Workforce expenditure in million DM	1,626.3	1,781.1	2,030.8	2,243.8	2,471.8
Automobile production	336,981	341,031	351,545	378,769	420,994
Workforce at end of year	36,777	37,246	39,777	40,738	43,169
	79	80	81	82	83

¹⁾ since 1981 including motorcycle division

sidering the increase in employees. Once again the accident rate was about one third below the average within the trade association. The introduction of a new type of computer-aided system of accident analysis contributed to this. The sickness rate remained unchanged following the marked decrease in the previous year; labor fluctuation has also been on the decline for years.

The improvement of working conditions owing to the application of the latest knowledge, technologies and methods is also an essential component of the measures to improve efficiency. In the administrative sector the repercussions of new technologies and new types of work organization in word processing were studied and the knowledge gained tried out in pilot schemes.

The preliminary phase of reorganization of workplaces in the design sector, which began two years ago and is promoted by government research funds, was concluded. The main phase aims at gradually putting the proposed measures into practice; this will probably last until 1987.

A study begun in 1979, and also promoted with government funds, on the possibilities of integrating physically handicapped employees was concluded in the spring of 1983. The system, elaborated for the selection and organization of workplaces, has proven successful. The possibilities of using these employees' capabilities appropriately in the production sector have clearly risen.

BMW has for some time been studying and testing possibilities of more flexible working hours. In the light of the positive experience gained so far part-time work schemes were continued in the year under review whenever the interests of the employees and of the Company coincided. This policy will continue.

Compared with 1982, total expenditure of BMW AG on the workforce — wages and salaries, social contributions, old age pensions and benefits — rose by 10.2% to DM 2.47 billion. The increase is due to the rise in collectively agreed



The stone bridge over the Danube and the Gothic cathedral stand for nearly two thousand years of history in the city of Regensburg in the Upper Palatinate. The future will be marked, amongst other things, by the new BMW plant which is currently being built in the southeast of the city and will also provide jobs for many young people in the future.

Since 1983, 30 young people from the area have been training at the BMW plant in Dingolfing in neighboring Lower Bavaria: they include engine fitters and production mechanics, body painters and power plant electronics technicians.



The young people travel daily by works bus from Regensburg to Dingolfing and back. When production starts at the new BMW plant at the end of 1986 they will be fully trained.

wages and salaries from February 1, 1983 by 3.2%, to individual bonuses as well as to the increasing size of the workforce and the further rise in social contributions. As in 1982, wage-related additional costs were almost as high as the wage costs.

In the year under review a profit share of DM 65 million was paid to employees, including a non-recurring special payment for 1983. The Christmas bonus rose by DM 11 million compared with the previous year to DM 129 million due to the growth of the workforce and to both collectively agreed and individual wage and salary increases. DM 43 million of this amount were collectively negotiated and DM 86 million were voluntary payments by BMW AG.

In 1983 DM 15 million were paid for Company social benefits to 4,013 retired employees and surviving dependents. This results in an additional average pension provided by the Company of over DM 300 per month. At the end of 1983, due to statutory provisions, 670 former employees who had not yet reached the age of retirement had non-lapsable rights to future benefits from the Company old age pension scheme; this was about a 37% increase over the previous year.

The low-interest loan program for the purchase of housing by employees was expanded in 1983. At the end of the year BMW was helping in the purchase of more than 1,100 properties, almost half as many again as in the previous year, with loans totalling more than DM 18 million.

BMW spent DM 21 million in 1983 on financial savings plans for its employees as part of the collectively negotiated payments in accordance with the so-called "624-Mark-Law".

In addition, the establishment of financial savings was encouraged by the issue of registered dividend right certificates (pursuant to section 221 AktG, Corporation Law) with an unlimited term. With profit shares equal to the dividend paid per share, employees participate directly in the success of the Company.

This financial savings concept had been approved by the Annual General Meeting in 1980.

In 1983, depending on their years of employment and provided they reinvested amounts that had matured from the 1977 financial savings program, employees were able to subscribe to as many as 22 registered dividend right certificates with a face value of DM 50 each. At 25%, participation of the employees entitled to subscribe was slightly above the level of past years. Altogether about 141,000 certificates were issued in 1983 at a total face value of DM 7 million.

At the end of 1983 employees participated in the Company's financial savings program with a total of DM 32 million and an average of DM 2,500 per subscriber.

Subsidiaries

Bayerische Motoren Werke
Aktiengesellschaft, Munich
Common stock: DM 600.0 million

	Domestic	Foreign
100%* BMW Leasing GmbH, Munich DM 10.0 million Leasing of automobiles and motorcycles	100%* Bavaria Wirtschafts- agentur GmbH, Munich DM 0.2 million Arrangement of insurances and other services	100% BMW Holding AG, Zurich, Switzerland SF 10.0 million Holding
100%* BMW Marine GmbH, Munich DM 6.0 million Production and marketing of marine engines	Bavaria-Lloyd Reisebüro GmbH, Munich DM 0.05 million Company travel service and tourism 51%*	100% BMW Belgium S.A./N.V., Kontich, Belgium BF 66.0 million Marketing of BMW products
100%* BMW Maschinenfabrik Spandau GmbH, Berlin DM 6.0 million Industrial company	100%* Schorsch Meier GmbH, Munich DM 0.3 million Marketing company	100% BMW (Schweiz) AG, Dielsdorf, Switzerland SF 0.5 million Marketing of BMW products
100%* BMW Motorrad GmbH, Landshut DM 0.02 million Industrial company	45% BMW Kredit Bank GmbH, Frankfurt/M. DM 15.75 million Finance company	
99%* BMW Motorrad GmbH + Co., Munich Marketing of motorcycles 1%*		
100%* BMW Motorsport GmbH, Munich DM 0.02 million Participation in motorsport, production and marketing of products for motorsport		

Major investments in
subsidiaries of BMW AG
in May 1984

* Included in the 1983 con-
solidated financial statement

<p>100% BMW (US) Holding Corp., Wilmington, Del., USA US \$ 8.0 million Holding</p>		100%
<p>100% BMW Australia Ltd., Melbourne, Vic., Australia A \$ 0.5 million Marketing of BMW products</p>	<p>100% BMW Japan Corp., Tokyo, Japan ¥ 495.0 million Marketing of BMW products</p>	<p>100% BMW Motoren Gesellschaft m.b.H., Steyr, Austria AS 1.0 billion Development, production and marketing of engines</p>
<p>75% BMW France S.A., Bois d'Arcy, France FF 18.7 million Marketing of BMW products</p>	<p>100% BMW Nederland B.V., Den Haag, Netherlands DFL 0.5 million Marketing of BMW products</p>	<p>100% BMW Austria Gesellschaft m.b.H., Salzburg, Austria AS 50.0 million Marketing of BMW products</p>
<p>100% BMW (GB) Ltd., Bracknell, Great Britain £ 4.0 million Marketing of BMW products</p>	<p>100% BMW of North America Inc., Montvale, N.J., USA US \$ 4.0 million Marketing of BMW products</p>	<p>100% BMW Overseas Enterprises N.V., Willemstad, Curaçao, N.A. DM 2.0 million Finance company</p>
<p>100% BMW Ibérica S.A., Madrid, Spain Ptas 363.5 million Marketing of BMW products</p>	<p>20% BMW Distributors Eastern Canada Ltd., Whitby, Ont., Canada C \$ 0.02 million Marketing of BMW products</p>	<p>100% BMW (South Africa) (Pty) Ltd., Pretoria, South Africa Rand 12.9 million Production and marketing of BMW products</p>
<p>100% BMW Italia S.p.A., Palazzolo di Sona (Verona), Italy Lit 8.0 billion Marketing of BMW products</p>		

Development of Subsidiaries

BMW Leasing GmbH, Munich

In 1983 the market for leased automobiles showed markedly higher growth rates than the general demand for automobiles. A total of 271,000 leased automobiles was newly registered, which is almost half more than in the previous year. The total number of leased automobiles had increased by the end of the year to about 550,000 units. This was largely the result of the steep rise in private leasing in the lower automobile classes.

The number of contracts concluded by BMW Leasing GmbH rose slightly again although the total number of contracts remained at the same high level reached in 1982. The share of leased automobiles in the total increase of BMW registrations of over 20% in the Federal Republic was just under 10%.

The company is expecting an increasing share of the leasing business in 1984 because of the broader range of BMW models available and the service that has been further improved.

BMW Marine GmbH, Munich

The incipient recovery of the world economy in 1983 also had a positive influence on the American market for marine engines; the European markets, however, have not yet been noticeably stimulated. The major sales markets of Italy and France continued to decline, demand also being restrained by legislation.

In spite of this unfavorable background and keen competition, an increased number of boat builders offered BMW marine engines. More deliveries were made to customers of petrol and large diesel engines than in 1982, while sales of small diesel engines went down. The company's profit situation was unsatisfactory on the whole.

The trend towards recovery is expected to continue on the marine engine market in 1984.

BMW Motorrad GmbH + Co., Munich

This company sells BMW motorcycles, parts and accessories for motorcycles throughout the world.

The development of the motorcycle business is described separately (see page 21).

BMW Motorsport GmbH, Munich

In 1983 the activities of the company were marked by the Formula 1 World Championship in the top sports sector and by the European Touring Car Championship.

The outstanding event was Nelson Piquet's victory in the Formula 1 World Championship with BMW's 4-cylinder turbocharged engine in a Brabham racing car. This engine is based on a standard engine block and has the same Digital Motor Electronics used in series-produced BMW automobiles. This was the first time a title had been won with a turbocharged engine in the top motor-sports class.

Interest in these engines is correspondingly high. In the 1984 season the company is to equip and look after three Formula 1 teams with BMW engines.

In the European Touring Car Championship Dieter Quester won the best driver prize with a Group A BMW 635 CSi coupé that had been developed by the engineers of BMW Motorsport GmbH. The automobile particularly distinguished itself by its reliability. In a total of twelve races it broke down only once. Harald Grohs' victory with a BMW M 1 in the German Racing Trophy was a further success for BMW automobiles.

In view of the growing popularity of touring car sport and the increased participation of other manufacturers, BMW is extending cooperation with its partners in 1984 which are preparing BMW series-produced automobiles for use in sports events.

BMW's driver training courses were fully booked as in past years. They aim at contributing to greater traffic safety by improving drivers' control over their vehicles.

Bavaria Wirtschaftsagentur GmbH, Munich

This company provides for the coordination, continuous service and maintenance of the worldwide insurance program for the BMW Group. Its services also include the advice and arrangement of private insurances for BMW employees, as well as for clients, largely from the industrial sector, not belonging to the BMW Group.

The 1982 figures were surpassed in all spheres of business. The highest increases were again achieved in the non-domestic insurance sector; this was largely due to the development of foreign business of BMW AG in past years. Turnover and profits continued to rise.

1983 was also a very successful year for Bavaria-Lloyd Reisebüro GmbH, Munich, as regards turnover and profits. The company primarily provides business travel services and is operating increasingly in the hotel and convention sector; the number of clients not belonging to the BMW Group went up in the year under review. In the tourist sector the volume of special trips increased further.

Both companies are expecting further growth in the business volume and continuation of the pleasing business development in 1984.

Schorsch Meier GmbH, Munich

The level of company sales rose markedly in 1983 in the course of the general recovery of domestic demand for automobiles. Sales and earnings were again completely satisfactory.

In all, the 1983 business year was again pleasing for BMW's foreign subsidiaries. In view of the significance of foreign business for BMW, separate reports have been compiled below on the important companies and their markets.

BMW Australia Ltd., Melbourne, Vic., Australia

After years with a constant volume of registrations the Australian automobile market suffered a setback in 1983. In the second half of the year economic activity improved overall but demand for automobiles continued to be weak. This directly affected the sales of foreign manufacturers which are limited in Australia to 20% of the total market. In addition, customs duty of 58% is levied on imported automobiles; purchase tax of 20% is added to the resultant high price.

The development of BMW Australia nevertheless continued to be pleasing as in past years. Since starting operations in 1979 the number of BMW registrations has risen steadily. Since then sales have doubled although BMW offers only five models because of the special licensing regulations and the limited volume due to import quotas. With the introduction of the 520i in the year under review, in addition to the 528i, the registrations of 5 Series BMWs rose by more than half.

Since July 1, 1983 the import of BMW automobiles and motorcycles to New Zealand has been continued by BMW's own company; BMW New Zealand Ltd. is assisted by BMW Australia.

Automobile registrations 1983	Change	
	Units	cf. 1982 %
Total Market	410,000	- 10
BMW	2,900	+ 26

BMW Austria Gesellschaft m.b.H., Salzburg, Austria

In 1983 demand for automobiles rose more strongly in Austria than in any other major market. The high demand due to imminent tax increases led to the best registration result since 1977.

Purchases were brought forward as the value added tax was to be raised from the beginning of 1984 onwards and a tax on interest income was to be introduced. As the average age of Austrian automobiles is above that of comparable countries, replacement demand was high; every fifth automobile was over 10 years old.

The upturn was felt equally by all classes of automobiles. Demand for diesel automobiles, however, was below average; their share of the total market dropped to less than 5%.

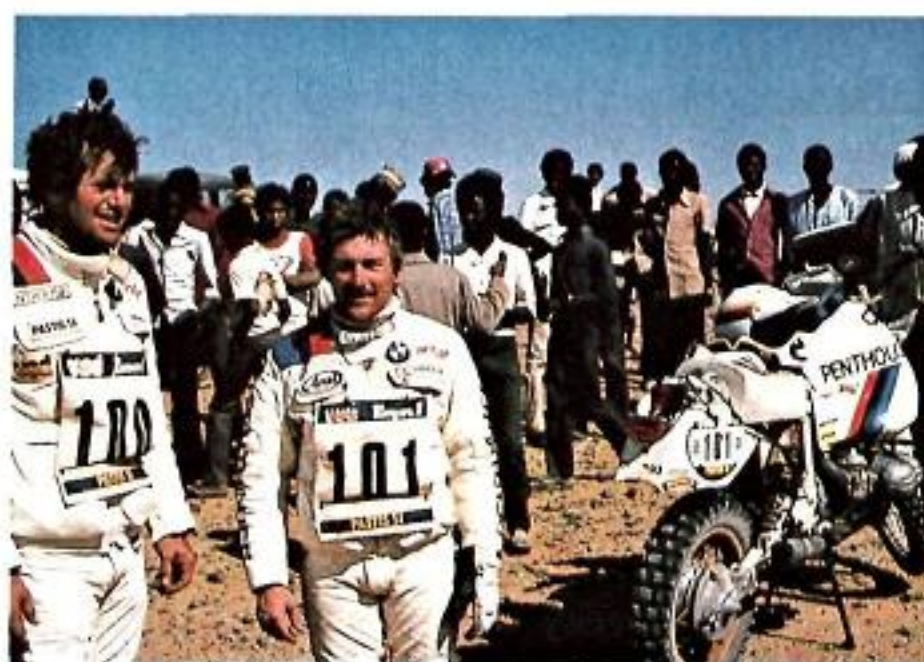
As in previous years every second newly registered automobile came from Germany. Only the Japanese manufacturers achieved above-average growth rates of 41%; their market share has increased from 7% to 29% within five years. This has happened to the detriment of French makes in particular, whose share of the market has gone down by half during the same period.

For the first time, over 8,000 BMW automobiles were sold although demand, especially for the new BMW 3 Series, could only partly be satisfied. The models of the 5 Series maintained the market position achieved in the previous year with a share of over 10% of their class. Registrations of the 6 and 7 Series rose like their market segment by 18%. Thus, in 1983 almost a quarter of demand in the top class was again for BMWs.

Automobile registrations 1983	Change	
	Units	cf. 1982 %
Total Market	256,700	+ 28
BMW	8,500	+ 21



Success season 1983: after his victory in 1981 Hubert Auriol again won the Paris-Dakar Rally on his BMW R 100: 20 days and almost 7,500 miles through the desert, "up hill and down dale". A year later the BMW works team even beat this performance: in 1984 the quick and reliable motorcycles with flat twin engines gained a double victory — Gaston Rahier ahead of Hubert Auriol; Raymond Loizeaux in fifth place made the triumph complete in the world's toughest long-distance race.



Success season 1983: Dieter Quester won the best driver prize in the European Touring Car Championship with a BMW 635 CSi coupé. This competition has been won by BMW automobiles without a break since 1975; they are also amongst the top favorites in 1984.



Success season 1983: Nelson Piquet won the Formula 1 World Championship with a Brabham BMW only 18 months after the introduction of the 4-cylinder BMW engine. Thus, for the first time in 34 years of Formula 1 motorsport, the title was won with a turbocharged engine, developed and prepared by Paul Rosche and his team.



BMW Belgium S.A./N.V., Kontich, Belgium

The Belgian automobile market declined again slightly in 1983 although the economy overall began to improve after years of stagnation. While registrations in the lower market segment started to rise, there was a further slump in the middle segment where demand has dropped by more than half since the end of the 1970s.

The sales of diesel automobiles rose by about a fifth; thus, in 1983 the share of over 20% of the total market was for the first time higher in Belgium than in any other major automobile market.

The market share of German manufacturers remained unchanged at about 38%. Japanese and Italian makes were in greater demand again after the decline of recent years; French manufacturers actually suffered losses.

The weak level of demand in the upper market segments proved particularly unfavorable for BMW Belgium as it could not even be compensated by increased deliveries of 3 Series models. The high volume of registrations of BMW 5 Series models of the previous year was not reached again in 1983; however, BMW's relative competitive position did not change because of the general decline of the market segment. The introduction of the 524td in July 1983 has already had a positive effect on the development of this series in the months that followed.

The company began building a new import center in Bornem near Antwerp in the year under review.

Automobile registrations 1983	Change	
	cf. 1982	
	Units	%
Total Market	339,400	— 1
BMW	10,000	— 12

BMW France S.A., Bois d'Arcy, France

As a result of a continuingly restrictive economic policy France lagged behind in the general upswing of the world economy in 1983. In contrast to the previous year, private consumption was affected, too. Automobile demand dropped slightly after high growth rates in 1982; nevertheless, over 2 million new automobiles were registered.

Numerous new models have further improved the competitiveness of foreign automobiles. In the year under review every third French automobile purchaser decided on a foreign make. This shift in demand strengthened the position of German manufacturers in particular; they have thus almost doubled their market share to about 20% within five years. Swedish automobiles also exceeded the previous year's figures in 1983. Japanese automobiles continued to be limited to less than 3% of the total market because of government regulations.

Demand for diesel automobiles went down again, but with a share of just under 10% nevertheless remained lively when compared internationally.

France was again the most important foreign market in Europe for BMW in 1983. After exceptional growth in the two previous years, the business development of BMW France was influenced by the temporarily limited availability of the new 3 Series.

The BMW 5 Series whose market segment declined particularly strongly almost reached the high volume of registrations of the previous year. The 524td and 525e models with new BMW drive concepts played a decisive role in this.

Business with large BMW automobiles continued to be pleasing overall as in past years. Once again, over 2,000 units of the 6 and 7 Series were registered, accounting for about 20% of all purchases in this class. The large majority were 728i models as these are taxed less than the larger-engined BMWs of the 7 and 6 Series. Neverthe-

less, BMW coupés registered high growth rates, although at a low level.

The expansion of the marketing network was continued on schedule and cooperation with the retail outlets, numbering over 200, was further improved with new company activities.

Automobile registrations 1983	Change	
	cf. 1982	
	Units	%
Total Market	2,017,600	— 2
BMW	33,100	— 1

BMW (GB) Ltd., Bracknell, Great Britain

In Great Britain the further improvement of the overall economic situation led to a marked increase in automobile demand. After a slight recovery in the previous year, registrations reached a record level in 1983.

Domestic manufacturers participated in this general upturn of the market; however, their share of about 52% was still clearly below the level of other countries with their own automobile production. German makes further expanded their leading position amongst imports with above-average growth rates of 30%; French and Italian manufacturers, however, lost shares. The automobile imports from Japan remained limited to 11% of the total market as in previous years.

The development of BMW (GB) was greatly influenced in 1983 by the limited availability of the models of the new 3 Series. Nevertheless, the company has almost doubled its sales volume since 1980. In the year under review the strongest growth of about a quarter was again recorded for the BMW 5 Series. The BMW 525e that was newly introduced mid-year had a positive influence; during the last few months of the year this model accounted for 20% of demand for 5 Series automobiles.

Registrations of BMW coupés rose for the first time to 800 units. Altogether some 3,000 automobiles in the large BMW class were sold; this corresponded to the level of previous years. Thus, Great Britain remained the second largest foreign market for the 6 and 7 Series after the USA.

About 90% of all BMW dealers represent BMW exclusively. In order to further improve the supply of parts the capacity of the central parts warehouse of BMW (GB) in Bracknell is currently being doubled.

Automobile registrations	1983	Change
	Units	cf. 1982 %
Total Market	1,791,700	+ 15
BMW	25,200	+ 10

BMW Ibérica S.A., Madrid, Spain

The country's economic situation was again marked by high unemployment in 1983; at 18% it was higher than in any other industrial country in Western Europe. High customs duties and taxes as well as strict licensing and currency regulations continued to make automobile imports difficult. These obstacles are expected to be relaxed at the earliest with Spain's planned entry into the European Community in 1986.

For BMW Ibérica there were signs of stiffer competition in its first full business year. An increasing number of new suppliers appeared on the market either by starting production in Spain or by cooperating with domestic companies. Amongst the manufacturers that do not produce their automobiles in Spain BMW continued to take the lead, and despite the pronounced market weakness overall in the second half of the year it sold over 4,000 automobiles for the first time.

Having extended its marketing network to 45 dealers BMW is represented in all the major regions of Spain. The company is now to intensify the assistance, counselling and training of its dealer and service organization. The capital of BMW Ibérica has been increased during the course of start-up activities to 363.5 million Ptas.

Automobile registrations	1983	Change
	Units	cf. 1982 %
Total Market	516,600	+ 2
BMW	4,100	+ 3

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

The continuing stagnation of the Italian economy and the increasing charges levied on automobiles led to a further decline in demand in 1983. The rates of value added tax for the purchase of automobiles had already been raised in the previous year; at the beginning of 1983 the special tax on diesel automobiles above 1400 cc rose too. This now amounts to about DM 1,100 per annum for a BMW 524td. Demand for diesel automobiles fell by 13%. In addition, pre-tax deductions for automobiles used for business purposes were scrapped.

Imported makes were especially affected by the low demand. The import of Japanese automobiles remained limited as before to a total of 2,300 units per year. In contrast, Italian makes clearly improved their market position with numerous new models in the market segment up to 2000 cc; their market share rose altogether from 59% to 63%.

Against such a background, the renewed increase of BMW registrations was particularly pleasing. BMW Italia is amongst the few automobile importers to improve on the previous year's results in 1983. The high demand for the BMW 3 Series, whose registrations went up by 28%, was decisive. Demand for the smaller models with a capacity of less than 2 litres clearly exceeded supply possibilities. The introduction of the four-door versions in the autumn stimulated demand even further.

In the market segment of the 5 Series and of the large BMW range the economic situation and the keener competition made themselves distinctly felt; BMW registrations were below the level of the previous year. Amongst automobiles with a capacity above 2 litres BMW was overall in first place again with a share of registrations of over 30%.

The introduction of the BMW 524td with a turbocharged diesel engine was very positively received in Italy. First market reactions confirm the expect-

tations set in this model, despite the current decline in demand for diesel automobiles.

Greater support was given to the dealer organization because of more difficult market conditions.

Automobile registrations 1983		Change
		cf. 1982
	Units	%
Total Market	1,564,000	- 7
BMW	29,800	+ 4

BMW Japan Corp., Tokyo, Japan

The continued export successes of Japanese industry were contrasted by only a weak revival of domestic demand.

However, automobile registrations continued to develop favorably and reached a new record level. Imported vehicles on the world's second largest automobile market continued to be insignificant, accounting for a market share of only 1.1%. Their number went down again slightly. German manufacturers were not affected by this, their market share remaining unchanged at 0.9%.

BMW Japan was again successful in 1983. In absolute terms, BMW automobiles had the highest increase in registrations amongst foreign makes; their share of the imported automobiles amounted to 18%. Owing to the strict licensing regulations the range of models offered by BMW, and other foreign manufacturers, is limited in Japan. A start was made in 1983 to extend the range of models for the Japanese market by introducing the BMW 533i, a model with particularly high performance.

During the course of establishment of the marketing organization, work began on a parts center near Tokyo.

Automobile registrations 1983		Change
		cf. 1982
	Units	%
Total Market	3,135,600	+ 3
BMW	6,300	+ 19

BMW Motoren Gesellschaft m.b.H., Steyr, Austria

With the official opening of the plant on March 10, 1983 the first investment program for a total of AS 4.4 billion was largely completed. As the series production of petrol engines had already begun in the early summer of the previous year, 1983 was marked by the start of the production of diesel engines and the scheduled increase of output. For this purpose two shifts had to be introduced in the autumn of the year under review and thus the workforce had to be increased further. At the end of 1983 BMW Motoren Gesellschaft had 1,252 employees, about 60% more than in the previous year.

Altogether some 60,000 petrol and diesel engines were manufactured in 1983; deliveries of diesel engines to FORD USA/Canada began as agreed in the autumn. There are plans for the volume of production to double in 1984. All the petrol and diesel engines currently planned for production in this plant will then be manufactured.

The development of demand for diesel engines varied in the major Western industrial nations in 1983. The share of diesel automobiles in new registrations had constantly risen in the Federal Republic of Germany in recent years; however, this trend reversed in 1983. In the USA the development was even more pronounced as unlimited supplies of fuel were available again and their prices sank; in addition, the diesel automobiles of the domestic manufacturers were not readily accepted by customers. In France and Italy the share of the total market was about 10% and 20% respectively, as in the previous year. In Japan it kept increasing; this was due to the consumption advantages of diesel engines in the partial load range.

According to all the forecasts available the market prospects for diesel engines will continue to be positive in the future. The newly developed BMW diesel engine will contribute substantially to better acceptance of diesel automo-

biles because of its special characteristics in starting behavior, performance, noise and vibration levels.

As legislation on the emission of pollutants becomes stricter, increased efforts will be required in future for the further development of diesel engines. This work will be at the core of activities at the company's development center.

BMW Motorenwerk in Steyr has become an essential economic factor for Austria and particularly for the Steyr region. In 1983 this was already evident from the stabilizing effect of the company's activities on the labor market and its contribution to the improvement of the Austrian current account.

BMW Nederland B.V., Den Haag, Netherlands

After a severe economic setback in the previous years there were clear signs of economic recovery in the Netherlands. However, automobile sales still remained substantially below the level of the years 1977 to 1979. The lower market segments developed better again than the total market. This also applies to diesel automobiles whose share rose to over 9%.

German manufacturers accounted for over 40% of the new registrations as in 1982. With the exception of French makes, above-average increase rates were recorded for automobiles from other major exporting countries. As in previous years every fourth automobile purchaser chose a Japanese make.

After high increases in the previous year the sales of BMW Nederland rose only slightly. This was due to the limited availability of the 3 Series, and especially of the smallest models. Registrations of the 320i and 323i models fitted with 6-cylinder engines rose by one third. In the 5 Series the high level of 1982 was reached again; there was, however, a decrease in the large class.

The extension of the company's parts warehouse in Ravenstein in the province of Brabant was completed.

Automobile registrations 1983	Change	
	cf. 1982	
	Units	%
Total Market	459,100	+ 13
BMW	14,800	+ 4

BMW of North America Inc., Montvale, N.J., USA

The vigorous recovery of the American economy was linked with a marked upsurge in demand for automobiles. The replacement demand that had built up over four years of recession and the rise in real incomes were of particular benefit to the numerous new models of the US manufacturers. The import of Japanese automobiles, which account for about 80% of all imported vehicles, remained at the level already reached due to the government agreements on voluntary restraint.

In all, registrations of imported makes rose by 7% to 2.4 million units; they remained, however, at the level already reached in 1979. Their market share sank to 26%.

The market segment of BMW automobiles, the luxury performance group, again developed better than the total market, with growth of 18% to 1.2 million vehicles. Apart from the traditional European makes of this class there was an increasing number of Japanese and American models.

BMW of North America continued its steady development of recent years; with an increase of 7,000 to almost 60,000 automobiles, the position of the USA as BMW's largest foreign market was expanded. Registrations of the BMW 3 Series declined slightly in 1983 because of the change of model; the figures for the other series, however, surpassed those of the previous year by more than half.

Sales of the two models of the 5 Series were as high as 16,000 units, about half more than in the previous year. Growth in 1983 was due in particular to the BMW 533i with its especially high performance, introduced at the end of the previous year. At about 60%, the models of the 6 and 7 Series achieved, relatively speaking, the strongest growth. The share of models with 6-cylinder engines amongst the total sales rose from 30% to over 40%.

The systematic improvement of a top-quality dealer and customer service organization was essential to this development. In the meantime, over 400 dealers are supported by five regional marketing centers; more are to follow.

Automobile registrations	1983	Change
	Units	cf. 1982 %
Total Market	9,177,800	+ 15
BMW	59,200	+ 13

BMW (Schweiz) AG, Dielsdorf, Switzerland

Environmental considerations were given top priority in all measures concerning road traffic in Switzerland in the year under review. Switzerland was prepared to take unilateral steps which were to severely interfere with market activities. Thus, in 1983 the Swiss automobile market was dominated by the introduction of new exhaust and noise regulations. These had already been passed in 1982 and became effective after a transitional period on April 1, 1983.

Thus, stocks, especially of large-volume makes, had to be sold at a discount in the first quarter as they still conformed to the old licensing standards. New registrations rose markedly at the beginning of the year but in the months to follow were about a tenth below the values of the previous year. German and Japanese manufacturers consolidated their market position. Diesel automobiles with a market share of less than 2% continued to be of little significance.

BMW, like the other European manufacturers, had initially to reduce its range of models in Switzerland because of the new regulations. Thus, inter alia, the 315 and 316 models as well as the top models of the large class were dropped in the year under review.

The limited availability of the 3 Series for business in the spring which is traditionally lively in Switzerland was also responsible for the decline in BMW registrations compared with the high level of 1982. In the further course of the year, moreover, the market weakened in the middle and upper ranges. The BMW market share of 4% was, however, still higher than in any other European export market.

The BMW 745i has been offered again in Switzerland since the spring of 1984, adjustment measures in keeping with the new legislation on emissions having been completed.

Automobile registrations 1983	Change	
	cf. 1982	
	Units	%
Total Market	273,900	— 6
BMW	11,000	— 14

BMW (South Africa) (Pty) Ltd., Pretoria South Africa

The South African gross national product went down in 1983, having already stagnated in the previous year. This was attributed to the hesitant economic recovery of South Africa's major trading partners and the relatively low gold price, but also to the long-persisting drought. The latter had serious repercussions on the important agricultural sector.

The automobile market with its 273,000 registrations was 4% below the high volume of the previous year. Thus, demand proved altogether more resistant than in earlier recessionary phases of the entire economy.

BMW South Africa had developed successfully in recent years with the production and sale of models of the 5 and 7 Series. The decisive event of the year under review was the extension of the model range to include the 3 Series in October 1983; its sales have not yet affected the course of business.

In all, BMW registrations declined by 12%, partly because of the expansion of the plant facilities. The corresponding market segment sank by 15%, having risen at a disproportionately high rate in recent years. Once more, in the year under review the 5 and 7 Series together gained higher shares of their ranges and of the total market in South Africa than in all the other markets. Demand for the new 3 Series exceeds the high expectations.

In the autumn of 1983 after a three-year building phase new facilities providing the required capacities were put into operation at the Rosslyn plant near Pretoria. Thus, by extending the body and paint shops and developing the assembly plant, capacity has been increased to 100 units per day. The new development engineering center as well as the new training facilities are fully operative.

After the large increase in 1982 the workforce remained static at 2,500 people; 70% of the employees are black. The sickness rate amongst wage earners

dropped to about 3%; it was about 1.5% amongst salary earners. The fluctuation of wage earners sank to about 9%, the lowest level so far.

In the year under review no working hours were lost. At the beginning of 1984 there was a two-week strike at the BMW plant because the company refused to agree to the demand of the trade union concerned for a 40% wage increase. However, the workforce went back to work, accepting the original conditions. The next wage negotiations are to take place mid-year as in the past.

During the course of 1983 membership of the National Automobile and Allied Workers Union grew; in July 1983 an agreement was signed with the union as a basis for future labor relations.

BMW continues to hold a leading position as regards the wages and salaries paid. With the development of a scheme to provide accommodation, improved medical services, subsidized transportation to work and other schemes at the plant itself, the workforce of BMW (South Africa) enjoys working conditions that are amongst the best in the country.

Automobile registrations 1983	Change	
	cf. 1982	
	Units	%
Total Market	272,800	— 4
BMW	13,200	— 12

Finance

In the year under review BMW AG invested DM 801 million in fixed assets and DM 5 million in subsidiaries and associated companies. These additions were financed entirely from self-generated funds represented by depreciation and retirements from fixed assets (DM 735 million), retirements from financial assets (DM 6 million), the transfer to reserves from net income (DM 144 million), the transfer to special reserves (DM 39 million) and the increase in the pension fund provision and the liability to the Benevolent Fund.

In total, internal financing covered 122% of investments (111% in the previous year).

The remaining surplus from internal financing allowed a reduction of long-term liabilities by DM 176 million.

The increase of other provisions and short-term liabilities both dictated by the growth in business served to finance increased inventories and receivables; at the same time substantially higher liquid funds were retained within the Company.

Sources and Application of Funds 1983 in million DM

Application of Funds

Investment in tangible fixed assets	800.6
Investment in subsidiaries and associated companies	4.7
Reduction of long-term liabilities	176.2

Long-term 981.5

Increase in inventories	53.0
Increase in trade receivables ¹⁾	2.4
Increase in liquid funds	243.5
Increase in receivables from subsidiaries (less liabilities)	143.9
Increase in other assets (including advance payments to suppliers)	73.3
Decrease in miscellaneous liabilities (including advance payments received)	15.1
Distribution for the previous year	110.0

Short-term 641.2 1,622.7

Sources of Funds

Transfer to other reserves from net income	144.0
Transfer to special reserves	39.0
Increase in liabilities in registered dividend right certificates	10.1
Increase in pension fund provisions and liability to BMW Benevolent Fund	60.5
Depreciation and retirement of tangible fixed assets	735.1
Decrease in other financial assets	5.6

Long-term 994.3

Increase in other provisions	377.5
Increase in trade payables	106.9
Net income available for distribution	144.0

Short-term 628.4 1,622.7

¹⁾ less general allowance for doubtful accounts

The balance sheet total increased by DM 575 million to DM 5.2 billion.

This development is primarily attributable to the markedly expanded volume of business and affected in particular balance sheet items of a short-term nature.

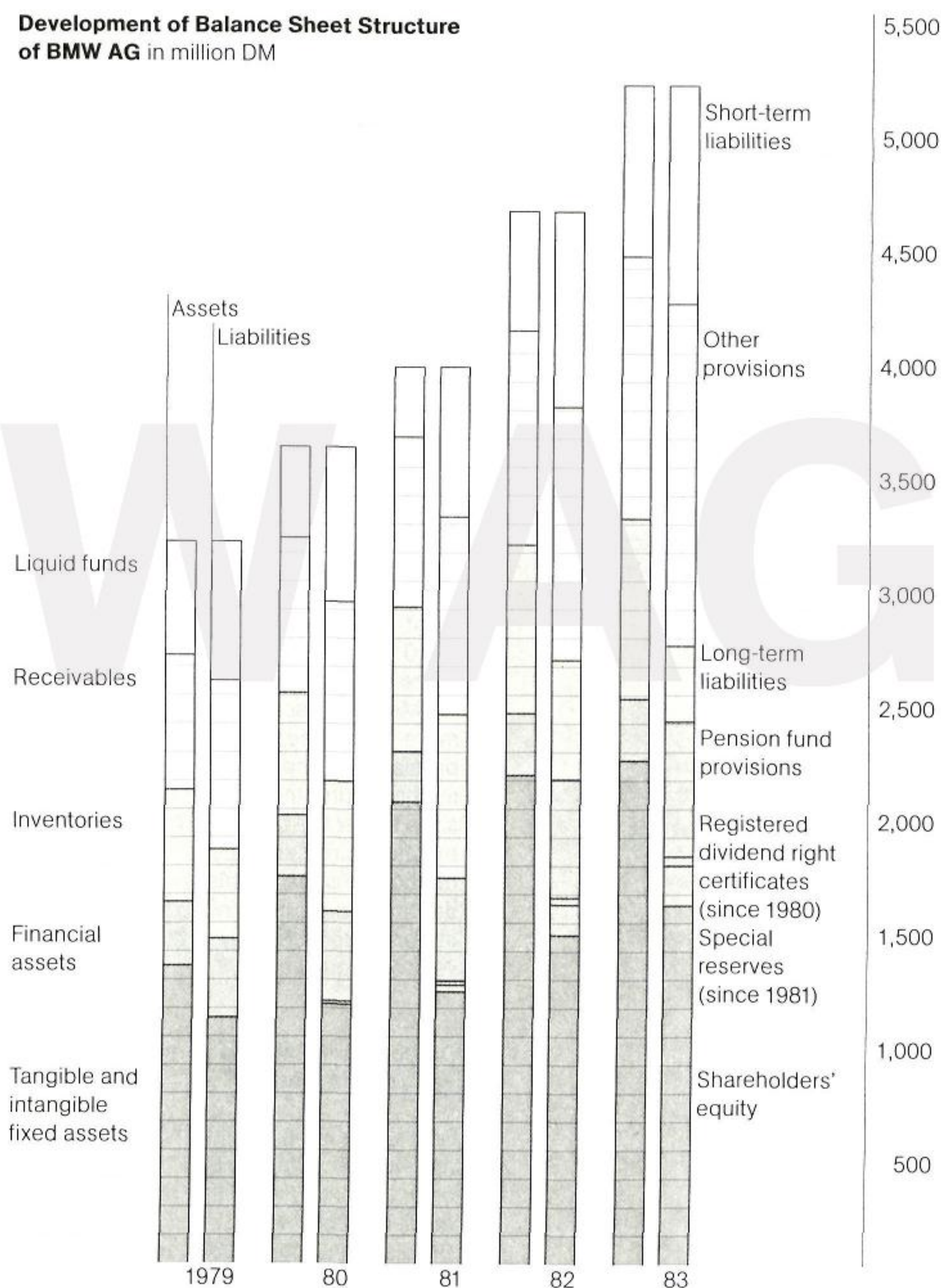
Fixed assets decreased from 52% to 48% as a percentage of the balance sheet total.

Shareholders' equity decreased from 31.4% to 30.7% of the balance sheet total in spite of a higher transfer to reserves. The decrease results also from the general expansion of business as discussed above.

Fixed assets are covered as in the previous year at a rate of 110% by long-term funds.

Shareholders' equity, special reserves and pension provisions and the liability to the Benevolent Fund now account for 86% of the long-term funds (compared with 79% in the previous year).

Development of Balance Sheet Structure of BMW AG in million DM



Notes on the Financial Statement of BMW AG

Balance sheet

Assets

Fixed Assets

A detailed account of additions to fixed assets and their use has been given in earlier sections of this report. A breakdown of the various types of assets showing how they have changed is given in the balance sheet.

As in the previous year, fixed assets were again valued at their acquisition or manufacturing cost less normal and special depreciation.

Normal depreciation was based in the main on the following useful lives: 20–50 years for office and factory buildings, including distribution facilities which are part of the buildings, 10–20 years for facilities connected with real estate, 2–20 years for machinery and equipment, including operational facilities, 3–10 years for fixtures, furniture and office equipment.

Movable assets with a useful life of more than three years have been depreciated by the declining balance method using the highest rates permissible under the tax laws. The declining balance is replaced by the straight-line method as soon as this leads to higher depreciation. Additions to assets of minor value were fully written off in the year of acquisition.

For machinery utilized in multiple-shift operations depreciation rates were increased to take account of the additional usage.

Special tools were written down pro rata on the basis of a useful life of four years.

As in previous years, full advantage was taken of tax concessions regarding special depreciation charges pursuant to section 14 BerlinFG (Berlin Promotion Law), DM 48.6 million, and to section 7d EStG (Income Tax Law), DM 6.1 million. Exceptional depreciation was applied where a lower valuation was required.

Land owned by the Company in the Federal Republic of Germany, including that owned by related companies, totalled 4.81 million sq.m. (3.40 million sq.m. in the previous year) on the balance sheet date. Most of this real estate is in Munich, Dingolfing, Landshut, Berlin and, following the purchase of land for the new plant, in Regensburg.

BMW AG has rented its head office building erected on company land in Munich under a long-term lease. In 1983 DM 10.7 million was paid in rent. A hereditary building right on the land is registered in favor of the company which owns the building.

Depreciation Relating to Additions and Transfers in 1983

Real estate without buildings and with office, factory and other buildings (including residential buildings)
Buildings on land not owned
Machinery and equipment
Furniture and fixtures
Construction in progress and advances for fixed assets

Additions and transfers in million DM	Depreciation in million DM
96.5	3.6
11.5	4.8
672.2	193.1
77.1	44.5
– 56.7	16.5
800.6	262.5

Financial assets

Additions to subsidiaries and associated companies in the Federal Republic of Germany amounting to DM 4.7 million related to the newly formed companies BMW Ingenieur-Zentrum Verwaltungs GmbH, Munich, and BMW Ingenieur-Zentrum GmbH + Co., Munich, and to an investment in the Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin. Additions abroad related to the formation of the companies BMW Ventures Inc., Weston, USA, and BMW Finance N.V., Den Haag, Netherlands, as well as to the purchase of 5% of the shares in BMW France S.A. from BMW (US) Holding Corp. The direct share of BMW AG in BMW France S.A. now amounts to 25%.

Investments in subsidiaries and associates are shown in the balance sheet at their acquisition cost or lower values on the balance sheet date.

Loans with a minimum term of four years and securities decreased as a result of scheduled repayments and redemptions. Loans are shown at their discounted net present value.

Inventories

The increase in inventories is attributable to the higher volume of business.

The method of valuation of inventories is unchanged from the previous year:

Raw materials, supplies and bought in parts were valued at purchase price, taking account of the lower of cost or market value. Advantage was taken of the allowance for imported goods pursuant to section 80 EStDV (Income Tax Regulations).

Work in progress and finished products are valued at the cost of production, i.e., expenditure on material and labor plus the proportionate share of manufacturing and materials overheads.

Adequate write-downs were made to cover risks arising from prolonged storage or technical obsolescence of inventories.

Other current assets

Trade receivables amounting to DM 138 million comprise 47% domestic and 53% foreign receivables.

Receivables from subsidiaries increased as a result of the expansion of export business.

Specific risks identifiable on receivables were provided for by set-offs on the asset side of the balance sheet (in addition to the general allowance for doubtful accounts disclosed on the liabilities side).

The 47% increase in liquidity is explained in the section on finance.

Miscellaneous assets, which increased by DM 75 million, include bonded loans, interest receivable and receivables from suppliers for returned goods, freight and returnable packing materials.

Shareholders' equity and liabilities

Common stock

The common stock remains unchanged at DM 600 million.

Reserves

DM 144 million was transferred from net income for the year under review to other reserves. Reserves now amount to DM 995 million.

Special reserves

Special reserves have been formed in accordance with the tax regulations laid down in section 3.1 of the Foreign Investment Law, section 74 EStDV (Income Tax Regulations – reserve for price increases) and section 6b EStG (Income Tax Law).

Registered dividend right certificates

Employees subscribed to DM 10 million of certificates in the Company's capital savings plan in the year under review.

Further details are given in the Workforce and Social Report.

General allowance for doubtful accounts

As in the previous year a 2.5% allowance for domestic and a 5.0% allowance for foreign receivables was raised to cover general risks arising from trade receivables, notes held, advance payments and miscellaneous assets.

Pension fund provisions and liability to the BMW Benevolent Fund

Pension fund provisions increased by DM 61 million from the previous year. Actuarial calculations are based on an interest rate of 5.5%, using the new mortality tables.

DM 400 million of the pension fund provisions is related to future rights to pension payments and DM 119 million to current pensions. The total obligations of the BMW Benevolent Fund decreased slightly as a result of the decline in the number of people entitled to benefits.

Other provisions

The increase in other provisions results principally from higher liabilities to employees, and an increase in the product warranty provision and liability for taxation.

Included in other provisions are also liabilities to dealers and accrued liabilities to suppliers. Risks arising from forward loss contracts, from domestic and foreign litigation proceedings and from guarantees have been adequately provided for.

Liabilities with a term exceeding four years

Long-term liabilities from loans against promissory notes, loans from banks and miscellaneous creditors were reduced by DM 176 million in the year under review. Registered participating debenture bonds issued in 1978 amounting to DM 6 million are included in long-term liabilities.

Long-term liabilities amounting to DM 16 million were secured by mortgages.

Liabilities denominated in a foreign currency were translated using the higher of the exchange rates prevailing at the date of the translation or at the balance sheet date.

Other liabilities

Trade payables rose because of the increased volume of purchases and investments. Liabilities to related companies are mainly to subsidiaries abroad.

Miscellaneous liabilities consist principally of current wages and salaries, interest and taxation payable.

Statement of income

In the year under review both existing and newly created production capacities were again fully utilized. The total value of Company production rose by 22.1% to DM 11,555 million. This increase is attributable to growth in the volume of sales by about 45,000 automobiles together with price increases.

Expenditure on raw materials, supplies and purchased goods – after deduction of discounts – rose by 23.3% to DM 6,222 million. The rise was due to higher prices of materials, increased production and to the higher proportion of materials used in current models.

Interest income increased considerably because of markedly improved liquidity while interest expenditure remained at the level of the previous year. The positive interest balance thus increased from DM 19 million to DM 58 million.

Gains from the reduction of provisions were the result of reduced risks from suppliers' and customers' accounts and other obligations.

Miscellaneous income mainly comprises income from rents and leases, license fees and various services as well as exchange profits and investment grants received.

Wages and salaries and social security contributions rose mainly because of the increase in the workforce, collectively agreed and discretionary wage and salary increases, and higher statutory and collectively agreed social security benefits.

Structure of Expenditure Relative to Total Value of Production

Total Value of Production

	1979	1980	1981	1982	1983
Total Value of Production in million DM	6,613	6,953	7,873	9,467	11,555
in %					
Material expenditure	50.3	52.9	52.6	53.3	53.9
Workforce expenditure	24.6	25.6	25.8	23.7	21.4
Depreciation	4.5	4.7	6.0	6.5	6.2
Other expenditure and income items offset	11.9	10.2	10.6	10.4	10.7
Taxes	6.1	4.3	3.2	4.0	5.3
Net income	2.6	2.3	1.8	2.1	2.5

The composition and changes in expenditure on pension plans and benefits have been discussed in the Workforce and Social Report.

Depreciation on tangible fixed assets increased by DM 101 million (16.4%) compared with the previous year. The reason for this increase, which is again substantial, is the high volume of investment in both the year under review and in previous years.

The growth of taxes on income, profits and property by DM 245 million is the result of improved earnings.

Miscellaneous expenses include principally expenditure on administration and distribution, warranties, outgoing freight, maintenance and repairs, advertising, insurance premiums and rents.

Subject to approval of the proposed dividend at the Annual General Meeting the remuneration of serving members of the Board of Management for the 1983 business year amounted to DM 8,400,600 and that of former members of the Board of Management and their surviving dependents to DM 1,201,510. Total remuneration of the Supervisory Board for 1983 amounted to DM 1,430,000.

Net income available for distribution

The financial statement of the year ending December 31, 1983, as drawn up by the Board of Management, approved and accepted by the Supervisory Board, shows a surplus available for distribution of DM 144 million. In agreement with the Supervisory Board it is proposed that this amount be used to pay a dividend of DM 11 and a bonus of DM 1 per DM 50 share on the common stock of DM 600 million.

Munich, May 1984

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Balance Sheet of BMW AG at December 31, 1983

with comparative figures for the previous year

Assets

	Jan. 1, 1983 DM	Additions DM	Transfers DM	Retire- ments DM	Depre- ciation DM	Dec. 31, 1983 DM	Dec. 31, 1982 DM
I. Fixed and Financial Assets							
Tangible and Intangible							
Fixed Assets							
Real estate and equivalent rights with office, factory and other buildings	637,860,736	47,240,750 +	24,069,096	3,132,288	46,207,829	659,830,465	637,860,736
Real estate with residential buildings	7,972,448	5,100	—	—	344,786	7,632,762	7,972,448
Real estate without buildings	11,571,844	28,406,444 —	3,194,740	85,011	—	36,698,537	11,571,844
Buildings on land not owned	59,526,375	6,710,955 +	4,801,426	70,615	11,309,985	59,658,156	59,526,375
Machinery and equipment	1,187,511,290	539,643,728 +	132,506,340	4,645,546	574,227,966	1,280,787,846	1,187,511,290
Fixtures, furniture and office equipment	61,317,526	72,783,902 +	4,354,725	4,159,421	65,708,558	68,588,174	61,317,526
Construction in progress and advances for fixed assets	185,841,875	105,856,327 —	162,536,847	6,118,754	19,101,605	103,940,996	185,841,875
Patents	1	—	—	—	—	1	1
	2,151,602,095	800,647,206	—	18,211,635	716,900,729	2,217,136,937	2,151,602,095

Financial Assets

Investment in subsidiaries and associated companies	248,765,002	4,748,319	—	—	—	253,513,321	248,765,002
Securities	6,492,550	—	—	5,406,850	—	1,085,700	6,492,550
Loans with a minimum term of four years	15,828,044	567,796	—	842,471	—	15,553,369	15,828,044
— thereof secured by mortgages: DM 4,616,547 —							
	271,085,596	5,316,115	—	6,249,321	—	270,152,390	271,085,596
						2,487,289,327	2,422,687,691

II. Current Assets

Inventories

Raw materials and supplies	234,382,625	211,298,129
Work in progress	159,214,409	133,137,170
Finished products and merchandise	397,713,668	393,826,582
	791,310,702	738,261,881

Other Current Assets

Advance payments to suppliers	36,942,541	35,719,720
Trade receivables	138,497,593	136,242,256
Notes receivable — thereof rediscountable at the Federal Reserve Bank: DM 198,951 —	2,051,808	5,584,982
Cash on hand, deposits at the Federal Reserve Bank and at postal check accounts	1,184,667	1,057,010
Cash with banks	256,024,279	273,721,088
Marketable securities	499,785,434	235,126,816
Receivables from subsidiaries	692,583,223	554,257,929
Receivables resulting from loans granted under sec. 89 AktG (Corporation Law)	1,730,440	2,107,763
Miscellaneous assets	292,608,218	218,026,787
	1,921,408,203	1,461,844,351
	2,712,718,905	2,200,106,232

III. Prepaid Expenses

1,044,773 3,281,356

5,201,053,005 4,626,075,279

Shareholders' Equity and Liabilities

		Dec. 31, 1983 DM	Dec. 31, 1982 DM
I. Common Stock		600,000,000	600,000,000
II. Reserves			
Legal reserves		187,083,250	187,083,250
Other reserves			
Balance at beginning of year	664,188,750		
Transfer from 1983 net income	144,000,000	808,188,750	664,188,750
		995,272,000	851,272,000
III. Special Reserves		174,531,850	135,500,193
pursuant to sec. 3 Ausl.Inv.G. (Foreign Investment Law) and sec. 74 EstDV (Income Tax Regulations) and sec. 6b EstG (Income Tax Law)			
IV. Registered Dividend Right Certificates		39,352,500	29,273,925
V. General Allowance for Doubtful Accounts		7,356,957	7,475,883
VI. Pension Fund Provisions and Liabilities			
Pension fund provisions		518,754,825	457,783,309
Liability to BMW Benevolent Fund		61,076,944	61,557,345
		579,831,769	519,340,654
VII. Other Provisions			
Provision for deferred maintenance		24,356,000	17,890,000
Miscellaneous provisions		1,464,918,471	1,093,953,916
		1,489,274,471	1,111,843,916
VIII. Liabilities with a Term exceeding four Years			
Loans		76,026,000	70,530,000
– thereof secured by mortgages:	DM 16,000,000 –		
Due to banks		260,762,580	436,096,082
– thereof secured by mortgages:	DM 343,750 –		
Miscellaneous liabilities		9,144,733	15,437,704
Of item VIII., due in less than four years:	DM 182,934,246		
		345,933,313	522,063,786
IX. Other Liabilities			
Trade payables		625,131,798	518,173,543
Advance payments received		8,407,686	6,010,335
Liabilities to subsidiaries		35,560,991	41,235,893
Miscellaneous liabilities		156,388,654	173,786,833
		825,489,129	739,206,604
X. Deferred Income		11,016	98,318
XI. Net Income available for Distribution		144,000,000	110,000,000
		1983 DM	1982 DM
Contingent Liabilities on Discounted Notes Receivable		226,346,893	222,398,090
Guarantees – thereof for Subsidiaries:	DM 39,987,745 –	39,987,745	40,799,255
Guarantees for Bonds of BMW Overseas Enterprises N.V., Curaçao		256,514,800	233,632,000
		5,201,053,005	4,626,075,279

Statement of Income of BMW AG for the year ended December 31, 1983

with comparative figures for the previous year

Net sales	
Increase of finished products and work in progress	
Other company-produced additions to tangible fixed assets	
Total value of production	
Expenditure for raw materials, supplies and merchandise purchased	
Gross income	
Income from profit and loss transfer agreements	
Income from investment in subsidiaries and associated companies	
Income from other financial assets	
Other interest and similar income	
Gain on retirement of fixed and financial assets	
Gain from the reduction of general allowance for doubtful accounts	
Gain resulting from the reduction of provisions	
Miscellaneous income – thereof extraordinary income: DM 3,150,337 –	
Wages and salaries	
Social security contributions	
Cost of pension plans and related benefits	
Depreciation on tangible fixed assets	
Losses from devaluation or disposal of current assets other than inventories and transfer to allowance for doubtful accounts	
Loss on retirement of fixed assets	
Interest and similar expenditure	
Taxes	
on income, profits and property	
others	
Expenditure for profit and loss transfer agreements	
Transfer to special reserves	
Miscellaneous expenditure	
Net income	
Transfer from net income to reserves	
Net income available for distribution	

Note in accordance with sec. 159 AktG (Corporation Law):
In the 1983 business year DM 11,641,233 were paid for old age pensions;
in the next five years these payments will probably be 119%, 128%,
138%, 150%, 165% of this amount.

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

DM	1983 DM	DM	1982 DM
	11,480,858,834		9,371,550,506
	+ 38,188,968		+ 62,253,222
	11,519,047,802		9,433,803,728
	36,327,239		33,015,075
	11,555,375,041		9,466,818,803
	6,221,489,771		5,045,878,925
	5,333,885,270		4,420,939,878
	13,644,328		11,740,534
	18,838,128		39,829,776
	1,265,324		1,816,991
	123,308,539		84,924,675
	3,110,102		6,254,317
	118,926		1,721,791
	25,970,665		27,714,258
	100,152,942		120,316,071
	286,408,954		294,318,413
	5,620,294,224		4,715,258,291
	2,088,310,632		1,898,515,042
	311,620,891		271,689,880
	71,844,675		73,639,384
	716,900,729		615,817,825
	30,049,156		1,166,659
	8,260,272		8,885,808
	66,150,445		67,384,707
617,287,467		372,459,518	
2,989,225	620,276,692	3,287,085	375,746,603
	3,216,721		6,945,318
	39,031,657		106,830,257
	1,376,632,354		1,088,636,808
	5,332,294,224		4,515,258,291
	288,000,000		200,000,000
	144,000,000		90,000,000
	144,000,000		110,000,000

The accounting, the annual financial statements and the management report, which we have audited in accordance with professional standards, comply with the German Law and the company's statutes.

Munich, April 12, 1984

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Clemm
Wirtschaftsprüfer

(independent auditors)

von Lippmann
Wirtschaftsprüfer

Notes on the BMW Consolidated Financial Statement (Domestic)

The BMW consolidated financial statements were drawn up in accordance with section 329 of the AktG (Corporation Law) and the consolidated annual report was drawn up in accordance with section 334 of the same law.

The Group of consolidated companies was expanded in the year to include BMW Ingenieur-Zentrum Verwaltungs GmbH, Munich, and BMW Ingenieur-Zentrum GmbH + Co., Munich. The companies included in the consolidated financial statements (all domestic) are listed on this page.

The economic development of the domestic BMW Group was substantially determined by the course of business of BMW AG and BMW Leasing GmbH.

A report on the course of business of the other Group companies has been provided in the section on subsidiaries.

Scope of Consolidation	Common stock on Dec. 31, 1983 DM million	Interest
Bayerische Motoren Werke AG, Munich (BMW AG)	600.00	
Bavaria Wirtschaftsagentur GmbH, Munich*	0.20	100% BMW AG
Bavaria-Lloyd Reisebüro GmbH, Munich	0.05	51% Bavaria Wirtschafts- agentur GmbH
BMW Ingenieur-Zentrum Verwaltungs GmbH, Munich	0.05	100% BMW AG
BMW Ingenieur-Zentrum GmbH + Co., Munich	–	99% BMW AG 1% BMW Ing.-Zentrum Verwaltungs GmbH
BMW Leasing GmbH, Munich*	10.00	100% BMW AG
BMW Marine GmbH, Munich*	6.00	100% BMW AG
BMW Maschinenfabrik Spandau GmbH, Berlin	6.00	100% BMW AG
BMW Motorrad GmbH, Landshut	0.02	100% BMW AG
BMW Motorrad GmbH + Co., Munich	–	99% BMW AG 1% BMW Motorrad GmbH
BMW Motorsport GmbH, Munich*	0.02	100% BMW AG
Schorsch Meier GmbH, Munich*	0.30	100% BMW AG
Fahrzeug- und Maschinenfabrik GmbH Landshut, Landshut*	0.30	100% Schorsch Meier GmbH

The following companies:

BMW Apparatebau GmbH, Munich	0.05	100% BMW AG
Bavaria Verwaltungsgesellschaft mbH, Munich*	0.02	100% BMW AG

are not included in the consolidated companies because of their minor importance.

* Profit and loss transfer agreement with the Parent Company

Consolidated balance sheet

The consolidated balance sheet is largely determined by the balance sheet of BMW itself, as well as by the leased products, the additional long-term liabilities and deferred income of BMW Leasing GmbH.

Consolidated statement of income

The consolidated income statement is also determined principally by the results of BMW AG and BMW Leasing GmbH.

The difference between the income statement of BMW AG and the consolidated income statement results principally from the income and costs of products leased by BMW Leasing GmbH.

The Group's net income (domestic only) of DM 292 million is DM 4 million higher than that of BMW AG.

BMW AG

Consolidated Balance Sheet (Domestic) at December 31, 1983

with comparative figures for the previous year

Assets

	Dec. 31, 1983 DM	Dec. 31, 1982 DM
I. Fixed and Financial Assets		
Tangible and Intangible		
Fixed Assets		
Real estate and equivalent rights with office, factory and other buildings	735,249,460	673,804,669
Real estate with residential buildings	7,632,762	7,972,448
Real estate without buildings	36,698,537	11,571,844
Buildings on land not owned	38,246,966	43,036,418
Machinery and equipment	1,282,716,072	1,201,844,429
Fixtures, furniture and office equipment	77,459,726	70,121,515
Construction in progress and advances for fixed assets	105,947,400	186,067,428
Patents	1	1
	2,283,950,924	2,194,418,752
Financial Assets		
Investment in nonconsolidated subsidiaries and associated companies	225,363,614	221,615,295
Securities	1,085,700	6,492,550
Loans with a minimum term of four years	15,628,717	15,883,461
– thereof secured by mortgages: DM 4,616,547 –		
	242,078,031	243,991,306
	2,526,028,955	2,438,410,058
II. Current Assets		
Leased Products	542,771,673	538,178,321
Inventories		
Raw materials and supplies	240,820,504	218,485,809
Work in progress	159,265,827	133,714,178
Finished products and merchandise	440,631,722	426,045,424
	840,718,053	778,245,411
Other Current Assets		
Advance payments to suppliers	38,207,131	37,755,013
Trade receivables	197,479,321	186,035,495
Notes receivable – thereof rediscountable at the Federal Reserve Bank: DM 554,464 –	2,407,321	5,751,548
Cash on hand, deposits at the Federal Reserve Bank and at postal check accounts	1,628,134	1,519,734
Cash with banks	303,592,361	303,860,569
Marketable securities	499,785,434	235,126,816
Receivables from subsidiaries	538,716,870	404,211,524
Receivables resulting from loans granted under sec. 89 AktG (Corporation Law)	1,730,440	2,107,763
Miscellaneous assets	305,058,253	232,324,879
	1,888,605,265	1,408,693,341
	3,272,094,991	2,725,117,073
III. Prepaid Expenses	1,472,610	3,577,403
	5,799,596,556	5,167,104,534

Shareholders' Equity and Liabilities

		Dec. 31, 1983	Dec. 31, 1982
	DM	DM	DM
I. Common Stock		600,000,000	600,000,000
II. Reserves			
Legal reserves		187,083,250	187,083,250
Other reserves			
Balance at beginning of year		664,188,750	
Transfer from 1983 net income		144,000,000	664,188,750
		995,272,000	851,272,000
III. Consolidation Reserve		14,876,377	14,876,377
IV. Minority Interests – including share of consolidated subsidiaries' net income for year: DM 63,830 –		88,330	105,780
V. Special Reserves		174,531,850	135,500,193
pursuant to sec. 3 Ausl.Inv.G. (Foreign Investment Law) and sec. 74 EstDV (Income Tax Regulations) and sec. 6b EstG (Income Tax Law)			
VI. Registered Dividend Right Certificates		39,352,500	29,273,925
VII. General Allowance for Doubtful Accounts		9,590,819	9,422,079
VIII. Pension Fund Provisions and Liabilities			
Pension fund provisions		523,379,139	462,067,077
Liability to BMW Benevolent Fund		61,076,944	61,557,345
		584,456,083	523,624,422
IX. Other Provisions			
Provision for deferred maintenance		24,609,000	17,478,000
Miscellaneous provisions		1,495,000,486	1,126,280,849
		1,519,609,486	1,143,758,849
X. Liabilities with a Term exceeding four Years			
Loans		76,026,000	70,530,000
– thereof secured by mortgages:	DM 16,000,000 –		
Due to banks		567,502,580	695,196,082
– thereof secured by mortgages:	DM 145,563,750 –		
Miscellaneous liabilities		9,144,733	15,437,704
Of item X., due in less than four years:	DM 409,374,246		
		652,673,313	781,163,786
XI. Other Liabilities			
Trade payables		656,665,171	542,142,945
Advance payments received		9,230,377	6,774,297
Liabilities to subsidiaries		26,106,723	28,154,808
Miscellaneous liabilities		171,727,958	188,615,538
		863,730,229	765,687,588
XII. Deferred Income		196,338,352	200,974,583
XIII. Unappropriated Net Income consolidated		149,077,217	111,444,952
		1983	1982
		DM	DM
Contingent Liabilities on Discounted Notes Receivable		231,967,386	226,315,554
Guarantees – thereof for Subsidiaries:	DM 39,740,967 –	52,354,286	40,755,411
Guarantees for Bonds of BMW Overseas Enterprises N.V., Curaçao		256,514,800	233,632,000
Liabilities for Warranty Contracts		–	7,948,713
		5,799,596,556	5,167,104,534

Consolidated Statement of Income (Domestic) for the year ended December 31, 1983

with comparative figures for the previous year

External sales

Expenditure on items not requiring separate disclosure and after set-off
with change in inventories and company-produced additions to plant and equipment

Income from investment in nonconsolidated subsidiaries and associated companies
Income from other financial assets
Other interest and similar income
Gain resulting from the reduction of provisions
Miscellaneous income

Depreciation on tangible fixed assets
Interest and similar expenditure
Taxes
on income, profits and property
others

Net income
Balance brought forward from previous year

Income from change in the consolidation reserve
Transfer to reserves
Minority interests in consolidated subsidiaries' net income

Unappropriated net income consolidated

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

	1983		1982
DM	DM	DM	DM
	11,943,015,542		9,755,881,249
	10,465,786,918		8,751,084,729
	1,477,228,624		1,004,796,520
	18,630,703		38,556,193
	1,268,045		1,818,197
	96,378,937		50,777,803
	30,106,485		32,481,954
	110,993,923		149,350,053
	257,378,093		272,984,200
	1,734,606,717		1,277,780,720
	733,239,395		624,821,461
	85,316,197		84,949,792
620,876,230		375,116,801	
3,478,985	624,355,215	3,903,314	379,020,115
	1,442,910,807		1,088,791,368
	291,695,910		188,989,352
	1,445,137		12,516,881
	-		19,999
	144,000,000		90,000,000
	63,830		81,280
	149,077,217		111,444,952

The accounting, the annual financial statements and the management report, which we have audited in accordance with professional standards, comply with the German Law and the company's statutes.

Munich, April 12, 1984

Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Schulz
Wirtschaftsprüfer

(independent auditors)

Kilgert
Wirtschaftsprüfer

BMW AG

Ten Year Survey

		1974	1975
Sales	DM million	2,492.3	3,254.5
Increase (decrease)	%	- 4.4	+ 30.6
Export share	%	46.6	40.7
Production – automobiles	units	188,965	221,298
Production – motorcycles 1)	units	23,160	25,566
Sales – automobiles	units	184,330	226,688
Sales – motorcycles 1)	units	25,189	25,553
Investment in tangible fixed assets	DM million	159.4	167.3
Additions to investment in subsidiaries and associated companies	DM million	6.4	47.0
Depreciation on tangible fixed assets	DM million	139.4	142.8
Workforce at end of year		25,805	28,989
Wage earners		18,338	21,043
Salaried employees		6,385	6,590
Fixed assets	DM million	903.3	986.0
Current assets	DM million	590.4	711.2
Common stock	DM million	300.0	300.0
Reserves	DM million	248.5	268.5
Shareholders' equity	DM million	548.5	568.5
as % of fixed assets	%	60.7	57.7
Long-term liabilities 2)	DM million	402.5	520.5
Shareholders' equity, special reserves, registered dividend right certificates, long-term liabilities	DM million	987.2	1,124.1
as % of fixed assets	%	109.3	114.0
Balance sheet total	DM million	1,493.7	1,697.2
Material expenditure	DM million	1,356.2	1,709.3
as % of total value of production	%	53.9	52.8
Workforce expenditure 3)	DM million	728.0	902.7
as % of total value of production	%	29.0	27.9
Taxes on income, profits and property	DM million	22.7	84.4
Net income	DM million	42.0	74.0
Dividends	DM million	42.0	54.0
per share of DM 50 nominal value	DM	7.–	9.–

1) from 1976 to 1980 production and sales of BMW Motorrad GmbH

2) pension fund provisions, liability to the BMW Benevolent Fund, liabilities with a term exceeding four years

3) wages and salaries, social security contributions, cost of pension plan and related benefits

1976	1977	1978	1979	1980	1981	1982	1983
4,287.0	4,993.0	5,959.2	6,560.3	6,898.5	7,822.1	9,371.6	11,480.9
+31.7	+16.5	+19.4	+10.1	+5.2	+13.4	+19.8	+22.5
47.3	47.0	47.6	48.0	55.0	55.7	61.1	59.8
275,022	290,236	320,853	336,981	341,031	351,545	378,769	420,994
28,209	31,515	29,580	24,415	29,260	33,120	30,554	28,053
275,596	288,260	321,196	335,132	339,232	348,946	377,684	422,491
28,171	31,231	26,592	27,339	29,263	32,452	30,398	28,291
320.8	335.1	304.9	472.8	738.9	815.6	752.5	800.6
32.4	11.7	5.6	4.5	46.1	66.2	85.4	4.7
160.5	222.5	249.6	294.4	330.1	473.1	615.8	716.9
30,192	33,398	35,171	36,777	37,246	39,777	40,738	43,169
21,554	23,804	24,815	25,461	25,118	27,113	27,398	29,084
6,979	7,786	8,408	9,294	10,022	10,583	11,113	11,778
1,216.7	1,353.4	1,450.9	1,590.5	1,976.6	2,254.3	2,422.7	2,487.3
981.4	1,203.7	1,487.5	1,587.4	1,619.1	1,698.7	2,203.4	2,713.8
330.0	396.0	500.0	500.0	500.0	500.0	600.0	600.0
331.5	391.5	511.3	586.3	646.3	701.3	851.3	995.3
661.5	787.5	1,011.3	1,086.3	1,146.3	1,201.3	1,451.3	1,595.3
54.4	58.2	69.7	68.3	58.0	53.3	59.9	64.1
582.2	711.7	694.2	734.6	968.5	1,169.1	1,041.4	925.8
1,277.8	1,499.2	1,705.5	1,820.9	2,126.1	2,417.9	2,657.5	2,734.9
105.0	110.8	117.5	114.5	107.6	107.3	109.7	110.0
2,198.1	2,557.1	2,938.4	3,177.9	3,595.7	3,953.0	4,626.1	5,201.1
2,213.1	2,620.9	2,989.5	3,327.8	3,675.6	4,142.5	5,045.9	6,221.5
51.5	51.8	50.2	50.3	52.9	52.6	53.3	53.9
1,135.6	1,350.8	1,439.2	1,626.3	1,781.1	2,030.8	2,243.8	2,471.8
26.4	26.7	24.2	24.6	25.6	25.8	23.7	21.4
200.5	242.2	374.6	400.7	298.1	245.6	372.5	617.3
126.0	125.3	150.6	175.0	160.0	145.0	200.0	288.0
63.0	65.3	80.6	100.0	100.0	90.0	110.0	144.0
10.-	9.-	9.-	10.-	10.-	9.-	10.-	11.- + 1.-

Supervisory Board

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

Kurt Golda*
Gronsdorf
Deputy Chairman
Chairman of the Works Council
of BMW AG

Eberhard von Heusinger
Bad Homburg v. d. H.
Deputy Chairman
Member of the Board of Management
of Altana Industrie-Aktien und
Anlagen AG

Norbert Fischer*
Frankfurt/Main
Deputy Chairman
Member of the Board of Management
of IG Metall

Joachim-Hans von Hinckeldey
Grünwald nr. Munich
Deputy Chairman
Banker

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Dingolfing
Member of the Works Council
of BMW AG, Dingolfing plant

Klaus Bernhardt*
Frankfurt/Main
Trade union secretary

Jakob Gilliam*
Seeshaupt
Head of the Munich plant
of BMW AG
(since Jan. 1, 1984)

Erhardt Klausnitzer*
Munich
Member of the Works Council
of BMW AG, Munich plant

Udo Knop*
Frankfurt/Main
Member of the Board of Management
of Bank für Gemeinwirtschaft AG

Franz Köhne*
Munich
Head of Technical Central Planning
Department of BMW AG
(until Dec. 31, 1983)

Dr. Hans Meinhardt
Wiesbaden
Chairman of the Board of
Management of Linde AG

Prof. Dr. Rudolf Nirk
Karlsruhe
Lawyer at the Federal
High Court

Johanna Quandt
Bad Homburg v. d. H.
Businesswoman

Dr. Guido G. Sandler
Bielefeld
Personally liable partner
of the Dr. August Oetker company

Rudolf Schlenker
Hamburg
Businessman

Willi Seidel*
Landshut
Chairman of the Works Council
of BMW AG, Landshut plant

Johann Vilsmeier*
Frauenbiburg nr. Dingolfing
Chairman of the Works Council
of BMW AG, Dingolfing plant

Dr. Kurt Werner
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Chairman of the Board of
Management of Maschinenfabrik
Goebel GmbH

Dr. Kurt Wessing
Düsseldorf
Lawyer

Hans Winschin*
Munich
Member of the Works Council
of BMW AG, Munich plant

Board of Management

Eberhard v. Kuenheim
Chairman

Volker Doppelfeld
Finance and Controlling

Dr. Hans Hagen, Deputy
Research and Development
(since Nov. 1, 1983)

Hans Koch
Production

Franz Köhne, Deputy
Workforce and Social Administration
(since Jan. 1, 1984)

Dr. Eberhard von Koerber, Deputy
(since July 1, 1984)

Dr. Karlheinz Radermacher
Research and Development
(until May 6, 1983)

Dr. Eberhardt C. Sarfert
Workforce and Social Administration
(until Dec. 31, 1983)

Dr. Helmut Schäfer
Purchasing and Logistics

Hans-Erdmann Schönbeck
Sales and Marketing

Chairman of the Board
of Management of BMW Motorrad GmbH
and Head of the Motorcycle Division
of BMW AG:
Dr. Eberhardt C. Sarfert

General Counsel:
Dr. Hagen Lüderitz

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BMW AG

