



# BMW Group

**Bayerische Motoren Werke Aktiengesellschaft**

Munich, Federal Republic of Germany

**BMW Finance N.V.**

The Hague, The Netherlands

**BMW US Capital, LLC**

Wilmington, Delaware, USA

**BMW Australia Finance Limited**

Melbourne, Victoria, Commonwealth of Australia

ABN 78 007 101 715

**BMW Japan Finance Corp.**

Chiyoda-ku, Tokyo, Japan

**EUR 35,000,000,000**

**Euro Medium Term Note Programme**

unconditionally and irrevocably guaranteed by

**Bayerische Motoren Werke Aktiengesellschaft**

Munich, Federal Republic of Germany

Arranger

**Barclays**

Dealers

**BNP PARIBAS**

**Deutsche Bank**

**Société Générale**

**Citigroup**

**J.P. Morgan**

**The Royal Bank of Scotland**

**Corporate & Investment Banking**

**UBS Investment Bank**

**UniCredit Bank**

Principal Paying Agent

**Citibank, N.A.**

In relation to notes issued under this Programme (as defined in “General Description of the Programme – General”), application has been made to the *Commission de Surveillance du Secteur Financier* (the “CSSF”) of the Grand-Duchy of Luxembourg (“Luxembourg”) in its capacity as competent authority (the “Competent Authority”) under the Luxembourg “Act on Securities Prospectuses” (*loi relative aux prospectus pour valeurs mobilières*) (the “Luxembourg Act”), as amended from time to time, for approval of this Prospectus (as defined in “General Description of the Programme – General”). This Prospectus constitutes a base prospectus with regard to each of the Issuers (as defined below) for purposes of Article 5(4) of Directive 2003/71/EC as amended, including the amendments made by Directive 2010/73/EU (the “Prospectus Directive”).

In order to be able to conduct a public offer in relation to certain issues of Notes, Bayerische Motoren Werke Aktiengesellschaft (“BMW AG”), BMW Finance N.V. (“BMW Finance”), BMW US Capital, LLC (“BMW US Capital”), BMW Australia Finance Limited (“BMW Australia Finance”), and BMW Japan Finance Corp. (“BMW Japan”) (each an “Issuer”, and together, the “Issuers”) have applied for a notification of this Prospectus into the Federal Republic of Germany (“Germany”), the United Kingdom, the Republic of Austria (“Austria”), and The Netherlands pursuant to Article 19 of the Luxembourg Act and the relevant Issuer will comply with such requirements, *inter alia*, as to filings and publications as may be necessary from time to time for an offer of such Notes in Germany, the United Kingdom, Austria and The Netherlands. The Issuers may apply for further notifications of this Prospectus as may be necessary for an issue of Notes from time to time.

The CSSF does not assume any responsibility as to the economic and financial soundness of any issue of Notes under the Programme and the quality or solvency of any of the Issuers and the Guarantor.

Prospectus dated 10 May 2012

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#### **Important Notice**

The Notes (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

#### **Internal Revenue Service Circular 230 Disclosure**

Pursuant to Internal Revenue Service Circular 230, attention is drawn to the fact that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such description was written in connection with the marketing of the Notes. Such description is limited to the U.S. federal tax issues described herein. It is possible that additional issues may exist that could affect the U.S. federal tax treatment of the Notes, or the matter that is the subject of the description noted herein, and such description does not consider or provide any conclusions with respect to any such additional issues. Taxpayers should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

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Any document incorporated by reference into this Prospectus (as specified in the table above under “Documents Incorporated by Reference”) and this Prospectus and any supplement thereto will be available for inspection at the specified offices of the relevant Issuer, at the specified office of the Luxembourg Paying Agent, during normal business hours, as long as any of the Notes are outstanding and on the website of the Luxembourg Stock Exchange under “[www.bourse.lu](http://www.bourse.lu)”.

*For the avoidance of doubt*, such parts of the documents relating to the Issuers for the years 2010 and 2011, respectively, which are not explicitly listed in the table above (if any), are not incorporated by reference into this Prospectus. Information contained in such parts is either of no relevance for an investor or covered in other parts of this Prospectus.

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus for information purposes only:

<b>Document</b>	<b>Page Reference</b>
BMW Group Annual Report 2010 (non-binding English translation of the German language version) containing the consolidated financial statements of BMW AG at 31 December 2010	
Management Report .....	12 through 73
Income Statements.....	74 through 75
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## GENERAL DESCRIPTION OF THE PROGRAMME

### General

On 6 May 1994, the Issuers (other than BMW Australia Finance and BMW Japan) entered into a USD 1,000,000,000 Euro Medium Term Note Programme (the “Programme”) and issued an information memorandum on that date describing the Programme. On 21 May 1996, the aggregate principal amount was increased from USD 1,000,000,000 to USD 3,000,000,000, on 19 May 1999, the aggregate principal amount was increased by USD 2,000,000,000 to USD 5,000,000,000, on 24 May 2000, the aggregate principal amount was increased by USD 5,000,000,000 to USD 10,000,000,000, on 27 April 2004, the currency of the Programme was changed from USD to EUR and the aggregate principal amount was increased from USD 10,000,000,000 to EUR 15,000,000,000, on 10 May 2005, a base prospectus was filed with the CSSF and the Programme’s former approval by (i) the Financial Services Authority in its capacity as the competent authority under the Financial Services Markets Act 2000 (the “UK Listing Authority”) for Notes to be issued under the Programme to be admitted to the official list of the UK Listing Authority and to the London Stock Exchange plc and (ii) the approval by the *Frankfurter Wertpapierbörse* for Notes to be issued under the Programme in bearer form to be admitted to the *Amtlicher Markt* were not applied for again, on 9 September 2005, the CSSF approved the base prospectus dated 10 May 2005, as supplemented by a base prospectus supplement dated 9 September 2005, on 10 May 2006, BMW UK Capital was replaced as issuer under the Programme by BMW Australia Finance, on 10 May 2007, BMW UK Capital and BMW Japan acceded as Issuers under the Programme and the aggregate principal amount was increased from EUR 15,000,000,000 to EUR 20,000,000,000, on 7 May 2008, the aggregate principal amount was increased from EUR 20,000,000,000 to EUR 30,000,000,000, on 12 May 2009, BMW Coordination Center V.O.F. resigned as issuer under the Programme, on 11 May 2010, the aggregate principal amount was increased from EUR 30,000,000,000 to EUR 35,000,000,000 and on 11 May 2011 BMW (UK) Capital plc resigned as issuer under the Programme. The Programme was updated on the respective dates. This prospectus dated 10 May 2012 (the “Prospectus”) supersedes all previous information memoranda, listing prospectuses and the previous base prospectus (and supplements thereto). Any Euro Medium Term Notes (the “Notes”) to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Notes will be issued in tranches (“Tranches”) one or more of which shall comprise a series (“Series”).

### Issuers

Bayerische Motoren Werke Aktiengesellschaft, Munich, Germany  
BMW Finance N.V., The Hague, The Netherlands  
BMW US Capital, LLC, Wilmington, Delaware, USA  
BMW Australia Finance Limited, Melbourne, Victoria, Commonwealth of Australia  
BMW Japan Finance Corp., Chiyoda-ku, Tokyo, Japan

BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan, together, shall be referred to as the “Issuers” or the “Issuing Subsidiaries”. The Issuing Subsidiaries, together with all other BMW group companies, shall be referred to as “BMW Group” or “BMW”.

### Guarantor

Bayerische Motoren Werke Aktiengesellschaft

### Arranger

Barclays Bank PLC

### Dealers

Barclays Bank PLC, London, United Kingdom  
BNP Paribas, London, United Kingdom  
Citigroup Global Markets Limited, London, United Kingdom  
Credit Suisse Securities (Europe) Limited, London, United Kingdom  
Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany

J.P. Morgan Securities Ltd., London, United Kingdom  
Morgan Stanley & Co. International plc, London, United Kingdom  
Société Générale, Paris, France  
The Royal Bank of Scotland plc, London, United Kingdom  
UBS Limited, London, United Kingdom  
UniCredit Bank AG, Munich, Germany

Notes may be issued from time to time to one or more of the Dealers specified above (the “Dealers” and each a “Dealer”), which expression shall include any additional Dealer appointed under the Programme and which appointment may be for a specific issue or on an ongoing basis.

### **Principal Paying Agent**

Citibank, N.A.

### **Luxembourg Listing and Paying Agent**

BNP Paribas Securities Services, Luxembourg Branch

### **Distribution**

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

### **Currencies**

Subject to any applicable legal or regulatory restrictions, Notes may be issued in any currencies as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms). In this Prospectus, all references to “€”, “EUR” or “Euro” are to the single currency which was introduced on 1 January 1999 with the start of the third stage of European Economic and Monetary Union, references to “GBP” are to the currency of the United Kingdom, references to “USD” are to the currency of the United States of America, references to “AUD” are to the currency of the Commonwealth of Australia and references to “Yen” are to the currency of Japan.

Unless otherwise permitted by then current laws and regulations, Notes in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom will have a minimum denomination of GBP 100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until on or after the first anniversary of their issue date.

### **Rating**

Notes issued under the Programme may be rated or unrated. In case Notes are rated, such rating will be disclosed in the relevant Final Terms within the item “Rating”. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Ratings are based on current information furnished to the rating agencies by BMW AG and information obtained by the rating agencies from other sources. Because ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, a prospective purchaser should verify the current long-term and short-term ratings of BMW AG before purchasing the Notes.

Based on the provisions of Regulation (EC) No. 1060/2009 on rating agencies as amended by Regulation (EU) No. 513/2011 (the “Rating Regulation”), certain institutions as further determined pursuant to Article 4 (1) of the Rating Regulation which are established in the European Union (the “Regulated Institutions”) are subject to certain restrictions with regard to the use of ratings for regulatory purposes. Pursuant to Article 4 (1) of the Rating Regulation, Regulated Institutions may use credit ratings for regulatory purposes only if such credit ratings are issued by credit rating agencies established in the European Union and registered in accordance with the Rating Regulation (or for which the relevant registration procedure is still pending). If the relevant Issuer and/or the Guarantor and/or the Notes are rated, the relevant Final Terms, as set out within the item “Rating”, will state whether the relevant rating agencies are established in the European Union or have relevant subsidiaries which are established in the European Union or not and whether they have been registered in accordance with the Rating Regulation. The current version of the list of credit rating agencies registered in accordance with the Rating Regulation may be retrieved from the website of the

European Commission at [http://ec.europa.eu/internal\\_market/securities/agencies/index\\_en.htm](http://ec.europa.eu/internal_market/securities/agencies/index_en.htm). In accordance with Article 18 (3) of the Rating Regulation, such list is updated within 30 days, as soon as the registering competent authority of a home member state has informed the Commission of any amendment as regards the registered credit rating agencies.

### **Listing and Admission to Trading**

Application may be made to list Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and to admit to trading such Notes on the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) or on the Euro MTF market. The Programme provides that Notes may be listed on other or further stock exchanges, as may be agreed between the relevant Issuer and the relevant Dealer(s) in relation to each Tranche, as specified in the relevant Final Terms. Notes may further be issued under the Programme without being listed on any stock exchange. References to “regulated market” within this Prospectus means a regulated market as defined in Article 2(1)(j) of the Prospectus Directive in connection with Article 4(1) No.14 of Directive 2004/39/EC.

## **GENERAL INFORMATION**

### **Responsibility of the Issuers and the Guarantor**

Each of the Issuers and BMW AG in its capacity as guarantor for Notes issued by any of the Issuers other than BMW AG (the “Guarantor”) accept responsibility for the information contained in, or incorporated into, this Prospectus (including the information contained in the description for each Issuer (each a “Description”)). Each of the Issuers and the Guarantor declares that, having taken all reasonable care to ensure that such is the case, the information contained in, or incorporated into, this Prospectus (including the information contained in the Description for each Issuer) is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuers and the Guarantor have confirmed to the Dealers (as defined herein) that the information contained in this Prospectus (including the information contained in the Description for each Issuer (as set out in Parts E and F, respectively, of this Prospectus)) is true and accurate in all material respects and not misleading; that the opinions and intentions expressed herein are honestly held and that there are no other facts in relation to the information contained or incorporated by reference herein the omission of which would, in the context of the issue of the Notes contemplated herein, make any statement herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

### **Requirements**

This Prospectus contains as of the date hereof all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuers and the Guarantor and of the rights attached to the relevant Notes.

### **Responsibility of the Dealers**

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, whether expressed or implied, is made, and no responsibility is accepted, by the Dealers (in their capacity as Dealers) with respect to the accuracy or completeness of this Prospectus or any further information supplied in connection with the Programme. The Dealers accept no liability in relation to this Prospectus or its distribution or with regard to other information supplied by the Issuers or the Guarantor herein, save for mandatory provisions of law.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business.

### **Exclusiveness**

The Issuers and the Guarantor have not authorised the making or provision of any representation or information regarding the Issuers or the Notes other than as contained or incorporated by reference in this Prospectus, or any final terms the form of which is described in Part B.IV of this Prospectus (for each Tranche, the “Final Terms”, which document may also include information relating to the relevant Tranche of Notes other than the relevant Terms and Conditions (as defined below)) or as approved for such purpose by the Issuers. Any such representation or information should not be relied upon as having been authorised by any Issuer or Dealer or the Guarantor.

### **Significance of Delivery**

Neither the delivery of this Prospectus and any Final Terms nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change in the financial situation of any Issuer or the Guarantor since the date hereof.

The delivery of this Prospectus or any Final Terms or the offering, sale or delivery of any Note does not at any time imply that the information contained herein concerning the Issuers and the Guarantor is correct at any time subsequent to the date thereof or that any other written information delivered in connection therewith is correct as at any time subsequent to the date indicated in the document containing the same.

## **Restriction on Distribution**

The distribution of this Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuers, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes please refer to the Selling Restrictions set out in Part C of this Prospectus. In particular, the Notes have not been and will not be registered under the Securities Act and may include Notes in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act).

## **Admission of the Programme and Listing of the Notes**

In relation to Notes issued under this Programme, application has been made to the CSSF in its capacity as Competent Authority under the Luxembourg Act for approval of this Prospectus.

In this Prospectus, references to “Listed Notes” (and all related references) shall mean that the Competent Authority has given its approval of this Prospectus and that the relevant Notes have been admitted by the Luxembourg Stock Exchange to trading on the regulated market of the Luxembourg Stock Exchange.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in the relevant Final Terms which, with respect to Listed Notes will be delivered to the Luxembourg Stock Exchange and/or the Competent Authority. In relation to Listed Notes issued under the Programme, copies of this Prospectus and the relevant Final Terms will be available for inspection during normal business hours at the offices of the Principal Paying Agent and the Luxembourg Paying Agent, at whose office copies thereof can also be obtained free of charge (see “Address List” at the end of this Prospectus), and a copy of this Prospectus or any further prospectuses, or any supplements thereto, and the relevant Final Terms may also be accessed through the website of the Luxembourg Stock Exchange at “[www.bourse.lu](http://www.bourse.lu)”.

The Programme allows for Notes to be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s). Notes not listed on any stock exchange may also be issued.

The relevant Issuer will notify the holders of the Notes (each a “Noteholder” and, together, the “Noteholders”) of any material adverse change in its financial condition and will publish details thereof in accordance with Condition 12 of the Terms and Conditions of the Notes. If the terms of the Programme are modified or amended in a manner which would make the Prospectus, as supplemented, inaccurate or misleading, a new or supplement to the Prospectus will be prepared.

If an Issuer is substituted by a New Issuer pursuant to Condition 10 (Substitution) of the Terms and Conditions of the Notes and such New Issuer is not an Issuer under the Programme already, a new Prospectus will be prepared if so required under applicable laws.

## **Undertaking referring to the Luxembourg Stock Exchange**

Each of the Issuers and the Guarantor has undertaken, in connection with the listing of Notes on the regulated market of the Luxembourg Stock Exchange, that if, while Notes are outstanding and listed on the regulated market of the Luxembourg Stock Exchange, there shall occur any material adverse change in the business, financial position or otherwise of any of the Issuers or the Guarantor, as the case may be, that is material in the context of issuance under the Programme which is not reflected in this Prospectus (or any of the documents incorporated by reference in this Prospectus), it will prepare or procure the preparation of an amendment or supplement to this Prospectus or, as the case may be, publish a new prospectus for use in connection with any subsequent offering of Notes to be listed on the regulated market of the Luxembourg Stock Exchange.

## **Exclusion**

This Prospectus on its own does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by any Issuer, the Guarantor or any Dealer that any recipient of this Prospectus should subscribe for or purchase any Notes. Each

recipient shall be taken to have made its own investigation and appraisal of the financial condition and affairs as well as of the creditworthiness of any Issuer and of the Guarantor. This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus is not intended to provide the basis of any credit or other evaluation.

### **Stabilisation**

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer(s) who is/are specified in the relevant Final Terms as the stabilising manager(s) (or persons acting on its/their behalf) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that such Dealer(s) (or any person acting on its/their behalf) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the Final Terms of the offer of the relevant Tranche of Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date and 60 days after the date of the allotment of the relevant Tranche of Notes.

**Any such stabilisation action so taken will be, in all material respects, permitted by or otherwise in accordance with all relevant requirements applicable to such actions in the jurisdictions where such actions are effected (including rules and other regulatory requirements governing any stock exchange where such Notes are listed).**

### **Authorisations**

The amendment and restatement of the Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the relevant Board of Management, namely by BMW Finance passed on 21 March 2012; by BMW US Capital passed on 30 April 2012; by BMW Australia Finance passed on 23 March 2012; and by BMW Japan passed on 14 March 2012. In line with applicable German law and in the absence of a specific requirement to that extent set out in its Articles of Association, BMW AG did not pass a specific board resolution in relation to the amendment and restatement of the Programme and issues of Notes thereunder. Accordingly, issues of Notes by BMW AG are properly authorised by virtue of an execution thereof by signatories, and such number of signatories, duly authorised to act on behalf of BMW AG. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuers under the laws of Germany, The Netherlands, the United States of America, the Commonwealth of Australia, the United Kingdom and Japan, respectively, have been given for the issue of Notes and for the Issuers to undertake and perform their obligations under the dealer agreement dated 10 May 2012 (the "Dealer Agreement"), the agency agreement dated 10 May 2012 (the "Agency Agreement"), the declaration of undertaking dated 10 May 2012 (the "Declaration of Undertaking"), the Notes and, in the case of the Guarantor, under the guarantee dated 10 May 2012 (the "Guarantee").

### **Clearstream Luxembourg, Euroclear and CBF**

The Notes have been accepted for clearance through Clearstream Banking, société anonyme, and Euroclear Bank SA/NV and Clearstream Banking AG, Frankfurt am Main, and may be accepted in the future for clearance through any Specified Clearing System and through other clearing systems in relation to a particular Tranche, as the case may be. The appropriate common code and ISIN for each Tranche, and each other securities code which may be obtained in relation to a particular Tranche, as the case may be, will be contained in the relevant Final Terms.

### **Interim Reports**

As at the date of this Prospectus, neither BMW Australia Finance nor BMW Japan publishes interim reports. This may change should either of these Issuers become required to do so under the provisions of the Luxembourg Transparency Act 2008 dated 11 January 2008, as amended, and which implements, *inter alia*, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as amended by Directive 2010/73/EU, on the harmonisation of transparency requirements (the "Transparency Directive").

## **Documents Available for Inspection**

Throughout the life of the Programme, copies of the following documents concerning the relevant Issuer and the Guarantor will be available for inspection, and copies thereof will be available free of charge, during normal business hours at the offices of the respective Issuer and the Guarantor, the offices of the Principal Paying Agent at Citibank, N.A., 13th floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and the offices of the listing agent in relation to a particular Tranche, being in relation to Listed Notes at the offices of BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald-Hesperange, 2085 Luxembourg, Luxembourg:

- (i) the Articles of Association or By-Laws, and the Memorandum of Association (if any), respectively, of the Issuers and the Guarantor in the English language or together with an English translation;
- (ii) the excerpts from the Register of Commerce pertaining to BMW AG in the German language, the excerpts from the Register of Commerce pertaining to BMW Finance, BMW Australia Finance and BMW Japan either in the English language or together with an English translation, a Certificate of Good Standing pertaining to BMW US Capital in the English language;
- (iii) the audited consolidated financial statements (in English and German) of BMW AG and the audited unconsolidated financial statements of BMW AG (in English and German) in respect of the financial years ended 31 December 2010 and 31 December 2011, respectively; and audited financial statements (in English) in respect of the financial years ended 31 December 2010 and 31 December 2011, respectively, of BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan, respectively;
- (iv) the most recent publicly available audited financial statements (in English) of each of the Issuers and the most recently available published consolidated interim financial statements of BMW AG (in English together with a German version thereof), and the most recently available published interim financial statements of BMW Finance and BMW US Capital, respectively, and, should another Issuer publish interim financial statements in accordance with applicable law, such interim financial statements of the relevant Issuer;
- (v) the Dealer Agreement, the Agency Agreement, the Declaration of Undertaking in executed form;
- (vi) this Prospectus;
- (vii) any future prospectuses, offering circulars, base prospectuses and/or supplements thereto, if any, and Final Terms (save that Final Terms relating to any Tranche of unlisted Notes will only be available for inspection by such Noteholder and such Noteholder must produce evidence satisfactory to the relevant paying agent as to his ownership), any other document referred to therein; and
- (viii) in the case of Listed Notes subscribed pursuant to a syndication agreement, the syndication agreement (or equivalent document).

Documents referred to under (iii), (vi) and (vii) above, will also be published on the website of the Luxembourg Stock Exchange under “www.bourse.lu”. The Guarantee in executed form will be available for inspection, and copies thereof will be available free of charge, during normal business hours at the registered office of Barclays Bank PLC c/o Barclays Bank PLC, Frankfurt Branch, Bockenheimer Landstrasse 38 – 40, 60323 Frankfurt am Main, Germany.

## **Programme Amount**

The aggregate principle amount of all outstanding Notes or the Euro equivalent in the relevant foreign currency on the respective Trade Dates thereof at any one time shall not exceed EUR 35,000,000,000 or such increased amount as may be agreed by the Dealers, the Issuers and the Guarantor (the “Programme Amount”) in accordance with the provisions of the Dealer Agreement.

This Prospectus and any supplement thereto will only be valid for listing Notes on the regulated market of the Luxembourg Stock Exchange and any other regulated market of any other stock exchange, if any, in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed EUR 35,000,000,000. For the purpose of calculating the Euro equivalent of the aggregate amount of Notes issued under the Programme from time to time:

- (a) the Euro equivalent of Notes denominated in another issue currency shall be determined by the relevant Issuer on the trade date specified in the Final Terms of such Notes (the “Trade Date”)

according to the reference rate determined by the European System of Central Banks on 2:15 p.m. (central European time) and published by the European Central Bank in Frankfurt am Main on such date;

- (b) the Euro equivalent of Dual Currency Notes and Index-Linked Notes (each as defined in Parts B.II and B.III (“Terms and Conditions of the Notes”) of this Prospectus) shall be calculated in the manner specified above by reference to the original nominal amount of such Notes; and
- (c) the Euro equivalent of Zero Coupon Notes (as defined in Parts B.II and B.III (“Terms and Conditions of the Notes”) of this Prospectus) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

### **Approval of the Prospectus and Notification**

Approval of this Prospectus pursuant to Art. 13 of the Luxembourg Act has only been sought from the Competent Authority and from no other competent authority in any other Member State of the European Union or any other State which has or will implement the Prospectus Directive.

As at the date of this Prospectus, in order to be able to conduct a public offer in relation to certain issues of Notes, the Issuers have applied for a notification of this Prospectus into Germany, the United Kingdom, Austria and The Netherlands pursuant to Article 19 of the Luxembourg Act and the relevant Issuer will comply with such requirements, *inter alia*, as to filings and publications as may be necessary from time to time for an offer of such Notes in Germany, the United Kingdom, Austria and The Netherlands. The Issuers may apply for further notifications of this Prospectus as may be necessary for an issue of Notes from time to time. No public or other offer of the Notes will be made in the United States.

### **Language of the Prospectus**

This Prospectus has been drafted in the English language and, subject to the following paragraph, the English language shall be the prevailing language of this Prospectus.

Where parts of this Prospectus are drafted in a bilingual format reflecting both an English language version and a German language version, for purposes of reading and construing the contents of this Prospectus, the English language version shall prevail, provided, however, that certain parts of this Prospectus reflect documents which have been, or will be, executed as separate documents with the German language version being the prevailing version thereof.

### **Currency Restrictions**

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. The relevant Issuer shall ensure that such Notes have the maturities and denominations as required by such laws, regulations and guidelines.

### **Use of Proceeds**

The net proceeds of the Notes will be used to assist in the general business of the BMW Group.



## **SUMMARY OF THE PROSPECTUS**

The information in this section “Summary of the Prospectus” includes a summary of each of the following parts of this Prospectus:

- (i) the “Risk Factors” (**Part A.II of this Prospectus**);
- (ii) the “Terms and Conditions of the Notes and Related Documents” (**Part B of this Prospectus**);
- (iii) the “Description of BMW Finance N.V.” (**Part E.I. of this Prospectus**);
- (iv) the “Description of BMW US Capital, LLC” (**Part E.II. of this Prospectus**);
- (v) the “Description of BMW Australia Finance Limited” (**Part E.III. of this Prospectus**);
- (vi) the “Description of BMW Japan Finance Corp.” (**Part E.V. of this Prospectus**); and
- (vii) the “Description of Bayerische Motoren Werke Aktiengesellschaft” (**Part F of this Prospectus**).

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of the Prospectus and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in other Parts of this Prospectus and not otherwise defined in this “Summary of the Prospectus” shall have the same meanings in this Part of the Prospectus.

The information in this section “Summary of the Prospectus” should be read and construed as an introduction to the Prospectus.

Prospective purchasers of Notes should base any decision to invest in Notes not only on the following information but on all other information in this Prospectus irrespective of whether it is set out in, or incorporated into, this Prospectus.

Any judicial proceedings in the Federal Republic of Germany (“Germany”) are subject to German Civil Procedural Law (*Zivilprozeßrecht*) as applied by German courts, which, *inter alia* and without limitation, might require the translation of foreign language documents into the German language, do not provide for discovery and might apportion the costs between the parties differently from other jurisdictions and otherwise than as contemplated in any document pertaining to the Programme. Accordingly, where a claim relating to the information contained in a securities prospectus such as this Prospectus is brought before a German court or the court of any other Member State, the plaintiff might, under German law as well as under the national legislation of any other relevant Member State of the European Union, have to bear the costs of translating, to the extent necessary, this Prospectus into German and/or any other relevant language, as the case may be, before legal proceedings are initiated.

The Issuing Subsidiaries and BMW AG assume liability for the contents of this section “Summary of the Prospectus”, including any translation thereof, but only to the extent that this summary is misleading, inaccurate or inconsistent when read together with the other parts of, or other information incorporated into, this Prospectus.

### **1. Summary of the “Risk Factors”**

An investment in the Notes involves certain risks relating to the relevant Issuer, the Guarantor and the relevant Tranche of Notes. While all of these risk factors are contingencies which may or may not occur, potential investors should be aware that the risks involved with investing in the Notes may (i) affect the ability of the relevant Issuer and/or the Guarantor, as the case may be, to fulfil its obligations under Notes issued under the Programme and/or (ii) lead to a volatility and/or decrease in the market value of the relevant Tranche of Notes whereby the market value falls short of the expectations (financial or otherwise) of an investor upon making an investment in such Notes.

However, each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring

the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

The following is a summary of the Risk Factors described in Part A.II ("Risk Factors") below which represent certain risks inherent in investing in Notes issued under the Programme.

## **(i) Summary of the Risk Factors relating to BMW Finance**

The risk exposure of BMW Finance can be broken down into the following two main categories: non-financial risks and financial risks:

### **Non-financial Risks**

#### *Operating Risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and information technology. BMW Finance uses computer systems to monitor financial positions and daily cash flows and to process payments to internal and external counterparties. System failures can, therefore, lead to delays in payment processes.

### **Financial Risks**

Financial risks arise mainly from liquidity risk, the risk of an increase in credit spreads, currency risk, interest rate risk, credit risk and fair market value risk.

#### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW Finance as a result of the inability to generate sufficient funds to pay liabilities when due and to finance BMW Group companies and participations.

#### *Risk of an Increase in Credit Spreads*

Increases in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW Finance. Increases in credit spreads could arise from changes in demand for term debt instruments on capital markets, the removal of the unconditional and irrevocable guarantees of BMW AG from the above-mentioned debt issuance programs in which BMW Finance participates, a weakening credit profile of the BMW Group and a decreasing willingness of banks to provide credit lines and loans.

#### *Currency Risk*

Currency risk or exchange rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in exchange rates. Changes in exchange rates can have adverse effects on the financial position and operating result of BMW Finance. In order to mitigate the impact of currency risk arising from operational, financing and investment activities, BMW Finance continually assesses its exposure to this risk. Currency risk is managed and hedged through the use of derivative financial instruments, such as forward contracts, options and cross currency swaps. When deemed appropriate, there might be unhedged positions.

#### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW Finance holds a substantial volume of interest rate sensitive financial assets, liabilities and derivatives for operational, financing and investment activities.

#### *Credit Risk*

Credit risk results from the risk of default of internal or external counterparties. The amount recognised in the balance sheet of BMW Finance for financial assets is, ignoring any collateral received, the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations.

#### *Fair Market Value Risk*

IAS 39, *Financial Instruments Recognition and Measurement*, requires that all derivative instruments be recorded on the balance sheet at their respective fair values. In the case that hedge accounting is

applied and that a hedge is a fair value hedge, the results of the fair value measurement of the derivative financial instrument and of the related hedged item are recognised in the income statement.

## **(ii) Summary of the Risk Factors relating to BMW US Capital**

The risk exposure of BMW US Capital can be broken down into the following two main categories: non-financial risks and financial risks.

### **Non-financial Risks**

#### *Operating Risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and information technology.

### **Financial Risks**

Financial risks arise mainly from volatility relating to liquidity, credit spreads, interest rates, currency, credit and fair market value evaluations of derivative instruments.

#### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW US Capital resulting from the inability to generate sufficient funds to pay liabilities when due, and to extend short- and long-term advances to support the financing activities of the companies of the BMW Group and its affiliates.

#### *Risk of an Increase in Credit Spreads*

Increases in credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW US Capital.

#### *Currency Risk*

Currency risk or exchange risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in exchange rates. Changes in exchange rates can have adverse effects on the financial position and operating result of BMW US Capital.

#### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW US Capital holds a substantial volume of interest rate sensitive financial assets, liabilities and derivatives from operational, financing and investment activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW US Capital.

#### *Credit Risk*

Credit risk results from the risk of default of internal or external counterparties. The amount recognised in the statement of financial position of BMW US Capital for financial assets is, ignoring any collateral received, the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations.

#### *Fair Market Value Risk*

IAS 39, *Financial Instruments Recognition and Measurement*, requires that all derivative instruments be recorded on the statement of financial position at their respective fair values. With respect to fair value hedges, the results of the fair value measurement of the derivative financial instrument and of the related hedged item are recognised in the income statement. Furthermore, if contrary to the normal case within BMW US Capital, hedge accounting cannot be applied, the gains and losses from the fair value measurement of derivative financial instruments are recognised immediately in the comprehensive income statement. This can lead to significant fluctuations in the positions "Gain/Loss on financial instruments" on the Statements of Comprehensive Income for BMW US Capital.

## **(iii) Summary of the Risk Factors relating to BMW Australia Finance**

The risk exposure of BMW Australia Finance can be broken down into the following two main categories: non-financial and financial risks.

## **Non-financial risks**

### *Operating risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and information technology.

## **Financial Risks**

Financial risks arise mainly from liquidity risk, risk of an increase in credit spreads, credit risk and interest rate risk.

### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW Australia Finance as a result of the inability to generate sufficient funds to pay liabilities when due.

### *Risk of an Increase in Credit Spreads*

Increase in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW Australia Finance, increase in credit spreads could arise from changes in demand from creditors, such as banks for short-term loans and institutional investors for long-term loans or bonds and from a weakening credit profile of the BMW Group.

### *Interest Rate Risk*

Interest rate risk refers to potential changes in value of financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW Australia Finance holds a substantial volume of interest rate sensitive liabilities for financing activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW Australia Finance. In order to mitigate the impact of interest rate risk, BMW Australia Finance continually assesses and manages its exposure to this risk and hedges those liabilities through the use of derivative financial instruments, such as interest rate swaps.

### *Credit Risk*

Credit risk results from the risk of default in retail and wholesale business. The credit risk from loan business, other retail business and wholesale business risks have been closely monitored and adequately provided for.

### *Fair Market Value Risk*

IAS 39, *Financial Instruments Recognition and Measurement*, requires that all derivative instruments be recorded on the balance sheet at their respective fair values. With respect to fair value hedges, the results of the fair value measurement of the derivative financial instrument and of the related hedged item are recognised in the income statement. Furthermore, if, contrary to the normal case within BMW Australia Finance, hedge accounting cannot be applied, the gains and losses from the fair value measurement of derivative financial instruments are recognised immediately in the Income statement. This can lead to significant fluctuations in the Income Statement for BMW Australia Finance.

## **(iv) Summary of the Risk Factors relating to BMW Japan**

The risk exposure of BMW Japan can be broken down into the following two main categories: non-financial and financial risks.

## **Non-financial risks**

### *Operating risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and modern information technology.

## **Financial Risks**

Financial risks arise mainly from liquidity risk, risk of an increase in credit spreads, credit risk and interest rate risk.

### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW Japan as a result of the inability to generate sufficient funds to pay liabilities when due.

### *Risk of an Increase in Credit Spreads*

Increases in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW Japan. Increases in credit spreads could arise from changes in demand from creditors, such as banks for short-term loans and institutional investors for long-term loans or bonds.

### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW Japan holds a substantial volume of interest rate sensitive liabilities for financing activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW Japan.

### *Credit Risk*

Credit risk results from the risk of default in retail and wholesale business. The credit risk from loan business is covered by a comprehensive agreement in place with a service provider while the other retail business and wholesale business risks have been closely monitored and adequately provided for.

### *Residual Value Risk*

BMW Japan faces residual value risk as it has residual value risk bearing products in its portfolio.

## **(v) Summary of the Risk Factors relating to BMW AG and BMW Group**

### **Risk management in the BMW Group**

As a globally operating organisation, the BMW Group is exposed to a variety of risks, arising in part from the increasing internationalisation of business activities and ever-greater competition. Consciously taking calculated risks and making full use of the opportunities relating to them is the basis for corporate success.

### **Risks relating to the general economic environment**

The year under report saw a variety of contrasting economic developments. The global economic upward trend continued in most respects during the first half of the year, despite the consequences of the earthquake in Japan and political unrest in the Middle East. Since the start of the third quarter 2011, it has been the sovereign debt crisis – particularly in Europe – that has emerged as the main issue affecting international financial markets. Against this background, the world's car markets have performed extremely well, with most of the momentum coming once again from growth markets.

The sale of vehicles outside the euro zone gives rise to exchange risks. Three currencies (the Chinese renminbi, the US dollar and the British pound) accounted for approximately two-thirds of the BMW Group's foreign currency exposures in 2011. BMW Group employs cash-flow-at-risk models and scenario analyses to measure exchange rate risks. These tools provide information which serves as the basis for decision-making in the area of currency management.

BMW Group manages currency risks both at a strategic (medium and long term) and at an operating level (short and medium term). In the medium and long term, foreign exchange risks are managed by "natural hedging", in other words by increasing the volume of purchases denominated in foreign currency or increasing the volume of local production. In this context, the expansion of the plant in Spartanburg, USA, and the new plant under construction in Tiexi at the Shenyang site in China are helping to reduce foreign exchange risks in two major sales markets. For operating purposes (short and medium term), currency risks are hedged on the financial markets. Hedging transactions are entered into only with financial partners of good credit standing. Counterparty risk management procedures are carried out continuously to monitor the creditworthiness of those partners.

Interest-rate risks are managed by raising refinancing funds with matching maturities and by employing derivative financial instruments. Interest-rate risks are measured and limited on the basis of a value-at-risk approach. Risk-bearing capacity and targets are taken into consideration for the purposes of measuring and limiting interest rate risks. In addition, the risk-return ratio is tested regularly using simulated computations in conjunction with a present-value-based interest rate management system. Sensitivity analyses, which contain stress scenarios and show the potential impact of interest-rate changes on earnings, are also used as tools to manage interest-rate risks.

Access to liquid funds across the Group is ensured by a broad diversification of refinancing sources. Knowledge gained from the financial crisis has been incorporated in a so-called "Target Liquidity Concept". The liquidity position is monitored continuously at a separate entity level and managed by means of a cash flow requirements and sourcing forecast system in place throughout the BMW Group.

Most of the Financial Services segment's credit financing and lease business is refinanced on capital markets. The BMW Group has good access to financial markets thanks to its excellent creditworthiness and, as in previous years, was able to raise funds at good conditions in 2011, reflecting a diversified refinancing strategy on the one hand and a solid liquidity base on the other.

Changes on the world's international commodities markets can also have an impact on the BMW Group's business. In order to safeguard the supply of production materials and minimise cost risks, all relevant commodities markets are closely monitored. The year 2011 was characterised by a high degree of volatility in raw materials prices. Prices fell sharply as from the beginning of the second half of the year, after rising previously in response to favourable economic developments. Derivative instruments had been put in place before the start of the year to hedge the prices of precious metals (such as platinum, palladium and rhodium) and of nonferrous metals (such as aluminium, copper and lead) required in 2011 and subsequent years. Changes in the price of crude oil, which is an important basic material in the manufacture of components, have an indirect impact on our production costs. The price of crude oil also directly influences the purchasing behaviour of BMW Group's customers when fuel prices change. An escalation of political tensions and terrorist activities, natural catastrophes or possible pandemics could cause raw material shortages on the one hand and, if materials and parts fail to be delivered, could result directly in lost production. Such factors could, however, also impact business performance indirectly if they affect the economy and the international capital markets.

### **Sector risks**

The automotive industry is increasingly under pressure worldwide to reduce both fuel consumption and emission levels. BMW Group is meeting these challenges with its Efficient Dynamics technology, a strategy with which BMW Group has had tangible success since it was introduced.

### **Operating risks**

The flexible nature of BMW Group's worldwide production network and working time models generally helps to reduce operating risks. In addition, risks arising from business interruptions and loss of production are also insured up to economically reasonable levels with insurance companies of good credit standing.

### **Risks relating to the provision of financial services**

The main categories of risk for the Financial Services segment are: credit and counterparty default risk, residual value risk, interest rate risk, liquidity risk and operational risks.

### **Legal risks**

Like all enterprises, the BMW Group is exposed to the risk of warranty claims, product liability claims and other legal disputes which are typical for the sector or which arise as a consequence of realigning BMW Group's product or purchasing strategy to suit changed market conditions. Adequate provisions have been recognised in the balance sheet to cover any such claims. Part of the risk, especially relating to the US market, has been insured externally up to economically acceptable levels.

Changes in the regulatory environment may impair BMW Group's sales volume, revenues and earnings performance in specific markets or economic regions. Further information is provided in the section on sector-specific risks.

### **Personnel risks**

Demographic change will have a lasting impact on conditions prevailing on employment markets, giving rise to risks and opportunities that are likely to affect businesses to an increasing degree in the coming years.

### **Risks relating to pension obligations**

The BMW Group's pension obligations to its employees resulting from defined benefit plans are measured on the basis of actuarial reports. Future pension payments are discounted by reference to market yields on highquality corporate bonds. These yields are subject to market fluctuation and influence the level of pension obligations. Furthermore, changes in other factors such as rising inflation or longer life expectancies can also have an impact on pension obligations.

### **Information and IT risks**

BMW Group attaches great importance to the protection of data, business secrets and innovative developments to safeguard against unauthorised access, damage and misuse.

Potential IT risks resulting from the use of information technology and the processing of information are monitored on a regular basis and managed by the departments responsible.

## **(vi) Summary of the Risk Factors relating to the Notes**

### **General Risks Relating to the Notes**

#### *Independent Review and Advice*

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

#### *There is no active Secondary/Trading Market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the relevant Issuer and the Guarantor.

*Because Global Notes representing the Notes are held by or on behalf of Clearstream Luxembourg, Euroclear or CBF or a Clearing System that has entered into a book-entry agreement with the Issuer (a "Specified Clearing System"), investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer and/or the Guarantor*

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a Common Depositary for Clearstream Luxembourg and/or Euroclear and/or any Specified Clearing System or with a Common Safekeeper, as the case may be, or will be deposited directly with CBF or any other Specified Clearing System, as the case may be. Except in the limited circumstances described in the applicable Final Terms, investors whose Notes are deposited with CBF and/or a Specified Clearing System will not be entitled to receive definitive Notes. Clearstream Luxembourg and Euroclear and CBF and each Specified Clearing System will maintain records of the co-ownership participations in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their co-ownership participations only through

Clearstream Luxembourg and/or Euroclear and/or CBF and/or each Specified Clearing System, as the case may be.

#### *Provision of Information*

None of the Issuers, the Guarantor, the Dealer(s) or any of their respective affiliates makes any representation as to an index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of Index-Linked Notes.

#### *Potential Conflicts of Interest*

Each of the Issuers, the Guarantor, the Dealer(s) or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of the securities taken up in an index, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of the securities taken up in an index or their respective affiliates or any guarantor in the same manner as if any Index-Linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on an issuer of the securities taken up in the index, any of their respective affiliates or any guarantor.

#### *Exchange Rates*

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The reference assets or the Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or the reference assets or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

#### *Legality of Purchase*

Neither the Issuers, the Guarantor, the Dealer(s) nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

#### *Taxation*

##### *General*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial Notes such as the Notes.

#### *Payments under the Notes may be subject to withholding tax pursuant to FATCA*

Payments of principal, interest as well as the gross proceeds from the sale, exchange or redemption of the Notes to "foreign financial institutions" with respect to Notes issued after 31 December 2012 by BMW US Capital may, under certain circumstances, be subject to withholding of U.S. tax at a rate of 30.00% pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder ("**FATCA**") unless the payee foreign financial institution agrees, among other things, to disclose the identity of certain U.S. account holders at the institution (or the institution's affiliates) and to annually report certain information about such accounts. A foreign financial institution is defined broadly under FATCA to include non-U.S. banks, non-U.S. custodians and certain non-U.S. investment vehicles engaged in investing, reinvesting or trading in securities. Payments of the foregoing amounts made to certain foreign entities that do not disclose certain information about any substantial U.S. owners (or certify that they do not have any substantial U.S. owners) may also be subject to withholding at the rate of 30.00% under FATCA.

With respect to Notes after 31 December 2012 of any Issuer other than BMW US Capital, the Issuer may under certain circumstances, be required under FATCA to withhold U.S. tax at a rate of 30.00%



on all or a portion of payments of principal and interest which are treated as “passthru payments” made to certain holders that do not comply with certain information requests and to foreign financial institutions unless the payee foreign financial institution agrees, among other things, to disclose the identity of certain U.S. account holders at the institution (or the institution’s affiliates) and to annually report certain information about such accounts.

Recently issued guidance by the U.S. Internal Revenue Service indicates that with respect to Notes that are not outstanding on 1 January 2013, FATCA withholding tax of 30.00% will apply to (i) payments of interest made after 31 December 2013, (ii) payments of principal and gross proceeds of sale made after 31 December 2014 and (iii) foreign passthru payments made after 31 December 2016.

If applicable, FATCA will be addressed in the relevant Final Terms with respect to Notes issued after 31 December 2012. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder’s failure to comply with FATCA, none of the Issuer, the Guarantor (if any), any paying agent or any other person would pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax.

If the Issuer issues further Notes on or after 1 January 2013 pursuant to § 11 of the Terms and Conditions of Notes that was originally issued on or before 31 December 2012, payments on such further Notes may be subject to withholding under FATCA and, should the originally issued Notes and the further Notes be indistinguishable (as would likely be the case in such a “tap” issue), such payments on the originally issued Notes may also become subject to withholding under FATCA. In addition, if, on or after 1 January 2013 pursuant to § 10 in the Terms and Conditions of the Notes, a New Issuer is substituted for the Issuer of Notes created and issued on or before 31 December 2012, and if such substitution results in a deemed exchange of the Notes for U.S. federal income tax purposes, then such Notes would not be treated as outstanding as of 1 January 2013 and would become subject to withholding under FATCA.

#### *Payments under Index-Linked Notes may be subject to U.S. withholding tax*

Under the U.S. Internal Revenue Code, as amended, a “dividend equivalent” payment is treated as a dividend from sources within the United States and is subject to withholding at the rate of 30% unless reduced by an applicable tax treaty with the United States (“**DEP Withholding**”). A “dividend equivalent” payment includes (i) a payment made pursuant to a “specified notional principal contract” that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (ii) any other payment determined by the United States Internal Revenue Service (“**IRS**”) to be substantially similar to a payment described in the preceding clause (i). In the case of payments made after 18 March 2012, a dividend equivalent payment includes a payment made pursuant to any notional principal contract unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent guidance from the IRS, it is uncertain whether the IRS would determine that payments under the Index-Linked Notes are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty.

#### *Market Value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the relevant Issuer and the Guarantor and a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or an index, or the dividend on the securities taken up in the index, market interest and yield rates and the time remaining to the maturity date.

#### *Change of Law*

The Terms and Conditions of the Notes are based on German law in effect as of the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to German law or administrative practice after the date of this Prospectus.

## **Risks relating to specific types of Notes**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, *inter alia*, the provisions for computation of periodic interest payments, if any, redemption and issue price.

### *The Notes may be redeemed prior to Maturity*

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the country of domicile (or residence for tax purposes) by the relevant Issuer, or on behalf of the Federal Republic of Germany, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes.

### *Fixed Rate Notes*

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

### *Floating Rate Notes*

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate (such as EURIBOR or LIBOR) and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will fluctuate in accordance with general market conditions. Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly shortterm changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

### *Inverse Floating Rate Notes*

Investment in Notes which bear interest at an inverse floating rate comprise (i) a fixed base rate minus (ii) a reference rate (such as EURIBOR or LIBOR). The market value of such Notes typically is more volatile than the market value of Floating Rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed to Floating Rate Notes*

Fixed to Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *Index-Linked Notes*

Index-Linked Notes are debt securities which do not provide for predetermined redemption amounts (in the case of Index-Linked Redemption Notes) and/or interest payments (in the case of Index-Linked Interest Notes) but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The

amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the Noteholder and may even be zero in which case the Noteholder may lose his entire investment.

## **2. Summary of the “Terms and Conditions of the Notes and Related Documents”**

### **Maturities of the Notes**

Notes may be issued with such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to a minimum maturity of 30 days, as indicated in the applicable Final Terms (except in any case, such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency (as defined in the Terms and Conditions of the Notes)).

### **Redemption of Maturity**

Unless previously redeemed in whole or in part or purchased and cancelled, on the final maturity date specified in the relevant Final Terms, the outstanding Notes will be redeemed in the case of Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes and Dual Currency Notes (as defined in the Terms and Conditions of the Notes) at par (or such other amount as may be specified in the Final Terms) and in the case of Zero Coupon Notes at the amortised face amount specified in the relevant Final Terms.

### **Series and Tranches**

Notes will be issued in Tranches, one or more of which shall comprise a Series. The Notes of each Tranche shall have identical Terms and Conditions and identical features. The Notes of each Series shall also have identical Terms and Conditions and identical features except (in the case of more than one Tranche) for the issue date, the interest commencement date and the issue price.

### **Denominations**

The minimum denomination of each Tranche of Notes will be EUR 1,000 or its equivalent in the relevant foreign currency.

Notes issued by BMW US Capital with a maturity at issuance of 183 days or less will have a minimum denomination of USD 500,000 or its equivalent in other specified foreign currencies at the date of issue.

### **Currencies**

Subject to any applicable legal or regulatory restrictions, Notes may be issued in any currencies as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

### **Types**

Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes, Dual Currency Notes or any appropriate combination thereof depending upon the interest basis, if any, specified in the Final Terms.

### **Index-Linked Notes**

Payments in respect of interest on index-linked interest notes or in respect of principal on index-linked redemption amount notes will be calculated by reference to such index and/or formula as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

### **Form of the Notes**

Each Tranche of Notes with a maturity of more than 183 days will initially be represented by one or more temporary Global Notes (unless the relevant agent is notified to the contrary by the relevant Issuer), and each Tranche of Notes with a maturity of 183 days or less or in relation to which the relevant Issuer so notifies the relevant Principal Paying Agent will initially be represented by one or more permanent Global Notes, which, in either case, will:

- (i) if the Notes are intended to be issued in new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the issue date to a common safekeeper (the “Common Safekeeper”) for Clearstream Banking, société anonyme (“Clearstream Luxembourg”) and Euroclear Bank SA/NV (“Euroclear”); and
- (ii) if the Notes are not intended to be issued in NGN form, and in the case of a Tranche intended to be cleared through Clearstream Luxembourg and/or Euroclear, be delivered on or prior to the issue date to a common depository (the “Common Depository”) for Clearstream Luxembourg and Euroclear.

Notes may also be cleared through a clearing system other than Clearstream Luxembourg or Euroclear or delivered outside a clearing system, as agreed between the relevant Issuer, the relevant agent and the relevant Dealer(s). However, Notes with a maturity of more than 183 days issued by BMW US Capital may only be cleared through a Specified Clearing System.

BMW Australia Finance will not issue any Notes in NGN form.

Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Final Terms, for definitive Notes, which are intended to be cleared through Euroclear and/or Clearstream Luxembourg and/or any other clearing system, as applicable, after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for definitive Notes in accordance with the terms of the relevant Global Note.

Notes may be issued in NGN form (except for Notes issued by BMW Australia Finance) or in classical global note (“CGN”) form, as agreed between the relevant Issuer and the relevant Dealer(s) and as stated in the applicable Final Terms.

Definitive Notes that are treated as issued in registered form for U.S. federal income tax purposes will not be issued under the Programme, except in certain limited circumstances as described in the applicable Final Terms.

#### **Delivery**

Purchasers of the Notes will acquire co-ownership shares in the Global Note issued for the respective Tranches of Notes which are intended to be lodged with the Common Depository, if the Notes are intended to be issued in CGN form, for Clearstream Luxembourg and Euroclear or which are intended to be delivered to the Common Safekeeper, if the Notes are intended to be issued in NGN form, for Clearstream Luxembourg and Euroclear, or as agreed between the relevant Issuer, the relevant agent and the relevant Dealer(s).

#### **Interest**

Notes may be interest-bearing or non-interest-bearing or a combination of both as specified in the relevant Final Terms.

#### **Taxation**

Principal and interest (including accrued interest), if any, are to be paid without withholding at source or deduction at source of any present or future taxes, fees or duties of whatsoever nature which are imposed by the United States or in the country of incorporation of the relevant Issuer or the Guarantor except as otherwise required by law or pursuant to any agreement between the Issuer and the relevant jurisdiction. Any taxes, fees or duties levied by means of withholding at source or deduction at source by or in the country of incorporation of the relevant Issuer or the Guarantor are to be borne by the relevant Issuer or the Guarantor subject to the provisions of § 7 (1) of the Terms and Conditions of the Notes and with the exceptions of § 7 (2) of the Terms and Conditions of the Notes.

#### **Early Redemption/Optional Put Right**

The relevant Final Terms of each Note will specify whether an early redemption of the relevant Note may be possible. Any minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank or any laws or regulations applicable to Notes denominated in any other currency are to be observed. Upon a Noteholder giving to the Issuer not less than 30 nor more than 60 days’ notice, the Issuer will, upon the expiry of such notice, redeem a Note at any time if so provided in the relevant Final Terms.

### **Redemption for Tax Reasons or Reporting Requirements**

If as a result of (a) the enactment of any legal provision of whatsoever nature by or in the country of incorporation of the relevant Issuer or the Guarantor or (b) a change of application or interpretation of legal provisions in the country of incorporation of the relevant Issuer or the Guarantor, the relevant Issuer or the Guarantor has been or will be required to pay additional amounts (“gross-up”) pursuant to § 7 (1) of the Terms and Conditions of the Notes, the relevant Issuer is entitled upon not less than 30 days’ notice to redeem (a) those Notes as described in § 5 (2) of the Terms and Conditions of the Notes or (b) all, but not part only, of the Notes at their Early Redemption Amount (as defined in Condition 5 of the Terms and Conditions of the Notes) or at the price specified in the Final Terms.

### **Events of Default**

The Notes will provide for events of default, as set out in § 9 of the Terms and Conditions of the Notes, entitling the Noteholders to declare due and payable all claims arising from the Notes.

### **Cross Default**

The Terms and Conditions of the Notes will not provide for a cross default.

### **Negative Pledge of the Issuers and the Guarantor**

The Issuers and the Guarantor will undertake to the Noteholders to observe certain restrictions regarding the granting of security in relation to present or future “International Capital Market Indebtedness” (as defined in § 2 (3) of the Terms and Conditions of the Notes), including any guarantee or indemnity assumed therefor (the “Declaration of the Undertaking”).

### **Status**

The Notes will constitute direct, unconditional and unsecured obligations of the relevant Issuer without any preference among themselves; they will rank at least equally with all other unsecured and unsubordinated obligations of that Issuer.

### **Guarantee**

BMW AG in its capacity as guarantor has given its unconditional and irrevocable guarantee, governed by the laws of Germany, for the due payment of all obligations of BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan arising under the Notes issued by them under this Programme. The intent and purpose of the Guarantee is to ensure that the Noteholders, under all circumstances, whether factual or legal, and regardless of the motives or considerations by reason of which BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan may fail to effect payment, shall receive the relevant amounts on the due dates.

### **Notices**

Subject to the provisions of Condition 12 of the Terms and Conditions of the Notes, all notices concerning the Notes will be published, as the case may be, in the German electronic federal gazette (*elektronischer Bundesanzeiger*), if required by law, in a national newspaper recognised by the relevant stock exchange if required by applicable rules of such stock exchange or on the website of the relevant stock exchange which, in relation to the Luxembourg Stock Exchange, will be “www.bourse.lu” or in case of Notes which are not listed and traded on a stock exchange, notices will be delivered to the relevant Clearing System for communication by the Clearing System to the Noteholders.

### **Substitution of Issuer**

The relevant Issuer shall be entitled at any time without the consent of the Noteholders to be substituted as Issuer under the Notes. The New Issuer (as defined in Condition 10 of the Terms and Conditions of the Notes) will assume all obligations of the relevant Issuer arising under or in connection with the Notes. The Guarantor will give an unconditional and irrevocable guarantee of the obligations of the New Issuer. In the event of a substitution of the relevant Issuer pursuant to Condition 10 of the Terms and Conditions of the Notes, such substituted Issuer shall publish a supplement to this Prospectus setting out the details of such substitution.

### **Applicable Law, Place of Performance, Jurisdiction**

The form and content of the Notes, including the Global Notes, all the rights and duties arising therefrom, the Guarantee and the Declaration of Undertaking shall be governed exclusively by the laws of Germany.

Place of performance and exclusive court of venue for all litigation with the Guarantor arising from legal relations established in the Guarantee or the Declaration of Undertaking is Munich, Germany.

For all litigation with the Issuers arising from legal relations established in the Terms and Conditions of the Notes, the Noteholders are entitled to assert their claims, to the exclusion of all other venues, at their discretion either before the competent courts in the relevant country of incorporation of the relevant Issuer or before the competent courts in Munich, Germany. It is agreed that such courts shall apply exclusively the laws of Germany.

### **Variation of Terms and Conditions**

The relevant Issuer may agree with any Dealer that any specific Notes may be issued under the Terms and Conditions of the Notes with such specifications and additions as described in the relevant Final Terms, provided however that, if necessary, a supplement to this Prospectus will be prepared describing such Terms and Conditions.

### **Language**

The Final Terms for each Tranche of Notes will specify whether the German language version or the English language version of the Terms and Conditions for such Notes will be the binding version. For further information see "Issue Procedures" in Part B.I of this Prospectus.

## **3. Summary of the "Description of BMW Finance N.V."**

### **Information about BMW Finance**

BMW Finance was incorporated on 14 June 1983 as a corporation (*naamloze vennootschap*) under the laws of The Netherlands and acts under its legal and commercial name "BMW Finance N.V."

BMW Finance is registered under number 27106340 with the Commercial Register of The Hague.

The address of BMW Finance's registered office and principal place of business is Einsteinlaan 5, 2289 CC Rijswijk (The Hague), The Netherlands. Its telephone number is +31 70 4133 222.

BMW Finance has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its Board of Directors has made no firm commitments on such material investments in the future.

### **Business Overview**

According to Article 2 of its Articles of Association, the purpose of BMW Finance is the administration and the financing of BMW Group companies and of participations of BMW Finance and BMW Group companies, as well as the offering of services relating to the administration and the financing of BMW Group companies, all of which includes the holding of share capital in other companies and any and all other activities which are related thereto or which may be useful for such purposes.

## **4. Summary of the "Description of BMW US Capital, LLC"**

### **Information about BMW US Capital**

BMW US Capital was originally organised as a corporation under the laws of the State of Delaware, United States of America, for an unlimited term on 14 January 1993 and converted from a corporation to a limited liability company under Delaware law on 1 January 2001. In accordance with Delaware law, BMW US Capital does not have a corporate registration number.

BMW US Capital acts under its legal and commercial name "BMW US Capital, LLC".

BMW US Capital is a limited liability company registered to do business as a limited liability company in the State of Delaware, United States of America. It is also registered to do business as a foreign limited liability company in the states of New Jersey and Ohio as of 4 January 2001.

The address of the registered office of BMW US Capital is: 1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801, USA. The telephone number of BMW US Capital's registered office is +1 302 658 7581 or Toll Free: +1 800 677 3394 (CT Corporation System).

The address of BMW US Capital's principal place of business is 300 Chestnut Ridge Road, Woodcliff Lake, New Jersey 07677, USA. The telephone number of BMW US Capital's principal place of business is +1 201 307 3625.

BMW US Capital has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its management has made no firm commitments on such material investments in the future.

### **Business Overview**

The purpose of BMW US Capital is to assist via short- and long-term advances, the financing of the activities conducted by companies of the BMW Group and its affiliates, primarily in the United States, and to provide services in connection therewith.

The U.S. affiliates of BMW US Capital operate primarily in the automotive industry and derive their revenues across North America, primarily from the United States with concentrations in the states of California, Texas, Florida, New York and New Jersey.

Pursuant to the Limited Liability Company Agreement governing BMW US Capital, the "Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in all lawful activities for which limited liability companies may be formed under the Delaware Limited Liability Company Act."

Because of its afore-mentioned purpose, BMW US Capital does not have any markets in which it competes and, therefore, BMW US Capital cannot make a statement regarding its competitive position in any markets.

## **5. Summary of the "Description of BMW Australia Finance Limited"**

### **Information about BMW Australia Finance**

BMW Australia Finance is an unlisted public company, incorporated with limited liability on 8 November 1988 for an unlimited term in the State of Victoria, Australia. BMW Australia Finance is incorporated under the laws of Australia and acts under its commercial name "BMW Australia Finance Ltd."

BMW Australia Finance was registered under the Australian Business Register on 7 March 2000. Its Australian business number ("ABN") is 78 007 101 715.

The address of BMW Australia Finance's registered office and principal place of business is 783 Springvale Road, Mulgrave, Victoria, Australia. Its telephone number is +61 3 9264 4060.

There have been no material investments made since the date of its last published financial statements and, as at the date of this Prospectus, its Board of Directors has made no firm commitments on such material investments in the future.

### **Business Overview**

The principal activities of BMW Australia Finance are the provision of retail and wholesale financing facilities for prestige motor vehicles. These facilities are mainly provided in the form of hire purchase, finance and operating leasing, mortgage finance and insurance premium finance. There were no significant changes made to the principal activities of BMW Australia Finance during the financial year 2009 and the current financial year.

BMW Australia Finance is a player in the automotive financing sector in Australia. The key competitors include major Australian banks, Non-Bank Financial Institutions, and, other automotive financing captives.

## **6. Summary of the “Description of BMW Japan Finance Corp.”**

### **Information about BMW Japan**

BMW Japan was founded on 4 January 1989 with an unlimited term under the laws of Japan and acts under its legal and commercial name “BMW Japan Finance Corp.”.

BMW Japan is registered under the number 0100-01-141235 with the commercial register of Tokyo.

The address of BMW Japan’s registered office and principal place of business is 9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan. The telephone number of BMW Japan’s principal place of business is +81-3-6265 1000.

BMW Japan has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its Board of Directors has made no firm commitments on such material investments in the future.

### **Business Overview**

Pursuant to Article 2 of its Articles of Incorporation, the objects and the principal activities of BMW Japan are providing loans and lease products to BMW and MINI customers; financing BMW, MINI dealers and multimake franchise dealers for new cars and used cars; providing credit cards; and providing insurance coverage.

BMW Japan is a player in the automotive financing sector in Japan. Key competitors are non-captive finance companies in the field of retail financing business and regional banks in the field of wholesale financing business.

## **7. Summary of the “Description of Bayerische Motoren Werke Aktiengesellschaft”**

### **Information about BMW AG**

#### **General**

BMW AG dates its foundation from the founding of “Bayerische Flugzeugwerke” on 7 March 1916, from which it acquired all plants and installations, patents, and designs and all rights and obligations arising from the engine manufacturing operations in 1922.

BMW AG acts under its legal and commercial name “Bayerische Motoren Werke Aktiengesellschaft”.

BMW AG has its registered seat in Munich and is registered under the Reg. No. HRB 42243 of the Commercial Register in Munich. Registered branch offices are located in Berlin, Bonn, Bremen, Chemnitz, Darmstadt, Dortmund, Dresden, Düsseldorf, Essen, Frankfurt am Main, Hamburg, Hanover, Kassel, Leipzig, Mannheim, Munich, Nürnberg, Saarbrücken and Stuttgart.

The head office of BMW AG is at Petuelring 130, 80788 Munich, Federal Republic of Germany. Its telephone number is +49 89 382 0.

BMW AG is incorporated as a public stock corporation (Aktiengesellschaft) under the laws of Germany.

### **Business Overview**

#### **Purpose of BMW AG**

According § 2 of its the articles of association, the general purpose of BMW AG is to engage, directly or indirectly, in the production and sale of engines and engine-equipped vehicles, along with their respective accessories, as well as of any products of the machinery, metal and timber industries. Within these limits BMW AG is entitled to take all actions and measures which may be incidental to the foregoing purposes. In particular, BMW AG may acquire or alienate real property, set up domestic and foreign subsidiaries, establish or purchase other companies of the same or a similar kind, acquire interests in such companies and enter into agreements on community of interests and similar contracts.



## Principal Activities

The activities of the BMW Group are broken down into the operating segments Automobiles, Motorcycles, Financial Services and Other Entities.

The Automobiles segment develops, manufactures, assembles and sells cars and off-road vehicles, under the brands BMW, MINI and Rolls-Royce as well as spare parts and accessories. BMW and MINI brand products are sold in Germany through branches of BMW AG and by independent, authorised dealers. Sales outside Germany are handled primarily by subsidiary companies and, in a number of markets, by independent import companies. Rolls-Royce brand vehicles are sold in the USA via a subsidiary company and elsewhere by independent, authorized dealers.

The BMW Motorcycles segment develops, manufactures, assembles and sells BMW and Husqvarna brand motorcycles as well as spare parts and accessories.

The principal lines of business of the Financial Services segment are primarily on car leasing, fleet business, retail customer and dealer financing, customer deposit business and insurance activities.

Holding and Group financing companies are included in the Other Entities segment. This segment also includes operating companies – BMW Services Ltd., Bracknell, BMW (UK) Investments Ltd., Bracknell, Bavaria Lloyd Reisebüro GmbH, Munich, and MITEC Mikroelektronik Mikrotechnik Informatik GmbH, Dingolfing, – which are not allocated to one of the other segments. Eliminations comprise the effects of eliminating business relationships between the operating segments.

## New Products

In 2011, the BMW Group will continue to expand its product range and global presence with the introduction of new vehicles and the replacement of certain existing model lines.

## Principal Markets

In 2011, the key automobile markets for the BMW Group were as follows:

BMW Group – key automobile markets 2011	Percentage of total sales volume
USA	18.4
Germany .....	17.1
China* .....	14.0
Great Britain .....	10.0
Italy .....	4.3
France .....	4.2
Japan .....	2.9
Other .....	29.1

The strong competitive position of BMW in Europe and North America and dynamic growth in Asia contributed to all brands reporting record-breaking sales volume figures in 2011. A total of 1,668,982 vehicles were sold in 2011(+14.2%), the best sales volume performance ever achieved in BMW Group's history. 1,380,384 BMW brand cars were sold worldwide in 2011, 12.8% more than 2010. MINI brand sales totalled 285,060 units worldwide in 2011(+21.7%) while Rolls-Royce Motor Cars saw sharp sales volume increase, with number of cars sold totalling 3,538 units (+30.5%).

In 2011, the key motorcycles markets for the BMW Group were as follows:

BMW Group – key motorcycle markets 2011	Percentage of total sales volume
Germany .....	18.6
Italy .....	13.5
USA .....	10.5
France .....	9.0
Spain .....	5.6
Great Britain .....	5.5
Other .....	37.3

In total, 113,572 BMW and Husqvarna motorcycles were sold worldwide in 2011, an increase of 3.1%.

## **RISK FACTORS**

The information in this section “Risk Factors” includes risk factors relating to

1. BMW Finance N.V. (“BMW Finance”) and its business and operations, BMW US Capital, LLC (“BMW US Capital”) and its business and operations, BMW Australia Finance Limited (“BMW Australia Finance”) and its business and operations, and BMW Japan Finance Corp. (“BMW Japan”) and its business and operations (together, the “Issuers” or “Issuing Subsidiaries”);
2. BMW Motoren Werke Aktiengesellschaft (“BMW AG”) and its business and operations; and
3. risks typically associated with the issue of Notes.

The following is a general discussion of certain risks typically associated with the Issuing Subsidiaries and BMW AG and the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all risks which may be relevant to a decision to purchase Notes. In particular, it does not consider an investor’s specific knowledge and/or understanding about risks typically associated with the Issuing Subsidiaries and BMW AG and the acquisition and ownership of Notes, whether obtained through experience, training or otherwise, or the lack of such specific knowledge and/or understanding, or circumstances that may apply to a particular investor.

***Prospective purchasers of Notes should carefully consider the following information about these risks, together with the other information in this Prospectus, before buying any Notes. Prospective purchasers of Notes are also advised to consult their own tax advisors, legal advisors, accountants or other relevant advisors as to the risks associated with, and consequences of, the purchase, ownership and disposition of Notes, including the effect of any laws of each country of which they are residents.***

***Such information relating to risk factors should be read and analysed together with the relevant Annual Report and the “Notes to the Financial Statements” included in the Financial Statements 2011 of the respective company.***

### **1. Risks relating to the Issuing Subsidiaries**

#### **(i) BMW Finance**

The risk exposure of BMW Finance can be broken down into the following two main categories: non-financial and financial risks.

#### **Non-financial Risks**

##### *Operating Risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and information technology. BMW Finance uses computer systems to monitor financial positions and daily cash flows and to process payments to internal and external counterparties. System failures can, therefore, lead to delays in payment processes. Further operating risks can arise in connection with the settlement of financial transactions. The management of daily cash flows at BMW Finance depends on the timely receipt of funds from external institutions who act as counterparties to financial transactions, such as bonds, swaps or other derivative financial instruments. To avoid negative impacts of system failures, all key systems are set up in parallel and / or backup facilities or available within the BMW Group.

##### *Financial Risks*

The formal procedures and policies operated by BMW Finance to cover banking, foreign exchange and other treasury matters are consistent with objectives and policies for financial risk management within the BMW Group. BMW Finance’s policy is not to trade or speculate in financial instruments.

Financial risks arise mainly from liquidity risk, the risk of an increase in credit spreads, currency risk, interest rate risk, credit risk and fair market value risk.

### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW Finance as a result of the inability to generate sufficient funds to pay liabilities when due and to finance BMW Group companies and participations.

To manage the liquidity, BMW Finance depends mainly on the issuance of term debt, principally in the European capital markets. Therefore, BMW Finance depends on broad access to these capital markets and investors. Changes in demand for term debt instruments on capital markets could limit the ability of BMW Finance to fund operations. The participation of BMW Finance in the EUR 35.0 billion Euro Medium Term Note Programme established by BMW AG, BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan, as well as the participation in the EUR 5.0 billion Multi-Currency Commercial Paper Programme established by BMW AG, BMW Finance and BMW Malta Finance Limited support flexible and broad access to capital markets. Since May 2006, BMW Finance acts as an issuer under the EUR 2.0 billion French Commercial Paper (*Billets de Trésorerie*) Programme established by BMW Finance. Debt issuances under these programs have unconditional and irrevocable guarantees from BMW AG. The removal of the guarantees from these programs could limit access to certain investors and investor groups.

Furthermore, BMW Finance uses committed and uncommitted credit lines with banks and bank loans to cover liquidity needs. In this context BMW Finance depends on the willingness of banks to provide credit lines or loans. In the light of the financial crisis, banks have become more selective in providing credit lines or loans to the interbank and corporate sector. In order to reduce and minimise the dependence on banks, BMW Finance has taken measures to maintain access to capital markets. Besides local committed and uncommitted credit lines BMW Finance can draw under a USD 8.0 billion Multi-Currency Revolving Credit Facility (including a USD 3.0 billion Swingline Option).

### *Risk of an Increase in Credit Spreads*

Increases in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW Finance. Increases in credit spreads could arise from changes in demand for term debt instruments on capital markets, the removal of the unconditional and irrevocable guarantees of BMW AG from the above-mentioned debt issuance programs in which BMW Finance participates, a weakening credit profile of the BMW Group and a decreasing willingness of banks to provide credit lines and loans.

### *Currency Risk*

Currency risk or exchange rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in exchange rates. Changes in exchange rates can have adverse effects on the financial position and operating result of BMW Finance. In order to mitigate the impact of currency risk arising from operational, financing and investment activities, BMW Finance continually assesses its exposure to this risk. Currency risk is managed and hedged through the use of derivative financial instruments, such as forward contracts, options and cross currency swaps. When deemed appropriate, there might be unhedged positions.

### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW Finance holds a substantial volume of interest rate sensitive financial assets, liabilities and derivatives for operational, financing and investment activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW Finance. In order to mitigate the impact of interest rate risk, BMW Finance continually assesses its exposure to this risk. Interest rate risk is managed and hedged through the use of derivative financial instruments, such as interest rate swaps and forward rate agreements. When deemed appropriate, there might be unhedged positions.

### *Credit Risk*

Credit risk results from the risk of default of internal or external counterparties. The amount recognised in the balance sheet of BMW Finance for financial assets is, ignoring any collateral received, the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations. In the case of derivative financial instruments, BMW Finance is also exposed to credit risk, which results from the non-performance of contractual agreements on the part of the counterparty. This credit risk is mitigated by entering into such contracts only with parties of first-class credit standing. Furthermore,

BMW Finance participates in a Group wide limit system that continually assesses and limits the credit exposure to any single external counterparty.

#### *Fair Market Value Risk*

IAS 39, *Financial Instruments Recognition and Measurement*, requires that all derivative instruments be recorded on the balance sheet at their respective fair values. In the case that hedge accounting is applied and that a hedge is a fair value hedge, the results of the fair value measurement of the derivative financial instrument and of the related hedged item are recognised in the income statement. Furthermore, if, contrary to the normal case within BMW Finance, hedge accounting cannot be applied, the gains and losses from the fair value measurement of derivative financial instruments are recognised immediately in the income statement. This can lead to significant fluctuations in the position "Net balance of fair value measurement of financial instruments" on the income statement.

### **(ii) BMW US Capital**

The risk exposure of BMW US Capital can be broken down into the following two main categories: non-financial risks and financial risks.

#### **Non-financial Risks**

##### *Operating Risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and information technology. BMW US Capital uses computer systems to monitor financial positions and daily cash flows and to process payments to internal and external counterparties. System failures can therefore lead to delays in payment processes, or the evaluation or settlement of financial transactions.

#### **Financial Risks**

The formal procedures and policies operated by BMW US Capital to cover banking, foreign exchange and other treasury matters are consistent with the objectives and policies for financial risk management within BMW Group. BMW US Capital's policy is not to trade or speculate in financial instruments.

Financial risks arise mainly from volatility relating to liquidity, credit spreads, interest rates, currency, credit and fair market value evaluations of derivative instruments.

##### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW US Capital resulting from the inability to generate sufficient funds to pay liabilities when due and to extend short- and long-term advances to support the financing activities of the companies of the BMW Group and its affiliates.

To manage liquidity, BMW US Capital depends mainly on the issuance of overnight and term debt, principally in the European and US capital markets. Changes in demand for term debt instruments on capital markets could limit the ability of BMW US Capital to fund operations. The participation of BMW US Capital in the EUR 35.0 billion Euro Medium Term Note Programme established by BMW AG, BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan, as well as the participation in the USD 7.0 billion US Commercial Paper Programme established by BMW US Capital support flexible and broad access to capital markets. Debt issuances under both programs have unconditional and irrevocable guarantees from BMW AG. The removal of the guarantees from these programs could limit access to certain investors and investor groups.

Furthermore, BMW US Capital uses committed and uncommitted credit lines with banks and bank loans to cover liquidity needs. In this context BMW US Capital depends on the willingness of banks to provide credit lines or loans. In the light of the financial crisis, banks have become more selective in providing credit lines or loans to the interbank and corporate sector. In order to reduce and minimise the dependence on banks, BMW US Capital has taken measures to maintain access to capital markets. Besides local committed and uncommitted credit lines, BMW US Capital can draw under a USD 8.0 billion Multi-Currency Revolving Credit Facility (including a USD 3.0 billion Swingline Option).

### *Risk of an Increase in Credit Spreads*

Increases in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW US Capital. Increases in credit spreads could arise from changes in demand for term debt instruments on capital markets, the removal of the unconditional and irrevocable guarantees of BMW AG from the above-mentioned debt issuance programs in which BMW US Capital participates, a weakening credit profile of the BMW Group and from a decreasing willingness of banks to provide credit lines and loans.

### *Currency Risk*

Currency risk or exchange risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in exchange rates. Changes in exchange rates can have adverse effects on the financial position and operating result of BMW US Capital. In order to mitigate the impact of foreign exchange risk arising from operational, financing and investment activities, BMW US Capital continually assesses its exposure to this risk. Currency exchange risk is managed through the use of derivative financial instruments, such as forward contracts, options and cross currency swaps. When deemed appropriate, there might be unhedged positions.

### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW US Capital holds a substantial volume of interest rate sensitive financial assets, liabilities and derivatives from operational, financing and investment activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW US Capital. In order to mitigate the impact of interest rate risk, BMW US Capital continually assesses its exposure to this risk. Interest rate risk is managed by matching maturities and through the use of derivative financial instruments, such as interest rate swaps and forward rate agreements. When deemed appropriate, there might be unhedged positions.

### *Credit Risk*

Credit risk results from the risk of default of internal or external counterparties. The amount recognised in the statement of financial position of BMW US Capital for financial assets is, ignoring any collateral received, the maximum credit risk in the case that counterparties are unable to fulfil their contractual obligations. In the case of derivative financial instruments, BMW US Capital is also exposed to credit risk, which results from the non-fulfilment of contractual agreements on the part of the counterparty. This credit risk is mitigated by entering into such contracts only with parties of investment grade credit standing. Furthermore, BMW US Capital participates in a Groupwide limit system that continually assesses and limits the credit exposure to any single external counterparty.

### *Fair Market Value Risk*

IAS 39, *Financial Instruments Recognition and Measurement*, requires that all derivative instruments be recorded on the statement of financial position at their respective fair values. With respect to fair value hedges, the results of the fair value measurement of the derivative financial instrument and of the related hedged item are recognised in the statement of comprehensive income. Furthermore, if, contrary to the normal case within BMW US Capital, hedge accounting cannot be applied, the gains and losses from the fair value measurement of derivative financial instruments are recognised immediately in the statement of comprehensive income. This can lead to significant fluctuations in the positions "Gain/Loss on financial instruments" on the Statements of Comprehensive Income for BMW US Capital.

## **(iii) BMW Australia Finance**

The risk exposure of BMW Australia Finance can be broken down into two main categories: non-financial and financial risks.

### **Non-financial risks**

#### *Operating risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and information technology. BMW Australia Finance uses computer systems to monitor financial positions and daily cash flows and to process payments to external counterparties. System failures can, therefore, lead to delays in payment processes, further operating risks can arise in

connection with the settlement of financial transactions. The management of daily cash flows at BMW Australia Finance depends on the timely receipt of funds from external parties for retail and wholesale business as well as financial transactions, such as loans, bonds and swaps.

## **Financial Risks**

The formal procedures and policies operated by BMW Australia Finance to cover banking and other treasury matters are consistent with objectives and policies for financial risk management within the BMW Group. BMW Australia Finance's policy is not to trade or speculate in financial instruments.

Financial risks arise mainly from liquidity risk, risk of an increase in credit spreads, credit risk and interest rate risk.

### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW Australia Finance as a result of the inability to generate sufficient funds to pay liabilities when due.

BMW Australia Finance uses bank loans, inter company debt and an uncommitted credit lines with banks to cover short-term liquidity needs. In this context, BMW Australia Finance depends on the willingness of banks to provide credit lines or loans. These settings are based on the sound profitability of BMW Australia Finance and BMW Group.

In order to reduce and minimise possible risk of decrease in credit line availability, BMW Australia Finance makes regular contacts with the banks to be always updated of their recent credit stances in addition to development of financial, especially lending, markets. Furthermore BMW Group Capital Markets Division is involved in a broad range of banking activities of BMW subsidiaries.

For sound and diversified funding, BMW Australia Finance is engaged in long-term funding sources, such as loans, bonds, private placements and Asset-Backed Securities (ABS). The participation of BMW Australia Finance in the EUR 35.0 billion Euro Medium Term Note Programme established by BMW AG, BMW US Capital, BMW Australia Finance, BMW Japan and BMW Finance supports flexible and broad access to capital markets. Debt issuance under this program has unconditional and irrevocable guarantees by BMW AG. The removal of the guarantees from these programs could limit access to certain investors and investor groups.

### *Risk of an Increase in Credit Spreads*

Increase in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW Australia Finance. Increase in credit spreads could arise from changes in demand from creditors, such as banks for short-term loans and institutional investors for long-term loans or bonds and from a weakening credit profile of the BMW Group.

### *Interest Rate Risk*

Interest rate risk refers to potential changes in value of financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW Australia Finance holds a substantial volume of interest rate sensitive liabilities for financing activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW Australia Finance. In order to mitigate the impact of interest rate risk, BMW Australia Finance continually assesses and manages its exposure to this risk and hedges those liabilities through the use of derivative financial instruments, such as interest rate swaps.

### *Credit Risk*

Credit risk results from the risk of default in retail and wholesale business. The credit risk from loan business, other retail business and wholesale business risks has been closely monitored and adequately provided for.

In the case of derivative financial instruments, BMW Australia Finance is also exposed to credit risk, which results from the non-performance of contractual agreements on the part of the counterparty. This credit risk is mitigated by entering into such contracts only with parties of first-class credit standing. Furthermore, BMW Australia Finance is participating in a Group wide limit system that continually assesses and limits the credit exposure to any single external counterparty.

Residual value risks resulting out of BMW Australia Finance's portfolio are controlled through conservative settings and timely monitoring of market residual values.

### *Fair Market Value Risk*

IAS 39, *Financial Instruments Recognition and Measurement*, requires that all derivative instruments be recorded on the balance sheet at their respective fair values. With respect to fair value hedges, the results of the fair value measurement of the derivative financial instrument and of the related hedged item are recognised in the Income Statement. Furthermore, if, contrary to the normal case within BMW Australia Finance, hedge accounting cannot be applied, the gains and losses from the fair value measurement of derivative financial instruments are recognised immediately in the Income Statement. This can lead to significant fluctuations in the Income Statement for BMW Australia Finance.

### **(iv) BMW Japan**

The risk exposure of BMW Japan can be broken down into the following two main categories: non-financial and financial risks.

### **Non-financial risks**

#### *Operating risks*

Non-financial risks could arise from operating risks. Risks mainly result from the use of computer systems and modern information technology. BMW Japan uses computer systems to monitor financial positions and daily cash flows and to process payments to external counterparties. System failures can, therefore, lead to delays in payment processes. Further operating risks can arise in connection with the settlement of financial transactions. The management of daily cash flows at BMW Japan depends on the timely receipt of funds from external parties for retail and wholesale business as well as financial transactions, such as loans, bonds and swaps. Operating risks are mitigated through constant monitoring and improving of operational processes, development of back-up scenarios and assuring of adequate IT resources.

### **Financial Risks**

The formal procedures and policies operated by BMW Japan to cover banking and other treasury matters are consistent with objectives and policies for financial risk management within the BMW Group. BMW Japan's policy is not to trade or speculate in financial instruments.

Financial risks arise mainly from liquidity risk, risk of an increase in credit spreads, credit risk and interest rate risk.

#### *Liquidity Risk*

Liquidity risk refers to potential negative impacts on the operations of BMW Japan as a result of the inability to generate sufficient funds to pay liabilities when due.

BMW Japan uses bank loans and uncommitted credit lines with banks to cover short-term liquidity needs. In this context, BMW Japan depends on the willingness of banks to provide credit lines or loans. These settings are based on the sound profitability of BMW Japan and BMW Group.

In order to reduce and minimise possible risk of decrease in credit line availability, BMW Japan makes regular contacts to the banks to be always updated of their recent credit stances in addition to development of financial, especially lending, markets. Furthermore BMW Group Capital Markets Division is involved in a broad range of banking activities of BMW subsidiaries.

For sound and diversified funding, BMW Japan is engaged in long-term funding sources, such as loans, bonds and Asset Backed Securities (ABS). The participation of BMW Japan in the EUR 35.0 billion Euro Medium Term Note Programme established by BMW AG, BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan supports flexible and broad access to capital markets. Debt issuance under this program has unconditional and irrevocable guarantees by BMW AG. The removal of the guarantees from these programs could limit access to certain investors and investor groups.

#### *Risk of an Increase in Credit Spreads*

Increases in the credit spreads could negatively affect the cost of borrowing and, therefore, the operating results of BMW Japan. Increases in credit spreads could arise from changes in demand from creditors, such as banks for short-term loans and institutional investors for long-term loans or bonds.

### *Interest Rate Risk*

Interest rate risk refers to potential changes of value in financial assets, liabilities or derivatives in response to fluctuations in interest rates. BMW Japan holds a substantial volume of interest rate sensitive liabilities for financing activities. Changes in interest rates can have adverse effects on the financial position and operating result of BMW Japan. In order to mitigate the impact of interest rate risk, BMW Japan continually assesses and manages its exposure to this risk and hedges those liabilities through the use of derivative financial instruments, such as interest rate swaps.

### *Credit Risk*

Credit risk results from the risk of default in retail and wholesale business. The credit risk from loan business is covered by a comprehensive agreement in place with a service provider while the other retail business and wholesale business risks have been closely monitored and adequately provided for.

In the case of derivative financial instruments, BMW Japan is also exposed to credit risk, which results from the non-performance of contractual agreements on the part of the counterparty. This credit risk is mitigated by entering into such contracts only with parties of first-class credit standing. Furthermore, BMW Japan is participating in a Group wide limit system that continually assesses and limits the credit exposure to any single external counterparty.

### *Residual Value Risk*

BMW Japan faces residual value risk as it has residual value risk bearing products in its portfolio.

## **2. Risks relating to BMW AG and BMW Group**

### **Risk management in the BMW Group**

As a globally operating organisation, the BMW Group is exposed to a variety of risks, arising in part from the increasing internationalisation of business activities and ever-greater competition. Consciously taking calculated risks and making full use of the opportunities relating to them is the basis for corporate success. A description of business opportunities is provided in the section "Outlook for the BMW Group in 2012".

Having a system of ongoing risk management procedures in place is a prerequisite for assessing at an early stage the impact of changes in the legal, economic or regulatory environment or within the enterprise. Risk management within the BMW Group is an integral part of the business processes and organisational structures. Although managed from the centre, the risk management system is based on a decentralised structure, supported by a network of risk managers. This approach raises awareness and encourages a balanced approach to risks at all levels throughout the organisation. The risk management system is tested regularly for appropriateness and effectiveness by Internal Audit. Knowledge gained from these audits serves as the basis for further improvements.

The risk management process, which is applied throughout the BMW Group, comprises the early identification and analysis of opportunities and risks, their measurement, the coordinated use of suitable management tools and risk management monitoring. As part of the risk reporting system, decision-makers are regularly informed regarding risks which could have a significant impact on business. Decisions are reached after consideration of detailed project analyses that show both potential risks and potential opportunities. In conjunction with the BMW Group's monthly and long-term forecasting systems, opportunities and risks attached to specific business activities are evaluated and used as the basis for implementing measures to mitigate risks and achieve targets. Important success factors are monitored continuously to ensure that unfavourable developments are identified at an early stage and appropriate countermeasures implemented.

Standardised rules and procedures consistently applied throughout the BMW Group form the basis for an organisation that is permanently learning. By regularly sharing experiences with other companies, the BMW Group ensures that new insights flow into the risk management system, thus ensuring continual improvement.

Regular basic and further training as well as information events are invaluable ways of preparing people for new or additional requirements with regard to the processes in which they are involved. The main aspects of risk management activities are described below. Additional comments on risks in conjunction with financial instruments are provided in the notes to the BMW Group Financial Statements.



## **Risks relating to the general economic environment**

The year under report saw a variety of contrasting economic developments. The global economic upward trend continued in most respects during the first half of the year, despite the consequences of the earthquake in Japan and political unrest in the Middle East. Since the start of the third quarter 2011, it has been the sovereign debt crisis – particularly in Europe – that has emerged as the main issue affecting international financial markets. Against this background, the world's car markets have performed extremely well, with most of the momentum coming once again from growth markets.

The sale of vehicles outside the euro zone gives rise to exchange risks. Three currencies (the Chinese renminbi, the US dollar and the British pound) accounted for approximately two-thirds of the BMW Group's foreign currency exposures in 2011. BMW Group employs cash-flow-at-risk models and scenario analyses to measure exchange rate risks. These tools provide information which serves as the basis for decision-making in the area of currency management.

BMW Group manages currency risks both at a strategic (medium and long term) and at an operating level (short and medium term). In the medium and long term, foreign exchange risks are managed by "natural hedging", in other words by increasing the volume of purchases denominated in foreign currency or increasing the volume of local production. In this context, the expansion of the plant in Spartanburg, USA, and the new plant under construction in Tiexi at the Shenyang site in China are helping to reduce foreign exchange risks in two major sales markets. For operating purposes (short and medium term), currency risks are hedged on the financial markets. Hedging transactions are entered into only with financial partners of good credit standing. Counterparty risk management procedures are carried out continuously to monitor the creditworthiness of those partners.

Interest-rate risks are managed by raising refinancing funds with matching maturities and by employing derivative financial instruments. Interest-rate risks are measured and limited on the basis of a value-at-risk approach. Risk-bearing capacity and targets are taken into consideration for the purposes of measuring and limiting interest rate risks. In addition, the risk-return ratio is tested regularly using simulated computations in conjunction with a present-value-based interest rate management system. Sensitivity analyses, which contain stress scenarios and show the potential impact of interest-rate changes on earnings, are also used as tools to manage interest-rate risks.

Access to liquid funds across the BMW Group is ensured by a broad diversification of refinancing sources. The liquidity position is monitored continuously at a separate entity level and managed by means of a cash flow requirements and sourcing forecast system in place throughout the BMW Group. Most of the Financial Services segment's credit financing and lease business is refinanced on capital markets.

Changes on the world's international commodities markets can also have an impact on the BMW Group's business. In order to safeguard the supply of production materials and minimise cost risks, all relevant commodities markets are closely monitored. The year 2011 was characterised by a high degree of volatility in raw materials prices. Prices fell sharply as from the beginning of the second half of the year, after rising previously in response to favourable economic developments. Derivative instruments had been put in place before the start of the year to hedge the prices of precious metals (such as platinum, palladium and rhodium) and of nonferrous metals (such as aluminium, copper and lead) required in 2011 and subsequent years. Changes in the price of crude oil, which is an important basic material in the manufacture of components, have an indirect impact on the production costs. The price of crude oil also directly influences the purchasing behaviour of the customers when fuel prices change.

An escalation of political tensions and terrorist activities, natural catastrophes or possible pandemics could cause raw material shortages on the one hand and, if materials and parts fail to be delivered, could result directly in lost production. Such factors could, however, also impact business performance indirectly if they affect the economy and the international capital markets.

## **Sector risks**

The automotive industry is increasingly under pressure worldwide to reduce both fuel consumption and emission levels. BMW Group is meeting these challenges with the Efficient Dynamics technology.

Medium- to long-term requirements have already been put in place in Europe, North America, Japan, China and other countries with respect to the reduction of vehicle fuel consumption and CO<sub>2</sub> emissions. Europe has set a target of achieving an average of 130 g / km for all new vehicles by 2015.

EU regulations set targets for CO<sub>2</sub> emissions that take account of vehicle weight. Based on the new rules, a target of below 140 g / km has been derived for the BMW Group. A uniform consumption and CO<sub>2</sub> regulation applies in the USA for model years up to 2016. Consumption targets through to 2025 are currently being determined. Starting with a step-by-step reduction in model year 2012, the new vehicle fleets of all manufacturers are expected to come down to an average value of 250 g of CO<sub>2</sub> per mile in model year 2016. The Japanese government has also set ambitious targets to reduce consumption, including statutory regulations for 2010 and 2015 and is currently working on targets for 2020. Discussions are currently taking place in China with respect to legislation for the years 2012 to 2015 which go beyond the existing regulations for individual car fuel consumption.

The BMW Group meets legal requirements with its Efficient Dynamics technology. A risk could arise, however, if legal requirements were to be made more stringent. The automotive industry is also gearing up to master the challenges associated with bringing models with alternative drive systems onto the market. At the same time BMW Group also sees this as an opportunity to put the technological expertise and innovative strengths to use.

The need to optimise consumption and reduce emissions is an integral part of the BMW Group's product innovation process. The Efficient Dynamics concept, initially developed several years ago, comprises the whole set of measures now incorporated throughout the entire vehicle fleet relating to highly efficient engines, improved aerodynamics, lightweight construction and energy management. In the medium term BMW Group will achieve greater fuel economy by electrifying the drive train and developing comprehensive hybrid systems. BMW Group is also working on solutions for sustainable mobility in densely populated areas.

### **Operating risks**

The flexible nature of the worldwide production network and working time models generally helps to reduce operating risks. In addition, risks arising from business interruptions and loss of production are also insured up to economically reasonable levels with insurance companies of good credit standing.

Close cooperation between manufacturers and suppliers is usual in the automotive sector, and although this form of networking provides economic benefits, it also creates a certain degree of mutual dependence. As part of a policy of preventative risk management implemented within the purchasing function, suppliers are assessed for technical competence on the one hand and financial strength on the other, during both the development and production phases of the vehicles. BMW Group is also increasingly taking steps to deal with suppliers' risks at a local level. A Supplier Relationship Management system, which also takes account of social and ecological aspects, helps to reduce risks connected with purchasing activities.

The risk of individual suppliers suffering capacity bottlenecks increased during the period under report, mainly reflecting the huge rise in volumes that needed to be mastered in 2011. Material supplies were fully assured at all times by means of appropriate early-intervention measures.

### **Risks relating to Financial Services business**

A set of strategic principles and rules derived from regulatory requirements serves as the basis for risk management within the Financial Services segment. At the heart of the risk management process is a clear division into front- and back-office activities and a comprehensive internal control system (ICS).

In order to ensure that the segment is capable of bearing the risks to which it is exposed (i. e. its "risk-bearing capacity"), BMW Group monitors the segment's total exposure to major risks. This involves measuring unexpected losses using a variety of value-at-risk techniques, aggregating those losses (after factoring in correlation effects) and comparing the aggregated result with resources available to cover risks (i. e. equity). The segment's risk-bearing capacity is monitored continuously with the aid of an integrated limit system. The segment's total risk exposure was covered at all times during the past year by the available risk-coverage volumes.

The main categories of risk for the Financial Services segment are: credit and counterparty default risk, residual value risk, interest rate risk, liquidity risk and operational risks. In order to evaluate and manage these risks, a variety of internal methods have been developed based on regulatory environment requirements (such as Basel II) and which comply with national and international standards.

Credit risks arise in conjunction with lending to retail customers and major corporate customers, the latter relating primarily to the dealer, fleet and importer financing / leasing lines of business.

Counterparty default risk, by contrast, refers to the risk that banks or financial institutions with which financial instruments have been transacted in conjunction with refinancing and risk hedging are unable to meet their payment obligations.

Lending to retail customers is largely based on automated scoring techniques. In the case of major corporate customers, creditworthiness is checked using internal rating models, which take account of financial statement data and supplementary qualitative evaluations. Customer creditworthiness is tested at least once a year and revised accordingly. The approval for lending to major corporate customers is primarily based on a standardised method of measuring the value of the vehicle(s) or other object(s) serving as collateral. The recoverability of the value of items accepted as collateral is regularly reviewed, measured and evaluated with a view to assessing the impact on the level of risk not covered by collateral.

In order to minimise risk from lending, BMW Group employs standardised instruments such as subsequent security, additional collateral, retention of vehicle documents or higher upfront payments. In addition, the levels of authority and responsibility of those involved in the lending process are clearly defined. The segment's financial services entities are managed and monitored by stipulating limits. All process steps, such as the segregation of duties and the use of techniques to recognise risks at an early stage, are required to be applied worldwide. Appropriate testing is carried out to ensure that the systems are up to date and working properly. Local, regional and centralised credit audits are also regularly performed by Internal Audit to check compliance with lending approval and authorisation rules procedures as well as the processes and IT systems involved.

BMW Group continues to develop standardised credit decision processes for the BMW Group worldwide. The focus here is on improving the quality of credit applications, the BMW Group's rating methodology and procedures used to select employees within the worldwide credit and counterparty risk network.

Risk criteria with worldwide applicability, such as debt arrears, bad debt ratios and the proportion of financing volumes subject to problems, are calculated and analysed on a monthly or quarterly basis. This information is used proactively to manage risks. The calculation of expected losses serves as the basis for determining the level of risk provision to be recognised in the balance sheet.

The segment's portfolio risks are managed using state-of-the-art techniques based on relevant regulatory requirements such as Basel II. Unexpected losses are measured using credit-value-at-risk methodologies and are monitored and managed by means of a global limit system. Appropriate control measures are applied as the need arises.

In the case of vehicles which remain with the Financial Services segment at the end of a contract (leases and credit financing arrangements with option of return), there is a risk that the residual value calculated at the inception of the contract may not be recovered when the vehicle is sold (residual value risk). Residual values are calculated uniformly throughout the BMW Group in accordance with mandatory guidelines. For risk management purposes, the expected risk-free residual value of a vehicle is measured on the basis of external and internal information. These amounts are checked regularly and adjusted as appropriate. Residual values of vehicles on used car markets are continuously monitored and reported on. In addition to internal information, the assessments also take account of external market data. The BMW Group strives to effectively reduce the impact of declining residual values by actively managing the life cycles of current models, optimizing reselling processes on international markets and implementing targeted price and volume measures. Potential losses are measured by comparing forecasted market values and contractual residual values by model and market.

The risk of incurring unexpected losses is measured on the basis of a value-at-risk approach. The portfolio risk is also monitored and managed in the case of residual value risks by a system of limits.

Interest-rate risks relate to potential losses caused by changes in market interest rates and can arise when fixed interest-rate periods for assets and liabilities recognised in the balance sheet do not match. For risk management purposes, all interest-related asset or liability exposures are aggregated on a cash flow basis, taking account of subsequent changes, e.g. in the case of early termination of a contract. Interest-rate risks are managed on the basis of a value-at-risk approach and a limit system. Limits are set using a benchmark-oriented approach that focuses on interest-rates arrangements contained in the original contracts. Compliance with prescribed limits is tested regularly.

Liquidity risks can arise in the form of rising refinancing costs on the one hand and restricted access to funds on the other. A matched funding approach is used strategically to avoid liquidity risks as far as possible. Using this approach, the segment endeavours – by regular measurement and monitoring –

to ensure that cash inflows and outflows from transactions in varying maturity cycles will offset each other.

The scope of procedures applied to manage operational risks is based on Basel II requirements. This includes identifying and measuring potential risk scenarios, computing and monitoring key risk indicators on an ongoing basis, the systematic recording of loss claims and a range of coordinated measures aimed at mitigating risk. Both qualitative and quantitative aspects need to be taken into account in the decision process. The latter is backed up by various system-based solutions, all of which follow the principles of operational risk management, such as the segregation of duties, dual control, documentation and transparency. In addition, both the effectiveness and efficiency of the internal control system are tested regularly.

### **Legal risks**

Current law provides the binding framework for the wide range of activities around the world. The growing international scale of business and the huge number of complex legal regulations increase the risk of laws being broken, simply because they are not known or fully understood.

Against this background, the BMW Group set up a Compliance Organisation a few years ago to ensure that its representative bodies, its managers and its staff act in a lawful manner. Further information about the BMW Group's Compliance Organisation can be found in the "Corporate Governance" section.

Like all enterprises, the BMW Group is exposed to the risk of warranty claims, product liability claims and other legal disputes which are typical for the sector or which arise as a consequence of realigning the product or purchasing strategy to suit changed market conditions. Adequate provisions have been recognised in the balance sheet to cover any such claims. Part of the risk, especially relating to the US market, has been insured externally up to economically acceptable levels.

The BMW Group is not currently involved in any court or arbitration proceedings which could have a significant impact on its financial condition. Changes in the regulatory environment may impair the sales volume, revenues and earnings performance in specific markets or economic regions. Further information is provided in the section on sector-specific risks.

### **Personnel risks**

Demographic change will have a lasting impact on conditions prevailing on employment markets, giving rise to risks and opportunities that are likely to affect businesses to an increasing degree in the coming years. BMW Group sees demographic change as one of the main challenges and are taking a proactive approach to softening the impact it is likely to have on operational processes. The focus is on creating a working environment for the future, promoting and maintaining the workforce's ability to perform with the appropriate set of skills, increasing employees' awareness of personal responsibility and the development of individual employee working life-time models aimed at retaining a motivated workforce in the long term.

Social diversity within the workforce increases the underlying strength of the BMW Group. By drawing on the productive benefits of a diverse workforce BMW Group will continue to be able to serve existing sales markets in the best interests of customers and to make inroads on new markets.

### **Risks relating to pension obligations**

The BMW Group's pension obligations to its employees resulting from defined benefit plans are measured on the basis of actuarial reports. Future pension payments are discounted by reference to market yields on highquality corporate bonds. These yields are subject to market fluctuation and influence the level of pension obligations. Furthermore, changes in other factors such as rising inflation or longer life expectancies can also have an impact on pension obligations. The pension obligations of the BMW Group in Germany have been externalised. The corresponding level of assets was transferred to BMW Trust e. V. and can only be used to meet corresponding pension obligations. In the UK, the USA and a number of other countries, funds intended to cover the pension benefits of the employees are also held in pension funds that are kept separate from corporate assets. As a consequence, the level of funds required to finance pension payments out of operations will be substantially reduced in the future. In addition, the risk of rising life expectancy facing the UK pension fund has been hedged. The pension assets of the BMW Group comprise interest-bearing securities with a high level of creditworthiness, equities, property and other investment classes.

Risk indicators (e. g. value at risk) are regularly computed in order to identify risks at an early stage and used to develop measures to mitigate risk. Pension funds are monitored continuously and managed from a risk-and-yield perspective. In order to reduce interest rate risks relating to pensions, regular asset-liability studies are performed and used to match the maturities of interest-generating investments with future pension payments. A broad spread of investments also helps to reduce risk. In addition, risk limits for asset management have been defined for each pension fund and are monitored continuously.

### **Information and IT risks**

BMW Group attaches great importance to the protection of data, business secrets and innovative developments to safeguard against unauthorised access, damage and misuse. The protection of information and data is an integral component of the business processes and based on International Security Standard ISO/IEC 27001. Staff, process design and information technology each play a role in the comprehensive risk and security concept.

The requirement to apply uniform standards across the BMW Group is embedded in the core principles and documented in detailed working instructions. These instructions require employees to handle information appropriately, ensure that information systems are properly used and that risks pertaining to information technology (IT risks) are dealt with transparently. Regular communication and training measures create a high degree of security and risk awareness among the employees involved. Employees also receive training from the BMW Group's Compliance Organisation to ensure compliance with legal and regulatory requirements.

Potential IT risks resulting from the use of information technology and the processing of information are monitored on a regular basis and managed by the departments responsible.

The technical data protection procedures used primarily involve process-specific security measures. Standard activities such as the use of virus scanners, firewall systems, access controls at both operating system and application level, internal testing procedures and the regular backing up of data are also employed. A security network is in place group-wide to ensure that stipulated requirements are complied with. Regular analyses and rigorous security management ensure a quality standard of protection and also cover the activities of the centralized IT Security Operation Centre, which is responsible for the security of internal network communications. The IT security strategy adopted in 2011 has further strengthened security within the BMW Group by helping to identify potential IT risks and take appropriate action.

BMW Group protects the intellectual property in the case of cooperation arrangements and business partner relationships by stipulating clear instructions with regard to data protection and the use of information technology. Information underlying key areas of expertise is subject to particularly stringent security measures.

## **3. Risks relating to the Notes**

### **General Risks Relating to the Notes**

#### *Independent Review and Advice*

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuers, the Guarantor or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

#### *There is no active Secondary/Trading Market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already

issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the relevant Issuer and the Guarantor. Although, in relation to Notes issued under this Programme application may be made to the Luxembourg Stock Exchange for such Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, or to other or further stock exchanges as may be, agreed between the relevant Issuer and the relevant Dealer(s) in relation to each Tranche, as specified in the relevant Final Terms, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

*Because Global Notes representing the Notes are held by or on behalf of Clearstream Luxembourg or Euroclear or CBF or a Clearing System that has entered into a book entry agreement with the Issuer (a "Specified Clearing System"), investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer and/or the Guarantor*

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a Common Depositary for Clearstream Luxembourg and/or Euroclear and/or a Specified Clearing System or with a Common Safekeeper for Clearstream Luxembourg and/or Euroclear and/or a Specified Clearing System, as the case may be, or will be deposited directly with CBF or any other Specified Clearing System, as the case may be. Except in the limited circumstances described in the applicable Final Terms, investors whose Notes are deposited with CBF and/or a Specified Clearing System will not be entitled to receive definitive Notes. Clearstream Luxembourg and Euroclear and CBF and each Specified Clearing System will maintain records of the co-ownership participations in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their coownership participations only through Clearstream Luxembourg and/or Euroclear and/or CBF and/or a Specified Clearing System, as the case may be.

While the Notes are represented by one or more Global Notes the Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to the Common Depositary for Clearstream Luxembourg and Euroclear or to the Common Safekeeper for Clearstream Luxembourg and/or Euroclear and/or the Specified Clearing System, as the case may be, or to CBF or to a Specified Clearing System (through the Principal Paying Agent) for distribution to their account holders. A holder of a co-ownership participation in a Global Note must rely on the procedures of Clearstream Luxembourg and Euroclear and CBF and any Specified Clearing System to receive payments under the relevant Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, the co-ownership participations in the Global Notes.

Holders of co-ownership participations in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Clearstream Luxembourg and Euroclear and CBF and such Specified Clearing System to appoint appropriate proxies.

#### *Provision of Information*

None of the Issuers, the Guarantor, the Dealer(s) or any of their respective affiliates makes any representation as to an index. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to an index that is or may be material in the context of Index-Linked Notes. The issue of Index-Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).

#### *Potential Conflicts of Interest*

Each of the Issuers, the Guarantor, the Dealer(s) or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of the securities taken up in an index, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of the securities taken up in an index or their respective affiliates or any guarantor in the same manner as if any Index-Linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on an issuer of the securities taken up in the index, any of their respective affiliates or any guarantor.

The Issuer may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the calculation agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgments that such calculation agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes.

#### *Exchange Rates*

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The reference assets or the Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or the reference assets or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

#### *Legality of Purchase*

None of the Issuers, the Guarantor, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

#### *Taxation*

##### *General*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial notes such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this document and/or in the Final Terms but to ask for their own tax advisers' advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with Part D ("Taxation") of this Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

#### *Payments under the Notes may be subject to withholding tax pursuant to FATCA*

Payments of principal, interest as well as the gross proceeds from the sale, exchange or redemption of the Notes to foreign financial institutions with respect to Notes issued after 31 December 2012 by BMW US Capital may, under certain circumstances, be subject to withholding of U.S. tax at a rate of 30.00% pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder ("**FATCA**") unless the payee foreign financial institution agrees, among other things, to disclose the identity of certain U.S. account holders at the institution (or the institution's affiliates) and to annually report certain information about such accounts. Payments of the foregoing amounts made to certain foreign entities that do not disclose certain information about any substantial U.S. owners (or certify that they do not have any substantial U.S. owners) may also be subject to withholding at the rate of 30.00% under FATCA.

Recently issued guidance by the U.S. Internal Revenue Service indicates that with respect to Notes that are not outstanding on 1 January 2013, FATCA withholding tax of 30.00% will apply to (i) payments of interest made after 31 December 2013, and (ii) payments of principal and gross proceeds of sale made after 31 December 2014.

If the Issuer issues further Notes on or after 1 January 2013 pursuant to § 11 of the Terms and Conditions of Notes that was originally issued on or before 31 December 2012, payments on such further Notes may be subject to withholding under FATCA and, should the originally issued Notes and the further Notes be indistinguishable (as would likely be the case in such a "tap" issue), such payments on the originally issued Notes may also become subject to withholding under FATCA. In

addition, if, on or after 1 January 2013 pursuant to § 10 in the Terms and Conditions of the Notes, a New Issuer is substituted for the Issuer of Notes created and issued on or before 31 December 2012, and if such substitution results in a deemed exchange of the Notes for U.S. federal income tax purposes, then such Notes would not be treated as outstanding as of 1 January 2013 and would become subject to withholding under FATCA.

If applicable, FATCA will be addressed in the relevant Final Terms with respect to Notes issued after 31 December 2012. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with FATCA, none of the Issuer, the Guarantor (if any), any paying agent or any other person would pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax.

#### *Payments under Index-Linked Notes may be subject to U.S. withholding tax*

Under the U.S. Internal Revenue Code, as amended, a "dividend equivalent" payment is treated as a dividend from sources within the United States and is subject to withholding at the rate of 30% unless reduced by an applicable tax treaty with the United States ("**DEP Withholding**"). A "dividend equivalent" payment includes (i) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (ii) any other payment determined by the United States Internal Revenue Service ("**IRS**") to be substantially similar to a payment described in the preceding clause (i). In the case of payments made after 18 March 2012, a dividend equivalent payment includes a payment made pursuant to any notional principal contract unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent guidance from the IRS, it is uncertain whether the IRS would determine that payments under the Index-Linked Notes are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty. If applicable, DEP withholding will be addressed in the relevant Final Terms with respect to Index Linked Notes. If an amount in respect of U.S. withholding tax were to be deducted or withheld in respect of the DEP, none of the Issuer, the Guarantor (if any), any paying agent or any other person would pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax.

#### *Market Value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the relevant Issuer and the Guarantor and a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or an index, or the dividend on the securities taken up in the index, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes, the reference assets or the index depends on a number of interrelated factors, including economic, financial and political events in the Federal Republic of Germany or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes, the reference assets, the securities taken up in the index, or the index are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, to the issue price or the purchase price paid by such purchaser. The historical market prices of the reference assets or an index should not be taken as an indication of the reference assets' or an index's future performance during the term of any Note.

#### *Change of Law*

The Terms and Conditions of the Notes are based on German law in effect as of the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to German law or administrative practice after the date of this Prospectus.

#### **Risks relating to specific types of Notes**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, *inter alia*, the provisions for computation of periodic interest payments, if any, redemption and issue price.



### *The Notes may be redeemed prior to Maturity*

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the country of domicile (or residence for tax purposes) by the relevant Issuer, or on behalf of the Federal Republic of Germany, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

### *Fixed Rate Notes*

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

### *Floating Rate Notes*

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate (such as EURIBOR or LIBOR) and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will fluctuate in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

### *Inverse Floating Rate Notes*

Investment in Notes which bear interest at an inverse floating rate comprise (i) a fixed base rate minus (ii) a reference rate (such as EURIBOR or LIBOR). The market value of such Notes typically is more volatile than the market value of Floating Rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed to Floating Rate Notes*

Fixed to Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *Index-Linked Notes*

Index-Linked Notes are debt securities which do not provide for predetermined redemption amounts (in the case of Index-Linked Redemption Notes) and/or interest payments (in the case of Index-Linked Interest Notes) but amounts due in respect of principal and/or interest will be dependent upon the performance of an index, which itself may contain substantial credit, interest rate or other risks. The amount of principal and/or interest, if any, payable by the Issuer might be substantially less than the issue price or, as the case may be, the purchase price invested by the Noteholder and may even be zero in which case the Noteholder may lose his entire investment.

Index-Linked Notes are not in any way sponsored, endorsed, sold or promoted by the index sponsor or the respective licensor of the index and such index sponsor or licensor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the index and/or the figure at which the index stands at any particular time. Each index is determined, composed and calculated by its respective index sponsor or licensor, without regard to the Issuer or the Notes. None of the index sponsors or licensors is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in determination or calculation of the equation by which the Notes settle into cash. None of the index sponsors or licensors has any obligation or liability in connection with the administration, marketing or trading of the Notes. The index sponsor or licensor of an index has no responsibility for any calculation agency adjustment made for the index.

**TERMS AND CONDITIONS OF THE NOTES  
AND RELATED DOCUMENTS**

The information in this part “Terms and Conditions of the Notes and Related Documents” includes the following parts relating to the terms and conditions of the Notes:

- (i) the “Issue Procedures”;  
**(Part B.I. of this Prospectus);**
- (ii) the “Terms and Conditions of the Notes” (German Language Version)  
**(Part B.II. of this Prospectus);**
- (iii) the “Terms and Conditions of the Notes” (English Language Version)  
**(Part B.III. of this Prospectus);**
- (iv) the “Form of Final Terms / Muster-Endgültige Bedingungen”  
**(Part B.IV. of this Prospectus);**
- (v) the “Text der Garantie / Text of the Guarantee”  
**(Part B.V. of this Prospectus); and**
- (vi) the “Text der Verpflichtungserklärung / Text of the Declaration of Undertaking”  
**(Part B.VI. of this Prospectus)**

## **ISSUE PROCEDURES**

The relevant Issuer and (in case of an issue of Notes by BMW Finance, BMW US Capital, BMW Australia Finance or BMW Japan) BMW AG (in its capacity as Guarantor) and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Tranche of Notes (the "Conditions"). The Conditions will be constituted by the terms and conditions of the relevant Notes set out below (the "Terms and Conditions") as completed, modified or replaced by the provisions of the Final Terms (the "Final Terms"). The Final Terms relating to each Tranche of Notes will specify whether the Conditions are to be Long-Form Conditions or Integrated Conditions (each as described below).

As to whether Long-Form Conditions or Integrated Conditions will apply, the relevant Issuer and (in case of an issue of Notes by BMW Finance, BMW US Capital, BMW Australia Finance or BMW Japan) BMW AG (in its capacity as Guarantor) anticipate that:

- Long-Form Conditions will generally be used for Notes sold on a non-syndicated basis and which are not publicly offered.
- Integrated Conditions will generally be used for Notes sold and distributed on a syndicated basis. Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or are to be distributed, in whole or in part, to non-professional investors.

The Final Terms for each Tranche of Notes will specify whether the German language or the English language version of the Terms and Conditions for such Notes will be the binding version.

As to the binding language of the respective Conditions, the relevant Issuer anticipates that, in general, subject to any stock exchange or legal requirements applicable from time to time, and unless otherwise agreed between the relevant Issuer and the relevant Dealer(s):

- in the case of Notes which are publicly offered and sold and distributed on a syndicated basis, German will be the binding language; and
- in the case of Notes which are publicly offered, in whole or in part, in Germany, or distributed, in whole or in part, to non-professional investors in Germany, German will be the binding language. If, in the event of such public offer or distribution to non-professional investors, however, English is chosen as the binding language, a German language translation of the Conditions will be provided.

### *Long-Form Conditions*

If the Final Terms specify that Long-Form Conditions are to apply to the Notes, the provisions of the applicable Final Terms and the Terms and Conditions, taken together, shall constitute the Conditions. Such Conditions will be constituted as follows:

- the blanks in the provisions of the Terms and Conditions which are applicable to the Notes will be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions;
- the Terms and Conditions will be modified, completed or replaced by the text of any provisions of the Final Terms modifying, completing or replacing, in whole or in part, the provisions of the Terms and Conditions;
- alternative or optional provisions of the Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted will be deemed to be deleted from the Conditions; and
- all instructions and explanatory notes set out in square brackets in the Terms and Conditions and any footnotes and explanatory text in the Final Terms will be deemed to be deleted from the Conditions.

Where Long-Form Conditions apply, each Global Note representing the Notes of the relevant Tranche will have the Final Terms and the Terms and Conditions attached. Where Definitive Notes are delivered in respect of a Tranche of Notes, they will have endorsed thereon either (i) the Final Terms and the Terms and Conditions in full, (ii) the Final Terms and the Terms and Conditions in a form simplified by the deletion of non-applicable provisions, or (iii) Integrated Conditions, as the relevant Issuer and (in case of an issue of Notes by BMW Finance, BMW US Capital, BMW Australia Finance or BMW Japan) BMW AG (in its capacity as Guarantor) may determine.

### *Integrated Conditions*

If the Final Terms specify that Integrated Conditions are to apply to the Notes, the Conditions in respect of such Notes will be constituted as follows:

- all of the blanks in all applicable provisions of the Terms and Conditions will be completed according to the information contained in the Final Terms and all non-applicable provisions of the Terms and Conditions (including the instructions and explanatory notes set out in square brackets) will be deleted; and/or
- the Terms and Conditions will be otherwise modified, completed or replaced, in whole or in part, according to the information set forth in the Final Terms.

Where Integrated Conditions apply, the Integrated Conditions alone will constitute the Terms and Conditions. The Integrated Conditions will be attached to each Global Note representing Notes of the relevant Tranche and will be endorsed on any Definitive Notes exchanged for any such Global Note.

### *ISDA Definitions*

The Notes may be governed by the 2000 ISDA Definitions or by the 2006 ISDA Definitions, as applicable, each published by the International Swaps and Derivatives Association. Which set of ISDA Definitions shall apply, will be disclosed in the relevant Final Terms, if applicable.

Index-Linked Notes will be governed by terms which may be extracted and have substantially the same meaning as set forth in the 2002 ISDA Equity Derivatives Definitions, published by the International Swaps and Derivatives Association, Inc.

## **TERMS AND CONDITIONS OF THE NOTES** **(GERMAN LANGUAGE VERSION)**

*Die Emissionsbedingungen (die "Emissionsbedingungen") der Schuldverschreibungen sind nachfolgend in zwei Teile gegliedert:*

*TEIL I enthält als Grundbedingungen (die "Grundbedingungen") Emissionsbedingungen für Tranchen bzw. Serien von Schuldverschreibungen, die durch auf den Inhaber lautende Globalurkunden verbrieft sind.*

*TEIL II enthält einen Zusatz (der "Zusatz") zu Teil I der Grundbedingungen, der diesen ergänzt und Bedingungen für Schuldverschreibungen enthält, die durch auf den Inhaber lautende Einzelurkunden verbrieft sind.*

*Die Grundbedingungen und der dazugehörige Zusatz bilden zusammen die Emissionsbedingungen.*

Diese Tranche bzw. Serie von Schuldverschreibungen wird gemäß einem geänderten und neu gefassten Agency Agreement vom 10. Mai 2012 (das "Agency Agreement") zwischen u.a. [der Bayerische Motoren Werke Aktiengesellschaft/der BMW Finance N.V./der BMW US Capital, LLC/ der BMW Australia Finance Limited/der BMW Japan Finance Corp.] (die "Emittentin") und Citibank, N.A. als Emissionsstelle (die "Emissionsstelle", wobei dieser Begriff die nach dem Agency Agreement etwa nachfolgenden Emissionsstellen einschließt) und den anderen darin genannten Parteien begeben. Kopien des Agency Agreement können kostenlos bei der bezeichneten Geschäftsstelle der Emissionsstelle und bei den bezeichneten Geschäftsstellen einer jeden Zahlstelle sowie am Sitz der Emittentin bezogen werden.

### **[Bei nicht-konsolidierten Bedingungen, wenn die Emissionsbedingungen und die Endgültigen Bedingungen beigefügt werden sollen, einfügen:**

Die Bestimmungen dieser Emissionsbedingungen gelten für diese Schuldverschreibungen so, wie sie durch die beigefügten Endgültigen Bedingungen vervollständigt, geändert, ergänzt oder ganz oder teilweise ersetzt werden.

Die Leerstellen in den anwendbaren Bestimmungen dieser Emissionsbedingungen gelten als durch die in den Endgültigen Bedingungen enthaltenen Angaben ausgefüllt, so als ob die Leerstellen in den betreffenden Bestimmungen durch diese Angaben ausgefüllt wären.

Sofern die Endgültigen Bedingungen Änderungen, Ergänzungen oder die (vollständige oder teilweise) Ersetzung bestimmter Emissionsbedingungen vorsehen, gelten die betreffenden Bestimmungen der Emissionsbedingungen als entsprechend geändert, ergänzt oder ersetzt.

Alternative oder wählbare Bestimmungen dieser Emissionsbedingungen, deren Entsprechungen in den Endgültigen Bedingungen nicht ausdrücklich ausgefüllt oder gestrichen sind, gelten als aus diesen Emissionsbedingungen gestrichen.

Sämtliche auf die Schuldverschreibungen nicht anwendbaren Bestimmungen dieser Emissionsbedingungen (einschließlich der Anweisungen, Anmerkungen und der Texte in eckigen Klammern) gelten als aus diesen Emissionsbedingungen gestrichen, so dass die Bestimmungen der Endgültigen Bedingungen Geltung erhalten.

Kopien der Endgültigen Bedingungen sind kostenlos bei der bezeichneten Geschäftsstelle der Emissionsstelle und bei den bezeichneten Geschäftsstellen einer jeden Zahlstelle erhältlich; bei nicht an einer Börse notierten Schuldverschreibungen sind Kopien der betreffenden Endgültigen Bedingungen allerdings ausschließlich für die Inhaber solcher Schuldverschreibungen erhältlich.]

# TEIL I – GRUNDBEDINGUNGEN

## EMISSIONSBEDINGUNGEN FÜR INHABERSCHULDVERSCHREIBUNGEN

### § 1

#### WÄHRUNG, STÜCKELUNG, FORM, EIGENTUM, DEFINITIONEN

(1) *Währung, Stückelung.* Diese Tranche **[Tranchen-Nummer einfügen]** von Schuldverschreibungen (die "Schuldverschreibungen") **[der Bayerische Motoren Werke Aktiengesellschaft/der BMW Finance N.V./der BMW US Capital, LLC/der BMW Australia Finance Limited/der BMW Japan Finance Corp.]**, die für sich oder mit einer oder mehreren Tranchen gemeinsam eine "Serie" bilden kann, wird in **[festgelegte Währung einfügen]** (die "festgelegte Währung") im Gesamtnennbetrag von **[Gesamtnennbetrag einfügen]** (in Worten: **[Gesamtnennbetrag in Worten einfügen]**) in Stückelungen von **[festgelegte Stückelungen einfügen]** (die "festgelegten Stückelungen") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber~~in~~ **[im Falle einer Emission der BMW US Capital, LLC mit einer Laufzeit von mehr als 183 Tagen, einfügen (wobei das maßgebliche Clearing System CBF oder ein Festgelegtes Clearing System sein muss und somit die Schuldverschreibungen Gegenstand eines book-entry Agreements sind):** wobei die Schuldverschreibungen jedoch für Zwecke des Bundeseinkommenssteuerrechts der Vereinigten Staaten wie Namenspapiere (*registered notes*) behandelt werden.]

**[Bei Schuldverschreibungen, die durch eine Dauerglobalurkunde verbrieft sind, einfügen (stets anwendbar bei Emissionen der BMW US Capital, LLC (wobei das maßgebliche Clearing System CBF oder ein Festgelegtes Clearing System sein muss und somit die Schuldverschreibungen Gegenstand eines book-entry Agreements sind):**

(3) *Dauerglobalurkunde.*

(a) Die Schuldverschreibungen sind durch eine Dauerglobalurkunde (die "Dauerglobalurkunde" oder "Globalurkunde") ohne Zinsscheine verbrieft. Die Dauerglobalurkunde trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.]

**[im Falle einer Emission der BMW US Capital, LLC mit einer Laufzeit von mehr als 183 Tagen, einfügen (wobei das maßgebliche Clearing System CBF oder ein Festgelegtes Clearing System sein muss und somit die Schuldverschreibungen Gegenstand eines book-entry Agreements sind):**

(b) Das Eigentum von Rechten an der Globalurkunde und die Übertragung des Eigentums von solchen Rechten wird ausschließlich nachgewiesen und erfolgt nur durch die Unterlagen des Festgelegten Clearing Systems (wie nachstehend definiert).

Außer unter den nachstehend beschriebenen Umständen kann das Festgelegte Clearing System eine Globalurkunde nicht anders als durch Übertragung der Globalurkunde auf eine nachfolgende Verwahrstelle übertragen, und Rechte an dieser Globalurkunde können nicht gegen Schuldverschreibungen in effektiver, in Einzelurkunden verbriefter Form ausgetauscht werden.

Effektive, in Einzelurkunden verbrieft Schuldverschreibungen werden an eine Person, die von dem Festgelegten Clearing System als wirtschaftlicher Eigentümer der jeweiligen Schuldverschreibungen identifiziert wird, nur dann ausgegeben und ausgehändigt, wenn (a) das Festgelegte Clearing System seine Tätigkeit als Clearingstelle einstellt, und eine nachfolgende Verwahrstelle nicht innerhalb von 90 Tagen ernannt wird, (b) die Emittentin in Verzug ist oder (c) eine Änderung in den Steuergesetzen vorliegt, die für die Emittentin eine Schlechterstellung zur Folge hätte, wenn die Verbriefung nicht in effektiven, in Einzelurkunden verbrieften Schuldverschreibungen (in einem solchen Fall auf Verlangen der Emittentin) erfolgen würde. In solchen Fällen können die ausgegebenen Einzelurkunden von den Inhabern (wie nachstehend definiert) nur übertragen werden durch (i) eine Rückgabe der Schuldverschreibungen an die Emittentin und eine Neuausgabe der Schuldverschreibungen an einen neuen Inhaber, (ii) ein von der Emittentin oder ihrem Vertreter geführtes Buchungssystem oder (iii) beide unter (i) und (ii) beschriebenen Verfahrensweisen.]

**[Bei Schuldverschreibungen, die anfänglich durch eine vorläufige Globalurkunde verbrieft sind, einfügen (nicht anwendbar bei Emissionen der BMW US Capital, LLC):**

(3) *Vorläufige Globalurkunde – Austausch.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "Vorläufige Globalurkunde") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in den festgelegten Stückelungen, die durch eine Dauerglobalurkunde (die "Dauerglobalurkunde") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde (jeweils eine "Globalurkunde") tragen jeweils die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag gegen die Dauerglobalurkunde ausgetauscht, der nicht weniger als 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegen darf. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.]

(4) *Clearing System.*

(a) [Die][Jede] [vorläufige] Globalurkunde [(falls diese nicht ausgetauscht wird) und/oder jede Dauerglobalurkunde] wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "Clearing System" bedeutet **[bei mehr als einem Clearing System einfügen: jeweils]** Folgendes: [Clearstream Banking AG, Frankfurt am Main ("CBF")] [Clearstream Banking, société anonyme, Luxembourg ("CBL")] [Euroclear Bank SA/NV ("Euroclear")] [CBL und Euroclear jeweils ein "ICSD" und zusammen die "ICSDs"] [,] [und] **[anderes Clearing System angeben]** oder jeder Funktionsnachfolger.

**[Im Fall von Schuldverschreibungen, die im Namen der ICSDs verwahrt werden, einfügen:**

**[Falls die Globalurkunde eine NGN ist, einfügen (ausgenommen im Fall einer Emission von Schuldverschreibungen durch die BMW Australia Finance Limited):** Die Schuldverschreibungen werden in Form einer new global note ("NGN") ausgegeben und von einer gemeinsamen Sicherheitsverwahrstelle (*common safekeeper*) im Namen beider ICSDs verwahrt.]

**[Falls die Globalurkunde eine CGN ist, einfügen:** Die Schuldverschreibungen werden in Form einer classical global note ("CGN") ausgegeben und von einer gemeinsamen Verwahrstelle im Namen beider ICSDs verwahrt.]

(b) "Festgelegtes Clearing System" bezeichnet ein Clearing System, das ein book-entry Agreement mit der Emittentin hinsichtlich der Schuldverschreibungen abgeschlossen hat, wobei dieses book-entry Agreement solche Vorschriften vorsieht, die es ermöglichen, dass die Schuldverschreibungen für Zwecke der U.S. Bundeseinkommensteuergesetze als Verbindlichkeiten in Form von Namensschuldverschreibungen angesehen werden. Zur Klarstellung: CBF ist ein Festgelegtes Clearing System, jedoch können auch andere Clearing Systeme in der Zukunft zu Festgelegten Clearing Systemen werden.

(5) *Inhaber von Schuldverschreibungen.* "Inhaber" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

**[Falls die Globalurkunde eine NGN ist, einfügen:**

[(6) *Register der ICSDs.* Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger



Nachweis über den Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bestätigung mit dem Gesamtnennbetrag der so verbrieften Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

Bei Rückzahlung oder Zahlung einer Rate oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung und Zahlung bzw. Kauf und Löschung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen bzw. der Gesamtbetrag der so gezahlten Raten abgezogen wird.]]

**[Falls die vorläufige Globalurkunde eine NGN ist, einfügen:** Bei Austausch eines Anteils von ausschließlich durch eine vorläufige Globalurkunde verbrieften Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Aufzeichnungen der ICSDs aufgenommen werden.]]

**[(6)][(7)]** *Eigentum.*

(a) Der Inhaber gilt (soweit nicht zwingende Gesetzes- oder Verwaltungsbestimmungen entgegenstehen) in jeder Hinsicht als Alleineigentümer (ob fällig oder nicht fällig, und unabhängig von irgendwelchen Mitteilungen bezüglich des Eigentums, möglichen Treuhandschaften oder anderen Ansprüchen hieran oder hieraus, etwaigen Vermerken auf der Urkunde oder einem Diebstahl oder Verlust) und niemand kann dafür verantwortlich gemacht werden, dass er den Inhaber als Alleineigentümer angesehen hat.

(b) Die Übertragung des Eigentums an Schuldverschreibungen geschieht durch Einigung der beteiligten Parteien über den Eigentumsübergang und durch die Übergabe oder auf andere Weise in Übereinstimmung mit den jeweils anzuwendenden Gesetzen und Vorschriften einschließlich der Regeln beteiligter Clearing Systeme. Bezugnahmen in diesen Emissionsbedingungen auf "Inhaber" von Schuldverschreibungen sind Bezugnahmen auf die Inhaber solcher Schuldverschreibungen.

**[(7)][(8)]** *Geschäftstag.* In diesen Emissionsbedingungen bezeichnet "Geschäftstag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[falls die festgelegte Währung Euro ist, einfügen: TARGET2 (wie nachstehend definiert) [und Geschäftsbanken und Devisenmärkte in [sämtliche relevante Finanzzentren einfügen]]] [falls die festgelegte Währung nicht Euro ist, einfügen: Geschäftsbanken und Devisenmarkt in [sämtliche relevanten Finanzzentren einfügen]]** Zahlungen abwickeln.

**["TARGET2"** bedeutet das *Trans-European Automated Real-time Gross Settlement Express Transfer-Zahlungssystem* oder jedes Nachfolgesystem.]

## § 2

### STATUS, VERPFLICHTUNGSERKLÄRUNG, GARANTIE

(1) *Status.* Die Schuldverschreibungen stellen direkte, unbedingte, nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin dar, die gleichen Rang (ausgenommen Verbindlichkeiten aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften) mit allen anderen unbesicherten und nicht nachrangigen Verbindlichkeiten haben.

(2) *Verpflichtungserklärung der Emittentin.* Die Emittentin hat sich in einer separaten Erklärung (im folgenden die "Verpflichtungserklärung" genannt) gegenüber den Inhabern verpflichtet, solange bis Kapital, etwaige Zinsen und etwaige zusätzliche Beträge gemäß § 7 Absatz 1 im vollen Umfang bei der jeweiligen Zahlstelle oder einer anderen gemäß § 6 ernannten Zahlstelle bereitgestellt worden sind, keine gegenwärtigen oder zukünftigen Verbindlichkeiten (einschließlich Verbindlichkeiten aus Garantien oder Sicherheiten) aus anderen internationalen Kapitalmarktverbindlichkeiten (wie nachfolgend definiert) durch irgendwelche Grund- oder Mobiliarpfandrechte an ihrem gegenwärtigen oder zukünftigen Grundbesitz oder Vermögenswerten sicherzustellen oder sicherstellen zu lassen, es sei denn, dass diese Schuldverschreibungen zu gleicher Zeit und im gleichen Rang anteilig an dieser Sicherstellung teilnehmen. Ausgenommen hiervon sind Grund- oder Mobiliarpfandrechte und andere Besicherungen von Verbindlichkeiten aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften. Im Falle einer Besicherung dieser Schuldverschreibungen durch die Emittentin gemäß dieses

§ 2 Absatz 2 sind zugunsten der Inhaber die Sicherheiten mit den üblichen Rechten und Pflichten zu bestellen. Wenn ein Inhaber nach Eintritt eines der in § 9 aufgeführten Kündigungsgründe, die die Inhaber zur Kündigung berechtigen, wegen des Kapitals von nicht schon aus anderen Gründen fälligen Schuldverschreibungen eine für die Schuldverschreibungen gegebene Sicherheit in Anspruch nimmt, gelten die betreffenden Schuldverschreibungen in jeder Beziehung als fällig.

(3) *Internationale Kapitalmarktverbindlichkeit.* Für die Zwecke dieser Emissionsbedingungen bedeutet "internationale Kapitalmarktverbindlichkeit" jede Emission von Schuldverschreibungen mit einer ursprünglichen Laufzeit von mehr als einem Jahr.

**[Im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:**

(4) *Garantie.* Die Bayerische Motoren Werke Aktiengesellschaft (die "Garantin") hat gegenüber den Inhabern die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße und pünktliche Zahlung des Kapitals und etwaiger Zinsen einschließlich gegebenenfalls gemäß § 7 Absatz 1 zusätzlich erforderlicher Beträge in Übereinstimmung mit diesen Emissionsbedingungen übernommen (die "Garantie"). Die Garantie gibt jedem Inhaber das Recht, Erfüllung der in der Garantie übernommenen Verpflichtungen unmittelbar von der Garantin zu verlangen und diese Verpflichtungen unmittelbar gegen die Garantin durchzusetzen. Kopien der Garantie können kostenlos bei der Barclays Bank PLC c/o Barclays Bank PLC, Frankfurt Branch, Bockenheimer Landstraße 38 – 40, 60323 Frankfurt am Main, Deutschland bezogen werden.

(5) *Verpflichtungserklärung der Garantin.* Die Garantin hat sich in der Verpflichtungserklärung gegenüber den Inhabern verpflichtet, solange bis Kapital und etwaige Zinsen sowie etwaige zusätzliche Beträge gemäß § 7 Absatz 1 bei der jeweiligen Zahlstelle oder einer anderen gemäß § 6 ernannten Zahlstelle bereitgestellt worden sind, keine gegenwärtigen oder zukünftigen Verbindlichkeiten (einschließlich Verbindlichkeiten aus Garantien oder Sicherheiten) aus anderen internationalen Kapitalmarktverbindlichkeiten durch irgendwelche Grund- oder Mobiliarpfandrechte an ihrem gegenwärtigen oder zukünftigen Grundbesitz oder Vermögenswerten sicherzustellen oder sicherstellen zu lassen, es sei denn, dass diese Schuldverschreibungen zu gleicher Zeit und im gleichen Rang anteilig an dieser Sicherstellung teilnehmen. Ausgenommen hiervon sind Grund- oder Mobiliarpfandrechte und andere Besicherungen aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften. Im Falle einer Besicherung dieser Schuldverschreibungen durch die Garantin gemäß dieses § 2 Absatz 5 sind zugunsten der Inhaber die Sicherheiten mit den üblichen Rechten und Pflichten zu bestellen. Wenn ein Inhaber nach Eintritt eines der in § 9 aufgeführten Kündigungsgründe, die die Inhaber zur Kündigung berechtigen, wegen des Kapitals von nicht schon aus anderen Gründen fälligen Schuldverschreibungen eine für die Schuldverschreibungen gegebene Sicherheit in Anspruch nimmt, gelten die betreffenden Schuldverschreibungen in jeder Beziehung als fällig.]

### § 3

#### [ZINSEN] [INDEXIERUNG]

**[(A) Bei festverzinslichen Schuldverschreibungen einfügen:**

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden in Höhe ihres Nennbetrages verzinst, **[im Fall von Schuldverschreibungen, die keine Stufenzinsschuldverschreibungen sind, einfügen:** und zwar vom **[Verzinsungsbeginn einfügen]** (der "Verzinsungsbeginn") (einschließlich) bis zum Fälligkeitstag (wie in § 5 Absatz 1 definiert) (ausschließlich) mit jährlich **[Zinssatz einfügen]%**.] **[Im Fall von Stufenzinsschuldverschreibungen einfügen:** und zwar in Bezug auf die unten angegebenen Perioden zu den unten angegebenen Zinssätzen:

#### Perioden / dazugehörige Zinssätze [einfügen]]

Die Zinsen sind nachträglich am **[Festzinstermine) einfügen]** eines jeden Jahres, vorbehaltlich einer Anpassung gemäß § 4 Absatz 5, zahlbar (jeweils ein "Zinszahlungstag"). Die erste Zinszahlung erfolgt am **[ersten Zinszahlungstag einfügen]** ) vorbehaltlich einer Anpassung gem. § 4 Absatz 5 **[sofern der erste Zinszahlungstag nicht der erste Jahrestag des Verzinsungsbeginns ist, einfügen:** und beläuft sich auf **[anfänglichen Bruchteilszinsbetrag pro erste festgelegte Stückelung einfügen]** je

Schuldverschreibung im Nennbetrag von **[erste festgelegte Stückelung einfügen]** und **[weitere anfängliche Bruchteilzinsbetrag für jede weitere festgelegte Stückelung einfügen]** je Schuldverschreibung im Nennbetrag von **[weitere festgelegte Stückelungen einfügen]**. **[Sofern der Fälligkeitstag kein Festzinstermine ist, einfügen: Die Zinsen für den Zeitraum vom [den letzten dem Fälligkeitstag vorausgehenden Festzinstermine einfügen] (einschließlich) bis zum Fälligkeitstag (ausschließlich) belaufen sich auf [abschließenden Bruchteilzinsbetrag pro erste festgelegte Stückelung einfügen] je Schuldverschreibung im Nennbetrag von [erste festgelegte Stückelung einfügen] und [weitere abschließende Bruchteilzinsbeträge für jede weitere festgelegte Stückelung einfügen] je Schuldverschreibung im Nennbetrag von [weitere festgelegte Stückelungen einfügen]. [Im Fall von Actual/Actual (ICMA) einfügen: Die Anzahl der Feststellungstermine im Kalenderjahr (jeweils ein "Feststellungstermin") beträgt [Anzahl der regulären Zinszahlungstage im Kalenderjahr einfügen]].**

(2) *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen nicht an dem Tag, der dem Tag der Fälligkeit vorangeht, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Weitergehende Ansprüche der Inhaber bleiben unberührt.

(3) *Unterjährige Berechnung der Zinsen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).]

**[(B) Bei variabel verzinslichen Schuldverschreibungen einfügen:**

(1) *Zinszahlungstage.*

(a) Die Schuldverschreibungen werden in Höhe ihres Nennbetrags ab dem **[Verzinsungsbeginn einfügen]** (der "Verzinsungsbeginn") (einschließlich) bis zum nachstfolgenden Zinszahlungstag (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) verzinst. Zinsen auf die Schuldverschreibungen sind an jedem Zinszahlungstag zahlbar.

(b) "Zinszahlungstag" bedeutet, vorbehaltlich einer Anpassung gemäß § 4 Absatz 5,

**[(i) im Fall von festgelegten Zinszahlungstagen einfügen: jeder [festgelegte Zinszahlungstage einfügen].]**

**[(ii) im Fall von festgelegten Zinsperioden einfügen: (soweit diese Emissionsbedingungen keine abweichenden Bestimmungen vorsehen) jeweils der Tag, der [Zahl einfügen] [Wochen] [Monate] [andere festgelegte Zeiträume einfügen] nach dem vorausgehenden Zinszahlungstag liegt, oder im Falle des ersten Zinszahlungstages, nach dem Verzinsungsbeginn.]**

(2) *Zinssatz.* **[Bei Bildschirmfeststellung einfügen:**

**[(i)] [im Falle von variabel verzinslichen Schuldverschreibungen, die nicht Constant Maturity Swap ("CMS") variabel verzinsliche Schuldverschreibungen sind, einfügen: Der Zinssatz (der "Zinssatz") für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, entweder:**

(a) der **[[relevante Laufzeit einfügen] -][EURIBOR-] [LIBOR-] Angebotssatz** (ausgedrückt als Prozentsatz per annum) für Einlagen in der festgelegten Währung (wenn nur ein Angebotssatz auf der Bildschirmseite (wie nachstehend definiert) angezeigt ist), oder

(b) das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen: Tausendstel Prozent, wobei 0,0005] [falls der Referenzsatz nicht EURIBOR ist, einfügen: Hunderttausendstel Prozent, wobei 0,000005]** aufgerundet wird) der Angebotssätze, (ausgedrückt als Prozentsatz per annum) für Einlagen in der festgelegten Währung für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr (**[Brüsseler] [Londoner] Ortszeit**) angezeigt werden **[im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)],** wobei alle Festlegungen durch die Berechnungsstelle erfolgen.]

**[(ii)] [im Fall von CMS variabel verzinslichen Schuldverschreibungen einfügen: Der Zinssatz (der "Zinssatz") für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, der [maßgebliche Anzahl von Jahren einfügen] -Jahres-Swapsatz (der mittlere Swapsatz gegen den 6-Monats EURIBOR, ausgedrückt als Prozentsatz per annum) (der "[maßgebliche Anzahl von Jahren einfügen] -Jahres-Swapsatz"), der auf der Bildschirmseite am**

Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr ([Frankfurter **[zutreffenden anderen Ort einfügen]** Ortszeit]) angezeigt wird, **[im Fall eines Faktors einfügen:** multipliziert mit **[Faktor einfügen]]**, **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)] wobei alle Festlegungen durch die Berechnungsstelle erfolgen.]

“Zinsperiode” bezeichnet den Zeitraum von dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich).

“Zinsfestlegungstag” bezeichnet den **[zweiten] [zutreffende andere Zahl von Tagen einfügen] [TARGET-] [Londoner] [zutreffende andere Bezugnahmen einfügen]** Geschäftstag vor Beginn der jeweiligen Zinsperiode. **[Im Fall eines TARGET-Geschäftstages einfügen:** “TARGET-Geschäftstag” bezeichnet einen Tag, an dem TARGET2 (wie nachstehend definiert) betriebsbereit ist. **[Im Fall eines anderen Geschäftstages als ein TARGET-Geschäftstages einfügen:** “[Londoner][zutreffenden anderen Ort einfügen] Geschäftstag” bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in **[London] [zutreffenden anderen Ort einfügen]** für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.]

[“TARGET2” bedeutet das *Trans-European Automated Real-time Gross Settlement Express Transfer*-Zahlungssystem oder jedes Nachfolgesystem.]

**[Im Fall einer Marge einfügen:** Die “Marge” beträgt **[maßgeblichen Betrag einfügen]**% per annum.]

“Bildschirmseite” bedeutet **[Bildschirmseite einfügen]**.

Wenn im vorstehenden Fall (b) auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste (falls mehr als ein solcher Niedrigstsatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer Acht gelassen; diese Regel gilt entsprechend für diesen gesamten Absatz (2).

**[Im Fall von variabel verzinslichen Schuldverschreibungen, die nicht CMS variabel verzinsliche Schuldverschreibungen sind, einfügen:**

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen, oder wird im Fall von (a) kein Angebotssatz, oder werden im Fall von (b) weniger als drei Angebotssätze angezeigt (dort jeweils zur genannten Zeit), wird die Berechnungsstelle von den **[Londoner] [zutreffenden anderen Ort einfügen]** Hauptniederlassungen jeder der Referenzbanken (wie nachstehend definiert) **[in der Euro-Zone]** deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Einlagen in der festgelegten Währung für die betreffende Zinsperiode gegenüber führenden Banken im **[Londoner] [zutreffenden anderen Ort einfügen]** Interbanken-Markt **[in der Euro-Zone]** um ca. 11.00 Uhr (**[Brüsseler] [Londoner]** Ortszeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) dieser Angebotssätze **[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge], wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz per annum, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr (**[Brüsseler] [Londoner]** Ortszeit) an dem betreffenden Zinsfestlegungstag Einlagen in der festgelegten Währung für die betreffende Zinsperiode von führenden Banken im **[Londoner] zutreffenden anderen Ort einfügen]** Interbanken-Markt **[in der Euro-Zone]** angeboten werden **[Im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge]; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, dann ist der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in der festgelegten Währung für die betreffende Zinsperiode oder das arithmetische Mittel

(gerundet wie oben beschrieben) der Angebotssätze für Einlagen in der festgelegten Währung für die betreffende Zinsperiode, den bzw. die eine oder mehrere Banken (die nach Ansicht der Berechnungsstelle und der Emittentin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken am **[Londoner] [zutreffenden anderen Ort einfügen]** Interbanken-Markt **[in der Euro-Zone]** nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen) **[Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]**. Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden **[Im Fall einer Marge einfügen: [zuzüglich] [abzüglich] der Marge]** (wobei jedoch, falls für die relevante Zinsperiode eine andere Marge als für die unmittelbar vorhergehende Zinsperiode gilt, die relevante Marge an die Stelle der Marge für die vorhergehende Zinsperiode tritt)].

“Referenzbanken” bezeichnen **[falls in den Endgültigen Bedingungen keine anderen Referenzbanken bestimmt werden, einfügen: im vorstehenden Fall (a) diejenigen Niederlassungen von vier derjenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde, und im vorstehenden Fall (b) diejenigen Banken, deren Angebotssätze zuletzt zu dem Zeitpunkt auf der maßgeblichen Bildschirmseite angezeigt wurden, als nicht weniger als drei solcher Angebotssätze angezeigt wurden] [falls in den Endgültigen Bedingungen andere Referenzbanken bestimmt werden, sind sie hier einzufügen]**.

#### **Im Fall von CMS variabel verzinslichen Schuldverschreibungen einfügen:**

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird zu der genannten Zeit kein **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsatz angezeigt, wird die Berechnungsstelle von den Referenzbanken (wie nachstehend definiert) deren jeweilige **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze gegenüber führenden Banken im Interbanken-Swapmarkt in der Euro-Zone (um ca. 11.00 Uhr **[(Frankfurter [zutreffenden anderen Ort einfügen] Ortszeit)]** am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze **[im Falle eines Faktors einfügen: multipliziert mit [Faktor einfügen] [im Fall einer Marge einfügen: [zuzüglich][abzüglich] der Marge]**, wobei alle Festlegungen durch die Berechnungsstelle erfolgen. Falls an einem Zinsfestlegungstag nur eine oder keine der Referenzbanken der Berechnungsstelle solche im vorstehenden Absatz beschriebenen **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz per annum, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11.00 Uhr **[(Frankfurter [zutreffenden anderen Ort einfügen] Ortszeit)]** an dem betreffenden Zinsfestlegungstag von führenden Banken im Interbanken-Swapmarkt in der Euro-Zone angeboten werden, **[im Falle eines Faktors einfügen multipliziert mit [Faktor einfügen] [im Falle einer Marge einfügen: [zuzüglich] [abzüglich] der Marge.];** falls weniger als zwei der Referenzbanken der Berechnungsstelle solche **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze nennen, dann soll der Zinssatz für die betreffende Zinsperiode der **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsatz oder das arithmetische Mittel (gerundet wie oben beschrieben) der **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze sein, den bzw. die eine oder mehrere Banken (die nach Ansicht der Berechnungsstelle und der Emittentin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken am Interbanken-Swapmarkt in der Euro-Zone nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen), **[im Falle eines Faktors einfügen: multipliziert mit [Faktor einfügen] [im Fall einer Marge einfügen: [zuzüglich][abzüglich] der Marge]**. Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsatz oder das arithmetische Mittel der **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem die **[maßgebliche**

Anzahl von Jahren einfügen] Jahres-Swapsätze angezeigt wurden, **[im Falle eines Faktors einfügen:** multipliziert mit **[Faktor einfügen]** **[im Falle einer Marge: einfügen** [zuzüglich ] [abzüglich] der Marge].

“Referenzbanken” bezeichnen diejenigen Niederlassungen von mindestens vier derjenigen Banken im Swapmarkt, deren **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsätze zur Ermittlung des maßgeblichen **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsatz zu dem Zeitpunkt benutzt wurden, als solch ein **[maßgebliche Anzahl von Jahren einfügen]** Jahres-Swapsatz letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde.

**[Im Fall des Interbanken-Marktes in der Euro-Zone einfügen:** “Euro-Zone” bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992) und den Amsterdamer Vertrag vom 2. Oktober 1997, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.]]

**[Wenn der Referenzsatz ein anderer ist als EURIBOR, LIBOR oder CMS, sind die erforderlichen Bestimmungen anstelle der Bestimmungen dieses Absatzes (2) einzufügen]**

**[Sofern ISDA-Feststellung gelten soll, sind die betreffenden Bestimmungen einzufügen und die von der International Swaps and Derivatives Association veröffentlichten 2000 ISDA-Definitionen bzw. 2006 ISDA-Definitionen beizufügen]**

**[Sofern eine andere Methode der Feststellung anwendbar ist, sind die erforderlichen Bestimmungen anstelle der Bestimmungen dieses Absatzes (2) hier und in den betreffenden Endgültigen Bedingungen einzufügen]**

**[Falls ein Mindest- und/oder Höchstzinssatz gilt, einfügen:**

(3) **[Mindest-]** **[und]** **[Höchst-]** Zinssatz.

**[Falls ein Mindestzinssatz gilt, einfügen:** Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als **[Mindestzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Mindestzinssatz einfügen].]**

**[Falls ein Höchstzinssatz gilt:** Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz höher ist als **[Höchstzinssatz einfügen]**, so ist der Zinssatz für diese Zinsperiode **[Höchstzinssatz einfügen].]**

**[(4)] Zinsbetrag.** Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen zahlbaren Zinsbetrag in Bezug auf jede festgelegte Stückelung (der “Zinsbetrag”) für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede festgelegte Stückelung angewendet werden, wobei der resultierende Betrag **[falls die festgelegte Währung Euro ist einfügen:** auf den nächsten Euro 0,01 auf oder abgerundet wird, wobei Euro 0,005 aufgerundet werden] **[falls die festgelegte Währung nicht Euro ist, einfügen:** auf die kleinste Einheit der festgelegten Währung auf- oder abgerundet wird, wobei 0,5 solcher Einheiten aufgerundet werden].

**[(5)] Mitteilungen von Zinssatz und Zinsbetrag.** Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Emittentin und den Inhabern gemäß § 12 baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden **[falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat, einfügen:** Geschäftstag, am Ort der bezeichneten Geschäftsstelle der Berechnungsstelle ist,] **[falls die Berechnungsstelle keine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat, einfügen:** **[TARGET-]** **[Londoner]** Geschäftstag] und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode mitgeteilt werden. Im Falle einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Inhabern gemäß § 12 mitgeteilt.

**[(6)] Verbindlichkeit der Festsetzungen.** Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für

die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Inhaber bindend.

**[(7)] Zinslauf.** Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht an dem Tag, der dem Fälligkeitstag vorangeht, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Inhaber bleiben unberührt.]

**[(C) Im Fall sonstiger strukturierter variabel verzinslicher Schuldverschreibungen hier relevante Vorschriften einfügen.]**

**[(D) Bei Nullkupon-Schuldverschreibungen einfügen:**

(1) *Keine periodischen Zinszahlungen.* Es werden keine periodischen Zinszahlungen auf die Schuldverschreibungen vorgenommen.

(2) *Auflaufende Zinsen.* Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, fallen auf den ausstehenden Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag bis zum Tag der tatsächlichen Rückzahlung Zinsen in Höhe von **[Emissionsrendite einfügen]** per annum an.]

**[(D) Bei Doppelwährungs-Schuldverschreibungen, Indexierten Schuldverschreibungen, Raten-Schuldverschreibungen oder einer anderen Art von Schuldverschreibungen anwendbare Bestimmungen hier einfügen.]**

**[[[Nummer des Absatzes einfügen]]] Zinstagequotient.** "Zinstagequotient" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "Zinsberechnungszeitraum"):]

**[Im Fall von festverzinslichen Schuldverschreibungen und Actual/Actual (ICMA) einfügen:**

1. Im Falle von Schuldverschreibungen, bei denen die Anzahl der Tage in der betreffenden Periode ab dem letzten Zinszahlungstag (oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (der "Zinsberechnungszeitraum") kürzer ist als die Feststellungsperiode in die das Ende des Zinsberechnungszeitraumes fällt oder ihr entspricht, die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 Absatz 1 angegeben) in einem Kalenderjahr; oder

2. Im Falle von Schuldverschreibungen, bei denen der Zinsberechnungszeitraum länger ist als die Feststellungsperiode, in die das Ende des Zinsberechnungszeitraumes fällt, die Summe der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Zinsberechnungszeitraum beginnt, geteilt durch das Produkt (1) der Anzahl der Tage in der Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 Absatz 1 angegeben) in einem Kalenderjahr; und

der Anzahl der Tage in dem Zinsberechnungszeitraum, die in die nächste Feststellungsperiode fallen, geteilt durch das Produkt (1) der Anzahl der Tage in dieser Feststellungsperiode und (2) der Anzahl der Feststellungstermine (wie in § 3 Absatz 1 angegeben) in einem Kalenderjahr.

"Feststellungsperiode" ist die Periode ab einem Zinszahlungstag oder, wenn es keinen solchen gibt, ab dem Verzinsungsbeginn (jeweils einschließlich desselben) bis zum nächsten oder ersten Zinszahlungstag (ausschließlich desselben).]

**[Im Fall von festverzinslichen Schuldverschreibungen und 30/360 einfügen:** die Anzahl von Tagen in der Periode ab dem letzten Zinszahlungstag (oder wenn es keinen solchen gibt, ab dem Verzinsungsbeginn) (jeweils einschließlich desselben) bis zum betreffenden Zahlungstag (ausschließlich desselben) (wobei die Zahl der Tage auf der Basis von 12 Monaten zu jeweils 30 Tagen berechnet wird), geteilt durch 360.]

**[Im Fall von Actual/Actual (Actual/365) einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365 (oder falls ein Teil des Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe von (A) der tatsächlichen Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die in das Schaltjahr fallen, dividiert durch 366 und (B) die tatsächliche Anzahl von Tagen in dem Teil des Zinsberechnungszeitraums, die nicht in ein Schaltjahr fallen, dividiert durch 365).]

**[Im Fall von Actual/365 (Fixed) einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 365.]

**[Im Fall von Actual/360 einfügen:** die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.]

**[Im Fall von 30/360, 360/360 oder Bond Basis einfügen:** die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraums weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der den letzten Tag enthaltende Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraums fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

**[Im Fall von 30E/360 oder Eurobond Basis einfügen:** die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Tages des Zinsberechnungszeitraums, es sei denn, der Fälligkeitstag des letzten Zinsberechnungszeitraums ist der letzte Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).]

#### **§ 4 ZAHLUNGEN**

(1) [(a)] *Zahlungen auf Kapital.* Zahlungen von Kapital auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten.

**[Bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind, einfügen:**

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

**[Bei Zinszahlungen auf eine vorläufige Globalurkunde einfügen:** Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3 (b).]

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung **[im Falle einer Doppelwährungs-Schuldverschreibung einfügen:** oder die Währung eines Landes ist, welche für Zahlungen unter den Schuldverschreibungen vorgesehen wurde,] ist.

(3) *Vereinigte Staaten.* Für die Zwecke des **[Im Fall von TEFRA D Schuldverschreibungen bzw. im Falle einer Emission von Schuldverschreibungen durch die BMW US Capital, LLC, einfügen:** § 1 Absatz [(2)][(3)] und des] Absatzes 1 dieses § 4 bezeichnet "Vereinigte Staaten" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des "District of Columbia") sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands) und Besitzungen und sonstigen ihrer Jurisdiktion unterliegenden Gebiete[.] [und "U.S.-Personen" bezeichnet alle Staatsangehörigen oder Gebietsansässigen der



Vereinigten Staaten von Amerika, einschließlich Kapitalgesellschaften (oder anderen Rechtsgebilden, die im Sinne der Bundes-Einkommensteuer der Vereinigten Staaten als Kapitalgesellschaften behandelt werden) oder Personengesellschaften, die in den Vereinigten Staaten oder einer ihrer Gebietskörperschaften oder nach deren Recht gegründet oder organisiert sind, Erbmassen, deren Einkünfte unabhängig von der Quelle ihrer Einkünfte der Bundes-Einkommensteuer der Vereinigten Staaten unterliegen und Treuhandvermögen (Trust), wenn ein Gericht der Vereinigten Staaten imstande ist, die primäre Aufsicht über die Verwaltung des Treuhandvermögens auszuüben und eine oder mehrere U.S.-Personen die Befugnis haben, alle wesentlichen Entscheidungen des Treuhandvermögens zu kontrollieren; und unter "U.S.-Steuerausländern" sind alle Personen oder juristische Personen zu verstehen, die im Sinne der Bundes-Einkommensteuer der Vereinigten Staaten ausländische Kapitalgesellschaften, gebietsfremde ausländische natürliche Personen, ausländische Erbmassen oder Treuhandvermögen, die der Besteuerung gem. Section 1441 oder 1442 des Internal Revenue Code von 1986, in der jeweils gültigen Fassung, unterliegen, oder ausländische Personengesellschaften sind, letztere unter der Voraussetzung, dass ein oder mehrere Gesellschafter im Sinne der Bundes-Einkommensteuer der Vereinigten Staaten ausländische Kapitalgesellschaften, gebietsfremde ausländische natürliche Personen oder ausländische Erbmassen oder Treuhandvermögen sind, die der Besteuerung gem. Section 1441 oder 1442 des Internal Revenue Code von 1986, in der jeweils gültigen Fassung, unterliegen.]

(4) *Erfüllung.* Die Emittentin **[im Fall einer Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** bzw. die Garantin] wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann:

**[bei Anwendung der Modifizierte Folgender Geschäftstag-Konvention einfügen:** hat der Inhaber keinen Anspruch auf Zahlung vor dem nächstfolgenden Zahltag, es sei denn jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

**[bei Anwendung der FRN-Konvention einfügen:** hat der Inhaber keinen Anspruch auf Zahlung vor dem nächstfolgenden Zahltag, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Zahltag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen und (ii) ist jeder nachfolgende Zahltag der jeweils letzte Geschäftstag des Monats, der **[[Zahl einfügen] Monate] [andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden anwendbaren Zahltag liegt.]

**[bei Anwendung der Folgender Geschäftstag-Konvention einfügen:** hat der Inhaber keinen Anspruch vor dem nachfolgenden Zahltag.]

**[bei Anwendung der Vorangegangener Geschäftstag-Konvention einfügen:** wird der Zahltag auf den unmittelbar vorausgehenden Zahltag vorgezogen.]

**[falls der Zinsbetrag nicht angepasst (unadjusted) wird, einfügen:** Der Inhaber ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verschiebung zu verlangen (unadjusted).]

Für diese Zwecke bezeichnet "Zahltag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) **[falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevante Finanzzentren einfügen]] [falls die festgelegte Währung Euro ist, einfügen:** TARGET2 (wie nachstehend definiert) **[und Geschäftsbanken und Devisenmärkte in [sämtliche relevante Finanzzentren einfügen]]]** Zahlungen abwickeln.

**[**"TARGET2" bedeutet das *Trans-European Automated Real-time Gross Settlement Express Transfer*-Zahlungssystem oder jedes Nachfolgesystem.**]**

(6) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Emissionsbedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Rückzahlungsbetrag der Schuldverschreibungen; den vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen; **[falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen aus anderen als steuerlichen Gründen vorzeitig zurückzahlen, einfügen:** den Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen;] **[falls der Inhaber ein Wahlrecht hat, die**

**Schuldverschreibungen vorzeitig zu kündigen, einfügen:** den Wahl-Rückzahlungsbetrag (Put) der Schuldverschreibungen;] **[Im Fall von Nullkupon-Schuldverschreibungen einfügen:** den Amortisationsbetrag von Schuldverschreibungen;] **[Im Fall von Raten-Schuldverschreibungen einfügen:** die auf die Schuldverschreibungen zu leistende(n) Rate(n);] sowie jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Emissionsbedingungen auf Zinsen auf Schuldverschreibungen schließen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge ein.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.*

**[Bei Schuldverschreibungen, die keine Raten-Schuldverschreibungen sind, einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am **[im Fall eines festgelegten Fälligkeitstages Fälligkeitstag einfügen]** **[im Fall eines Rückzahlungsmonats und -jahres einfügen:** in den **[Rückzahlungsmonat und -jahr einfügen]** fallenden Zinszahlungstag] (der "Fälligkeitstag") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung entspricht **[falls die Schuldverschreibungen zu ihrem Nennbetrag zurückgezahlt werden, einfügen:** dem Nennbetrag der Schuldverschreibungen] **[ansonsten den Rückzahlungsbetrag für die jeweilige Stückelung einfügen]** je festgelegte **[Stückelung einfügen].]**

**[Bei Raten-Schuldverschreibungen einfügen:**

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen an dem/den nachstehenden Ratenzahlungstermin(en) zu der/den folgenden Rate(n) zurückgezahlt:

Ratenzahlungstermin(e)/Raten  
(je festgelegte Stückelung)

**[einfügen]**

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 Tagen gegenüber der Emissionsstelle und gemäß § 12 gegenüber den Inhabern vorzeitig gekündigt und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zuzüglich bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und –vorschriften der Bundesrepublik Deutschland **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V. einfügen:** oder der Niederlande] **[im Fall der Emission von Schuldverschreibungen durch BMW US Capital, LLC einfügen:** oder der Vereinigten Staaten] **[im Fall der Emission von Schuldverschreibungen durch BMW Australia Finance Limited einfügen:** oder des Commonwealth von Australien] **[im Fall der Emission von Schuldverschreibungen durch BMW Japan Finance Corp. einfügen:** oder Japans] oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die letzte Tranche dieser Serie von Schuldverschreibungen begeben wird, wirksam) **[Im Fall von Schuldverschreibungen, die nicht Nullkupon-Schuldverschreibungen sind, einfügen:** am nächstfolgenden Zinszahlungstag (wie in § 3 Absatz 1 definiert)] **[Im Fall von Nullkupon-Schuldverschreibungen einfügen:** bei Fälligkeit oder im Falle des Kaufs oder Tauschs einer Schuldverschreibung] zur Zahlung von zusätzlichen Beträgen gemäß §7 Absatz 1 verpflichtet sein wird.

Eine solche Kündigung hat gemäß § 12 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

**[Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig zurückzuzahlen, einfügen:**

**[(3)]** *Vorzeitige Rückzahlung nach Wahl der Emittentin.*

(a) Die Emittentin kann, unter Einhaltung einer Ankündigungsfrist von 15 Geschäftstagen gegenüber der Emissionsstelle und nachdem sie gemäß Absatz (b) gekündigt hat, die Schuldverschreibungen [insgesamt] [oder] [teilweise] [am Wahl-Rückzahlungstag] [an den Wahl-Rückzahlungstagen] (Call) [zum Wahl-Rückzahlungsbetrag] [zu den Wahl-Rückzahlungsbeträgen] (Call), wie nachstehend angegeben, nebst etwaigen bis zum betreffenden Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Zinsen zurückzahlen. **[Bei Geltung eines Mindestrückzahlungsbetrages oder eines erhöhten Rückzahlungsbetrages einfügen:** Eine solche Rückzahlung muss in Höhe eines Nennbetrages von [mindestens **[Mindestrückzahlungsbetrag einfügen]** **[erhöhter Rückzahlungsbetrag]** erfolgen.]

Wahl-Rückzahlungstag[e] (Call)/  
[Wahl-Rückzahlungsbetrag]  
[Wahl-Rückzahlungsbeträge] (Call)

**[einfügen]**

**[Falls der Inhaber ein Wahlrecht hat, die Schuldverschreibungen vorzeitig zu kündigen, einfügen:** Der Emittentin steht dieses Wahlrecht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Inhaber in Ausübung seines Wahlrechts nach Absatz [4] dieses § 5 verlangt hat.]

(b) Die Kündigung ist den Inhabern durch die Emittentin gemäß § 12 bekanntzugeben. Sie beinhaltet die folgenden Angaben:

- (i) die zurückzuzahlende Tranche bzw. Serie von Schuldverschreibungen;
  - (ii) eine Erklärung, ob diese Tranche bzw. Serie ganz oder teilweise zurückgezahlt wird und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen;
  - (iii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Inhabern liegen darf; und
  - (iv) den Wahl-Rückzahlungsbetrag (Call), zu dem Schuldverschreibungen zurückgezahlt werden.
- (c) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen nach den Regeln des betreffenden Clearing Systems ausgewählt. **[Im Fall einer Emission von Schuldverschreibungen in NGN Form einfügen:** und eine solche Rückzahlung wird nach freiem Ermessen von CBL und Euroclear entweder als Pool Faktor (*pool factor*) oder als Reduzierung des Gesamtnennbetrages in den Aufzeichnungen von CBL und/oder Euroclear reflektiert].

**[Falls der Inhaber ein Wahlrecht hat, die Schuldverschreibungen vorzeitig zu kündigen, einfügen:**

**[(4)]** *Vorzeitige Rückzahlung nach Wahl des Inhabers.*

(a) Die Emittentin hat eine Schuldverschreibung nach Ausübung des entsprechenden Wahlrechts durch den Inhaber [am Wahl-Rückzahlungstag] [an den Wahl-Rückzahlungstagen] (Put) [zum Wahl-Rückzahlungsbetrag] [zu den Wahl-Rückzahlungsbeträgen] (Put), wie nachstehend angegeben, nebst etwaigen bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Wahl-Rückzahlungstag[e] (Put)  
[Wahl-Rückzahlungsbetrag] [Wahl-Rückzahlungsbeträge] (Put)

**[einfügen]**

Dem Inhaber steht das Recht zur vorzeitigen Rückzahlung oder das Wahlrecht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung die Emittentin zuvor in Ausübung ihres Wahlrechts nach diesem § 5 verlangt hat.

(b) Um dieses Wahlrecht auszuüben, hat der Inhaber nicht weniger als **[Mindestkündigungsfrist einfügen]** Tage und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei der bezeichneten Geschäftsstelle der Emissionsstelle während der

normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Mitteilung zur vorzeitigen Rückzahlung, ("Ausübungserklärung"), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle erhältlich ist, zu hinterlegen. Die Ausübung des Wahlrechts kann nicht widerrufen werden. Um das Recht, Rückzahlung verlangen zu können, auszuüben, muss der Inhaber dann, wenn die Schuldverschreibungen über Euroclear oder CBL gehalten werden, innerhalb der Kündigungsfrist die Emissionsstelle über eine solche Rechtsausübung in Übereinstimmung mit den Richtlinien von Euroclear und CBL in einer für Euroclear und CBL im Einzelfall akzeptablen Weise in Kenntnis setzen (wobei diese Richtlinien vorsehen können, dass die Emissionsstelle auf Weisung des Inhabers von Euroclear oder CBL oder einer gemeinsamen Verwahrstelle in elektronischer Form über die Rechtsausübung in Kenntnis gesetzt wird). Weiterhin ist für die Rechtsausübung erforderlich, dass zur Vornahme entsprechender Vermerke der Inhaber im Einzelfall die Globalurkunde der Emissionsstelle vorlegt bzw. die Vorlegung der Globalurkunde veranlasste.]

**[Bei Schuldverschreibungen (außer Nullkupon-Schuldverschreibungen) einfügen:]**

**[(5)]** *Vorzeitiger Rückzahlungsbetrag.*

Für die Zwecke von Absatz 2 dieses § 5 und § 9, entspricht der vorzeitige Rückzahlungsbetrag einer Schuldverschreibung dem Rückzahlungsbetrag.

**[Bei Nullkupon-Schuldverschreibungen einfügen:]**

(a) Der "Vorzeitige Rückzahlungsbetrag" (Amortisationsbetrag) einer Schuldverschreibung entspricht der Summe aus:

- (i) **[Referenzpreis einfügen]** (der "Referenzpreis") und
- (ii) dem Produkt aus **[Emissionsrendite einfügen]** (jährlich kapitalisiert) und dem Referenzpreis ab dem (und einschließlich) **[Tag der Begebung einfügen]** bis zu (aber ausschließlich) dem vorgesehenen Rückzahlungstag oder (je nachdem) dem Tag, an dem die Schuldverschreibung fällig und rückzahlbar werden.

Wenn diese Berechnung für einen Zeitraum, der nicht vollen Jahren entspricht, durchzuführen ist, hat sie im Falle des nicht vollständigen Jahres (der "Zinsberechnungszeitraum") auf der Grundlage des Zinstagequotienten (wie vorstehend in § 3 definiert) zu erfolgen.

(b) Falls die Emittentin den vorzeitigen Rückzahlungsbetrag bei Fälligkeit nicht zahlt, wird der Amortisationsbetrag einer Schuldverschreibung wie vorstehend beschrieben berechnet, jedoch mit der Maßgabe, dass die Bezugnahmen in Unterabsatz (a) (ii) auf den für die Rückzahlung vorgesehenen Rückzahlungstag oder den Tag, an dem diese Schuldverschreibungen fällig und rückzahlbar werden, durch den früheren der nachstehenden Zeitpunkte ersetzt werden: (i) der Tag, an dem die Zahlung gegen ordnungsgemäße Vorlage und Einreichung der betreffenden Schuldverschreibungen (sofern erforderlich) erfolgt, und (ii) der vierzehnte Tag, nachdem die Emissionsstelle gemäß § 12 mitgeteilt hat, dass ihr die für die Rückzahlung erforderlichen Mittel zur Verfügung gestellt wurden.]

**§ 6**

**DIE EMISSIONSSTELLE [UND] [,] DIE ZAHLSTELLE[N] [UND DIE  
BERECHNUNGSSTELLE]**

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissionsstelle [,] [und] die Zahlstelle[n] [und die Berechnungsstelle] und deren anfänglich bezeichneten Geschäftsstellen lauten wie folgt:

**Emissionsstelle:**

Citibank, N.A.  
Agency and Trust  
13th floor, Citigroup Centre  
Canada Square, Canary Wharf  
GB-London E14 5LB

**Zahlstelle[n]:**

Citibank, N.A.  
Agency and Trust  
13th floor, Citigroup Centre

Canada Square, Canary Wharf  
GB-London E14 5LB

BNP Paribas Securities Services, Luxembourg Branch  
33, rue de Gasperich, Howald-Hesperange  
L-2085 Luxembourg

**[andere Zahlstellen und bezeichnete Geschäftsstellen einfügen]**

**[Berechnungsstelle:**

Citibank, N.A.  
Agency and Trust  
13th floor, Citigroup Centre  
Canada Square, Canary Wharf  
GB-London E14 5LB]

Die Emissionsstelle[,] [und] die Zahlstelle[n] [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit die bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit mit Zustimmung von Barclays Bank PLC, welche nicht unbillig verweigert werden darf, die Bestellung der Emissionsstelle oder einer Zahlstelle [oder der Berechnungsstelle] zu ändern oder zu beenden und eine andere Emissionsstelle oder zusätzliche oder andere Zahlstellen [oder eine andere Berechnungsstelle] zu bestellen. Die Emittentin wird jederzeit (i) eine Emissionsstelle unterhalten [,] [und] (ii) eine Zahlstelle mit bezeichneter Geschäftsstelle außerhalb der Europäischen Union unterhalten [,] [und] [(iii)] eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in einer kontinentaleuropäischen Stadt unterhalten] [im Fall der Emission von Schuldverschreibungen durch die Bayerische Motoren Werke Aktiengesellschaft einfügen: [,] [und] [(iv)] eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle innerhalb der Bundesrepublik Deutschland unterhalten] **[im Fall von Schuldverschreibungen, die an einer Börse notiert sind, einfügen: [,] [und] [(v)]** solange die Schuldverschreibungen an der **[Name der Börse]** notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in **[Sitz der Börse]** und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen] **[im Fall von Zahlungen in U.S.-Dollar einfügen: [,] [und] [(vi)]** falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten (wie in § 4 Absatz 3 definiert) aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich oder vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S.-Dollar widerrechtlich oder tatsächlich ausgeschlossen werden, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York City unterhalten] **[falls eine Berechnungsstelle bestellt werden soll, einfügen: [,] [und] [(vii)]** eine Berechnungsstelle **[falls die Berechnungsstelle eine bezeichnete Geschäftsstelle an einem vorgeschriebenen Ort zu unterhalten hat, einfügen:** mit bezeichneter Geschäftsstelle in **[vorgeschriebenen Ort einfügen]** unterhalten]. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Inhaber hierüber gemäß § 12 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle[,] [und] die Zahlstelle[n] [und die Berechnungsstelle] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Inhabern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Inhabern begründet.

## **§ 7 STEUERN**

(1) *Steuern.* Alle in Bezug auf die Schuldverschreibungen zu zahlenden Beträge (Kapital, Zinsen und zusätzliche Beträge) sind ohne Einbehalt an der Quelle oder Abzug an der Quelle von irgendwelchen gegenwärtigen oder zukünftigen Steuern, Gebühren oder Abgaben gleich welcher Art, die von oder **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V. einfügen:** in den Niederlanden oder den Vereinigten Staaten von Amerika oder im Fall von Zahlungen auf die Garantie] **[im Fall der Emission von Schuldverschreibungen durch BMW US Capital, LLC einfügen:** in den Vereinigten Staaten oder im Fall von Zahlungen auf die Garantie] **[im Fall der Emission von Schuldverschreibungen durch BMW Australia Finance Limited einfügen:** im

Commonwealth von Australien ("Australien") oder den Vereinigten Staaten von Amerika oder im Fall von Zahlungen auf die Garantie] **[im Fall der Emission von Schuldverschreibungen durch BMW Japan Finance Corp. einfügen:** in Japan oder den Vereinigten Staaten von Amerika oder im Fall von Zahlungen auf die Garantie] von oder in der Bundesrepublik Deutschland oder irgendeiner ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit erhoben werden ("Quellensteuer"), zu zahlen, es sei denn, die Quellensteuer ist kraft Gesetzes oder einer sonstigen Rechtsvorschrift oder aufgrund eines Vertrages zwischen der Emittentin und der maßgeblichen Jurisdiktion abzuziehen oder einzubehalten und an die zuständigen Behörden abzuführen. In diesem Fall trägt die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** oder gegebenenfalls die Garantin] vorbehaltlich des Absatzes 2 diejenigen zusätzlichen Beträge, die erforderlich sind, dass die von jedem Inhaber zu empfangenden Nettobeträge nach einem solchen Abzug oder Einbehalt von Quellensteuer den Beträgen entsprechen, die der Inhaber ohne einen solchen Abzug oder Einbehalt von Quellensteuer erhalten hätte. Die seit dem 1. Januar 2009 in der Bundesrepublik Deutschland bestehende Abgeltungsteuer, der darauf zu erhebende Solidaritätszuschlag und, sofern einschlägig, die darauf erhobene individuelle Kirchensteuer, sind keine Quellensteuern im oben genannten Sinn.

(2) *Keine zusätzlichen Beträge.* Die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** oder gegebenenfalls die Garantin] ist jedoch zur Zahlung zusätzlicher Beträge wegen solcher Steuern, Gebühren oder Abgaben nicht verpflichtet:

- (a) denen der Inhaber aus irgendeinem anderen Grund als der bloßen Tatsache unterliegt, dass er Inhaber ist und zwar insbesondere, wenn der Inhaber aufgrund einer persönlichen unbeschränkten oder beschränkten Steuerpflicht derartigen Steuern, Gebühren oder Abgaben unterliegt; oder
- (b) denen der Inhaber nicht unterläge, wenn er seine Schuldverschreibungen bzw. Zinsansprüche innerhalb von 30 Tagen nach dem jeweiligen Fälligkeitstag oder nach dem maßgeblichen Tag, wie unten definiert, der jeweiligen Zahlstelle i.S.v. § 6 zur Zahlung vorgelegt bzw. geltend gemacht hätte; oder
- (c) die von einer Zahlstelle in einem Land abgezogen oder einbehalten werden, wenn eine andere Zahlstelle in einem anderen Land die Zahlung ohne einen solchen Einbehalt oder Abzug hätte leisten können; oder
- (d) die auf andere Weise als durch Einbehalt an der Quelle oder Abzug an der Quelle aus Zahlungen von Kapital oder etwaigen Zinsen zu entrichten sind; oder
- (e) die nur abgezogen und einbehalten werden, weil die Schuldverschreibungen effektiv zur Einlösung am Schalter vorgelegt werden; oder
- (f) denen der Inhaber deshalb unterliegt, weil er Einwohner der Bundesrepublik Deutschland **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V. einfügen:** oder der Niederlande] **[im Fall der Emission von Schuldverschreibungen durch BMW US Capital, LLC einfügen:** oder der Vereinigten Staaten] **[im Fall der Emission von Schuldverschreibungen durch BMW Australia Finance Limited einfügen:** oder von Australien] **[im Fall der Emission von Schuldverschreibungen durch BMW Japan Finance Corp. einfügen:** oder von Japan] oder weil er andere persönliche oder geschäftliche Verbindungen zu diesen Ländern hat und nicht lediglich aufgrund der Tatsache, dass Zahlungen gemäß diesen Emissionsbedingungen aus **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V. einfügen:** den Niederlanden] **[im Fall der Emission von Schuldverschreibungen durch BMW US Capital, LLC einfügen:** oder der Vereinigten Staaten] **[im Fall der Emission von Schuldverschreibungen durch BMW Australia Finance Limited einfügen:** Australien] **[im Fall einer Emission von Schuldverschreibungen durch BMW Japan Finance Corp. einfügen:** Japan] oder der Bundesrepublik Deutschland stammen oder steuerlich so behandelt werden; oder
- (g) wenn irgendwelche Steuern, Gebühren oder Abgaben nur deshalb erhoben oder an der Quelle abgezogen werden, weil der Inhaber oder der aus einer Schuldverschreibung wirtschaftlich Berechtigte es versäumt hat, irgendwelche Anforderungen (einschließlich die Verpflichtung zur Beibringung notwendiger Formulare und/oder anderer Unterlagen) aus einem Gesetz, einem Vertrag, einer Bestimmung oder einer administrativen Regelung der Steuergesetzgebung, aufgrund dessen er einen Anspruch auf Erlass der gesamten Steuer, Gebühr oder Abgabe oder

eines Teils davon gehabt hätte, zu erfüllen, soweit eine solche Erfüllung als eine Vorbedingung vorausgesetzt wird, um von solchen Steuern, Gebühren, Pflichten, einem solchen Bescheid oder Abgabe abgeholfen oder befreit zu werden; oder

- (h) wo ein solcher Einbehalt oder Abzug gemäß den Abschnitten 1471 bis 1474 des Internal Revenue Code der Vereinigten Staaten von 1986 in der geltenden Fassung (*United States Internal Revenue Code of 1986, as amended*) (oder einer geänderten Fassung oder eines vergleichbaren Nachfolgegesetzes) (das „Gesetz“) und einer gegenwärtigen oder zukünftigen Verordnung oder offiziellen Verwaltungspraxis dazu oder eines Vertrages dazu erfolgt; oder
- [(i)] die auf Grundlage der EU-Zinsrichtlinie betreffend die Einführung des EU-weiten Informationsaustauschs und die Besteuerung von Zinseinkünften in der vom Rat der Europäischen Union am 3. Juni 2003 erlassenen Fassung, oder aufgrund irgendeines Gesetzes oder einer Rechtsvorschrift, welche(s) diese Richtlinie beziehungsweise die in der Sitzung des ECOFIN-Rates vom 13. Dezember 2001 erzielten Ergebnisse umsetzt oder deren Anforderungen erfüllt, oder welches erlassen wird, um dieser Richtlinie zu entsprechen, auf eine Zahlung an eine natürliche Person erhoben werden; oder
- [(j)] die einbehalten oder abgezogen werden bei Vorlage zur Zahlung durch oder für einen solchen Inhaber, der einen solchen Einbehalt oder Abzug durch Vorlage der Schuldverschreibung bei einer anderen Zahlstelle in einem Mitgliedstaat der Europäischen Union hätte vermeiden können; oder
- [(k)] die hinsichtlich einer dividendenähnlichen Zahlung (*dividend equivalent payment*) gemäß Abschnitt 871 oder 881 des Gesetzes bei indexierten Schuldverschreibungen erhoben wurden; oder

**[im Fall der Emission von Schuldverschreibungen durch BMW US Capital, LLC einfügen]:**

- [(l)] wenn irgendwelche Steuern, Gebühren oder Abgaben durch die Vereinigten Staaten deshalb erhoben werden, weil der frühere oder gegenwärtige Status des Inhabers oder des aus einer Schuldverschreibung wirtschaftlich Berechtigten (i) einer passiven Investmentgesellschaft; (ii) einer Gesellschaft, die zum Zwecke der Vermeidung von Bundessteuern der USA auf das Einkommen Gewinne einbehält; (iii) einer aus Sicht der Vereinigten Staaten ausländisch beherrschten Gesellschaft, die mit der Emittentin aufgrund einer Aktienbeteiligung verbunden ist; (iv) einer privaten Stiftung oder einer anderen in den Vereinigten Staaten steuerbefreiten Organisation; (v) einer Beteiligung von 10 Prozent bezogen auf die Emittentin im Sinne von Paragraph 871(h)(3)(B) oder 881(c)(3)(B) des Internal Revenue Code der Vereinigten Staaten von 1986 in der jeweils gültigen Fassung (der „Code“) oder (vi) einer Zinsen erhaltenden Bank wie in Paragraph 881(c)(3)(A) des Code beschrieben ist; oder
- [(m)] wenn irgendwelche Steuern, Gebühren oder Abgaben auf Zahlungen aus den Schuldverschreibungen von einem Inhaber erhoben werden, der ein Treuhänder oder eine Personengesellschaft ist, oder jemand anders als der wirtschaftlich Berechtigte aus einer solchen Zahlung ist, sofern der Begünstigte oder der die Zahlung Erhaltende in Bezug auf eine solche Treuhandgesellschaft oder ein Gesellschafter einer Personengesellschaft oder ein wirtschaftlich Berechtigter keinen Anspruch auf eine Zahlung zusätzlicher Beträge gehabt hätte, wenn der Begünstigte, der die Zahlung Erhaltende, der Gesellschafter oder der wirtschaftlich Berechtigte seinen ihm zustehenden oder ausgeschütteten Anteil direkt erhalten hätte; oder
- [(n)] die von der Emittentin zu entrichten sind, wenn ein solcher Abzug oder Einbehalt von Quellensteuern durch den vollständigen Nachweis durch den Inhaber einer Ausnahme von der Verpflichtung zum Abzug oder Einbehalt von Quellensteuern (einschließlich der Möglichkeit einer Beibringung eines Formulars W-8BEN oder W-9) hätte vermieden werden können; oder
- [(o)] die von den Vereinigten Staaten einem Inhaber auferlegt werden hinsichtlich einer Zahlung unter einer Schuldverschreibung, die nicht von einem Festgelegten Clearing System verwahrt wird oder die ansonsten anders als „in registered form“ nach dem Gesetz behandelt wird (wobei der Terminus „in registered form“ die Bedeutung aus dem Gesetz hat).]

**[im Fall der Emission von Schuldverschreibungen durch BMW Australia Finance Limited einfügen]:**

- [(l)] die zahlbar sind aus Gründen, die in der Person des Inhabers liegen oder weil es sich bei der Person, die an den Schuldverschreibungen ein Interesse hat (ob unmittelbar oder mittelbar) um

eine verbundene Person der Emittentin im Sinne des Abschnitts 128F(9) des Income Tax Assessment Act 1936 of Australia, in seiner geänderten Fassung (das "Australische Steuergesetz") handelt und entweder:

- (i) die verbundene Person eine in Australien nicht ansässige Person ist und die Schuldverschreibung oder das Interesse an der Schuldverschreibung wurde nicht oder wäre nicht von der verbundenen Person im Rahmen ihrer Geschäftstätigkeit in Australien oder eines dauerhaften Sitzes der verbundenen Person in diesem Land erworben worden, oder
- (ii) die verbundene Person ist in Australien ansässig und die Schuldverschreibung oder das Interesse an der Schuldverschreibung wurde oder wäre von der verbundenen Person im Rahmen ihrer Geschäftstätigkeit in Australien oder eines dauerhaften Sitzes der verbundenen Person in Australien erworben, und

die Schuldverschreibung oder das Interesse an der Schuldverschreibung wurde nicht oder wäre nicht von der verbundenen Person in ihrer Tätigkeit als Dealer, Manager oder Übernehmender hinsichtlich der Platzierung der Schuldverschreibung oder des Interesses an der Schuldverschreibung oder in ihrer Tätigkeit als Clearingstelle (*clearing house*), Verwahrer (*custodian*), Fondsmanager (*funds manager*) oder als eine für eine eingetragene Stelle (*registered scheme*) verantwortliche Person (diese Begriffe sind im Australischen Steuergesetz definiert) erworben, oder

[(m)] die von oder für einen Inhaber zahlbar sind hinsichtlich dessen diese Steuern gefordert oder einbehalten, abgezogen oder gezahlt werden, für den Fall, dass ein solcher Einbehalt, Abzug oder Zahlung hinsichtlich von gezahlten Zinsen oder einer Gutschrift hinsichtlich der Schuldverschreibung erfolgte und der Inhaber ist entweder in Australien ansässig und übt selber oder durch eine dauerhafte Einrichtung eine Geschäftstätigkeit außerhalb von Australien aus (einschließlich von Einwohnern) oder der Inhaber ist nicht in Australien ansässig und übt selber oder durch eine dauerhafte Einrichtung eine Geschäftstätigkeit außerhalb von Australien aus, oder

[(n)] für den Fall, dass die Pflicht zur Zahlung der maßgeblichen Steuer durch ein Fehlverhalten des Inhabers begründet wird, einer Zertifizierung, Identifizierung, Information, Dokumentation oder anderen Melde- oder vergleichbaren Pflichten hinsichtlich der Nationalität des Inhabers, des Aufenthaltsortes, der Identität oder einem Zusammenhang zu Australien (einschließlich aber nicht abschließend der maßgeblichen Vorschriften über die australische Steuernummer des Inhabers, die australische Geschäftsnummer oder Ausnahmeregelungen) nachzukommen, der auf australischen Gesetzen, Vorschriften oder Marktgepflogenheiten beruht oder einer politischen Unterabteilung oder einer Steuerbehörde als eine Vorbedingung von solchen Steuern abzuweichen oder zu befreien, oder]

[(o)] [(p)] jede Kombination der Absätze (a), (b), (c), (d), (e), (f), (g), [(h)], [(i)], [(j)] [und] [,] [(k)], [(l)], [(m)] [und] [,] [(n)] [und] (o).

(3) *Maßgeblicher Tag*. Der "maßgebliche Tag" im Sinne dieser Emissionsbedingungen ist der Tag, an dem eine solche Zahlung zuerst fällig wird. Wenn jedoch die betreffende Zahlstelle die volle Summe der zu zahlenden Beträge nicht am oder vor dem jeweiligen Zahltag ordnungsgemäß erhalten hat, dann ist der maßgebliche Tag der Tag, an dem die betreffende Zahlstelle die volle Summe der zu zahlenden Beträge erhalten hat und eine Mitteilung hierüber gemäß § 12 an die Inhaber ordnungsgemäß übermittelt wurde.

**[[im Fall einer Emission von Schuldverschreibungen durch die BMW Japan Finance Corp. einfügen:**

(4) Zinszahlungen auf Schuldverschreibungen, die an einen Einwohner Japans oder an eine japanische Gesellschaft ausgegeben werden (mit Ausnahme eines ausgewählten japanischen Finanzinstituts, das die Erfordernisse des japanischen Sonderbesteuerungsgesetzes erfüllt) oder an eine Person, die kein Einwohner Japans ist oder an eine ausländische Gesellschaft, die eine juristische Person ist, die ein bestimmtes Verhältnis, wie im Kabinettsbeschluss in Bezug auf das Sonderbesteuerungsgesetz (der „Kabinettsbeschluss“) spezifiziert, zur Emittentin hat („eine Person mit einem bestimmten Verhältnis“ („special related person“)), sind Gegenstand von japanischer Einkommensteuer in Höhe der in den folgenden Unterabsätzen (a) und (b) festgelegten Beträge:

- (a) falls Zinsen an einen Einwohner Japans oder an eine japanische Gesellschaft (mit Ausnahme der Bestimmung im folgenden Unterabsatz (b)), gezahlt werden, in der Höhe des Zinsbetrages; oder



- (b) falls Zinsen an eine Aktiengesellschaft, ein Finanzinstitut oder ein Wertpapierdienstleistungsunternehmen (die die Erfordernisse der japanischen Steuerbefreiung erfüllen) durch ihren Zahlungsbeauftragten in Japan, wie in Artikel 2-2, Absatz 2 des Kabinettsbeschlusses hinsichtlich des Sonderbesteuerungsgesetzes (der „Kabinettsbeschluss“) festgelegt, gezahlt werden, in der Höhe dieses Zinsbetrages abzüglich des Betrages, der während des Zeitraumes aufgelaufen ist, während dessen die Schuldverschreibungen ohne Unterbrechung von der Gesellschaft gehalten wurden.]

## § 8

### HINTERLEGUNG, VORLEGUNGSFRIST, VERJÄHRUNGSFRIST

- (1) *Hinterlegung.* Die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited, BMW Japan Finance Corp. einfügen:** bzw. die Garantin] kann die von Inhabern innerhalb von zwölf Monaten nach Fälligkeit nicht geltend gemachten Beträge an Kapital und etwaigen Zinsen auf Gefahr und Kosten dieser Inhaber beim Amtsgericht Frankfurt am Main unter Verzicht auf das Recht der Rücknahme hinterlegen, auch wenn die Inhaber sich nicht in Annahmeverzug befinden. Mit der Hinterlegung unter Verzicht auf das Recht der Rücknahme erlischt jeglicher Anspruch dieser Inhaber gegen die Emittentin und für die Erfüllung von deren Verbindlichkeiten haftende Dritte **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited, BMW Japan Finance Corp. einfügen:**, insbesondere der Garantin].
- (2) *Vorlegungsfrist.* Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird auf zehn Jahre verkürzt.

## § 9

### KÜNDIGUNGSGRÜNDE

- (1) *Kündigungsgründe.* Jeder Inhaber ist berechtigt, seine sämtlichen Forderungen aus den Schuldverschreibungen durch Kündigung gegenüber der Emissionsstelle fällig zu stellen und Rückzahlung eines gemäß § 5 errechneten Rückzahlungsbetrages zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, wenn
- (a) die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited, BMW Japan Finance Corp. einfügen:** oder Garantin], gleichgültig aus welchen Gründen, Kapital oder etwaige Aufgelder oder etwaige Zinsen aus den Schuldverschreibungen einschließlich etwaiger gemäß § 7 Absatz 1 zu zahlender zusätzlicher Beträge, innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag nicht zahlt; oder
- (b) die Emittentin, gleichgültig aus welchen Gründen, mit der Erfüllung einer anderen Verpflichtung aus diesen Schuldverschreibungen, insbesondere aus § 2 Absatz 2 **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:**, oder die Garantin mit der Erfüllung von irgendwelchen Verpflichtungen aus der Garantie] länger als 90 Tage nach Erhalt einer schriftlichen Mitteilung von der Emissionsstelle in Rückstand kommt; oder
- (c) gegen die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited, BMW Japan Finance Corp. einfügen:** oder Garantin] ein Insolvenzverfahren oder ein dem Insolvenzverfahren vergleichbares Verfahren in einer anderen Rechtsordnung eröffnet worden ist, und diese Entscheidung nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt worden ist, oder die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited, BMW Japan Finance Corp. einfügen:** oder die Garantin] von sich aus ein solches Verfahren beantragt oder einen Vergleich mit Inhabern anbietet oder durchführt; oder
- (d) die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** oder die Garantin] aufgelöst oder liquidiert wird oder irgendeine Maßnahme zum Zwecke der Liquidation trifft, es sei denn, dass eine solche Liquidation im Zusammenhang mit einer Verschmelzung, Konsolidierung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft erfolgt und diese Gesellschaft **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia**

**Finance Limiteds oder BMW Japan Finance Corp. einfügen:** – im Falle der Emittentin –] alle Verpflichtungen aus diesen Emissionsbedingungen **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** und – im Falle der Garantin – alle Verpflichtungen aus der Garantie] und der Verpflichtungserklärung übernimmt; oder

- (e) die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** oder die Garantin] die Zahlungen ganz oder ihre Geschäftstätigkeit einstellt.
- (2) *Übermittlung.* Eine derartige Kündigung zur Rückzahlung ist durch eingeschriebenen Brief an die Emissionsstelle zu richten und wird mit Zugang bei dieser wirksam. Die Fälligkeit tritt ein am 30. Tag nach Zugang der Kündigung, es sei denn, dass im Falle des Absatzes (1)(a) oder (1)(b) die Verpflichtung vorher erfüllt worden ist.

## **§ 10 SCHULDNERERSETZUNG**

- (1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Inhaber **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** die Garantin oder] eine andere Gesellschaft, die als Emittentin unter diesem Programm ernannt wurde, als Emittentin (die "Neue Emittentin") hinsichtlich aller Verpflichtungen aus oder in Verbindung mit den Schuldverschreibungen an die Stelle der Emittentin zu setzen, sofern:
- (a) die Neue Emittentin alle Verpflichtungen der Emittentin aus oder in Verbindung mit den Schuldverschreibungen übernimmt;
- (b) die Emittentin **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** die Garantin] und die Neue Emittentin alle etwa notwendigen Genehmigungen von den zuständigen Behörden erhalten hat, wonach die Neue Emittentin alle Beträge, die zur Erfüllung der aus oder in Verbindung mit den Schuldverschreibungen entstehenden Zahlungsverpflichtungen erforderlich sind, in der festgelegten Währung oder einer anderen erforderlichen Währung ohne Einbehalt an der Quelle oder Abzug an der Quelle von irgendwelchen Steuern, Gebühren oder Abgaben in dem Land, in dem die Neue Emittentin ansässig ist, an die jeweilige Zahlstelle transferieren darf;
- (c) die **[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** Garantin, soweit sie nicht selbst die Neue Emittentin ist,] **[im Fall der Emission von Schuldverschreibungen durch Bayerische Motoren Werke Aktiengesellschaft einfügen:** Emittentin] in einer nach Form und Inhalt gleichen Art wie in der ursprünglichen Garantie durch die Garantin, unbedingt und unwiderruflich die Verpflichtungen der Neuen Emittentin garantiert.
- (2) *Bezugnahmen.* Im Falle einer solchen Schuldnerersetzung gilt jede in diesen Emissionsbedingungen enthaltene Bezugnahme auf die Emittentin fortan als auf die Neue Emittentin bezogen, und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz hat, gilt fortan als auf das Land, in dem die Neue Emittentin ihren Sitz hat, bezogen, und, soweit hierbei ein Unterschied gemacht werden muss, auf das Land, in dem die Neue Emittentin für steuerliche Zwecke als gebietsansässig betrachtet wird.
- (3) *Mitteilung.* Eine Schuldnerersetzung gemäß Absatz 1 dieses § 10 ist für die Inhaber bindend und ist ihnen mit einer Frist von mindestens 15 Geschäftstagen vor Inkrafttreten der Schuldnerersetzung gemäß § 12 öffentlich bekannt zu machen.

## **§ 11 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, RÜCKKAUF UND ENTWERTUNG**

- (1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin behält sich vor, ohne Zustimmung der Inhaber weitere Schuldverschreibungen in der Weise zu begeben, dass sie mit den Schuldverschreibungen dieser Tranche zusammengefasst werden, eine einheitliche Emission (Serie) mit ihnen bilden und ihren Gesamtnennbetrag erhöhen. Die Schuldverschreibungen einer Serie haben identische Emissionsbedingungen und Ausstattungsmerkmale mit Ausnahme (im Fall von mehr als

einer Tranche) des Begebungstages, des Verzinsungsbeginns und des Emissionspreises. Bezugnahmen auf „*Schuldverschreibungen*“ gelten in gleicher Weise als Bezugnahmen auf solche Tranchen oder Serien.

(2) *Rückkauf und Entwertung.* Der Emittentin **[im Fall einer Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:]**, der Garantin] und jeder ihrer [jeweiligen] Tochtergesellschaften ist es erlaubt, Schuldverschreibungen im Markt oder auf andere Weise zurückzukaufen. Zurückgekauft oder auf andere Weise von der Emittentin **[im Fall einer Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:]**, der Garantin] oder jeweiligen Tochtergesellschaft erworbene Schuldverschreibungen können gehalten, wiederverkauft oder nach Wahl der Emittentin **[im Fall einer Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:]**, der Garantin] bzw. der betreffenden Tochtergesellschaft der jeweiligen Zahlstelle zur Entwertung überlassen werden.

## § 12 MITTEILUNGEN

**[Im Fall von Schuldverschreibungen, die an einer Börse notiert sind, einfügen:]**

[(1)] *Bekanntmachung.* Soweit gesetzlich erforderlich, sind alle die Schuldverschreibungen betreffenden Mitteilungen im elektronischen Bundesanzeiger [sowie in einer führenden Tageszeitung mit allgemeiner Verbreitung in [Deutschland] [Luxemburg] [London] [Frankreich] [der Schweiz] **[anderen Ort einfügen]**, voraussichtlich [die *Börsen-Zeitung*] [Luxemburger Wort] [Tageblatt] [die *Financial Times*] [La Tribune] [die *Neue Zürcher Zeitung* und *Le Temps*] **[andere Zeitung mit allgemeiner Verbreitung einfügen]**] in deutscher oder englischer Sprache zu veröffentlichen[.] [und werden darüberhinaus über die Website der [Luxemburger Börse] **[andere Börse einfügen]** unter [“www.bourse.lu”] **[andere website einfügen]** veröffentlicht]. Jede derartige Mitteilung gilt mit dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.]

[(2)] *Mitteilung an das Clearing System.*

**[im Fall von Schuldverschreibungen, die nicht notiert sind, einfügen:]** Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearing System zur Weiterleitung an die Inhaber übermitteln. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Inhabern mitgeteilt.]

**[Im Fall von Schuldverschreibungen, die an der Luxemburger Börse notiert sind, einfügen:]**

Solange Schuldverschreibungen an der Luxemburger Börse notiert sind, findet Absatz 1 Anwendung. Soweit dies Mitteilungen über den Zinssatz betrifft und die Regeln der Luxemburger Börse bzw. anwendbare Gesetze dies zulassen, kann die Emittentin eine Veröffentlichung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Inhaber ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Inhabern mitgeteilt.]

**[Im Fall von Schuldverschreibungen, die an einer anderen Börse als der Luxemburger Börse notiert sind, einfügen:]** Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz 1 durch eine Mitteilung an das Clearing System zur Weiterleitung an die Inhaber zu ersetzen, vorausgesetzt, dass die Regeln der Börse, an der die Schuldverschreibungen notiert sind, diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Inhabern mitgeteilt.]

## § 13 ANWENDBARES RECHT, ERFÜLLUNGORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen, der Globalurkunde(n), der Garantie und der Verpflichtungserklärung sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.

**[im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:]**

(2) *Erfüllungsort.* Erfüllungsort und ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten mit der Garantin, die sich aus den in der Garantie oder der Verpflichtungserklärung geregelten Rechtsverhältnissen ergeben, ist München, Bundesrepublik Deutschland.]

[(3)] *Gerichtsstand.* Für alle Rechtsstreitigkeiten, die sich aus den in diesen Emissionsbedingungen geregelten Rechtsverhältnissen ergeben, sind die Inhaber berechtigt, ihre Ansprüche nach ihrer Entscheidung entweder vor den zuständigen Gerichten in dem Land des Sitzes der Emittentin oder vor dem zuständigen Gericht in München, Bundesrepublik Deutschland, geltend zu machen. Alle anderen Gerichtsstände sind ausgeschlossen. Es gilt als vereinbart, dass diese Gerichte ausschließlich das Recht der Bundesrepublik Deutschland anwenden sollen.

**[Im Fall der Emission von Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:]**

[(4)] *Ernennung eines Zustellungsbevollmächtigten.* Für Rechtsstreitigkeiten zwischen den Inhabern und der Emittentin, die gegebenenfalls vor Gerichte in der Bundesrepublik Deutschland gebracht werden, ernennt die Emittentin die Bayerische Motoren Werke Aktiengesellschaft, Petuelring 130, 80788 München, Bundesrepublik Deutschland, als Zustellungsbevollmächtigte.]

[(5)] *Gerichtliche Geltendmachung.* Jeder Inhaber ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Inhaber und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Inhabers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing System oder des Verwahrers des Clearing System bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "Depotbank" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Inhaber ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Inhaber seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.

[(6)] *Kraftloserklärung.* Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Globalurkunden.

## **§ 14 TEILUNWIRKSAMKEIT**

Sollte eine der vorstehenden Bestimmungen dieser Emissionsbedingungen unwirksam oder undurchführbar sein oder werden, so bleibt die Wirksamkeit und die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen oder undurchführbaren Bestimmung soll eine, soweit rechtlich möglich, dem Sinn und Zweck dieser Emissionsbedingungen zum Zeitpunkt der Begebung der Schuldverschreibungen entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Emissionsbedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Emissionsbedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.

## **§ 15 SPRACHE**

[Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. [Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.]]

[Diese Emissionsbedingungen sind in englischer Sprache abgefasst. [Eine Übersetzung in die deutsche Sprache ist beigelegt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]]

## TEIL II – ZUSATZ ZU DEN GRUNDBEDINGUNGEN AUF DEN INHABER LAUTENDE EINZELURKUNDEN

*Falls die betreffenden Endgültigen Bedingungen einer Emission von Schuldverschreibungen die Begebung von auf den Inhaber lautenden Einzelurkunden vorsehen, werden die Emissionsbedingungen für Inhaberschuldverschreibungen gemäß TEIL I soweit unten angegeben und nach Maßgabe der betreffenden Endgültigen Bedingungen ergänzt.*

**[Im Fall einer Emission von Schuldverschreibungen mit einer Laufzeit von mehr als 183 Tagen der BMW US Capital, LLC, dürfen die Zusatzbedingungen dieses TEIL II keine Anwendung finden, soweit die Schuldverschreibungen für Zwecke der U.S. Bundeseinkommensteuergesetze nicht als Verbindlichkeiten in Form von Namensschuldverschreibungen behandelt werden (d.h. die Schuldverschreibungen werden durch ein festgelegtes Clearing System "immobilisiert", wie in Teil I – Grundbedingungen – Emissionsbedingungen für Inhaberschuldverschreibungen § 1 beschrieben).]**

**[§ 1 (3) (a) Währung, Stückelung, Form, Eigentum, Definitionen – vorläufige Globalurkunde – Austausch ist wie folgt zu ersetzen:**

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "vorläufige Globalurkunde") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird **[falls die vorläufige Globalurkunde ausschließlich gegen Einzelurkunden ausgetauscht wird, einfügen:** gegen Einzelurkunden in den festgelegten Stückelungen ("Einzelurkunden") **[falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen ausgegeben werden, einfügen:** mit beigefügten [Zinsscheinen ("Zinsscheine")] [und Talons ("Talons") für weitere Zinsscheine] [und] [Rückzahlungsscheinen ("Rückzahlungsscheine") für die Zahlung der Tilgungsraten]] ausgetauscht] **[falls die vorläufige Globalurkunde gegen Einzelurkunden und Sammelglobalurkunden ausgetauscht wird, einfügen:**, sofern [das] [die] betreffende[n] Clearing System[e] einen solchen Austausch durchführ[t] [en], zum Teil gegen Einzelurkunden in den festgelegten Stückelungen ("Einzelurkunden") **[falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen ausgegeben werden, einfügen:** mit beigefügten [Zinsscheinen ("Zinsscheine")] [Talons ("Talons") für weitere Zinsscheine] [und] [Rückzahlungsscheinen ("Rückzahlungsscheine") für die Zahlung der Tilgungsraten]] und zum anderen Teil gegen eine oder mehrere Sammelglobalurkunden (jeweils eine "Sammelglobalurkunde") **[falls die Sammelglobalurkunden mit Zinsscheinen ausgegeben werden, einfügen:** mit beigefügten Globalzinsscheinen (jeweils ein "Globalzinsschein")] ausgetauscht.]. Die vorläufige Globalurkunde **[falls die vorläufige Globalurkunde gegen Einzelurkunden und Sammelglobalurkunden ausgetauscht wird, einfügen:** und jede Sammelglobalurkunde **[falls die Sammelglobalurkunden mit Zinsscheinen ausgegeben werden, einfügen:** und jeder Globalzinsschein]] trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und die vorläufige Globalurkunde [und jede Sammelglobalurkunde] ist von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Die Einzelurkunden **[falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen ausgegeben werden, einfügen:** und die Zinsscheine] [und] [,] [Talons] [und Rückzahlungsscheine]] tragen die faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und die Einzelurkunden sind von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen.

**[Im Fall von TEFRA D Schuldverschreibungen ist § 1 (3) (b) Währung, Stückelung, Form, Eigentum, Definitionen – vorläufige Globalurkunde – Austausch wie folgt zu ersetzen:**

(b) Die vorläufige Globalurkunde wird an einem Tag gegen Schuldverschreibungen in der in dem vorstehenden Absatz (a) vorgesehenen Form und unter den dort aufgestellten Voraussetzungen ausgetauscht, der nicht weniger als 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegen darf. Ein solcher Austausch wird nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten).

Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieften Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (b) dieses § 1 Absatz 3 auszutauschen.

Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 Absatz 3 definiert) zu liefern.]

**[§ 1 (4) und (5) Währung, Stückelung, Form, Eigentum, Definitionen – *Clearing System/ Inhaber von Schuldverschreibungen* ist wie folgt zu ersetzen:**

(4) *Clearing System*. “Clearing System” bedeutet **[bei mehr als einem Clearing System einfügen: jeweils]** Folgendes: [Clearstream Banking AG, Frankfurt am Main (“CBF”)] [Clearstream Banking, société anonyme, Luxembourg (“CBL”)] [Euroclear Bank SA/NV [“Euroclear”] [,] [und] **[anderes Clearing System angeben]** oder jeder Funktionsnachfolger.

(5) *Inhaber von Schuldverschreibungen*. “Inhaber” bedeutet, in Bezug auf die bei einem Clearing System oder einem sonstigen zentralen Wertpapierverwahrer hinterlegten Schuldverschreibungen, jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den hinterlegten Schuldverschreibungen und sonst, im Falle von Einzelurkunden, der Inhaber einer Einzelurkunde.

**[Nach § 1 (7) Währung, Stückelung, Form, Eigentum, Definitionen – *Geschäftstag* ist ein neuer Absatz (8) aufzunehmen:**

(8) *Bezugnahmen auf Schuldverschreibungen*. Bezugnahmen in diesen Emissionsbedingungen auf die “Schuldverschreibungen” schließen Bezugnahmen auf jede die Schuldverschreibungen verbriefende Globalurkunde und jede Einzelurkunde **[falls die Schuldverschreibungen mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen begeben werden, einfügen: und die zugehörigen [Zinsscheine] [,] [und] [Globalzinsscheine] [,] [und] [Talons] [und Rückzahlungsscheine]]** ein, es sei denn, aus dem Zusammenhang ergibt sich etwas anderes.]

**[Bei festverzinslichen Schuldverschreibungen ist § 3 (2) Zinsen – *Zinslauf* wie folgt zu ersetzen:**

(2) *Zinslauf*. Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Tag der Fälligkeit, sondern erst an dem Tag, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht, spätestens jedoch mit Ablauf des vierzehnten Tages nach der Bekanntmachung durch die Emissionsstelle gemäß § 12, dass ihr die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Weitergehende Ansprüche der Inhaber bleiben unberührt.]

**[Bei variabel verzinslichen Schuldverschreibungen ist § 3[(7)] Zinsen – *Zinslauf* wie folgt zu ersetzen:**

[(7)] *Zinslauf*. Der Zinslauf der Schuldverschreibungen endet an dem Tag, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit der tatsächlichen Rückzahlung der Schuldverschreibungen, spätestens jedoch mit Ablauf des vierzehnten Tages nach der Bekanntmachung durch die Emissionsstelle gemäß § 12, dass ihr die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Inhaber bleiben unberührt.]

**[Bei Nullkupon-Schuldverschreibungen ist § 3 (2) Zinsen – *Auflaufende Zinsen* wie folgt zu ersetzen:**

(2) *Zinslauf*. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, fallen auf den ausstehenden Nennbetrag der Schuldverschreibungen ab dem Fälligkeitstag bis zum Tag der tatsächlichen Rückzahlung Zinsen in Höhe von **[Emissionsrendite einfügen]** per annum an; die Verzinsung endet jedoch spätestens mit Ablauf des vierzehnten Tages nach Bekanntmachung durch die Emissionsstelle gemäß § 12, dass ihr die für die Rückzahlung der Schuldverschreibungen erforderlichen Mittel zur Verfügung gestellt worden sind. Weitergehende Ansprüche der Inhaber bleiben unberührt.]

**[§ 4 (1) [(a)] Zahlungen – *Zahlungen auf Kapital* ist wie folgt zu ersetzen:**

(1) [(a)] *Zahlungen auf Kapital*. Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 2 gegen Vorlage und (außer im Falle von Teilzahlungen) Einreichung der entsprechenden Urkunde bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten oder bei der bezeichneten Geschäftsstelle einer anderen Zahlstelle außerhalb der Vereinigten Staaten.]

**[Bei Raten-Schuldverschreibungen einfügen:**

Die Zahlung von Raten auf eine Raten-Schuldverschreibung mit Rückzahlungsscheinen erfolgt gegen Vorlage der Schuldverschreibung zusammen mit dem betreffenden Rückzahlungsschein und Einreichung dieses Rückzahlungsscheins und, im Falle der letzten Ratenzahlung gegen Einreichung der Schuldverschreibung bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten. Rückzahlungsscheine begründen keinen Titel. Rückzahlungsscheine, die ohne die dazugehörige Schuldverschreibung vorgelegt werden, begründen keine Verpflichtungen der Emittentin. Daher berechtigt die Vorlage einer Raten-Schuldverschreibung ohne den entsprechenden Rückzahlungsschein oder die Vorlage eines Rückzahlungsscheins ohne die dazugehörige Schuldverschreibung den Inhaber nicht, die Zahlung einer Rate zu verlangen.]

**[Bei Schuldverschreibungen, die keine Nullkupon-Schuldverschreibungen sind, ist § 4 (1) (b) Zahlungen – Zahlung von Zinsen wie folgt zu ersetzen:**

(b) *Zahlung von Zinsen.* Die Zahlung von Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz 2 gegen Vorlage und Einreichung der entsprechenden Zinsscheine oder, im Falle von nicht mit Zinsscheinen ausgestatteten Schuldverschreibungen oder im Falle von Zinszahlungen, die nicht an einem für Zinszahlungen vorgesehenen Tag fällig werden, gegen Vorlage der entsprechenden Schuldverschreibungen bei der bezeichneten Geschäftsstelle der Emissionsstelle außerhalb der Vereinigten Staaten oder bei der bezeichneten Geschäftsstelle einer anderen Zahlstelle außerhalb der Vereinigten Staaten.

**[Bei TEFRA D Schuldverschreibungen einfügen:** Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt außerhalb der Vereinigten Staaten nach Maßgabe von Absatz 2 an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3 (b).]]

**[Bei Schuldverschreibungen, die mit Zinsscheinen, Talons und/oder Rückzahlungsscheinen begeben werden, ist als § 4 (1) (c) Zahlungen – Einreichung von [Zinsscheinen] [,] [und] [Talons] [und Rückzahlungsscheinen] einzufügen:**

(c) *Einreichung von [Zinsscheinen][,][und][Talons] [und Rückzahlungsscheinen].* Jede Schuldverschreibung, die anfänglich mit beigefügten [Zinsscheinen] [oder][Talons] [oder Rückzahlungsscheinen] ausgegeben wurde, ist bei Rückzahlung vorzulegen und, außer im Falle einer Teilzahlung des Rückzahlungsbetrages, zusammen mit allen dazugehörigen noch nicht fälligen [Zinsscheinen][,] [und] [Talons] [und Rückzahlungsscheinen] einzureichen; erfolgt dies nicht

**[Bei festverzinslichen Schuldverschreibungen einfügen:** wird der Betrag der fehlenden noch nicht fälligen Zinsscheine (oder falls die Zahlung nicht vollständig erfolgt, der Anteil des Gesamtbetrages solcher fehlenden, nicht fälligen Zinsscheine, wie er dem Verhältnis zwischen dem tatsächlich gezahlten Betrag und der fälligen Summe entspricht) von dem ansonsten bei der Rückzahlung fälligen Betrag abgezogen[.] [und] [.]])

**[Bei variabel verzinslichen Schuldverschreibungen einfügen:** werden alle nicht fälligen zugehörigen Zinsscheine (gleich, ob sie zusammen mit diesen eingereicht werden oder nicht) ungültig, und es erfolgt ab diesem Zeitpunkt keine Zahlung mehr auf sie[.] [und] [.]])

**[Bei Schuldverschreibungen, die anfänglich mit Talons ausgegeben werden, einfügen:** werden sämtliche nicht fälligen Talons (gleich, ob sie zusammen mit diesen eingereicht werden oder nicht) ungültig und können zu einem späteren Zeitpunkt nicht gegen Zinsscheine ausgetauscht werden[.] [und] [.]])

**[Bei Schuldverschreibungen, die anfänglich mit Rückzahlungsscheinen ausgegeben werden, einfügen:** werden sämtliche zugehörigen Rückzahlungsscheine, die in Bezug auf die Zahlung einer Rate, die (wäre sie nicht zur Rückzahlung fällig geworden) an einem Tag nach Rückzahlung fällig geworden wäre (gleich, ob sie mit dieser Schuldverschreibung eingereicht wurde oder nicht) ungültig, und bei Vorlage zu einem späteren Zeitpunkt erfolgt auf sie keine Zahlung.]

**[Bei festverzinslichen Schuldverschreibungen, die anfänglich mit Zinsscheinen ausgegeben werden, einfügen:** Werden Schuldverschreibungen mit einer Fälligkeit und einem Zinssatz oder Zinssätzen begeben, die dazu führen würden, dass bei Vorlage zur Zahlung dieser Schuldverschreibungen ohne dazugehörige noch nicht fällige Zinsscheine der wie vorstehend dargelegt in Abzug zu bringende Betrag den ansonsten zu zahlenden Rückzahlungsbetrag übersteigt, so werden diese noch nicht fälligen Zinsscheine (gleich, ob sie beigefügt sind oder nicht) zum Zeitpunkt der Fälligkeit solcher Schuldverschreibungen ungültig (und es erfolgt auf sie keine

Zahlung), insoweit als dies erforderlich ist, damit der gemäß der vorstehenden Regelung in Abzug zu bringende Betrag den vorgesehenen Rückzahlungsbetrag nicht übersteigt. Sofern die Anwendung des letzten Satzes die Entwertung einiger, aber nicht sämtlicher noch nicht fälliger Zinsscheine einer Schuldverschreibung erfordert, bestimmt die betreffende Zahlstelle, welche nicht fälligen Zinsscheine ungültig werden sollten, wobei zu diesem Zwecke später fällige Zinsscheine vor früher fälligen Zinsscheinen für ungültig zu erklären sind.]

**[Bei Schuldverschreibungen, die anfänglich mit Talons ausgegeben werden, einfügen:** Am oder nach dem Zinszahlungstag, an dem der letzte Zinsschein eines Zinsscheinbogens fällig wird, kann der im Zinsscheinbogen enthaltene Talon bei der bezeichneten Geschäftsstelle einer Zahlstelle im Austausch gegen einen weiteren Zinsscheinbogen (einschließlich ggf. eines weiteren Talons) eingereicht werden. Jeder Talon gilt für die Zwecke dieser Emissionsbedingungen als am Zinszahlungstag fällig, an dem der letzte im jeweiligen Zinsscheinbogen enthaltene Zinsschein fällig wird.]

**[§ 4 (2) Zahlungen – Zahlungsweise ist wie folgt zu ersetzen:**

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen auf die Schuldverschreibungen zu leistende Zahlungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der festgelegten Währung ist.

**[Bei Zahlungen in einer anderen Währung als Euro oder U.S.-Dollar einfügen:**, und zwar durch in dieser Währung zahlbaren Scheck, ausgestellt auf eine Bank in dem Hauptfinanzzentrum des Landes der festgelegten Währung oder, nach Wahl des Zahlungsempfängers, durch Überweisung auf ein auf die festgelegte Währung lautendes Konto des Zahlungsempfängers, das dieser bei einer Bank in diesem Finanzzentrum unterhält.]

**[Bei Zahlungen in Euro einfügen:**, und zwar durch in dieser Währung zahlbaren Scheck, ausgestellt auf eine Bank in einem Hauptfinanzzentrum eines Landes, das Teilnehmerstaat in der Europäischen Wirtschafts- und Währungsunion im Sinne des am 7. Februar 1992 in Maastricht unterzeichneten Vertrages über die Europäische Union geworden ist, oder nach Wahl des Zahlungsempfängers, durch Überweisung auf ein auf diese Währung lautendes Konto, das der Zahlungsempfänger bei einer Bank in einem solchen Finanzzentrum unterhält.]

**[Bei Zahlungen in U.S.-Dollar einfügen:**, und zwar durch in dieser Währung zahlbaren Scheck, ausgestellt auf eine Bank in New York City oder, nach Wahl des Zahlungsempfängers, durch Überweisung auf ein auf diese Währung lautendes Konto, das der Zahlungsempfänger bei einer Bank außerhalb der Vereinigten Staaten unterhält.]]

**[§ 4 (3) Zahlungen – Vereinigte Staaten ist wie folgt zu ersetzen:**

(3) *Vereinigte Staaten.* Für die Zwecke des [im Fall von **TEFRA D Schuldverschreibungen einfügen:** § 1 Absatz 3 und des] Absatzes 1 [im Fall von **Zahlungen in U.S.-Dollar einfügen:** und des Absatzes 2] dieses § 4 bezeichnet "Vereinigte Staaten" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des Districts of Columbia) sowie deren Territorien (einschließlich Puerto Ricos, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands) und Besitzungen und sonstigen ihrer Jurisdiktion unterliegenden Gebiete.]

**[§ 4 (4) Zahlungen – Erfüllung ist wie folgt zu ersetzen:**

(4) *Erfüllung.* Bei Schuldverschreibungen, die über ein Clearing System gehalten werden, wird die Emittentin [im Fall der Emission von **Schuldverschreibungen durch BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited oder BMW Japan Finance Corp. einfügen:** oder die Garantin] durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.]

**[§ 4 (5) Zahlungen – Zahltag ist wie folgt zu ersetzen:**

(5) *Zahltage.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltage ist, dann:

**[bei Anwendung der Modifizierte Folgender Geschäftstag-Konvention einfügen:** hat der Inhaber keinen Anspruch auf Zahlung vor dem nachstfolgenden Zahltage, es sei denn jener wurde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.]

**[bei Anwendung der FRN-Konvention einfügen:** hat der Inhaber keinen Anspruch auf Zahlung vor dem nachstfolgenden Zahltage, es sei denn, jener würde dadurch in den nächsten Kalendermonat



fallen; in diesem Fall (i) wird der Zahltag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen und (ii) ist jeder nachfolgende Zahltag der jeweils letzte Geschäftstag des Monats, der **[Zahl einfügen] [Monate] [andere festgelegte Zeiträume einfügen]** nach dem vorausgehenden anwendbaren Zahltag liegt.]

**[bei Anwendung der Folgender Geschäftstag-Konvention einfügen:** hat der Inhaber keinen Anspruch vor dem nachfolgenden Zahltag.]

**[bei Anwendung der Vorangegangener Geschäftstag-Konvention einfügen:** wird der Zahltag auf den unmittelbar vorausgehenden Zahltag vorgezogen.]

Der Inhaber ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet "Zahltag" einen Tag (außer einem Samstag oder Sonntag), an dem (i) Geschäftsbanken und Devisenmärkte Zahlungen am jeweiligen Ort der Vorlage abwickeln, (ii) das Clearing System und (iii) **[falls die festgelegte Währung nicht Euro ist, einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche relevanten Finanzzentren einfügen]]** **[falls die festgelegte Währung Euro ist, einfügen:** TARGET2 (wie nachstehend definiert) **[und Geschäftsbanken und Devisenmärkte in [sämtliche relevanten Finanzzentren einfügen]]]** Zahlungen abwickeln.]

["TARGET2" bedeutet das *Trans-European Automated Real-time Gross Settlement Express Transfer*-Zahlungssystem, oder jedes Nachfolgesystem.]

**[§ 5 [(8)] (b) (ii) Rückzahlung – Vorzeitige Rückzahlung nach Wahl der Emittentin ist wie folgt zu ersetzen:**

(ii) eine Erklärung, ob diese Tranche bzw. Serie ganz oder teilweise zurückgezahlt wird und im letzten Fall den Gesamtnennbetrag und die Nummer der Tranche der zurückzuzahlenden Schuldverschreibungen;]

**[§ 5 [(8)] (c) Rückzahlung – Vorzeitige Rückzahlung nach Wahl der Emittentin ist wie folgt zu ersetzen:**

(c) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen durch Los oder auf andere Weise ermittelt, die der Emissionsstelle nach ihrem Ermessen als angemessen und billig erscheint.]

**[§ 5 [(9)] (b) Rückzahlung – Vorzeitige Rückzahlung nach Wahl des Inhabers ist wie folgt zu ersetzen:**

(b) Um dieses Wahlrecht auszuüben, hat der Inhaber nicht weniger als **[Mindestkündigungsfrist einfügen]** Tage und nicht mehr als **[Höchstkündigungsfrist einfügen]** Tage vor dem Wahl-Rückzahlungstag (Put), an dem die Rückzahlung gemäß der Ausübungserklärung (wie nachstehend definiert) erfolgen soll, bei der bezeichneten Geschäftsstelle der Emissionsstelle oder einer anderen Zahlstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Mitteilung zur vorzeitigen Rückzahlung ("Ausübungserklärung"), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle oder einer jeden Zahlstelle erhältlich ist, zusammen mit der entsprechenden Schuldverschreibung zu hinterlegen. Die Ausübung des Wahlrechts kann nicht widerrufen und die so hinterlegte Schuldverschreibung kann nicht zurückgenommen werden. Um das Recht, Rückzahlung verlangen zu können, auszuüben, muss der Inhaber dann, wenn die Schuldverschreibungen über Euroclear oder CBL gehalten werden, innerhalb der Kündigungsfrist die Emissionsstelle über eine solche Rechtsausübung in Übereinstimmung mit den Richtlinien von Euroclear und CBL in einer für Euroclear und Clearstream, Luxemburg im Einzelfall akzeptablen Weise in Kenntnis setzen (wobei diese Richtlinien vorsehen können, dass die Emissionsstelle auf Weisungen des Inhabers von Euroclear oder CBL oder einer gemeinsamen Verwahrstelle in elektronischer Form über die Rechtsausübung in Kenntnis gesetzt wird).]

**[Nach § 6(2) Die Emissionsstelle [und] [,] [die Zahlstelle[n]] [und die Berechnungsstelle] – Änderung der Bestellung oder Abberufung ist einzufügen:**

Die Emittentin verpflichtet sich, eine Zahlstelle in einem Mitgliedstaat der Europäischen Union zu unterhalten, welche nicht zur Vornahme von steuerlichen Einbehalten oder Abzügen nach Maßgabe der Richtlinie 2003/48/EG des Europäischen Rates oder einer anderen Richtlinie oder Rechtsnorm verpflichtet ist, die der Umsetzung der Schlussfolgerungen des Treffens des ECOFIN-Rates vom 26.-27. November 2000 über die Besteuerung von Einkommen aus Geldanlagen dient, einer solchen Richtlinie entspricht oder zu deren Anpassung eingeführt wird].

**[Nach § 7 Steuern Unterabsatz [(p)] einzufügen:**

[(q)] nicht zahlbar wären, wenn die Schuldverschreibungen bei einer Bank oder einem vergleichbaren Institut verwahrt worden wären und die Bank oder das vergleichbare Institut die Zahlungen eingezogen hätte.]

**[§ 8 Hinterlegung, Vorlegungsfrist, Verjährungsfrist ist wie folgt zu ersetzen:**

## **§ 8**

### **VORLEGUNGSFRIST, ERSETZUNG VON SCHULDVERSCHREIBUNGEN [falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen: UND ZINSSCHEINEN]**

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt. **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** Die Vorlegungsfrist für Zinsscheine beträgt gemäß § 801 Absatz 2 BGB vier Jahre und beginnt mit dem Ablauf des Kalenderjahres, in dem der betreffende Zinsschein zur Zahlung fällig geworden ist.] Sollte eine Schuldverschreibung **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** oder ein Zinsschein] verloren gehen, gestohlen, beschädigt, unleserlich gemacht oder zerstört werden, so kann sie [/er] bei der bezeichneten Geschäftsstelle der Emissionsstelle vorbehaltlich der betreffenden Börsenbestimmungen und aller anwendbaren Gesetze ersetzt werden; dabei hat der Anspruchsteller alle dabei möglicherweise entstehenden Kosten und Auslagen zu zahlen und alle angemessenen Bedingungen der Emittentin hinsichtlich des Nachweises, der Sicherheit, einer Freistellung und dergleichen zu erfüllen. Eine beschädigte oder unleserlich gemachte Schuldverschreibung **[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen:** oder ein solcher Zinsschein] muss eingereicht werden, bevor eine Ersatzurkunde ausgegeben wird.

**[Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, ist folgender § 11 (3) Begebung weiterer Schuldverschreibungen, Rückkauf und Entwertung – Entwertung wie folgt neu aufzunehmen:**

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zusammen mit allen nicht fälligen und zusammen mit den Schuldverschreibungen eingereichten oder den Schuldverschreibungen beigelegten Zinsscheinen zu entwerten und können nicht wieder begeben oder wieder verkauft werden.]

**[§ 12 (2) Mitteilungen – Mitteilungen an das Clearing System ist zu streichen]**

**[§ 13 [(5)] Anwendbares Recht, Erfüllungsort, Gerichtsstand und Gerichtliche Geltendmachung – Gerichtliche Geltendmachung ist wie folgt zu ersetzen:**

[(5)] *Gerichtliche Geltendmachung.* Jeder Inhaber von Schuldverschreibungen, die über ein Clearing System gehalten werden, ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Inhaber und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu wahren bzw. geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Inhabers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; oder (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde oder der Einzelurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der vorläufigen Globalurkunde oder der Einzelurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "Depotbank" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Inhaber ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Inhaber seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land, in dem der Rechtsstreit eingeleitet wird, prozessual zulässig ist.]

**[§ 13 [(6)] Anwendbares Recht, Erfüllungsort, Gerichtsstand und Gerichtliche Geltendmachung – *Kraftloserklärung* ist wie folgt zu ersetzen:**

**[(6)] *Kraftloserklärung.*** Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Schuldverschreibungen **[(Falls die Schuldverschreibungen mit Zinsscheinen begeben werden, einfügen: und Zinsscheine)].**

**§ 17 Sprache ist wie folgt zu ergänzen:**

**[Die Übersetzung in die englische Sprache wird nicht auf die Einzelurkunden gedruckt werden.] [Die Übersetzung in die deutsche Sprache wird nicht auf die Einzelurkunden gedruckt werden.]]**

## **TERMS AND CONDITIONS OF NOTES IN BEARER FORM** **(ENGLISH LANGUAGE VERSION)**

*The Terms and Conditions of the Notes (the “Terms and Conditions of the Notes”) are set forth below in two Parts:*

*PART I sets out the basic terms (the “Basic Terms”) comprising the Terms and Conditions that apply to Tranches or Series, as the case may be, of Notes which are represented by global Notes in bearer form.*

*PART II sets forth a supplement (the “Supplement”) which is supplemental to the provisions of Part I of the Basic Terms and which contains provisions that apply to Notes represented by definitive Notes in bearer form.*

*The Basic Terms and the Supplement thereto together constitute the Terms and Conditions of the Notes.*

This Tranche or Series, as the case may be, of Notes is issued pursuant to an amended and restated agency agreement dated as of 10 May 2012 (the “Agency Agreement”) between, *inter alios*, [Bayerische Motoren Werke Aktiengesellschaft/BMW Finance N.V./BMW US Capital, LLC/BMW Australia Finance Limited/BMW Japan Finance Corp.] (the “Issuer”) and Citibank, N.A. as principal paying agent (the “Principal Paying Agent”, which expression shall include any successor principal paying agent thereunder) and the other parties named therein. Copies of the Agency Agreement may be obtained free of charge at the specified office of the Principal Paying Agent, at the specified office of any Paying Agent and at the principal office of the Issuer.

**[In the case of Long-Form Conditions, if the Terms and Conditions of the Notes and Final Terms are to be attached, insert:**

The provisions of these Terms and Conditions of the Notes apply to the Notes as completed, modified, supplemented or replaced, in whole or in part, by the terms of the Final Terms attached hereto.

The blanks in the provisions of these Terms and Conditions of the Notes which are applicable shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions.

Any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Terms and Conditions of the Notes shall be deemed to so modify, supplement or replace the provisions of these Terms and Conditions of the Notes.

Alternative or optional provisions of these Terms and Conditions of the Notes as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions of the Notes.

All provisions of these Terms and Conditions of the Notes which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions of the Notes, as required to give effect to the terms of the Final Terms.

Copies of the Final Terms may be obtained free of charge at the specified office of the Principal Paying Agent and at the specified office of any Paying Agent provided that, in the case of Notes which are not listed on any stock exchange, copies of the relevant Final Terms will only be available to holders of such Notes.]

## PART I – BASIC TERMS

### TERMS AND CONDITIONS OF NOTES IN BEARER FORM

#### § 1

#### CURRENCY, DENOMINATION, FORM, TITLE CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This tranche **[insert tranche number]** of Notes (the “Notes”) which itself or, together with one or more other tranches, shall comprise a “Series” of **[BMW Aktiengesellschaft/BMW Finance N.V./ BMW US Capital, LLC/BMW Australia Finance Limited/BMW Japan Finance Corp.]** is being issued in **[insert specified currency]** (the “Specified Currency”) in the aggregate principal amount of **[insert aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**) in denominations of **[insert Specified Denominations]** (the “Specified Denominations”).

(2) *Form.* The Notes are being issued in bearer form<sup>1</sup>. **[In the case of Notes with a maturity of more than 183 days issued by BMW US Capital, LLC, insert (whereby the relevant Clearing System must be CBF or a Specified Clearing System in which case the Notes are subject to a book-entry agreement):**, provided, however, that the Notes will be treated as registered Notes for US federal income tax purposes.]

**[In the case of Notes which are exclusively represented by a Permanent Global Note insert(insert always in the case of Notes issued by BMW US Capital, LLC whereby CBF or a Specified Clearing System must be the relevant Clearing System in which case the Notes are subject to a book-entry agreement):**

(3) *Permanent Global Note.*

(a) The Notes are represented by a permanent global note (the “Permanent Global Note” or “Global Note”) without coupons. The Permanent Global Note shall be signed manually or in facsimile by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and interest coupons will not be issued.]

**[in the case of Notes with a maturity of more than 183 days issued by BMW US Capital, LLC, insert (whereby the relevant Clearing System must be CBF or a Specified Clearing System in which case the Notes are subject to a book-entry agreement) insert:**

[(b)] Ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, the records maintained by the Specified Clearing System (as defined below).

Except in the limited circumstances described below, the Specified Clearing System will not be able to transfer a Global Note, other than to transfer such Global Note to a successor depository, and beneficial interests in each Global Note may not be exchanged for Notes in definitive, certificated form.

Notes in definitive, certificated form will be issued and delivered to each person that the relevant Specified Clearing System identifies as a beneficial owner of the related notes only if (a) the Specified Clearing System ceases to do business as a clearing agency and a successor depository is not appointed within 90 days, (b) the Issuer defaults, or (c) there is a change in tax law that would be adverse to the Issuer but for the issuance of the Notes in definitive, certificated form (and in such case, at the Issuer’s request). In such events, the definitive Notes issued will be transferable by the Noteholder (as defined below) only (i) by a surrender of Notes to the Issuer and the reissuance of the Notes to a new Noteholder, (ii) through a book-entry system maintained by the Issuer or its agent, or (iii) through both of the methods described in (i) and (ii).]

**[In the case of Notes which are initially represented by a Temporary Global Note insert (not applicable with regard to Notes issued by BMW US Capital, LLC):**

(3) *Temporary Global Note – Exchange*

(a) The Notes are initially represented by a temporary global note (the “Temporary Global Note”) without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the “Permanent Global Note”) without coupons. The Temporary Global Note and the Permanent Global Note (each a “Global Note”) shall each be signed manually or in facsimile by two authorised signatories of the Issuer and shall each be

authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).]

**(4) Clearing System.**

(a) [The] [Each] [Temporary] Global Note [(if it will not be exchanged) and/or Permanent Global Note] will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "Clearing System" means [if more than one Clearing System insert: each of] the following: [Clearstream Banking AG, Frankfurt am Main ("CBF")] [Clearstream Banking, société anonyme, Luxembourg ("CBL")] [Euroclear Bank S.A./N.V. ("Euroclear")] [CBL and Euroclear each an "ICSD" and together the "ICSDs"] [,] [and] [specify other Clearing System] or any successor in respect of the functions performed by [if more than one Clearing System insert: each of the Clearing Systems] [if one Clearing System insert: the Clearing System].

**[In the case of Notes kept in custody on behalf of the ICSDs insert:**

**[In the case the Global Note is a NGN insert (except for an issue of Notes by BMW Australia Finance Limited):**

The Notes are issued in new global note ("NGN") form and are kept in custody by a common safekeeper on behalf of both ICSDs.]

**[In the case the Global Note is a CGN insert:**

The Notes are issued in classical global note ("CGN") form and are kept in custody by a common depositary on behalf of both ICSDs.]

(b) "Specified Clearing System" means a Clearing System that has entered into a book entry agreement with the Issuer in respect of the Notes, which agreement includes terms intended to provide that certain Notes are in registered form for U.S. federal income tax purposes. For the avoidance of doubt, CBF is a Specified Clearing System, however, other Clearing Systems may in the future become Specified Clearing Systems.

(5) *Noteholders.* "Noteholder" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

**[In the case of the Global Note is an NGN insert:**

**[(6) *Records of the ICSDs.*** The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the aggregate principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of such redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.]

**[In the case the Temporary Global Note is a NGN insert:** On an exchange of a portion only of the Notes represented by a Temporary Global Note, the issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.]]

[(6)][(7)] *Title*.

(a) A holder of a Note (each a “Noteholder” and together, the “Noteholders”) will (except as otherwise required by applicable laws or regulatory requirements) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Noteholder.

(b) The transfer of title to Notes is effected by agreement on the transfer among the relevant parties and by delivery or otherwise in accordance with any applicable laws and regulations including the rules of any relevant Clearing System. References herein to “*Noteholders*” of Notes are to the bearers of such Notes.

[(7)][(8)] *Business Day*. In these Conditions, “Business Day” means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[if the Specified Currency is Euro insert: TARGET2 (as defined below) [and commercial banks and foreign exchange markets in [insert all relevant financial centres]]] [if the Specified Currency is not Euro insert: commercial banks and foreign exchange markets in [insert all relevant financial centres]]** settle payments.

["TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system or any successor system thereto.]

## § 2

### STATUS, DECLARATION OF UNDERTAKING, GUARANTEE

(1) *Status*. The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and (save for obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements) rank equally with all its other unsecured and unsubordinated obligations.

(2) *Declaration of Undertaking of the Issuer*. In a separate declaration (the “Declaration of Undertaking”), the Issuer has undertaken vis-a-vis the Noteholders until such time as principal and interest, if any, as well as additional amounts pursuant to § 7 (1), if any, have been placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with § 6, not to secure or have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from other International Capital Market Indebtedness (as defined below), unless these Notes at the same time share *pari passu* and *pro rata* in such security. Any mortgage, pledge or other charge on obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements shall be excluded. In the case of a security to be furnished for this issue of Notes by the Issuer pursuant to this § 2 (2), such security shall be furnished for the benefit of the Noteholders together with the related rights and obligations. If, after the occurrence of any of the events specified in § 9 which entitle the Noteholders to declare their Notes due, a Noteholder shall with respect to the principal of any Notes not otherwise due, enforce any security given for the Notes, then such Notes shall be deemed to be due for all purposes.

(3) *International Capital Market Indebtedness*. For the purpose of these Terms and Conditions of the Notes “International Capital Market Indebtedness” means any issue of notes with an original maturity of more than one year.

**[In the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:**

(4) *Guarantee*. Bayerische Motoren Werke Aktiengesellschaft (the “Guarantor”) has assumed vis-à-vis the Noteholders the unconditional and irrevocable guarantee for the due and punctual payment of principal and interest, if any, including additional amounts, if any, pursuant to § 7 (1) (the “Guarantee”) in accordance with these Terms and Conditions of the Notes. The Guarantee gives rise to the right of each Noteholder to require performance of the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor. Copies of the Guarantee may be obtained free of charge at Barclays Bank PLC c/o Barclays Bank PLC, Frankfurt Branch, Bockenheimer Landstrasse 38 – 40, 60323 Frankfurt am Main, Germany.

(5) *Declaration of Undertaking of the Guarantor*. In the Declaration of Undertaking, the Guarantor has undertaken vis-à-vis the Noteholders, until such time as principal and interest, if any, as well as additional amounts pursuant to § 7 (1), if any, have been completely placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with § 6, not to secure or

have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from other International Capital Market Indebtedness, unless these Notes at the same time share *pari passu* and *pro rata* in such security. Any mortgage, pledge or other charge or pledge on obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements shall be excluded. In the case of a security to be furnished for this issue of Notes by the Guarantor pursuant to this § 2 (5), such security shall be furnished for the benefit of the Noteholders together with the related rights and obligations. If, after the occurrence of any of the events specified in § 9 which entitle the Noteholders to declare their Notes due, a Noteholder shall with respect to the principal of any Notes not otherwise due, enforce any security given for the Notes, then such Notes shall be deemed to be due for all purposes.]

### § 3 [INTEREST][INDEXATION]

#### [(A) In the case of Fixed Rate Notes insert:

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount **[in case of Notes other than step-up or step-down Notes insert: at the rate of [insert Rate of Interest] per cent. per annum from (and including) [insert Interest Commencement Date] (the “Interest Commencement Date”) to (but excluding) the Maturity Date (as defined in § 5 (1)). [in case of step-up or step-down Notes insert: at the rates and for the periods set out below:**

#### **Periods / relating Interest Rates]** **[insert]]**

Interest shall be payable in arrears on **[insert Fixed Interest Date or Dates]** in each year (each such date, an “Interest Payment Date”), subject to adjustment in accordance with § 4 (5). The first payment of interest shall, subject to adjustment in accordance with § 4 (5), be made on **[insert First Interest Payment Date]** **[if First Interest Payment Date is not first anniversary of Interest Commencement Date insert: and will amount to [insert Initial Broken Amount per first Specified Denomination] per Note in a denomination of [insert first Specified Denomination] and [insert further Initial Broken Amount(s) per further Specified Denominations] per Note in a denomination of [insert further Specified Denominations]]. [If the Maturity Date is not a Fixed Interest Date insert: Interest in respect of the period from [insert Fixed Interest Date preceding the Maturity Date] (inclusive) to the Maturity Date (exclusive) will amount to [insert Final Broken Amount per first Specified Denomination] per Note in a denomination of [insert first Specified Denomination] and [insert further Final Broken Amount(s) per further Specified Denominations] per note in a denomination of [insert further Specified Denominations]. [If Actual/Actual (ICMA) insert: The number of interest determination dates per calendar year (each a “Determination Date” is [insert number of regular interest payment dates per calendar year]].**

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the day preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the day preceding the day of actual redemption of the Notes. This does not affect any additional rights that might be available to the Noteholders.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).]

#### [(B) In the case of Floating Rate Notes insert:

(1) *Interest Payment Dates.*

(a) The Notes bear interest on their principal amount from **[insert Interest Commencement Date]** (inclusive) (the “Interest Commencement Date”) to the first Interest Payment Date (exclusive) and thereafter from each Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive). Interest on the Notes shall be payable on each Interest Payment Date.

(b) “Interest Payment Date” means, subject to adjustment in accordance with § 4 (5),



**[(i) in the case of Specified Interest Payment Dates insert: each [insert Specified Interest Payment Dates].]**

**[(ii) in the case of Specified Interest Periods insert: each date which (except as otherwise provided in these Terms and Conditions of the Notes) falls [insert number] [weeks] [months] [insert other specified periods] after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]**

**(2) Rate of Interest. [In the case of Screen Rate Determination insert:**

**[(i)] [in the case of Floating Rate Notes other than Constant Maturity Swap (“CMS”) floating rate Notes insert: The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will, except as provided below, be either:**

**(a) the [insert relevant term]-[EURIBOR] [LIBOR] offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency (if there is only one quotation on the Screen Page (as defined below)); or**

**(b) the arithmetic mean (rounded if necessary to the nearest one [if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005] being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Screen Page as at 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date (as defined below) [in the case of Margin insert: [plus] [minus] the Margin (as defined below)], all as determined by the Calculation Agent.]**

**[(ii)] [in the case of CMS floating rate Notes insert: The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will be, except as provided below, the [include relevant number of years] year swap rate (the middle swap rate against the 6 month-EURIBOR, expressed as a percentage rate per annum) (the “[include relevant number of years] – Year Swap Rate”) which appears on the Screen Page as at 11:00 a.m. ([Frankfurt] [insert other relevant location] time) on the Interest Determination Date (as defined below) [in the case of Factor insert: multiplied by [insert factor]], [in the case of Margin insert: [plus] [minus] the Margin (as defined below)] all as determined by the Calculation Agent.]**

“Interest Period” means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

“Interest Determination Date” means the [second] [insert other applicable number of days] [TARGET] [London] [insert other relevant reference] Business Day prior to the commencement of the relevant Interest Period. **[In case of a TARGET Business Day insert: “TARGET Business Day” means a day on which TARGET2 (as defined below) is operating.] [In case of a non-TARGET Business Day insert: “[London] [insert other relevant location] Business Day” means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in [London] [insert other relevant location].]**

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system or any successor system thereto.]

**[In the case of Margin insert: “Margin” means [insert relevant number] per cent. per annum.]**

“Screen Page” means [insert relevant Screen Page].

If, in the case of (b) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply throughout this subparagraph (2).

**[in the case of Floating Rate Notes other than CMS Floating Rate Notes insert:**

If the Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the principal [Euro-zone] [London] [insert other relevant location] office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency

for the relevant Interest Period to leading banks in the [London] **[insert other relevant location]** interbank market [of the Euro-zone] at approximately 11.00 a.m. ([Brussels] [London] time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005]** **[if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005]** being rounded upwards) of such offered quotations **[in the case of Margin insert: [plus] [minus] the Margin]**, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one **[if the Reference Rate is EURIBOR insert: thousandth of a percentage point, with 0.0005]** **[if the Reference Rate is not EURIBOR insert: hundred-thousandth of a percentage point, with 0.000005]** being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. ([Brussels] [London] time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the [London] **[insert the relevant location]** interbank market [of the Euro-zone] **[in the case of Margin insert: [plus] [minus] the Margin]** or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the [London] **[insert the relevant location]** interbank market [of the Euro-zone] (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) **[in the case of Margin insert: [plus] [minus] the Margin]**. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered **[in the case of Margin insert: [plus] [minus] the Margin]** (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period)).

As used herein, "Reference Banks" means **[if no other Reference Banks are specified in the Final Terms, insert: , in the case of (a) above, those offices of four of such banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page and, in the case of (b) above, those banks whose offered quotations last appeared on the Screen Page when no fewer than three such offered quotations appeared]** **[if other Reference Banks are specified in the Final Terms, insert names here]**.

**[in the case of CMS Floating Rate Notes insert:**

If at such time the Screen Page is not available or if no **[include relevant number of years]** year swap rate appears, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its **[include relevant number of years]-Year Swap Rates** to leading banks in the interbank swapmarket in the Euro-Zone at approximately 11.00 a.m. [(Frankfurt **[insert other relevant location]** time)] on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such **[include relevant number of years]-Year Swap Rates**, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up or down if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such **[include relevant number of years]-Year Swap Rate** **[in the case of Factor insert: multiplied with [insert factor]** **[in the case of Margin insert: [plus][minus] the Margin]**, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such **[include relevant number of years]** Year Swap Rates as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded up or down if

necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the **[include relevant number of years]** Year Swap Rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11.00 a.m. [(Frankfurt **[insert other relevant location]** time)] on the relevant Interest Determination Date by leading banks in the interbank swap market in the Euro-Zone **[in case of Factor insert: multiplied with [insert factor][in case of Margin insert: [plus][minus] the Margin]** or, if fewer than two of the Reference Banks provide the Calculation Agent with such **[include relevant number of years]** Year Swap Rates, the **[include relevant number of years]** year swap rate, or the arithmetic mean (rounded as provided above) of the **[include relevant number of years]** Year Swap Rate, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the interbank swap market in the Euro-Zone (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) **[in the case of Factor insert: multiplied with [insert factor] [in the case of Margin insert: [plus][minus] the Margin]**. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the **[include relevant number of years]** year swap rate or the arithmetic mean of the **[include relevant number of years]** Year Swap Rates on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such **[include relevant number of years]** Year Swap Rates were offered **[in the case of Factor insert: multiplied with [insert factor] [in the case of Margin insert: [plus][minus] the Margin]**.

As used herein, "Reference Banks" means, those offices of at least four of such banks in the swap market whose **[include relevant number of years]** Year Swap Rates were used to determine such **[include relevant number of years]** Year Swap Rates when such **[include relevant number of years]** Year Swap Rate last appeared on the Screen Page.

**[In case of the Interbank market in the Euro-Zone insert: "Euro-Zone" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time.]]**

**[If Reference Rate is other than EURIBOR, LIBOR or CMS, insert relevant details in lieu of the provisions of this paragraph (2)]**

**[If ISDA Determination applies insert the relevant provisions and attach the 2000 ISDA Definitions or the 2006 ISDA Definitions, as applicable, published by the International Swaps and Derivatives Association]**

**[If other method of determination applies, insert herein and in the relevant Final Terms relevant details in lieu of the provisions of this paragraph (2)]**

**[If Minimum and/or Maximum Rate of Interest applies insert:**

(3) *[Minimum] [and] [Maximum] Rate of Interest.*

**[If Minimum Rate of Interest applies insert:** If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than **[insert Minimum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Minimum Rate of Interest].]**

**[If Maximum Rate of Interest applies insert:** If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than **[insert Maximum Rate of Interest]**, the Rate of Interest for such Interest Period shall be **[insert Maximum Rate of Interest].]**

**[(4)] Interest Amount.** The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, calculate the amount of interest (the "Interest Amount") payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure **[if the Specified Currency is Euro insert: to the nearest Euro 0.01, Euro 0.005 being rounded upwards.] [if the Specified Currency is not Euro insert: to the nearest minimum unit of the Specified Currency, with 0.5 of such unit being rounded upwards].**

**[(5)] Notification of Rate of Interest and Interest Amount.** The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest

Payment Date to be notified to the Issuer and to the Noteholders in accordance with § 12 as soon as possible after their determination, but in no event later than the fourth **[if Calculation Agent is required to maintain a Specific Office in a Required Location insert: Business Day which is a Business Day at the place of the Specified Office of the Calculation Agent] [if Calculation Agent is not required to maintain a Specific Office in a Required Location insert: [TARGET-] [London] Business Day]** thereafter and, if required by the rules of any stock exchange on which the Notes are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are then listed and to the Noteholders in accordance with § 12.

**[(6)] *Determinations Binding.*** All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Paying Agents and the Noteholders.

**[(7)] *Accrual of Interest.*** The Notes shall cease to bear interest from the day preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the day preceding the day of actual redemption of the Notes. The applicable Rate of Interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Noteholders.]

**[(C) In the case of other structures of Notes with variable interest, insert relevant provisions here.]**

**[(D) In the case of Zero Coupon Notes insert:**

- (1) *No Periodic Payments of Interest.* There will not be any periodic payments of interest on the Notes.
- (2) *Accrual of Interest.* If the Issuer shall fail to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from the due date to the date of actual redemption at the rate of **[insert Amortisation Yield]** per annum.]

**[(D) In the case of Dual Currency Notes, Index-linked Notes, Instalment Notes, or other types of Notes set forth applicable provisions herein.]**

**[[insert number of paragraph]] *Day Count Fraction.*** “Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (the “Calculation Period”):]

**[in the case of Fixed Rate Notes and if Actual/Actual (ICMA) insert:**

1. in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; or

2. in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year; and

the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in § 3 (1)) that would occur in one calendar year.

“Determination Period” means the period from (and including) an Interest Payment Date or, if none, the Interest Commencement Date to, but excluding, the next or first Interest Payment Date.]

**[in the case of Fixed Rate Notes and if 30/360 insert:** the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.]

**[in the case of Actual/Actual (Actual/365) insert:** the actual number of days in the Calculation Period divided by 365 (or, if any calculation portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period not falling in a leap year divided by 365).]

**[in the case of Actual/Actual 365 (Fixed) insert:** the actual number of days in the Calculation Period divided by 365.]

**[in the case of Actual/360 insert:** the actual number of days in the Calculation Period divided by 360.]

**[in the case of 30/360, 360/360 or Bond Basis insert:** the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

**[in the case of 30E/360 or Eurobond Basis insert:** the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

#### **§ 4 PAYMENTS**

(1) **[(a)]** *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Principal Paying Agent outside the United States.

**[In the case of Notes other than Zero Coupon Notes insert:**

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System.

**[In the case of interest payable on a Temporary Global Note insert:** Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).]

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency **[in the case of Dual Currency Notes insert:** or the currency of another country the currency of which was specified for payments under the Notes.].

(3) *United States.* For purposes of **[in the case of TEFRA D Notes or Notes issued by BMW US Capital, LLC, insert:** § 1 [(2)][(3)] and] paragraph (1) of this § 4, “United States” means the United States of America (including the States thereof and the District of Columbia) and its territories (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands) and possessions and other areas subject to its jurisdiction[.] [and “U.S. Person” means any Citizen or resident of the United States, including any corporation (or any other entity treated as a corporation for U.S. Federal income tax purposes) or partnership created or organised in or under the laws of the United States or any political subdivision thereof, any estate the income of which is subject to U.S. Federal income taxation regardless of the source, and a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust; and the term “U.S. Alien” means any person who, or any entity which, for U.S. Federal income tax purposes, is a foreign corporation, a nonresident alien individual, a foreign estate or trust subject to withholding under Sections 1441 or 1442 of the U.S. Internal Revenue Code of 1986, as amended, or a foreign partnership one or more of the members of which is, for U.S. Federal income tax purposes, a foreign

corporation, a nonresident alien individual, or a foreign estate or trust subject to withholding under section 1441 or 1442 of the U.S. Internal Revenue Code of 1986, as amended].

(4) *Discharge*. The Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or, as the case may be, the Guarantor]** shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day*. If the date for payment of any amount in respect of any Note is not a Payment Business Day then:

**[in the case of Modified Following Business Day Convention insert:** the Noteholder shall not be entitled to payment until the next day which is a Payment Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.]

**[in the case of FRN Convention insert:** the Noteholder shall not be entitled to payment until the next Payment Business Day unless it would thereby fall into the next calendar month, in which event (i) the payment date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls **[[insert number] [months] [insert other specified periods]** after the preceding applicable payment date.]

**[in the case of Following Business Day Convention insert:** the Noteholder shall not be entitled to payment until the next day which is a Payment Business Day.]

**[in the case of Preceding Business Day Convention insert:** the Noteholder shall be entitled to payment on the immediately preceding Payment Business Day.]

**[in the case of an unadjusted interest amount insert:** The Noteholder shall not be entitled to further interest or other payment in respect of such adjustment (*unadjusted*).]

For these purposes, “Payment Business Day” means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) **[if the Specified Currency is not Euro insert: commercial banks and foreign exchange markets in [insert all relevant financial centres]] [if the Specified Currency is Euro insert: TARGET2 (as defined below) [and commercial banks and foreign exchange markets in [insert all relevant financial centres]]]** settle payments.

**[“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system or any successor system thereto.]**

(6) *References to Principal and Interest*. References in these Terms and Conditions of the Notes to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; **[if redeemable at the option of the Issuer for other than Reasons for Taxation insert: the Call Redemption Amount of the Notes; [if redeemable at the option of the Noteholder insert: the Put Redemption Amount of the Notes;] [in the case of Zero Coupon Notes insert: the Amortised Face Amount of the Notes;] [in the case of Instalment Notes insert: the Instalment Amount(s) of the Notes;]** and any premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions of the Notes to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

## § 5 REDEMPTION

(1) *Redemption at Maturity*.

[In the case of Notes other than Instalment Notes insert:

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[in the case of a specified Maturity Date insert such Maturity Date] [in the case of a Redemption Month and Year insert: the Interest Payment Date falling in [insert Redemption Month and Year]]** (the “Maturity Date”). The Final Redemption Amount in respect of each Note shall be **[if the Notes are redeemed at their principal amount insert: its principal amount] [otherwise insert Final Redemption Amount per denomination].]** per specified **[insert specified denomination].]**

**[In the case of Instalment Notes insert:**

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed on the Instalment Date(s) and in the Instalment Amount(s) set forth below:

Instalment Date(s)/Instalment Amounts  
(per Specified Denomination)

**[insert]**

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany **[in case of an issue of Notes by BMW Finance N.V. insert: or The Netherlands]** **[in case of an issue of Notes by BMW US Capital, LLC insert: or the United States of America]** **[in case of an issue of Notes by BMW Australia Finance Limited insert: or the Commonwealth of Australia]** **[in case of an issue of Notes by BMW Japan Finance Corp. insert: or Japan]** or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this Series of Notes was issued, the Issuer is required to pay Additional Amounts pursuant to § 7 (1) **[in the case of Notes other than Zero Coupon Notes insert: on the next succeeding Interest Payment Date (as defined in § 3 (1))]** **[in the case of Zero Coupon Notes insert: at maturity or upon the sale or exchange of any Note]**, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not less than 30 days' prior notice of redemption given to the Principal Paying Agent and, in accordance with § 12, to the Noteholders, at their Early Redemption Amount (as defined below) together with interest, if any, accrued to the date fixed for redemption.

Any such notice shall be given in accordance with § 12. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

**[If Notes are subject to Early Redemption at the Option of the Issuer insert:**

**[(3)]** *Early Redemption at the Option of the Issuer.*

(a) The Issuer may, not less than 15 Business Days before the giving of a notice to the Paying Agent and upon notice given in accordance with clause (b), redeem **[all]** **[or]** **[some]** of the Notes on the Call Redemption Date[s] at the Call Redemption Amount[s] set forth below together with accrued interest, if any, to (but excluding) the relevant Call Redemption Date. **[If Minimum Redemption Amount or Higher Redemption Amount applies insert: Any such redemption must be of a principal amount equal to [at least [insert [Minimum Redemption Amount] [Higher Redemption Amount].]**

Call Redemption Date[s]/  
Call Redemption Amount[s]

**[insert]**

**[If Notes are subject to Early Redemption at the Option of the Noteholder insert:** The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note under subparagraph **[(4)]** of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 12. Such notice shall specify:

- (i) the Tranche or Series, as the case may be, of Notes subject to redemption;
- (ii) whether such Tranche or Series, as the case may be, is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;
- (iii) the Call Redemption Date, which shall be not less than **[insert Minimum Notice to Noteholders]** nor more than **[insert Maximum Notice to Noteholders]** days after the date on which notice is given by the Issuer to the Noteholders; and
- (iv) the Call Redemption Amount at which such Notes are to be redeemed.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System **[in case of an issue of Notes in NGN form insert:]** and such redemption shall be reflected in the records of CBL and/or Euroclear as either a pool factor or a reduction in nominal amount, at the discretion of CBL and Euroclear].

**[If the Notes are subject to Early Redemption at the Option of a Noteholder insert:**

**[(4)]** *Early Redemption at the Option of a Noteholder.*

(a) The Issuer shall, at the option of a Noteholder, redeem such Note on the Put Redemption Date[s] at the Put Redemption Amount[s] set forth below together with accrued interest, if any, to (but excluding) the Put Redemption Date.

Put Redemption Date[s]/  
Put Redemption Amount[s]

**[insert]**

The Noteholder may not exercise the option for Early Redemption in respect of any Note which is the subject of the prior exercise by the Issuer of its option to redeem such Note under this § 5.

(b) In order to exercise the option for Early Redemption, the Noteholder must, not less than **[insert Minimum Notice to Issuer]** nor more than **[insert Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Principal Paying Agent a duly completed early redemption notice ("Put Notice") in the form available from the specified office of the Principal Paying Agent. No option so exercised may be revoked or withdrawn. If these Notes are held through Euroclear or CBL, to exercise the right to require redemption of these Notes the Noteholder must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and CBL (which may include notice being given on his instruction by Euroclear or CBL or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and CBL from time to time and at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.]

**[In the case of Notes other than Zero Coupon Notes insert:**

**[(5)] Early Redemption Amount.**

For purposes of paragraph (2) of this § 5 and § 9, the Early Redemption Amount of a Note shall be its Final Redemption Amount.]

**[In the case of Zero Coupon Notes insert:**

(a) The "Early Redemption Amount" (Amortised Face Amount) of a Note shall be an amount equal to the sum of:

(i) **[insert Reference Price]** (the "Reference Price") and

(ii) the product of **[insert Amortisation Yield]** (compounded annually) and the Reference Price from (and including) **[insert Issue Date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year (the "Calculation Period") shall be made on the basis of the Day Count Fraction (as defined in § 3).

(b) If the Issuer fails to pay the Early Redemption Amount when due, the Amortised Face Amount of a Note shall be calculated as provided herein, except that references in subparagraph (a) (ii) above to the date fixed for redemption or the date on which such Note becomes due and repayable shall refer to the earlier of (i) the date on which upon due presentation and surrender of the relevant Note (if required), payment is made, and (ii) the fourteenth day after notice has been given by the Principal Paying Agent in accordance with § 12 that the funds required for redemption have been provided to the Principal Paying Agent.]

## **§ 6**

### **PRINCIPAL PAYING AGENT [,] [AND] PAYING AGENT[S] [AND CALCULATION AGENT]**

(1) *Appointment; Specified Offices.* The initial Principal Paying Agent [,] [and] Paying Agent[s] [and the Calculation Agent] and their respective initial specified offices are:

#### **Principal Paying Agent:**

Citibank, N.A.  
Agency and Trust  
13th floor, Citigroup Centre  
Canada Square, Canary Wharf  
GB-London E14 5LB



**Paying Agent[s]:**

Citibank, N.A.  
 Agency and Trust  
 13th floor, Citigroup Centre  
 Canada Square, Canary Wharf  
 GB-London E14 5LB

BNP Paribas Securities Services, Luxembourg Branch  
 33, rue de Gasperich, Howald-Hesperange  
 L-2085 Luxembourg

**[insert other Paying Agents and specified offices]****[Calculation Agent:**

Citibank, N.A.  
 Agency and Trust  
 13th floor, Citigroup Centre  
 Canada Square, Canary Wharf  
 GB-London E14 5LB]

The Principal Paying Agent [,] [and] the Paying Agent[s] [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time, subject to the consent of Barclays Bank PLC, which may not be unreasonably withheld, to vary or terminate the appointment of the Principal Paying Agent or any Paying Agent [or the Calculation Agent] and to appoint another Principal Paying Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Principal Paying Agent [,] [and] (ii) a Paying Agent with a specified office outside the European Union [,] [and] [(iii)] a Paying Agent (which may be the Principal Paying Agent) with a specified office in a continental European city] **[in the case of Notes issued by Bayerische Motoren Werke Aktiengesellschaft insert: [,] [and] [(iv)] a Paying Agent (which may be the Principal Paying Agent) with a specified office within the Federal Republic of Germany] [in the case of Notes listed on a stock exchange insert: [,] [and] [(v)] so long as the Notes are listed on the [name of Stock Exchange], a Paying Agent (which may be the Principal Paying Agent) with a specified office in [location of Stock Exchange] and/or in such other place as may be required by the rules of such stock exchange] [in the case of payments in U.S. dollars insert: [,] [and] [(vi)] if payments at or through the offices of all Paying Agents outside the United States (as defined in § 4 (3) hereof) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollars, a Paying Agent with a specified office in New York City] [if any Calculation Agent is to be appointed insert: [,] [and] [(vii)] a Calculation Agent [if Calculation Agent is required to maintain a Specified Office in a Required Location insert: with a specified office located in [insert Required Location]]. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with § 12.**

(3) *Agents of the Issuer.* The Principal Paying Agent [,] [and] the Paying Agent[s] [and the Calculation Agent] act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

## § 7 TAXATION

(1) *Taxation.* All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding at source or deduction at source for or on account of any present or future taxes, fees, duties, assessments or governmental charges of whatever nature which are imposed or levied by or on behalf of **[in the case of Notes issued by BMW Finance N.V. insert: The Netherlands, the United States or] [in the case of Notes issued by BMW US Capital, LLC insert: the United States or] [in the case of Notes issued by BMW Australia Finance Limited insert: the Commonwealth of Australia ("Australia"), the United States or [in the**

**case of Notes issued by BMW Japan Finance Corp. insert:** Japan, the United States or], in the case of the Guarantor, the Federal Republic of Germany or any political subdivision thereof or any authority or agency therein or thereof having power to tax ("Withholding Tax") (*Quellensteuer*), unless Withholding Tax is to be deducted or withheld by law or other regulations or pursuant to any agreement between the Issuer and the relevant jurisdiction and to be paid to the responsible authorities. In such event, the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:** or the Guarantor, as the case may be,] will pay such additional amounts as may be necessary, subject to paragraph (2) below, in order that the net amounts receivable by the Noteholder after the withholding or deduction of such Withholding Tax shall equal the respective amounts which would have been received by such Noteholder had no such Withholding Tax been required. The flat withholding tax (*Abgeltungsteuer*), which has been in effect in the Federal Republic of Germany since 1 January 2009, the solidarity surcharge (*Solidaritätszuschlag*) imposed thereon and, if applicable, the individual church tax imposed thereon do not constitute such a Withholding Tax on interest payments.

(2) *No Additional Amounts.* However, the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:** or the Guarantor, as the case may be,] shall not be obliged to pay any additional amounts on account of any such taxes, fees, duties, assessments or governmental charges:

- (a) which the Noteholder is subject to for any reason other than the mere fact of being a Noteholder, including if the Noteholder is subject to such taxes, fees, duties, assessments or governmental charges based on a personal unlimited or limited tax liability; or
- (b) the Noteholder would not be subject to, if he had presented, or claimed his rights to the respective Paying Agent pursuant to § 6 arising from his Notes for payment within 30 days from the Relevant Date (as defined below); or
- (c) which are deducted or withheld by a Paying Agent in one country from a payment if the payment could have been made by another Paying Agent in another country without such withholding or deduction; or
- (d) which are to be paid on payments of principal and interest, if any, by any means other than withholding at source or deduction at source; or
- (e) which are only deducted or withheld because the relevant Note is being presented for payment at the counter; or
- (f) to which a Noteholder is liable by reason of being a resident of or having some other personal or business connection with **[in the case of Notes issued by BMW Finance N.V. insert:** The Netherlands or] **[in the case of Notes issued by BMW US Capital, LLC insert:** the United States or] **[in the case of Notes issued by BMW Australia Finance Limited insert:** Australia or] **[in the case of Notes issued by BMW Japan Finance Corp. insert:** Japan or] with the Federal Republic of Germany and not merely by reason of the fact that payments according to these Terms and Conditions of the Notes are derived, or for the purpose of taxation are deemed to be derived, from sources in **[in the case of Notes issued by BMW Finance N.V. insert:** The Netherlands or] **[in the case of Notes issued by BMW US Capital, LLC insert:** the United States or] **[in the case of Notes issued by BMW Australia Finance Limited insert:** Australia or] **[in the case of Notes issued by BMW Japan Finance Corp. insert:** Japan or] the Federal Republic of Germany; or
- (g) which are imposed or withheld by reason of the failure by the Noteholder or the beneficial owner of a Note to comply with any requirement (including the requirement to produce necessary forms and/or other documentation) under a statute, treaty, regulation, or administrative practice of the tax jurisdiction to establish entitlement to exemption from all or part of such tax, fee, duty, assessment, or other governmental charge to the extent such compliance is required as precondition to relief or exemption from such tax, fee, duty, assessment or other governmental charge; or
- (h) where such withholding or deduction is imposed under sections 1471 through 1474 of the United States Internal Revenue Code (or any amended or successor version that is substantively comparable) (the "Code") and any current or future regulations or official interpretations thereof or agreement thereunder; or
- [(i)]** which are imposed on a payment to an individual and are required to be made pursuant to the EU Savings Directive dated 3 June 2003 concerning the EU-wide exchange of information and the taxation applicable to interest, or pursuant to any law or provision, implementing or

complying with the requirements of such Directive or the conclusions of the ECOFIN Council meeting reached on 13 December 2001, or pursuant to any law or provision that is introduced in order to conform to such Directive; or

- [(j)] which are withheld or deducted on the presentation for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the EU; or
- [(k)] which are imposed with respect to any index-linked Note on or with respect to the "dividend equivalent" payment pursuant to section 871 or 881 of the Code.

**[in the case of Notes issued by BMW US Capital, LLC insert:**

- [(l)] which are imposed by the United States as a result of a Noteholder's or beneficial owner's past or present status as (i) a passive investment company with respect to the United States; (ii) a corporation which accumulates earnings to avoid United States Federal income tax; (iii) a controlled foreign corporation with respect to the United States that is related to the Issuer through stock ownership; (iv) a private foundation or other tax-exempt organisation with respect to the United States; (v) a "10 per cent. shareholder" with respect to the Issuer within the meaning of Section 871(h)(3)(B) or 881(c)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the "Code") or (vi) a bank receiving interest described in Section 881(c)(3)(A) of the Code; or
- [(m)] which are imposed on any payment on a Note to a Noteholder that is a fiduciary or partnership or a person other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the payment of additional amounts had such beneficiary settlor, member or beneficial owner directly received its beneficial or distributive share of such payment; or
- [(n)] which are to be paid by the Issuer, if such deduction or withholding of Withholding Tax would not have been imposed but for the failure of the Noteholder to establish a complete exemption from such Withholding Tax (including, but not limited to, by providing a Form W-8BEN or W-9); or
- [(o)] which are imposed by the United States on any payment on a Note to a Noteholder that is released from custody by a Specified Clearing System or otherwise treated as not in "registered form" (as the term is understood in the Code).]

**[in the case of Notes issued by BMW Australia Finance Limited insert:**

- [(l)] which are payable by reason of the Noteholder or a person having the interest in the Notes (whether directly or indirectly) being an associate of the Issuer within the meaning given in section 128F(9) of the Income Tax Assessment Act 1936 of Australia (the "Australian Tax Act") as amended and either:
  - (i) the associate is a non-resident of the Commonwealth of Australia and the Note or interest in the Note was not being, or would not be, acquired by the associate in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or
  - (ii) the associate is a resident of Australia and the Note or interest in the Note was being, or would be, acquired by the associate in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country; and the Note or interest in the Note was not being, or would not be, acquired by the associate in the capacity of a dealer, manager or underwriter in relation to the placement of the Note or interest in the Note or a clearing house, custodian, funds manager or responsible entity of a registered scheme (as those words are defined in the Australian Tax Act); or
- [(m)] which are payable by or on behalf of a Noteholder in respect of whom such taxes are required or authorised to be withheld, deducted or paid, where such withholding, deduction or payment is in respect of interest paid or credited in respect of a Note and the Noteholder is either a resident of Australia carrying on business at or through a permanent establishment outside Australia (including a resident) or the Noteholder is a non-resident of Australia carrying on business in Australia at or through a permanent establishment outside Australia; or

[(n)] where liability for the relevant tax arises by reason of the failure of the Noteholder to comply with any certification, identification, information, documentation or other reporting or similar requirement concerning the Noteholder's nationality, residence, identity or connection with Australia (including but not limited to, the provision where relevant of the Noteholder's Australian Tax File Number, Australian Business Number or exemption details) based on law, regulation or market practice, of Australia or any political sub-division or taxing authority as a pre-condition to relief or exemption from such taxes; or]

[(o)] [(p)] any combination of items (a), (b), (c), (d), (e), (f), (g), [(h)], [(i)], [(j)] [and] [.] [(k)], [(l)], [(m)] [and] [.] [(n)] [and] (o)].

(3) *Relevant Date*. As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the relevant Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received by the relevant Agent, notice to that effect is duly given to the Noteholders in accordance with § 12.

**[in the case of Notes issued by BMW Japan Finance Corp. insert:**

(4) Interest payments on the Notes to be issued to an individual resident of Japan, a Japanese corporation (except for a designated Japanese financial institution which has complied with the requirements under the Act on Special Measures Concerning Taxation of Japan or a non-resident of Japan or a foreign corporation that is a person with a special relationship as specified in the Cabinet Order relating to the Act on Special Measures Concerning Taxation (the "Cabinet Order") with the Issuer (a "specially related person") will be subject to Japanese income tax on the amount specified in sub-paragraph (a) or (b) below, as applicable:

- (a) if interest is paid to an individual resident of Japan, to a Japanese corporation or a non-resident of Japan or foreign corporation that is a specially related person (except as provided in sub-paragraph (b) below), the amount of such interest; or
- (b) if interest is paid to a public corporation, a financial institution or a financial instruments business operator (which has complied with Japanese tax exemption requirements) through its payment handling agent in Japan as provided in Article 2-2, Paragraph 2 of the Cabinet Order, the amount of such interest minus the amount accrued during the period held, without any cessation, by such entities.]

## § 8

### DEPOSIT IN COURT, PERIOD FOR PRESENTATION, PRESCRIPTION

(1) *Deposit in Court*. The Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor, as the case may be,]** may deposit with the lower court (*Amtsgericht*) of Frankfurt am Main principal and interest, if any, not claimed by Noteholders within twelve months after having become due, together with a waiver of the right to withdraw such deposit, even if the Noteholders are not in default of acceptance; such deposit will be at the risk and cost of such Noteholders. Upon such deposit, with such waiver of the right to withdraw, all claims of such Noteholders against the Issuer and against third parties which are liable for its obligations **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: in particular against the Guarantor,]** shall cease.

(2) *Presentation Period*. The presentation period provided in § 801 paragraph 1, sentence 1 BGB (*German Civil Code*) is reduced to ten years.

## § 9

### EVENTS OF DEFAULT

(1) *Events of Default*. Each Noteholder is entitled to declare due and payable by notice to the Principal Paying Agent his entire claims arising from the Notes and demand payment of the Early Redemption Amount, together with accrued interest (if any) to the date of repayment, calculated in accordance with § 5, if

- (a) the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor,]** for any reason whatsoever, fails to pay within 30 days after the relevant due date principal, premium, if any, or interest, if any, on the Notes, including additional amounts pursuant to § 7 (1), if any; or

- (b) the Issuer, for any reason whatsoever, fails to duly perform any other obligation under these Notes, in particular pursuant to § 2 (2) **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor]** fails to duly perform any obligation pursuant to the Guarantee] and such failure continues for more than 90 days after receipt of a written notice from the Principal Paying Agent; or
  - (c) German insolvency proceedings (*Insolvenzverfahren*) or similar proceedings in other jurisdictions are commenced by a court in the relevant place of jurisdiction against the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor]** which shall not have been reversed or stayed within 60 days or the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor]** itself institutes such proceedings, or offers or makes an arrangement for the benefit of creditors generally; or
  - (d) the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor]** is wound up or dissolved or shall take any action for the purpose of liquidation unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company in the case of the Issuer assumes all obligations arising from these Terms and Conditions of the Notes **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: and in the case of the Guarantor assumes all obligations arising from the Guarantee]** and the Declaration of Undertaking; or
  - (e) the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or the Guarantor]** stops payment completely or ceases to carry on its business.
- (2) *Notice.* Such notice for repayment shall be sent to the Principal Paying Agent by registered mail; such notice will become effective upon receipt by the Principal Paying Agent. Claims fall due 30 days after receipt of such notice unless, in the case of paragraph (1)(a) or (1)(b), the obligation has been satisfied or performed prior thereto.

## § 10 SUBSTITUTION

- (1) *Substitution.* The Issuer shall be entitled at any time without the consent of the Noteholders to be substituted as Issuer by **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: the Guarantor or]** any other company appointed as Issuer under this Programme (the “New Issuer”) in respect of all obligations arising from or in connection with the Notes, if;
- (a) the New Issuer assumes all obligations of the Issuer arising from or in connection with the Notes;
  - (b) the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: the Guarantor]** and the New Issuer have obtained any necessary authorisation from the competent authorities to the effect that the New Issuer may transfer to the relevant Paying Agent in the Specified Currency or other relevant currency without the withholding at source or deduction at source of any taxes, fees, duties, assessments or other governmental charges in the country of its incorporation and, if different where it is treated as resident for tax purposes, all amounts required for the performance of the payment obligations arising from or in connection with the Notes;
  - (c) the **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: Guarantor, if it is not itself the New Issuer,]** **[in the case of Notes issued by Bayerische Motoren Werke Aktiengesellschaft: Issuer]** irrevocably and unconditionally guarantees such obligations of the New Issuer in the same form and with the same content as the Notes have originally been guaranteed by the Guarantor.
- (2) *Change of References.* In the event of such substitution, any reference in these Terms and Conditions of the Notes to the Issuer shall from then on be deemed to refer to the New Issuer and any reference to the country of incorporation of the Issuer shall from then on be deemed to refer to the

country of incorporation of the New Issuer and, if different, to the country where it is treated as resident for tax purposes.

(3) *Notice.* Any substitution effected in accordance with subparagraph 1 of this § 10 shall be binding on the Noteholders and shall be notified to them in accordance with § 12 not less than 15 Business Days before such substitution comes into effect.

## § 11

### FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional notes so that the same shall be consolidated, form a single issue (Series) of Notes with and increase the aggregate principal amount of this Tranche of Notes. The Notes of each Tranche shall have identical Terms and Conditions and identical features. The Notes of each Series shall also have identical Terms and Conditions and identical features, except (in the case of more than one Tranche) for the Issue Date, the Interest Commencement Date and the Issue Price. References to “Notes” shall be construed as references to such Tranche or Series.

(2) *Purchases and Cancellation.* The Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:, the Guarantor]** and any of **[its/their]** subsidiaries is entitled to purchase Notes in the market or otherwise. Notes purchased or otherwise acquired by the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:, the Guarantor]** or any of the subsidiaries may be held or resold or, at the discretion of the Issuer, surrendered to the relevant Paying Agent for cancellation.

## § 12

### NOTICES

**[In the case of Notes which are listed on a Stock Exchange insert:**

**[(1)]** *Publication.* If required by law, all notices concerning the Notes will be published in the German electronic federal gazette (*elektronischer Bundesanzeiger*) **[and in a leading daily newspaper having general circulation in [Germany] [Luxembourg] [London] [France] [Switzerland] [specify other location]. This newspaper is expected to be the [Börsen-Zeitung] [Luxemburger Wort] [Tageblatt] [Financial Times] [La Tribune] [Neue Zürcher Zeitung and Le Temps] [insert other applicable newspaper having general circulation] in the German or English language.]** Furthermore, all notices concerning the Notes will be published on the website of the **[Luxembourg Stock Exchange] [insert other stock exchange]** under **[“www.bourse.lu”] [insert other webpage]]**. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication).]

**[(2)]** *Notification to Clearing System.*

**[in the case of Notes which are unlisted insert:** The Issuer shall deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which said notice was given to the Clearing System.]

**[In the case of Notes which are listed on the Luxembourg Stock Exchange insert:** So long as any Notes are listed on the Luxembourg Stock Exchange, subparagraph (1) shall apply. In the case of notices regarding the Rate of Interest and, if the rules of the Luxembourg Stock Exchange and applicable laws so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders in lieu of publication set forth in subparagraph (1) above; any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to the Clearing System.]

**[In the case of Notes which are listed on a Stock Exchange other than the Luxembourg Stock Exchange insert:** The Issuer may, in lieu of publication set forth in subparagraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Noteholders, provided that the rules of the stock exchange on which Notes are listed permit such form of notice. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which said notice was given to the Clearing System.]

**§ 13**  
**APPLICABLE LAW, PLACE OF PERFORMANCE, PLACE OF**  
**JURISDICTION AND ENFORCEMENT**

(1) *Applicable Law.* The form and content of the Notes, the Global Note(s) and the Guarantee and the Declaration of Undertaking and all the rights and duties arising therefrom shall be governed exclusively by the laws of the Federal Republic of Germany.

**[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:**

(2) *Place of Performance.* Place of performance and exclusive venue for all litigation with the Guarantor arising from legal relations established in the Guarantee or the Declaration of Undertaking is Munich, Federal Republic of Germany.]

[(3)] *Submission to Jurisdiction.* For all litigation arising from legal relations established in these Terms and Conditions of the Notes, the Noteholders are entitled to assert their claims, to the exclusion of all other venues, at their discretion either before the competent courts in the relevant country of incorporation of the Issuer or before the competent courts in Munich, Federal Republic of Germany. It is agreed that such courts shall apply exclusively the laws of the Federal Republic of Germany.

**[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert:**

[(4)] *Appointment of Authorised Agent.* For litigation, if any, between the Noteholders and the Issuer which is brought before courts in the Federal Republic of Germany, the Issuer appoints Bayerische Motoren Werke Aktiengesellschaft, Petuelring 130, 80788 Munich, Federal Republic of Germany, as agent for service of process.]

[(5)] *Enforcement.* A Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, in his own name enforce his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "Custodian" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System. Each Noteholder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.

[(6)] *Annulment.* The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Global Notes.

**§ 14**  
**PARTIAL INVALIDITY**

Should any of the provisions contained in these Terms and Conditions of the Notes be or become invalid or unenforceable, the validity or enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case, the invalid or unenforceable provision shall be deemed to be replaced by a provision which to the extent legally possible provides for an interpretation in keeping with the meaning and the economic purpose of these Terms and Conditions of the Notes at the time of the issue of the Notes. Under circumstances in which these Terms and Conditions of the Notes prove to be incomplete, a supplementary interpretation in accordance with the meaning and the purpose of these Terms and Conditions of the Notes under due consideration of the legitimate interests of the parties involved shall be applied.

**§ 15**  
**LANGUAGE**

[These Terms and Conditions of the Notes are written in the German language. [An English language translation shall be provided. The German text shall be prevailing and binding. The English language translation is provided for convenience only.]]

[These Terms and Conditions of the Notes are written in the English language. [A German language translation shall be provided. The English text shall be prevailing and binding. The German language translation is provided for convenience only.]]



## PART II – SUPPLEMENT TO THE BASIC TERMS

### DEFINITIVE NOTES IN BEARER FORM

*If the relevant Final Terms relating to an issue of Notes provide for the issue of definitive Notes in bearer form the Terms and Conditions of Notes set out in PART I shall be supplemented, to the extent specified below, subject to all of the relevant Final Terms.*

**[In the case of Notes issued by BMW US Capital, LLC, an issue of Notes with a maturity of more than 183 days shall not be supplemented with any terms and conditions set forth in this PART II unless such Notes are treated as Notes in registered form for U.S. federal income tax purposes (i.e. the Notes are “immobilised” with a Specified Clearing System as described in Part I – Basic Terms §1 of the Terms and Conditions of the Notes.)]**

**[§ 1 (3) (a) (Currency, Denomination, Form, Title, Certain Definitions – Temporary Global Note – Exchange to be replaced by:**

(a) The Notes are initially represented by a temporary global note (the “Temporary Global Note”) without coupons. The Temporary Global Note will be exchangeable for **[if Temporary Global Note is exchangeable for Definitive Notes only insert:** individual Notes in the Specified Denominations in definitive form (“Definitive Notes”) **[if the Notes are issued with Coupons, Talons and/or Receipts insert:** with attached [interest coupons (“Coupons”) [and talons (“Talons”) for further Coupons] [and] [payment receipts (“Receipts”) in respect of the instalments of principal payable]]] **[if Temporary Global Note is exchangeable for Definitive Notes and Collective Global Notes insert:** if such exchange is acceptable to the relevant Clearing System(s) in part, individual Notes in the Specified Denominations in definitive form (“Definitive Notes”) **[if the Notes are issued with Coupons, Talons and/or Receipts insert:** with attached [interest coupons (“Coupons”) [and talons (“Talons”) for further Coupons] [and] [payment receipts (“Receipts”) in respect of the instalments of principal payable] and in the other part, one or more collective global Notes (each, a “Collective Global Note”) **[if the Collective Global Notes are issued with Coupons insert:** with attached global interest coupons (“Global Interest Coupons”)]. The Temporary Global Note **[if Temporary Global Note is exchangeable for Definitive Notes and Collective Global Notes insert:** if such exchange is acceptable to the relevant Clearing System(s) and any Collective Global Note **[if the Collective Global Notes are issued with Coupons insert:** and any Global Interest Coupon]] shall be signed manually by two authorised signatories of the Issuer and the Temporary Global Note [and any Collective Global Note] shall be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes **[if the Notes are issued with Coupons, Talons and/or Receipts insert:** and [Coupons] [and] [.] [Talons] [and Receipts] shall be signed manually or in facsimile by two authorised signatories of the Issuer and the Definitive Notes shall be authenticated by or on behalf of the Principal Paying Agent.

**[In the case of TEFRA D Notes, replace § 1 (3) (b) Currency, Denomination, Form, Title, Certain Definitions – Temporary Global Note – Exchange by:**

(b) The Temporary Global Note shall be exchanged for Notes in the form and subject to the conditions provided in Clause (a) above on a date not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest.

Any such certification received on or after the 40th day after the date of issue of the Temporary Global Notes will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).]

**[§ 1 (4) and (5) Currency, Denomination, Form, Title, Certain Definitions – Clearing System/ Noteholders to be replaced by:**

(4) *Clearing System.* “Clearing System” as used herein means **[if more than one Clearing System insert:** each of] the following: [Clearstream Banking AG, Frankfurt am Main (“CBF”)] [Clearstream Banking, société anonyme, Luxembourg (“CBL”)] [Euroclear Bank SA/NV (“Euroclear”)] [.] [and] **[specify other Clearing System]** or any successor in respect of the functions performed by **[if more than one Clearing System insert:** each of the Clearing Systems] **[if one Clearing System insert:** [Clearing System]].

(5) *Noteholders*. “Noteholder” as used herein means, in respect of Notes deposited with any Clearing System or other central securities depository, any holder of a proportionate co-ownership or other beneficial interest or right in the Notes so deposited and otherwise in the case of Definitive Notes the bearer of a Definitive Note.

**[After § 1 (7) Currency, Denomination, Form, Title, Certain Definitions – *Business Day*, a new paragraph (8) is to be inserted:**

(8) *References to Notes*. References herein to the “Notes” include (unless the context otherwise requires) references to any global note representing the Notes and any Definitive Notes **[if the Notes are issued with Coupons, Talons and/or Receipts insert: and the [Coupons] [,] [and] [Global Interest Coupons] [,] [and] [Talons] [and Receipts] appertaining thereto].**

**[In the case of Fixed Rate Notes replace § 3 (2) Interest – *Accrual of Interest* by:**

(2) *Accrual of Interest*. The Notes shall cease to bear interest from the day preceding the due date for their redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the day preceding the day of actual redemption of the Notes, but not beyond the fourteenth day after notice has been given by the Principal Paying Agent in accordance with § 12 that the funds required for redemption have been provided to the Principal Paying Agent. This does not affect any additional rights that might be available to the Noteholders.]

**[In the case of Floating Rate Notes replace § 3 [(7)] Interest – *Accrual of Interest* by:**

[(7)] *Accrual of Interest*. The Notes shall cease to bear interest from their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until actual redemption of the Notes, but not beyond the fourteenth day after notice has been given by the Principal Paying Agent in accordance with § 12 that the funds required for redemption have been provided to the Principal Paying Agent. The applicable Rate of Interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Noteholders.]

**[In the case of Zero Coupon Notes replace § 3 (2) Interest – *Accrual of Interest* by:**

(2) *Accrual of Interest*. If the Issuer shall fail to redeem the Notes when due, interest shall accrue on the outstanding principal amount of the Notes as from the due date until the date of actual redemption at the rate of **[insert Amortisation Yield]** per annum, but not beyond the fourteenth day after notice has been given by the Principal Paying Agent in accordance with § 12 that the funds required for redemption have been provided to the Principal Paying Agent. This does not affect any additional rights that might be available to the Noteholders.]

**[§ 4 (1) [(a)] Payments – *Payment of Principal* to be replaced by:**

(1) [(a)] *Payment of Principal*. Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, against presentation and (except in the case of partial payment) surrender of the relevant Note at the specified office of the Principal Paying Agent outside the United States or at the specified office of any other Paying Agent outside the United States.]

**[In the case of Instalment Notes insert:**

Payment of Instalment Amounts in respect of an Instalment Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt and, in the case of the final Instalment Amount, surrender of the Note at the specified office of any Paying Agent outside the United States. Receipts are not documents of title and, if separated from the Note to which they relate, shall not represent any obligation of the Issuer. Accordingly, the presentation of an Instalment Note without the relevant Receipt or the presentation of a Receipt without the Note to which it pertains shall not entitle the Noteholder to any payment in respect of the relevant Instalment Amount.]

**[In the case of Notes other than Zero Coupon Notes replace § 4 (1) (b) (PAYMENTS – *Payment of Interest*) by:**

(b) *Payment of Interest*. Payment of interest on Notes shall be made, subject to subparagraph (2) below, against presentation and surrender of the relevant Coupons or in the case of Notes in respect of which Coupons have not been issued or in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Notes, at the specified office of the Principal Paying Agent outside the United States or at the specified office of any other Paying Agent outside the United States.

**[In the case of TEFRA D Notes insert:** Payment of interest on Notes represented by a Temporary Global Note shall be made outside the United States, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System, upon due certification as provided in § 1 (3) (b).]]

**[In the case of Notes with Coupons, Talons and/or Receipts insert as § 4 (1) (c) (PAYMENTS – Surrender of [Coupons] [,] [and] [Talons] [and Receipts]):**

(c) *Surrender of [Coupons] [,] [and] [Talons] [and Receipts].* Each Note initially delivered with [Coupons] or [Talons] [or Receipts] attached thereto must be presented and, except in the case of partial payment of the redemption amount, surrendered for final redemption together with all unmatured [Coupons] [,] [and] [Talons] [and Receipts] relating thereto, failing which

**[In the case of Fixed Rate Notes insert:** the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) shall be deducted from the amount otherwise payable on such final redemption [,] [and] [.]

**[In the case of Floating Rate Notes insert:** all unmatured Coupons relating to such Notes (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them [,] [and] [.]

**[In the case of Notes initially delivered with Talons insert:** all unmatured Talons (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them [,] [and] [.]

**[In the case of Notes initially delivered with Receipts insert:** all Receipts relating to such Notes in respect of payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect to them.]

**[In the case of Fixed Rate Notes initially delivered with Coupons insert:** If the Notes are issued with a maturity date and an interest rate or rates such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted in accordance with the foregoing would be greater than the redemption amount otherwise due for payment, then upon the due date for redemption of any such Notes, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted in accordance with the foregoing would not be greater than the redemption amount otherwise due for payment. Where the application of the preceding sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.]

**[In the case of Notes initially delivered with Talons insert:**

On or after the Interest Payment Date on which the final Coupon in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent, in exchange for a further Coupon sheet (including any appropriate further Talon). Each Talon shall, for the purpose of these Terms and Conditions of the Notes, be deemed to mature on the Interest Payment Date on which the final Coupon in the relative Coupon sheet matures.]

**[§ 4 (2) PAYMENTS – Manner of Payment to be replaced by:**

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the freely negotiable and convertible currency which on the respective due date is the currency in the country of the Specified Currency.

**[In the case of payments in a currency other than Euro, or U.S. dollars insert:** by cheque payable in such currency drawn on a bank in the principal financial centre of the country of a Specified Currency or, at the option of the payee, by transfer to an account denominated in such currency maintained by the payee with a bank in such financial centre.]

**[In the case of payments in Euro insert:** by Euro cheque drawn on, or, at the option of the payee, by transfer to a Euro account maintained by the payee with, a bank in a principal financial centre of a country which has become a participating member state in the European Economic and Monetary Union as contemplated by the treaty on European Union which was signed at Maastricht on 7 February 1992.]

**[In the case of payments in U.S. dollars insert:** by U.S. dollar cheque drawn on a bank in New York City or, at the option of the payee, by transfer to a U.S. dollar account maintained by the payee at a bank outside the United States.]]

**[§ 4 (3) PAYMENTS – *United States* to be replaced by:**

(3) *United States.* For purposes of **[in the case of TEFRA D Notes insert: § 1 (3) and]** subparagraph (1) **[in the case of payments in U.S. dollars insert: and (2)]** of this § 4, “United States” means the United States of America (including the States thereof and the District of Columbia) and its territories (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands) and possessions and other areas subject to its jurisdiction.]

**[§4 (4) PAYMENTS – *Discharge* to be replaced by:**

(4) *Discharge.* In the case of any Notes held through any Clearing System, the Issuer **[in the case of Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited or BMW Japan Finance Corp. insert: or, as the case may be, the Guarantor,]** shall be discharged by payment to, or to the order of, the Clearing System.]

**[§ 4 (5) PAYMENTS – *Payment Business Day* to be replaced by:**

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then:

**[in the case of Modified Following Business Day Convention Insert:** the Noteholder shall not be entitled to payment until the next day which is a Payment Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.]

**[in the case of FRN Convention insert:** the Noteholder shall not be entitled to payment until the next Payment Business Day unless it would thereby fall into the next calendar month, in which event (i) the payment date shall be the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls **[insert number]** **[months]** **[insert other specified periods]** after the preceding applicable payment date.]

**[in the case of Following Business Day Convention insert:** the Noteholder shall not be entitled to payment until the next day which is a Payment Business Day.]

**[in the case of Preceding Business Day Convention insert:** the Noteholder shall be entitled to payment on the immediately preceding Payment Business Day.]

A Noteholder shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Business Day” means a day which is a day (other than a Saturday or a Sunday) on which (i) commercial banks and foreign exchange markets settle payments in the relevant place of presentation, and both (ii) the Clearing System, and (iii) **[if the Specified Currency is not Euro insert: commercial banks and foreign exchange markets in [insert all relevant financial centres]] [if the Specified Currency is Euro insert: TARGET2 (as defined below) [and commercial banks and foreign exchange markets in [insert all relevant financial centres]]]** settle payments.]

**[“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system or any successor system thereto.]**

**[§ 5 [(8)] (b) (ii) Redemption – *Early Redemption at the Option of the Issuer* to be replaced by:**

(ii) whether such Tranche or Series, as the case may be, is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes and the Tranche numbers of the Notes which are to be redeemed;]

**[§ 5 [(8)] (c) Redemption – *Early Redemption at the Option of the Issuer* to be replaced by:**

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be drawn by lot or identified in such other manner as the Principal Paying Agent may in its sole discretion deem appropriate and fair.]

**[§ 5 [(9)] (b) Redemption – *Early Redemption at the Option of a Noteholder* to be replaced by:**

(b) In order to exercise such option, the Noteholder must, not less than **[insert Minimum Notice to Issuer]** days and not more than **[insert Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed early redemption notice (“Put Notice”) in the form available from a specified office of the Principal Paying Agent or any of the other Paying Agents and deposit the

relevant Note at such office with the Put Notice. No option so exercised or Note so deposited may be revoked or withdrawn. If these Notes are held through Euroclear or CBL to exercise the right to require redemption of these Notes the Noteholder must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and CBL (which may include notice being given on his instruction by Euroclear or CBL or any common depository for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and CBL from time to time.]

**[Insert after § 6(2) Principal Paying Agent [,] [and] Paying Agent[s] [and Calculation Agent] – Variation or Termination of Appointment.**

The Issuer shall maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive].

**[insert after § 7 Taxation subparagraph [(p)]:**

[(q)] would not be payable if the Notes had been kept safe in custody with, and the payments had been collected by, a banking institution.]

**[§ 8 Deposit in Court, Period for Presentation, Prescription to be replaced by:**

**§ 8**

**PRESENTATION PERIOD, REPLACEMENT OF NOTES**

**[If the Notes are issued with Coupons insert: AND COUPONS]**

The presentation period provided in § 801 paragraph 1, sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes. **[If the Notes are issued with Coupons insert:** The presentation period for the Coupons shall, in accordance with § 801 paragraph 2 BGB (German Civil Code), be four years, beginning with the end of the calendar year in which the relevant Coupon falls due.] Should any Note **[If the Notes are issued with Coupons insert: or Coupon]** be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent, subject to the relevant stock exchange requirements and all applicable laws, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes **[If the Notes are issued with Coupons insert: or Coupons]** must be surrendered before replacement will be issued.

**[If the Notes are issued with Coupons add an additional § 11 (3) Further Issues, Purchases and Cancellation – Cancellation as follows:**

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith together with all unmatured Coupons surrendered therewith or attached thereto and may not be reissued or resold.]

**[§ 12 (2) Notices – Notification to Clearing System to be deleted]**

**[§ 13 [(5)] Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement – Enforcement to be replaced by:**

[(5)] *Enforcement.* A Noteholder of Notes held through a Clearing System may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (a) stating the full name and address of the Noteholder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) or (ii) a copy of the Note in global or definitive form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Temporary Global Note or Definitive Note. For purposes of the foregoing, “Custodian” means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System. Each Noteholder may, without prejudice of the foregoing, protect and enforce his rights under the Notes also in any other way which is permitted in the country in which the proceedings are initiated.]

**[§ 13 [(6)] Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement – *Annulment* to be replaced by:**

**[(6)] *Annulment.*** The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes **[If the Notes are issued with Coupons insert: or Coupons].**

**[§ 17 Language to be supplemented by:**

**[The English language translation will not be printed on the Definitive Notes.]**

**[The German language translation will not be printed on the Definitive Notes.]]**

## **FORM OF FINAL TERMS / MUSTER-ENDGÜLTIGE BEDINGUNGEN**

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the relevant Terms and Conditions of the Notes and the Prospectus dated 10 May 2012, including any supplements thereto, if any.

*Vollständige Informationen über die Emittentin und das Angebot der Schuldverschreibungen sind ausschließlich auf der Grundlage der Endgültigen Bedingungen, der Emissionsbedingungen der Schuldverschreibungen, zusammen mit dem Prospekt vom 10. Mai 2012 und etwaiger Nachträge dazu, falls vorhanden, erhältlich.*

**[POTENTIAL PURCHASERS OF THESE NOTES SHOULD UNDERSTAND THAT RETURN OF PRINCIPAL WILL BE DEPENDENT UPON THE PERFORMANCE OF THE INDEX OR INDICES.**

**ERWERBER DIESER SCHULDVERSCHREIBUNGEN MÜSSEN BERÜCKSICHTIGEN, DASS DER RÜCKZAHLUNGSBETRAG VON DER WERTENTWICKLUNG EINES INDEX ODER VON INDIZES ABHÄNGT.]<sup>1</sup>**

### **FORM OF FINAL TERMS<sup>2</sup>** **MUSTER – ENDGÜLTIGE BEDINGUNGEN<sup>2</sup>**

#### **Final Terms**

#### **Endgültige Bedingungen**

[Date]

[Datum]

[Title of relevant Tranche of Notes]

issued pursuant to the

[Bezeichnung der betreffenden Tranche der Schuldverschreibungen]

begeben aufgrund des

**Euro 35,000,000,000**

**Euro Medium Term Note Programme**

of

von

Bayerische Motoren Werke Aktiengesellschaft ("BMW AG")

BMW Finance N.V. ("BMW Finance")

BMW US Capital, LLC ("BMW US Capital")

BMW Australia Finance Limited, ABN 78 007 101 715 ("BMW Australia Finance")

BMW Japan Finance Corp. ("BMW Japan")

Dated 10 May 2012

Datiert 10. Mai 2012

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<sup>1</sup> Required only for Index-linked redemption Notes.

<sup>2</sup> *Einzusetzen nur im Falle von Schuldverschreibungen mit indexiertem Rückzahlungsbetrag.*

<sup>2</sup> Directive 2010/73/EU (the "**2010 PD Amending Directive**") amending Directive 2003/71/EC (the "**Prospectus Directive**") and Directive 2004/109/EC increases the minimum denomination threshold per debt security from €50,000 to €100,000, or its equivalent in another currency, for the qualification of a debt security as wholesale debt with regard to the wholesale disclosure requirements and the exemptions under the Prospectus Directive. For the increased minimum denomination threshold to become applicable, the 2010 PD Amending Directive must be implemented into the relevant national law of the jurisdictions into which the Prospectus has been passported and in which Notes will be listed on a stock exchange and/or publicly offered and distributed.

*Die Richtlinie 2010/73/EU (die "**2010 PR Änderungsrichtlinie**"), durch die Richtlinie 2003/71/EG (die "**Prospektrichtlinie**") und Richtlinie 2004/109/EG geändert werden, erhöht die für die Einordnung eines Schuldtitels als ein Schuldtitel für Großanleger in Bezug auf die entsprechenden Offenlegungspflichten und die Ausnahmen gemäß der Prospektrichtlinie maßgebliche Schwelle der Mindeststückelung pro Schuldtitel von €50.000 auf €100.000, bzw. den entsprechenden Gegenwert in einer anderen Währung. Damit die erhöhte Schwelle der Mindeststückelung Anwendung findet, muss die 2010 PR Änderungsrichtlinie in das jeweilige nationale Recht der Rechtsordnungen, in die der Prospekt notifiziert wurde und/oder in denen eine Börsennotierung bzw. ein öffentliches Angebot und der Vertrieb der Schuldtitel erfolgen soll, umgesetzt werden.*

**ISSUER:**

**EMITTENTIN:**

[BMW AG]  
[BMW Finance]  
[BMW US Capital]  
[BMW Australia Finance]  
[BMW Japan]

**[GUARANTOR:**

**GARANTIN:**

Bayerische Motoren Werke Aktiengesellschaft ("BMW AG")<sup>3</sup>

Specified Currency: [ ]  
*Festgelegte Währung:* [ ]

Nominal Value: [ ]  
*Nominalwert:* [ ]

Tranche No.: [ ]  
*Tranchen-Nr.:* [ ]

Tranche to become part of an existing Series: [Yes/No]

[(a) If yes, insert details of existing Series:] [ ]

[(b) Aggregate nominal amount of Series:] [ ]

*Zusammenfassung der Tranche mit einer bestehenden Serie ist vorgesehen:*

[Ja/Nein]

[(a) falls ja, Angaben zur bestehenden Serie machen:] [ ]

[(b) Gesamtnennbetrag der Serie:] [ ]

Issue Price: [ ] per cent.<sup>4</sup>  
*Ausgabepreis:* [ ]%<sup>4</sup>

Issue Date: [ ]<sup>5</sup>  
*Valutierungstag:* [ ]<sup>5</sup>

Net proceeds: [ ] [(less an amount to account for expenses)]<sup>6</sup>  
*Nettoerlös:* [ ] [(abzüglich eines Betrages für Kosten)]<sup>6</sup>

Interest Basis:

[% Fixed Rate]  
[specify reference rate] /+ [ ]% Margin  
Floating Rate (ISDA determination/Screen Rate Determination (specify))  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Provisions]  
[Other interest provisions]  
(further particulars specified below)

Zinsmodalität:

[ % Festzinssatz] [festzulegender Referenzzinssatz] /+ [ ]% Marge, variabel verzinslich (Bestimmung [nach ISDA/auf Basis einer Bildschirmnotierung])  
[Nullkupon] [Indexierte Verzinsung]  
[Doppelwährungsbezogene Zinsfestlegung]  
[andere zu bestimmende Zinsmodalität] (Zusätzliche Einzelheiten unten aufgeführt)

<sup>3</sup> Only applicable in case of an issue of Notes by BMW Finance, BMW US Capital, BMW Australia Finance or BMW Japan.  
*Ausschließlich anwendbar im Fall einer Emission von Schuldverschreibungen durch BMW Finance, BMW US Capital, BMW Australia Finance oder BMW Japan.*

<sup>4</sup> To be completed for all Notes.  
*Auszufüllen für alle Schuldverschreibungen.*

<sup>5</sup> The Issue Date is the date of payment and settlement of the Notes. In the case of free delivery, the Issue Date is the delivery date.  
*Der Valutierungstag ist der Tag, an dem die Schuldverschreibungen begeben und bezahlt werden. Bei freier Lieferung ist der Valutierungstag der Tag der Lieferung.*

<sup>6</sup> Required only for listed or public issues. Issue Price less Management/Underwriting Commission and Selling Concession.  
*Nur für börsennotierte und öffentlich angebotene Emissionen erforderlich. Ausgabepreis abzüglich Management- und Übernahme provision sowie Verkaufsprovision.*



## I. TERMS AND CONDITIONS

### I. EMISSIONSBEDINGUNGEN

These Final Terms are dated [ ] and contain the final terms of an issue of Notes under the Euro 35,000,000,000 Euro Medium Term Note Programme dated 10 May 2012 of BMW AG, BMW Finance, BMW US Capital, BMW Australia Finance and BMW Japan (the "Programme").

*Diese Endgültigen Bedingungen vom [ ] enthalten die endgültigen Bedingungen einer Emission von Schuldverschreibungen unter dem Euro 35.000.000.000 Euro Medium Term Note Programm datiert 10. Mai 2012 von BMW AG, BMW Finance, BMW US Capital, BMW Australia Finance und BMW Japan (das "Programm").*

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes (the "Terms and Conditions of the Notes") set forth in the Prospectus dated [ ]<sup>6 7</sup> (the "Prospectus") pertaining to the Programme as the same may be amended or supplemented from time to time. Capitalised terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions of the Notes. [Save in respect of the Terms and Conditions of the Notes, the Final Terms are to be read in conjunction with the Prospectus dated 10 May 2012.]<sup>8</sup>

*Dieser Teil der Endgültigen Bedingungen ist in Verbindung mit den Emissionsbedingungen der Schuldverschreibungen (die "Emissionsbedingungen") zu lesen, die in der jeweils geltenden Fassung des Prospekts vom [ ]<sup>6 7</sup> (der "Prospekt") über das Programm enthalten sind. Begriffe, die in den Emissionsbedingungen definiert sind, haben, falls die Endgültigen Bedingungen nicht etwas anderes bestimmen, die gleiche Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden. [Mit Ausnahme der Emissionsbedingungen sind die Endgültigen Bedingungen in Verbindung mit dem Prospekt vom 10. Mai 2012 zu lesen.]<sup>8</sup>*

All references in this part of these Final Terms to numbered Conditions and sections are to Conditions and sections of the Terms and Conditions of the Notes.

*Bezugnahmen in diesem Teil der Endgültigen Bedingungen auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Emissionsbedingungen.*

[All provisions in the Terms and Conditions of the Notes corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes.

*Sämtliche Bestimmungen der Emissionsbedingungen, die sich auf Variablen dieser Endgültigen Bedingungen beziehen und die weder angekreuzt noch ausgefüllt werden oder die gestrichen werden, gelten als in den auf die Schuldverschreibungen anwendbaren Emissionsbedingungen gestrichen.]<sup>9</sup>*

[The Conditions applicable to the Notes (the "Conditions") and the English language translation thereof, if any, are attached to these Final Terms and replace in full the Terms and Conditions of the Notes as set out in the Prospectus and take precedence over any conflicting provisions in these Final Terms.

*Die für die Schuldverschreibungen geltenden Bedingungen (die "Bedingungen") sowie eine etwaige englischsprachige Übersetzung sind diesen Endgültigen Bedingungen beigelegt. Die Bedingungen ersetzen in Gänze die im Prospekt abgedruckten Emissionsbedingungen und gehen etwaigen abweichenden Bestimmungen dieser Endgültigen Bestimmungen vor.]<sup>10</sup>*

6 If this issue is an increase of an existing issue which was issued under a Prospectus/Offering Circular with an earlier date, insert date of this earlier Prospectus here.

Wenn es sich bei der aktuellen Emission um die Aufstockung einer Emission handelt, die in Verbindung mit einem früheren Prospekt/Offering Circular begeben wurde, ist hier das Datum dieses früheren Prospekts/Offering Circular einzusetzen.

7 If this issue is not an increase of an existing issue which was issued under a Prospectus/Offering Circular/Base Prospectus with an earlier date, insert date of the current Prospectus here.

Wenn es sich bei der aktuellen Emission nicht um die Aufstockung einer Emission handelt, die in Verbindung mit einem früheren Prospekt/Offering Circular/Basisprospekt begeben wurde, ist hier das Datum des aktuellen Prospekts einzusetzen.

8 Use only if this issue is an increase of an existing issue which was issued under a Prospectus/Offering Circular with an earlier date.

Nur verwenden, wenn es sich bei der aktuellen Emission um die Aufstockung einer Emission handelt, die in Verbindung mit einem früher geltenden Prospekt/Offering Circular begeben wurde.

9 To be inserted in the case of Long-Form Conditions.

Im Fall von nicht-konsolidierten Bedingungen einzufügen.

10 To be inserted in the case of Integrated Conditions.

Im Fall von konsolidierten Bedingungen einzufügen.

## Forms of Conditions<sup>11</sup>

### Form der Bedingungen<sup>11</sup>

- ☐ Long-Form  
*Nicht-konsolidierte Bedingungen*
- ☐ Integrated  
*Konsolidierte Bedingungen*

## Language of Conditions<sup>12</sup>

### Sprache der Bedingungen<sup>12</sup>

- ☐ German only  
*Ausschließlich Deutsch*
- ☐ English only  
*Ausschließlich Englisch*
- ☐ German and English (German prevailing)  
*Deutsch und Englisch (deutscher Text maßgeblich)*
- ☐ German and English (English prevailing)  
*Deutsch und Englisch (englischer Text maßgeblich)*

## CURRENCY, DENOMINATION, FORM, TITLE, CERTAIN DEFINITIONS (§ 1)

### WÄHRUNG, STÜCKELUNG, FORM, EIGENTUM, DEFINITIONEN (§ 1)

#### Denomination

##### Stückelung

Specified Denomination(s) [ ]  
*Festgelegte Stückelung/Stückelungen*

Number of Notes to be issued in each Specified Denomination [ ]  
*Anzahl der in jeder festgelegten Stückelung auszugebenden Schuldverschreibungen*

#### Bearer Notes

##### Inhaberschuldverschreibungen

- ☐ **TEFRA C Rules<sup>13</sup>**  
**TEFRA C Vorschriften<sup>13</sup>**
  - ☐ Permanent Global Note  
*Dauerglobalurkunde*  
  
Nominal amount of Permanent Global Note (if [ ]  
only one to be issued)  
*Nennbetrag der Dauerglobalurkunde (falls nur eine  
begeben wird)*

<sup>11</sup> To be determined in consultation with the relevant Issuer. It is anticipated that Long-Form Conditions will generally be used for Notes in bearer form sold on a non-syndicated basis and which are not publicly offered. Integrated Conditions will generally be used for Notes in bearer form sold and distributed on a syndicated basis. Integrated Conditions will be required where the Notes are to be publicly offered, in whole or in part, or to be distributed, in whole or in part, to non-professional investors.

*Die Form der Bedingungen ist in Abstimmung mit der jeweiligen Emittentin festzulegen. Es ist vorgesehen, daß nicht-konsolidierte Bedingungen für Inhaberschuldverschreibungen, die auf nicht syndizierter Basis verkauft und die nicht öffentlich zum Verkauf angeboten werden, verwendet werden. Konsolidierte Bedingungen werden in der Regel für Inhaberschuldverschreibungen verwendet, die auf syndizierter Basis verkauft und vertrieben werden. Konsolidierte Bedingungen sind erforderlich, wenn die Schuldverschreibungen insgesamt oder teilweise an nicht berufsmäßige oder gewerbliche Investoren verkauft oder öffentlich angeboten werden.*

<sup>12</sup> To be determined in consultation with the relevant Issuer. For further information see "Issue Procedures" in Part B.I. of this Prospectus.

*In Abstimmung mit der jeweiligen Emittentin festzulegen. Für weitere Information siehe "Issue Procedures" in Teil B.I. des Prospekts.*

<sup>13</sup> See also "Selling Restrictions" below.

*Siehe auch "Verkaufsbeschränkungen".*

<p>Nominal amount of each Permanent Global Note (if more than one to be issued)  <i>Nennbetrag jeder Dauerglobalurkunde (falls mehrere begeben werden)</i></p>	<p>[Not applicable/(specify nominal amount of each Global Note)]  <i>[Nicht anwendbar/(Nennbetrag jeder Globalurkunde angeben)]</i></p>
<p><input type="checkbox"/> Definitive Notes  <i>Einzelurkunden</i></p>	
<p><input type="checkbox"/> Definitive Notes and Collective Global Notes  <i>Einzelurkunden und Sammelglobalurkunden</i></p>	
<p><input type="checkbox"/> <b>TEFRA D Rules</b>  <b>TEFRA D Vorschriften</b></p>	
<p>Temporary Global Note exchangeable for:  <i>Vorläufige Globalurkunde austauschbar gegen:</i></p>	
<p><input type="checkbox"/> Permanent Global Note  <i>Dauerglobalurkunde</i></p>	
<p>Nominal amount of Global Note (if only one to be issued):  <i>Nennbetrag der Globalurkunde (falls nur eine begeben wird):</i></p>	<p>[ ]</p>
<p>Nominal amount of each Global Note (if more than one to be issued)   <i>Nennbetrag jeder Globalurkunde (falls mehrere begeben werden)</i></p>	<p>[Not Applicable/(specify nominal amount of each Global Note) (distinguishing between Temporary and Permanent Global Note))]  <i>[Nicht anwendbar/(Nennbetrag jeder Globalurkunde angeben (Unterscheidung zwischen Vorläufiger und Dauerglobalurkunde))]</i></p>
<p><input type="checkbox"/> Definitive Notes  <i>Einzelurkunden</i></p>	
<p><input type="checkbox"/> Definitive Notes and Collective Global Notes  <i>Einzelurkunden und Sammelglobalurkunden</i></p>	
<p><b>Notes issued by BMW US Capital, LLC and treated by the Specified Clearing System(s) as registered notes for U.S. federal income tax purposes</b></p>	
<p><b><i>Schuldverschreibungen, die von der BMW US Capital, LLC begeben werden und von dem Festgelegten Clearing System für Zwecke des Bundeseinkommenssteuerrechts der Vereinigten Staaten wie Namenspapiere (registered notes) behandelt werden</i></b></p>	
<p><input type="checkbox"/> Registered Note (§ 1(2))<sup>13a</sup></p>	<p>Treated by the Specified Clearing System as registered notes for U.S. federal income tax purposes. The Notes are subject to a book entry agreement entered into by the Specified Clearing System and the Issuer.</p>
<p><input type="checkbox"/> "Registered notes" (§ 1(2))<sup>13a</sup></p>	<p>Werden von dem Festgelegten Clearing System als "registered notes" für Zwecke des Bundeseinkommensteuerrechts der Vereinigten Staaten behandelt. Die Schuldverschreibungen sind</p>

<sup>13a</sup> Always applicable for Notes which are issued by BMW US Capital, LLC and which shall be treated as registered notes for U.S. federal income tax purposes (i.e. Notes which must be cleared through CBF or another Specified Clearing System and are therefore subject to a book-entry agreement).  
*Stets in Bezug auf Schuldverschreibungen der BMW US Capital, LLC anwendbar, die für Zwecke des Bundeseinkommensteuerrechts der Vereinigten Staaten als "registered notes" behandelt werden sollen (d.h. Schuldverschreibungen, müssen über CBF oder ein anderes Festgelegtes Clearing System abgewickelt werden und dadurch Gegenstand eines book-entry Agreements sein)*

Gegenstand eines book-entry Agreement, das von dem Festgelegten Clearing System mit der Emittentin abgeschlossen wurde.

□ **Neither TEFRA D Rules nor TEFRA C Rules<sup>14</sup>  
Weder TEFRA D Vorschriften noch TEFRA C Vorschriften<sup>14</sup>**

- Permanent Global Note  
*Dauerglobalurkunde*
- Temporary Global Note exchangeable for:  
*Vorläufige Globalurkunde austauschbar gegen:*

- Permanent Global Note

*Dauerglobalurkunde*

- Definitive Notes  
*Einzelurkunden*
- Definitive Notes and Collective Global Notes  
*Einzelurkunden und Sammelglobalurkunden*

[Each Global Note may only be exchanged for Definitive Notes in the limited circumstances set out in the Conditions attached hereto.  
*Ein Austausch einer Global-urkunde durch Einzelurkunden kann nur unter den in den beigefügten Bedingungen angegebenen Umständen erfolgen.]*

New Global Note (NGN)<sup>15</sup>

[Yes/No]

*New Global Note (NGN)<sup>15</sup>*

[Ja/Nein]

- Intended to be held in a manner which would allow Eurosystem eligibility (in new global note form (NGN))

*Verwahrung in einer Weise, die Anerkennung durch das Eurosystem genießt (in Form der neuen Globalurkunde (NGN))*

[Note that if this item is applicable it simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositories (ICSDs) as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria]<sup>16</sup>

*[Im Fall der Anwendbarkeit dieses Punktes ist damit beabsichtigt, die Schuldverschreibungen zum Zeitpunkt ihrer Emission bei einer der internationalen zentralen Verwahrstellen (ICSDs) als gemeinsame Sicherheitsverwahrstelle (common safekeeper) einzureichen. Das bedeutet nicht notwendigerweise, dass die*

<sup>14</sup>With respect to all Issuers other than BMW US Capital, LLC, this is always applicable for Notes which have an initial maturity of one year or less. With respect to BMW US Capital, LLC if it issues Notes in bearer form for US Federal income tax purposes with a maturity of 183 days or less, BMW US Capital, LLC should generally comply with TEFRA D (see appropriate legend in "Selling Restrictions – 3. United States" below).

*Immer anwendbar in Bezug auf Schuldverschreibungen, die eine ursprüngliche Laufzeit von einem Jahr oder weniger haben und bezüglich allen Emittenten ausgenommen BMW US Capital, LLC. In Bezug auf BMW US Capital, LLC gilt hinsichtlich Inhaber-Schuldverschreibungen nach US Einkommensteuerzwecken mit einer Laufzeit von 183 Tagen oder weniger, dass BMW US Capital, LLC grundsätzlich in Übereinstimmung mit TEFRA D handeln muss (siehe nachfolgend die Legend unter „Selling Restrictions – 3. United States“).*

<sup>15</sup>BMW Australia Finance does not issue Notes in NGN form.

*BMW Australia Finance emittiert keine Schuldverschreibungen in NGN Form.*

<sup>16</sup>Include this text if this item is applicable in which case the Notes must be issued in NGN form.

*Dieser Text ist einzufügen, falls dieser Punkt anwendbar ist. In diesem Fall müssen die Schuldverschreibungen in NGN Form emittiert werden.*

Schuldverschreibungen zum Zeitpunkt ihrer Emission oder zu einem anderen Zeitpunkt während ihrer Laufzeit als geeignete Sicherheit im Sinne der Geldpolitik des Eurosystems und für Zwecke der untertägigen Kreditfähigkeit durch das Eurosystem anerkannt werden. Eine solche Anerkennung hängt von der Erfüllung der Kriterien der Eignung des Eurosystems ab.]<sup>16</sup>

Classical Global Note  
*Classical Global Note*

[Yes/No]  
 [Ja/Nein]

- ☐ Intended to be Eurosystem eligible<sup>17</sup>  
*Anerkennung durch das Eurosystem ist beabsichtigt<sup>17</sup>*

**Definitive Notes**  
**Einzelurkunden**

[Yes/No]  
 [Ja/Nein]

- ☐ Other  
*Andere*

[ ]

**Certain Definitions**  
**Definitionen**

**Clearing System**

- ☐ Clearstream Banking AG, Frankfurt  
 Neue Börsenstraße 1  
 D-60487 Frankfurt am Main
- ☐ Euroclear Bank SA/NV  
 1 Boulevard du Roi Albert II  
 B-1210 Brussels
- ☐ Clearstream Banking, société anonyme, Luxembourg  
 42 Avenue JF Kennedy  
 L-1855 Luxembourg
- ☐ Other – specify  
*Sonstige (angeben)*

[ ]

**Relevant Financial Centres**  
**Relevante Finanzzentren**

[ ]

**Calculation Agent**  
**Berechnungsstelle**

[Yes/No]  
 [Ja/Nein]

- ☐ Principal Paying Agent  
*Emissionsstelle*
- ☐ Other (specify)  
*Sonstige (angeben)*

[ ]

**STATUS, DECLARATION OF UNDERTAKING, GUARANTEE (§ 2)**  
**STATUS, VERPFLICHTUNGSERKLÄRUNG, GARANTIE (§ 2)**

**Status**  
**Status**

**Unsubordinated**  
**Nicht-nachrangig**

**[INTEREST][INDEXATION] (§ 3)**  
**[ZINSEN][INDEXIERUNG] (§ 3)**

- ☐ **Fixed Rate Notes**  
**Festverzinsliche Schuldverschreibungen**  
 [delete the following sub-paragraphs relating to Fixed

<sup>17</sup>If Notes are issued in CGN form and it is intended that the Notes shall be Eurosystem eligible, the CGN must be held by CBF.  
 Falls die Schuldverschreibungen in Form einer CGN verbrieft werden und eine Anerkennung durch das Eurosystem beabsichtigt ist, muss die CGN bei CBF verwahrt werden.

Rate Notes if not applicable

*nachfolgende Unterabsätze hinsichtlich von  
Festverzinslichen Schuldverschreibungen löschen,  
soweit nicht anwendbar]*

**Rate of Interest and Interest Payment Dates**  
**Zinssatz und Zinszahlungstage**

Rate of Interest [ ] per cent. per annum [payable  
[annually/semi-  
annually/quarterly/monthly] [in  
arrear]]

Zinssatz [ ] % per annum [zahlbar  
[jährlich/halbjährlich/  
vierteljährlich/monatlich]  
[nachträglich]]

Interest Commencement Date [ ]  
Verzinsungsbeginn

Fixed Interest Date(s)<sup>18</sup> [ ]  
Festzinstermine<sup>18</sup>

First Interest Payment Date [ ]  
Erster Zinszahlungstag

Initial Broken Amount(s) (per denomination) [ ]  
Anfängliche(r) Bruchteilzinsbetrag (-beträge) (für jeden  
Nennbetrag)

Fixed Interest Date preceding the Maturity Date [ ]  
Festzinstermine, der dem Fälligkeitstag vorangeht

Final Broken Amount(s) (per denomination) [ ]  
Abschließende(r) Bruchteilzinsbetrag (-beträge) (für  
jeden Nennbetrag)

☐ **Floating Rate Notes other than Constant Maturity  
Swap Floating Rate Notes**  
**Variabel verzinsliche Schuldverschreibungen, die  
nicht Constant Maturity Swap variabelverzinsliche  
Schuldverschreibungen sind**

[delete the following sub-paragraphs relating to Floating  
Rate Notes if not applicable

*nachfolgende Unterabsätze hinsichtlich von Variabel  
verzinslichen Schuldverschreibungen löschen, soweit  
nicht anwendbar]*

**Rate of Interest and Interest Payment Dates**  
**Zinssatz und Zinszahlungstage**

Interest Commencement Date [ ]  
Verzinsungsbeginn

Specified Interest Payment Dates [ ]  
Festgelegte Zinszahlungstage

Specified Interest Period(s) [ ] [weeks/months/  
other – specify]

Festgelegte Zinsperiode(n) [ ] [Wochen/Monate/  
andere – angeben]

☐ **Screen Rate Determination**

<sup>18</sup>Insert regular interest dates ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B.

Only relevant where Day Count Fraction is Actual/Actual (ICMA).

Einzusetzen sind die festen Zinstermine, wobei im Falle eines langen oder kurzen ersten bzw. letzten Zinsscheins der Tag der Begebung bzw. der Fälligkeitstag nicht zu berücksichtigen sind. N.B.: Nur einschlägig im Falle des Zinstagequotienten Actual/Actual (ICMA).

### Bildschirmfeststellung

- ☐ EURIBOR (Brussels time/TARGET Business Day/Interbank market in the Euro-zone) [ ]  
*EURIBOR (Brüsseler Ortszeit/TARGET-Geschäftstag/Interbanken-Markt in der Euro-Zone)*

[Euro Interbank Offered Rate (EURIBOR) means the rate for deposits in Euros for a specified period]

[Euro Interbank Offered Rate (EURIBOR) bezeichnet den Kurs für Einlagen in Euro für einen bestimmten Zeitraum]

Screen page  
 Bildschirmseite

- ☐ LIBOR (London time/London Business Day/City of London/London Office/London Interbank market) [ ]  
*LIBOR (Londoner Ortszeit/Londoner Geschäftstag/City of London/Londoner Geschäftsstelle/Londoner Interbanken-Markt)*

[London Interbank Offered Rate (LIBOR) means the rate for deposits in various currencies for a specified period]

[London Interbank Offered Rate (LIBOR) bezeichnet den Kurs für Einlagen in verschiedenen Währungen für einen bestimmten Zeitraum]

Screen page [ ]  
 Bildschirmseite

- ☐ Other (specify) [ ]  
*Sonstige (angeben)*

Screen page [ ]  
 Bildschirmseite

- ☐ **Constant Maturity Swap Floating Rate Notes**  
**Constant Maturity Swap variabel verzinsliche Schuldverschreibungen**

[delete the following sub-paragraphs relating to Constant Maturity Swap Floating Rate Notes if not applicable]

*nachfolgende Unterabsätze hinsichtlich von Constant Maturity Swap variabel verzinsliche Schuldverschreibungen löschen, soweit nicht anwendbar]*

Number of years [ ]  
*Anzahl von Jahren*

Factor [ ]  
*Faktor*

Additional provisions [ ]  
*Weitere Bestimmungen*

**Margin** [ ] per cent. per annum  
**Marge** [ ] % per annum

- ☐ plus  
*plus*
- ☐ minus  
*minus*

### Interest Determination Date Zinsfestlegungstag

- ☐ [second] [other number of days] [TARGET] [London]  
 [Other (specify)] Business Day prior to commencement of

Interest Period  
 zweiter [andere Anzahl von Tagen] [TARGET] [London]  
 [Sonstige (angeben)] Geschäftstag vor Beginn der  
 jeweiligen Zinsperiode

- ☐ Other (specify) [ ]  
 Sonstige (angeben)

Reference Banks (if other than as specified in § 3(2)) [specify] [ ]  
 Referenzbanken (sofern abweichend von § 3 Absatz 2)  
 [angeben]

- ☐ ISDA-Determination<sup>19</sup> [specify details]  
 ISDA Feststellung<sup>19</sup> [Details einfügen]

- ☐ Other Method of Determination [insert details (including  
 Margin, Interest Determination Date, Reference Banks,  
 fall-back provisions)] [ ]  
 Andere Methoden der Bestimmung [Einzelheiten  
 angeben (einschließlich Zinsfestlegungstag, Marge,  
 Referenzbanken, Ausweichbestimmungen)]

#### Minimum and Maximum Rate of Interest Mindest- und Höchstzinssatz

- ☐ Minimum Rate of Interest [ ] per cent. per annum  
 Mindestzinssatz [ ] % per annum

- ☐ Maximum Rate of Interest [ ] per cent. per annum  
 Höchstzinssatz [ ] % per annum

- ☐ **Other structured Floating Rate Notes** [ ]  
**Sonstige strukturierte variable verzinsliche  
 Schuldverschreibungen**

- ☐ **Constant Maturity Swap Spread-Linked Notes** [ ]  
 [set forth details in full here (including but not limited to  
 interest period(s), interest date(s), fixed initial rate(s) of  
 interest, formula/calculation of variable interest rate(s),  
 description of CMS-rate, determination, market and  
 settlement disruption, fall back provisions, determination  
 dates)]

#### **Schuldverschreibungen abhängig von einer Constant Maturity Swap-Spanne** [ ]

[Einzelheiten hier einfügen (einschließlich aber nicht  
 beschränkt auf Zinsperiode(n), Zinsterminen, Zinssatz/-  
 sätze, anfänglicher fester Zinssatz/-sätze,  
 Formel/Berechnung des variablen Zinssatzes/-sätze,  
 Beschreibung der CMS-Rate, Feststellung, Markt- und  
 Abrechnungsstörung, Ausweichbestimmungen,  
 Feststellungstag(en)).]

- ☐ **Others (specify)** [ ]  
**Weitere (angeben)**

- ☐ **Zero Coupon Notes**  
**Nullkupon-Schuldverschreibungen**

[delete the following sub-paragraphs relating to Zero  
 Coupon Notes if not applicable]

nachfolgende Unterabsätze hinsichtlich von Nullkupon-

<sup>19</sup>ISDA Determination should only be applied in the case of Notes represented by a Permanent Global Note because the ISDA Agreement and the ISDA Definitions have to be attached to the relevant Notes.  
 ISDA-Feststellung sollte nur dann gewählt werden, wenn die betreffenden Schuldverschreibungen durch eine Dauerglobalurkunde verbrieft werden, weil das ISDA-Agreement und die ISDA Definitions den Schuldverschreibungen beizufügen sind.



*Schuldverschreibungen löschen, soweit nicht anwendbar]*

Amortisation Yield [ ]  
Emissionsrendite

Other [ ]  
Andere

☐ **Dual Currency Notes** [ ]  
**Doppelwährungs-Schuldverschreibungen**

[set forth details in full here (including, but not limited to, exchange rate(s) or basis for calculating exchange rate(s) to determine principal and/or interest/fall back provisions)

*Einzelheiten einfügen (einschließlich aber nicht beschränkt auf Wechselkurs(e) oder Grundlage für die Berechnung des/der Wechselkurs(e) zur Bestimmung von Kapital- und oder Zinsbeträgen/Ausweichbestimmungen)]*

☐ **Index-Linked Interest Notes**  
**Schuldverschreibungen mit indexierter Zinszahlung**

[set forth details in full here (including, but not limited to, Index, an indication where information about the past and the further performance of the Index and its volatility can be found, formula for calculating interest amount, a description of any market disruption or settlement disruption events that affect the underlying and fall back provisions)]

*[Einzelheiten einfügen (einschließlich aber nicht beschränkt auf den Index, Angaben darüber, wo Informationen über die vergangene und künftige Wertentwicklung des Index und seine Volatilität eingeholt werden können, die Formel, sonstige Grundlagen für die Berechnung der Zinsbeträge, Marktstörungen, Störungen bei der Abrechnung, die den Basiswert beeinflussen, sowie Ausweichbestimmungen)]*

☐ **Instalment Notes** [ ]  
**Raten-Schuldverschreibungen**

[set forth details in full here]  
[Einzelheiten einfügen]

☐ **Other (specify)** [ ]  
**Sonstige (angeben)**

**Day Count Fraction<sup>20</sup>**  
**Zinstagequotient<sup>20</sup>**

- ☐ Actual/Actual (ICMA)<sup>21</sup>
- ☐ 30/360<sup>21</sup>
- ☐ Actual/Actual (Actual/365)
- ☐ Actual/365 (Fixed)
- ☐ Actual/360
- ☐ 30/360 or 360/360 (Bond Basis)

<sup>20</sup> Complete for all Notes.

*Für alle Schuldverschreibungen auszufüllen.*

<sup>21</sup> Applicable only to Fixed Rate Notes.

*Nur auf festverzinsliche Schuldverschreibungen anwendbar.*

- ☐ 30E/360 (Eurobond Basis)

#### **Adjustment**

#### **Anpassung**

Interest amount shall be

*Zinsbetrag ist*

- ☐ adjusted  
*angepasst*
- ☐ unadjusted  
*nicht angepasst*

#### **PAYMENTS (§ 4)**

#### **ZAHLUNGEN (§ 4)**

#### **Payment Business Day**

#### **Zahlungstag**

#### **Business Day Convention**

#### **Geschäftstag-Konvention**

- ☐ Modified Following Business Day Convention  
*Modifizierte folgender Geschäftstag-Konvention*
- ☐ FRN Convention [specify period(s)] [ ] [weeks/months/ other – specify]  
*FRN Konvention [Zeitraum angeben]* [ ] [Wochen/Monate/andere – angeben]
- ☐ Following Business Day Convention  
*Folgender Geschäftstag-Konvention*
- ☐ Preceding Business Day Convention  
*Vorangegangener Geschäftstag-Konvention*

Relevant Financial Centre(s) [specify all] [ ]  
*Relevante(s) Finanzzentren(um) [alle angeben]*

#### **REDEMPTION (§ 5)**

#### **RÜCKZAHLUNG (§ 5)**

#### **Final Redemption**

#### **Rückzahlung bei Endfälligkeit**

#### **Notes other than Instalment Notes**

#### **Schuldverschreibungen außer Raten-**

#### **Schuldverschreibungen**

Maturity Date [ ]  
*Fälligkeitstag*

Redemption Month [ ]  
*Rückzahlungsmonat*

Final Redemption Amount [ ]  
*Rückzahlungsbetrag*

- ☐ Principal Amount  
*Nennbetrag*
- ☐ Final Redemption Amount (per Specified Denomination) [ ]  
*Rückzahlungsbetrag (für jede festgelegte Stückelung)*
- ☐ **Index-Linked Redemption Notes**  
***Schuldverschreibungen mit indexiertem Rückzahlungsbetrag***

[set forth details in full here (including, but not limited to, Index, an indication where information about the past and

the further performance of the Index and its volatility can be found, formula for calculating redemption amount, a description of any market disruption or settlement disruption events that affect the underlying and fall back provisions)

*Einzelheiten einfügen (einschließlich aber nicht beschränkt auf den Index, Angaben darüber, wo Informationen über die vergangene und künftige Wertentwicklung des Index und seine Volatilität eingeholt werden können, die Formel, sonstige Grundlagen für die Berechnung des Rückzahlungsbetrages, Marktstörungen, Störungen bei der Abrechnung, die den Basiswert beeinflussen, sowie Ausweichbestimmungen)]*

- ☐ **Other (specify)**  
**Sonstige (angeben)**

#### **Instalment Notes**

##### ***Raten-Schuldverschreibungen***

Instalment Date(s) [ ]  
*Ratenzahlungstermin(e)*

Instalment Amounts [ ]  
*Rate(n)*

#### **Early Redemption**

##### ***Vorzeitige Rückzahlung***

**Optional Early Redemption for Taxation Reasons**  
***Option zur vorzeitigen Rückzahlung aus steuerlichen Gründen***

**In accordance with condition 5.**  
***In Übereinstimmung mit §5.***

- ☐ **Early Redemption at the Option of the Issuer**  
***Vorzeitige Rückzahlung nach Wahl der Emittentin***

[delete the following sub-paragraphs relating to Early Redemption at the Option of the Issuer if not applicable

*nachfolgende Unterabsätze hinsichtlich einer Vorzeitigen Rückzahlung nach Wahl der Emittentin löschen, soweit nicht anwendbar]*

Minimum Redemption Amount [ ]  
*Mindestrückzahlungsbetrag*

Higher Redemption Amount [ ]  
*Höherer Rückzahlungsbetrag*

Call Redemption Date(s) [ ]  
*Wahlrückzahlungstag(e) (Call)*

Call Redemption Amount(s) [ ]  
*Wahlrückzahlungsbetrag/-beträge (Call)*

Minimum Notice to Noteholders [ ]  
*Mindestkündigungsfrist*

Maximum Notice to Noteholders [ ]  
*Hochstkündigungsfrist*

- ☐ **Early Redemption at the Option of a Noteholder**  
***Vorzeitige Rückzahlung nach Wahl des Gläubigers***

[delete the following sub-paragraphs relating to Early Redemption at the Option of a Noteholder if not applicable

*nachfolgende Unterabsätze hinsichtlich einer Vorzeitigen Rückzahlung nach Wahl des Gläubigers löschen, soweit nicht anwendbar]*

Put Redemption Date(s) [ ]  
*Wahlrückzahlungstag(e) (Put)*

Put Redemption Amount(s) [ ]  
*Wahlrückzahlungsbetrag/-beträge (Put)*

Minimum Notice to Issuer [ ] days  
*Mindestkündigungsfrist* [ ] Tage

Maximum Notice to Issuer (never more than 60 days) [ ] days  
*Höchstkündigungsfrist (nie mehr als 60 Tage)* [ ] Tage

**Early Redemption Amount** [In accordance with condition 5/other [specify].]  
**Vorzeitiger Rückzahlungsbetrag** [In Übereinstimmung mit §5/andere [angeben].]

**PRINCIPAL PAYING AGENT [, ] [AND] PAYING AGENTS  
 [AND CALCULATION AGENT] (§ 6)  
 EMISSIONSSTELLE [, ] [UND] DIE ZAHLSTELLEN [UND DIE  
 BERECHNUNGSSTELLE] (§ 6)**

Calculation Agent/specified office<sup>22</sup>  
*Berechnungsstelle/bezeichnete Geschäftsstelle<sup>22</sup>*

Required location of Calculation Agent (specify)  
*Vorgeschriebener Ort für Berechnungsstelle (angeben)*

☐ Principal Paying Agent [Citibank, N.A.]  
*Emissionsstelle* [Citibank, N.A.]

☐ Additional Paying Agent(s)/specified office(s) [ ]  
*Zusätzliche Zahlstelle(n)/bezeichnete Geschäftsstelle(n)*

**NOTICES (§ [12])** [Not Applicable]  
**MITTEILUNGEN (§ [12])** [Nicht anwendbar]

**Place and medium of publication  
 Ort und Medium der Bekanntmachung**

- ☐ German Electronic Federal Gazette  
*Elektronischer Bundesanzeiger*
- ☐ Luxembourg (Luxemburger Wort)  
*Luxemburg (Luxemburger Wort)*
- ☐ Luxembourg (Tageblatt)  
*Luxemburg (Tageblatt)*
- ☐ Germany (Börsen-Zeitung)  
*Deutschland (Börsen-Zeitung)*
- ☐ Germany (Federal Gazette)  
*Deutschland (Bundesanzeiger)*
- ☐ London (Financial Times)  
*London (Financial Times)*
- ☐ France (La Tribune)

<sup>22</sup>Not to be completed if the Principal Paying Agent is to be appointed as Calculation Agent.  
*Nicht auszufüllen, falls Emissionsstelle als Berechnungsstelle bestellt werden soll.*

Frankreich (La Tribune)

- |                          |   |   |
|--------------------------|---|---|
| <input type="checkbox"/> | Switzerland (Neue Zürcher Zeitung und Le Temps)<br><i>Schweiz (Neue Zürcher Zeitung und Le Temps)</i> |   |
| <input type="checkbox"/> | Internet address<br><i>Internetadresse</i>  | [www.bourse.lu][insert other]<br>[www.bourse.lu][andere einfügen] |
| <input type="checkbox"/> | Other (specify)<br><i>Sonstige (angeben)</i>  | [ ]   |

**Governing Law**  
**Anwendbares Recht**

**German Law**  
**Deutsches Recht**

**II/1. ADDITIONAL DISCLOSURE REQUIREMENTS  
RELATED TO DEBT SECURITIES WITH A DENOMINA-  
TION PER UNIT OF LESS THAN EUR 50,000, OR  
EUR 100,000, AS THE CASE MAY BE, SUBJECT TO  
THE REVISION OF THE PROSPECTUS DIRECTIVE  
809/2004/EC**

**II/1. ZUSÄTZLICHE ANGABEN BEZOGEN AUF  
SCHULDTITEL MIT EINER MINDESTSTÜCKELUNG  
VON WENIGER ALS EUR 50.000 BZW. EUR 100.000,  
ABHÄNGIG VON DER REFORM DER  
PROSPEKTVERORDNUNG 809/2004/EG**

- |                                       |   |
|---------------------------------------|---|
| <b>A. RISK FACTORS<sup>23</sup></b>   | [As specified in the<br>Prospectus/specify details]<br>[Wie im Prospekt be-<br>schrieben/Einzelheiten einfügen] |
| <b>A. RISIKOFAKTOREN<sup>23</sup></b> |   |
| <b>B. KEY INFORMATION</b>             |   |
| <b>B. WICHTIGE INFORMATIONEN</b>      |   |

Material Interest of natural and legal persons involved in the issue/offer <i>Wesentliche Interessen von Seiten natürlicher und juristischer Personen, die an der Emission/dem Angebot beteiligt sind</i>	[None/specify] [Keine/Einzelheiten einfügen]
---	---

- |   |  |
|---|--|
| <b>C. INFORMATION CONCERNING THE NOTES TO BE<br/>OFFERED/ ADMITTED TO TRADING</b>                         |  |
| <b>C. INFORMATIONEN ÜBER DIE ANZUBIETENDEN BZW.<br/>ZUM HANDEL ZUZULASSENDE<br/>SCHULDVERSCHREIBUNGEN</b> |  |

**Securities Identification Numbers**  
**Wertpapier-Kenn-Nummern**

- |                                    |   |     |
|------------------------------------|---|-----|
| <input type="checkbox"/>           | Common Code<br><i>Common Code</i>                                     | [ ] |
| <input type="checkbox"/>           | ISIN Code<br><i>ISIN Code</i>   | [ ] |
| <input type="checkbox"/>           | German Securities Code<br><i>Wertpapier-Kenn-Nummer (WKN)</i>         | [ ] |
| <input type="checkbox"/>           | Any other securities number<br><i>Sonstige Wertpapier-Kenn-Nummer</i> | [ ] |
| Yield on issue price <sup>24</sup> |   | [ ] |

<sup>23</sup>Unless specified in the Prospectus; new risk factors may only relate to a specific issue of Notes if such risk factors have already been described in a general manner in the Prospectus.  
*Soweit nicht bereits im Prospekt beschrieben; neue Risikofaktoren dürfen sich ausschließlich auf eine spezifische Emission von Schuldverschreibungen beziehen, wenn diese Risikofaktoren im allgemeinen bereits im Prospekt abgebildet wurden.*

## Emissionsrendite<sup>24</sup>

Method of calculating the yield  
*Berechnungsmethode der Rendite*

- ☐ ICMA method:

*ICMA Methode:*

The ICMA method determines the effective interest rate on notes by taking into account accrued interest on a daily basis.

*Die ICMA Methode ermittelt die Effektivverzinsung von Schuldverschreibungen unter Berücksichtigung der täglichen Stückzinsen.*

- ☐ Other method (specify)  
*Andere Methoden (angeben)*

[ ]

- ☐ Historic interest rates<sup>25</sup>  
Details of historic [EURIBOR] [LIBOR] [CMS] [other] rates can be obtained from [insert relevant Screen Page]  
[ ]

*Zinssätze der Vergangenheit<sup>25</sup>*

*Einzelheiten der Entwicklung der [EURIBOR] [LIBOR] [CMS] [andere] Sätze in der Vergangenheit können abgerufen werden unter [relevante Bildschirmseite einfügen] [ ]*

## D. TERMS AND CONDITIONS OF THE OFFER D. BEDINGUNGEN UND KUNDITIONEN DES ANGBOTS

Non-exempt Offer

[Not Applicable / An offer of Notes may be made by the Dealers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdiction(s) where the Prospectus has been approved and/or passported] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date] (the “Offer Period”).<sup>27</sup>

*Prospektpflichtiges Angebot*

*[Nicht anwendbar / Ein Angebot kann seitens der Dealer [und [spezifizieren, falls einschlägig]] außerhalb des Ausnahmereichs gemäß § 3(2) der Prospektrichtlinie in [relevante(n) Mitgliedsstaat(en)] spezifizieren – wobei es sich dabei um Mitgliedsstaaten handeln muss, in denen der Prospekt gebilligt und/oder in welche der Prospekt notifiziert wurde] (“Öffentliche Angebotsstaaten”) innerhalb des*

<sup>24</sup>Only applicable for Fixed Rate Notes. The calculation of yield is carried out on the basis of the Issue Price.

*Nur für festverzinsliche Schuldverschreibungen anwendbar. Berechnung der Rendite erfolgt auf Basis des Ausgabepreises.*

<sup>25</sup>Only applicable for Floating Rate Notes

*Nur bei Variabel Verzinslichen Schuldverschreibungen anwendbar*

<sup>27</sup>As applicable in the relevant jurisdiction(s) (information regarding the Offer Period is not applicable in Germany).

*Sofern in der/den jeweiligen Jurisdiktion(en) anwendbar (in Deutschland ist die Angabe des Angebotszeitraums nicht anwendbar).*

	Zeitraumes von [Datum spezifizieren] bis [Datum spezifizieren] (die "Angebotsfrist") durchgeführt werden.] <sup>27</sup>
Conditions to which the offer is subject <i>Bedingungen, denen das Angebot unterliegt</i>	[None] [specify details] [Keine] [Einzelheiten einfügen]
Time period, including any possible amendments, during which the offer will be open <i>Frist – einschließlich etwaiger Änderungen – während der das Angebot vorliegt</i>	[Not Applicable] [specify details] [Nicht anwendbar] [Einzelheiten einfügen]
Description of the application process	[Not Applicable] [specify details]
Beschreibung des Prozesses für die Umsetzung des Angebots	[Nicht anwendbar] [Einzelheiten einfügen]
A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants <i>Beschreibung der Möglichkeit zur Reduzierung der Zeichnungen und der Art und Weise der Erstattung des zu viel gezahlten Betrags an die Zeichner</i>	[Not Applicable] [specify details] [Nicht anwendbar] [Einzelheiten einfügen]
Details of the minimum and/or maximum amount of application, (whether in number of notes or aggregate amount to invest) <i>Einzelheiten zum Mindest- und/oder Höchstbetrag der Zeichnung (entweder in Form der Anzahl der Schuldverschreibungen oder des aggregierten zu investierenden Betrags)</i>	[Not Applicable] [specify details] [Nicht anwendbar] [Einzelheiten einfügen]
Method and time limits for paying up the securities and for its delivery <i>Methode und Fristen für die Bedienung der Wertpapiere und ihre Lieferung</i>	[Not Applicable] [specify details] [Nicht anwendbar] [Einzelheiten einfügen]
Manner and date in which results of the offer are to be made public <i>Art und Weise und des Termins, auf die bzw. an dem die Ergebnisse des Angebots offen zu legen sind</i>	[Not Applicable] [specify details] [Nicht anwendbar] [Einzelheiten einfügen]
The procedure for the exercise of any rights of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised <i>Verfahren für die Ausübung etwaiger Vorzugsrechte, die Marktfähigkeit der Zeichnungsrechte und die Behandlung nicht ausgeübter Zeichnungsrechte</i>	[Not Applicable]  [Nicht anwendbar]
Various categories of potential investors to which the Notes are offered <i>Angabe der verschiedenen Kategorien der potentiellen Investoren, denen die Schuldverschreibungen angeboten werden</i>	[Not Applicable]  [Nicht anwendbar]
<input type="checkbox"/> Qualified investors <i>Qualifizierte Anleger</i>	[ ]
<input type="checkbox"/> Professional investors <i>Institutionelle Anleger</i>	[ ]
<input type="checkbox"/> Other (specify) <i>Sonstige (angeben)</i>	[ ]

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made	[Not Applicable] [specify details]
<i>Verfahren zur Meldung des den Zeichnern zugeteilten Betrags und Angabe, ob eine Aufnahme des Handels vor dem Meldeverfahren möglich ist</i>	[Nicht anwendbar] [Einzelheiten einfügen]

Method of determining the offered price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser.	[Not Applicable] [specify details]
<i>Methode, mittels derer der Angebotskurs festgelegt wird und Verfahren der Offenlegung. Angabe der Kosten und Steuern, die speziell dem Zeichner oder Käufer in Rechnung gestellt werden.</i>	[Nicht anwendbar] [Einzelheiten einfügen]

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or the offeror, or the placers in the various countries where the offer takes place.	[not applicable] [specify details]
<i>Name und Anschrift des Koordinator/der Koordinatoren des globalen Angebots oder einzelner Teile des Angebots und – sofern dem Emittenten oder dem Bieter bekannt – Angaben zu den Platzierern in den einzelnen Ländern des Angebots.</i>	[nicht anwendbar] [Einzelheiten einfügen]

**Method of Distribution**  
**Vertriebsmethode**

- ☐ Non-Syndicated  
*Nicht syndiziert*
- ☐ Syndicated  
*Syndiziert*

**Management Details**  
**Einzelheiten bezüglich der Dealer, des Bankenkonsortiums**

Dealer/Management Group (specify) <i>Dealer/Bankenkonsortium (angeben)</i>	[insert name and adress] [Name und Adresse einfügen]
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**Subscription Agreement**  
**Subscription Agreement**

Date of subscription agreement <sup>28</sup> <i>Datum des Begebungsvertrags<sup>28</sup></i>	[not applicable/insert date] [nicht anwendbar/Datum einfügen]
---	--

General features of the subscription agreement	[Under the subscription agreement, the relevant Issuer agrees to issue the Notes and the managers agree to subscribe the Notes and the relevant Issuer and the managers agree on the commission]
--	--

<i>Angabe der Hauptmerkmale des Begebungsvertrags</i>	<i>[Im Begebungsvertrag verpflichtet sich die jeweilige Emittentin die Schuldverschreibungen zu begeben und die Manager verpflichten sich, die Schuldverschreibungen zu zeichnen und die jeweilige Emittentin und die Manager vereinbaren die</i>
---	---

<sup>28</sup> Only applicable for syndicated issues.  
*Ausschließlich hinsichtlich syndizierter Emissionen anwendbar.*



	Provisionen.]
<b>Expenses</b> <b>Kosten</b>	[ ]
Estimated total expenses relating to admission of trading (specify) <i>Geschätzte Gesamtkosten im Zusammenhang mit der Zulassung zum Handel (angeben)</i>	[ ]
Other (specify) <i>Andere (angeben)</i>	[ ]
<b>Stabilising Manager</b> <b>Kursstabilisierender Manager</b>	[insert details/None] [Einzelheiten einfügen/Keiner]
<b>Stabilisation Period</b>	[Any stabilisation action may begin at any time after the adequate public disclosure of the Final Terms and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes.] [Other] [Jede Stabilisierungsmaßnahme kann zu jeder Zeit nach einer adäquaten Veröffentlichung der Endgültigen Bedingungen begonnen werden und kann, falls begonnen, zu jeder Zeit beendet werden. Dabei müssen die Stabilisierungsmaßnahmen spätestens 30 Tage nach dem Valutierungstag und 60 Tage nach der Zuteilung der Schuldverschreibungen beendet werden.] [Andere]
<b>Stabilisierungszeitraum</b>	
<b>E. ADMISSION TO TRADING AND DEALING ARRANGEMENTS</b> <b>E. ZULASSUNG ZUM HANDEL UND HANDELSREGELN</b>	
<b>Listing(s) and admission to trading</b> <b>Börsenzulassung(en) und Zulassung zum Handel</b>	<b>[Yes/No]</b> <b>[Ja/Nein]</b>
<input type="checkbox"/> Luxembourg <input type="checkbox"/> regulated market <i>geregelter Markt</i> <input type="checkbox"/> EuroMTF <i>EuroMTF</i>	
<input type="checkbox"/> Other (insert details) <i>Sonstige (Einzelheiten einfügen)</i>	
<b>F. ADDITIONAL INFORMATION</b> <b>F. ZUSÄTZLICHE INFORMATIONEN</b>	
Post issuance information relating to an underlying  <i>Informationen in Bezug auf einen Basiswert nach erfolgter Emission</i>	[not applicable] [specify details] [Keine] [Einzelheiten einfügen]]

## Consent to the use of the Prospectus *Einwilligung zur Nutzung des Prospekts*

Each Dealer [and/or financial intermediary appointed by such Dealer] placing or subsequently reselling the Notes is entitled to use and to rely upon the Prospectus. The Prospectus may only be delivered to potential investors together with all supplements published before the respective date of such delivery. Any supplement to the Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). When using the Prospectus, each Dealer [and/or relevant financial intermediary] must ensure that it complies with all applicable laws and regulations in force in the respective jurisdiction at the time.

*Jeder Plazeur [und/oder jeder durch einen solchen Plazeur beauftragte Finanzintermediär], der die Schuldverschreibungen platziert oder nachfolgend weiter verkauft, ist berechtigt, den Prospekt zu nutzen und sich darauf zu berufen. Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zum Datum der jeweiligen Übergabe veröffentlichten Nachträgen übergeben werden. Jeder Nachtrag zum Prospekt kann in elektronischer Form auf der Internetseite der Wertpapierbörse Luxemburg ([www.bourse.lu](http://www.bourse.lu)) eingesehen werden. Bei der Nutzung des Prospektes hat jeder Plazeur [und/oder jeweilige Finanzintermediär] sicherzustellen, dass er alle anwendbaren, in der jeweiligen Jurisdiktion zum betreffenden Zeitpunkt geltenden Gesetze und Rechtsvorschriften beachtet.*

[Not Applicable] [Yes, during the period from, and including, [ ] until, and including, [ ]. [Dealer means each of [ ]]] [No]

[Nicht anwendbar] [Ja, im Zeitraum von [ ] (einschließlich) bis [ ] (einschließlich). [Plazeur bezeichnet jeden der folgenden [ ]]] [Nein]

### **II/2. ADDITIONAL DISCLOSURE REQUIREMENTS RELATED TO DEBT SECURITIES WITH A DENOMINATION PER UNIT OF AT LEAST EUR 50,000, OR EUR 100,000, AS THE CASE MAY BE, SUBJECT TO THE REVISION OF THE PROSPECTUS DIRECTIVE 809/2004/EC**

### **II/2. ZUSÄTZLICHE ANGABEN BEZOGEN AUF SCHULDTITEL MIT EINER MINDESTSTÜCKELUNG VON EUR 50.000 BZW. EUR 100.000, ABHÄNGIG VON DER REFORM DER PROSPEKTVERORDNUNG 809/2004/EG**

#### **A. RISK FACTORS<sup>29</sup>**

[As specified in the Prospectus/specify details]

#### **A. RISIKOFAKTOREN<sup>29</sup>**

[Wie im Prospekt beschrieben/Einzelheiten einfügen]

#### **B. KEY INFORMATION**

#### **B. WICHTIGE INFORMATIONEN**

Material Interests of natural and legal persons involved in the issue/offer

[None/specify]

*Wesentliche Interessen von Seiten natürlicher und juristischer Personen, die an der Emission/dem Angebot beteiligt sind*

[Keine/Einzelheiten einfügen]

#### **C. INFORMATION CONCERNING THE NOTES TO BE ADMITTED TO TRADING**

#### **C. INFORMATIONEN ÜBER DIE ZUM HANDEL ZUZULASSENDE SCHULDVERSCHREIBUNGEN**

<sup>29</sup>Unless specified in the Prospectus; new risk factors may only relate to a specific issue of Notes if such risk factors have already been described in a general manner in the Prospectus.

*Soweit nicht bereits im Prospekt beschrieben; neue Risikofaktoren dürfen sich ausschließlich auf eine spezifische Emission von Schuldverschreibungen beziehen, wenn diese Risikofaktoren im Allgemeinen bereits im Prospekt abgebildet wurden.*

**Securities Identification Numbers**  
**Wertpapier-Kenn-Nummern**

- |                          |  |     |
|--------------------------|--|-----|
| <input type="checkbox"/> | Common Code<br><i>Common Code</i>  | [ ] |
| <input type="checkbox"/> | ISIN Code<br><i>ISIN Code</i>  | [ ] |
| <input type="checkbox"/> | German Securities Code<br><i>Wertpapier-Kenn-Nummer (WKN)</i>              | [ ] |
| <input type="checkbox"/> | Any other securities number<br><i>Sonstige Wertpapier-Kenn-Nummer</i>      | [ ] |
| <input type="checkbox"/> | Yield on issue price <sup>30</sup><br><i>Emissionsrendite<sup>30</sup></i> | [ ] |

**Method of Distribution**  
**Vertriebsmethode**

- |                          |   |
|--------------------------|---|
| <input type="checkbox"/> | Non-Syndicated<br><i>Nicht syndiziert</i> |
| <input type="checkbox"/> | Syndicated<br><i>Syndiziert</i>           |

**Management Details**  
**Einzelheiten bezüglich der Dealer**

Dealer/Management Group (specify) <i>Dealer/Bankenkonsortium (angeben)</i>	[insert name and adress] [Name und Adresse einzufügen]
---	---

<b>Expense</b> <b>Kosten</b>	[ ]
---------------------------------	-----

Listing Expenses (specify) <i>Kosten im Zusammenhang mit der Börsenzulassung (angeben)</i>	[ ]
---	-----

Other (specify) <i>Andere (angeben)</i>	[ ]
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<b>Stabilising Manager</b> <b>Kursstabilisierender Manager</b>	[insert details/None] [Einzelheiten einfügen/Keiner]
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<b>Stabilisation Period</b> <b>Stabilisierungszeitraum</b>	[insert commencement and end of the Stabilisation Period] [Beginn und Ende des Stabilisierungszeitraumes einfügen]
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**D. ADMISSION TO TRADING AND DEALING  
ARRANGEMENTS**  
**D. ZULASSUNG ZUM HANDEL UND HANDELSREGELN**

<b>Listing(s) and admission to trading</b> <b>Börsenzulassung(en) und Zulassung zum Handel</b>	[ Yes/No] [ Ja/Nein]
---	-------------------------

- |                          |   |
|--------------------------|---|
| <input type="checkbox"/> | Luxembourg Stock Exchange                   |
| <input type="checkbox"/> | regulated market<br><i>geregelter Markt</i> |

<sup>30</sup>Only applicable for Fixed Rate Notes. The calculation of yield is carried out on the basis of the Issue Price.  
Nur für festverzinsliche Schuldverschreibungen anwendbar. Berechnung der Rendite erfolgt auf Basis des Ausgabepreises.

- ☐ EuroMTF  
*EuroMTF*
- ☐ Other (insert details)  
*Sonstige (Einzelheiten einfügen)*

**E. ADDITIONAL INFORMATION**  
**E. ZUSÄTZLICHE INFORMATIONEN**

Post issuance information relating to an underlying  
*Informationen in Bezug auf einen Basiswert nach erfolgter Emission*

[not applicable] [specify details]  
[Keine] [Einzelheiten einfügen]]

**II./3 ADDITIONAL INFORMATION RELATED TO ALL NOTES**

**II./3 ZUSÄTZLICHE INFORMATIONEN IN BEZUG AUF SÄMTLICHE SCHULDVERSCHREIBUNGEN**

**Selling Restrictions**  
**Verkaufsbeschränkungen**

- ☐ TEFRA C Rules  
*TEFRA C Vorschriften*
- ☐ TEFRA D Rules  
*TEFRA D Vorschriften*
- ☐ Neither TEFRA C Rules nor TEFRA D Rules  
*Weder TEFRA C Vorschriften noch TEFRA D Vorschriften*

Additional selling restrictions (specify)  
*Zusätzliche Verkaufsbeschränkungen (angeben)*

[ ]

Rating  
*Rating*

[Not applicable]<sup>32</sup>  
[Nicht anwendbar]<sup>32</sup>

- ☐ Moody's

[specify]  
[angeben]

- ☐ Standard & Poor's

[specify]  
[angeben]

[This credit rating has] [These credit ratings have] been issued by [insert full name of legal entity(ies) which has/have given the rating/s] which [is/are not established in the European Union but a European Union affiliate is established in the European Union and has/have been registered under Regulation (EC) No. 1060/2009 on 31 October 2011 by the relevant competent authority.<sup>33</sup>] [is/are established in the European Union and has/have been registered under Regulation (EC) No. 1060/2009 on 31 October 2011 by the relevant competent authority.<sup>33</sup>] [is/are not established in the European Union but a European Union affiliate has applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) No. 513/2011, indicating an intention to endorse its ratings, although notification of the corresponding registration decision (including its ability to endorse [ ]

<sup>32</sup>Insert rating(s) of the Issuer and Guarantor, if applicable, and/or if Notes are rated on an individual basis.

*Rating(s) des Emittenten und der Garantin, soweit anwendbar, einfügen und/oder falls für die Schuldverschreibungen ein Einzelrating vorliegt.*

<sup>33</sup>The current version of the list of credit rating agencies registered in accordance with the Rating Regulation may be retrieved from the website of the European Commission at [http://ec.europa.eu/internal\\_market/securities/agencies/index\\_en.htm](http://ec.europa.eu/internal_market/securities/agencies/index_en.htm). In accordance with Article 18 (3) of the Rating Regulation, such list is updated within 30 days, as soon as the registering competent authority of a home member state has informed the Commission of any amendment as regards the registered credit rating agencies.

*Die aktuelle Liste der gemäß der Ratingverordnung registrierten Ratingagenturen kann auf der Webseite der Europäischen Kommission unter [http://ec.europa.eu/internal\\_markets/securities/agencies/index\\_en.htm](http://ec.europa.eu/internal_markets/securities/agencies/index_en.htm) abgerufen werden. Diese Liste wird im Einklang mit Artikel 18(3) der Ratingverordnung innerhalb von 30 Tagen aktualisiert, sobald die für die Registrierung zuständige Behörde eines Heimatstaates die Kommission über etwaige Änderungen betreffend der registrierten Ratingagentur informiert hat.*

ratings) has not yet been provided by the relevant competent authority.] [is/are established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) No. 513/2011, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.] [[is/are][is/are not] established in the European Union and [is][is not] registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) No. 513/2011.]]

*[Dieses Rating wurde][Diese Ratings wurden] von [vollständigen Namen der juristischen Person(en), die das Rating abgibt einfügen] abgegeben. [Vollständigen Namen der juristischen Person(en), die das Rating abgibt/abgeben, einfügen] [hat/haben [ihren][seinen] Sitz nicht in der europäischen Union, aber eine europäische Tochtergesellschaft hat ihren Sitz in der europäischen Union und wurde gemäß der Verordnung (EG) Nr. 1060/2009 am 31. Oktober 2011 durch die zuständige Aufsichtsbehörde registriert.<sup>33</sup>] [hat/haben [ihren][seinen] Sitz [in der Europäischen Union und wurde/wurden gemäß der Verordnung (EG) Nr. 1060/2009 durch die zuständige Aufsichtsbehörde registriert.<sup>33</sup>][hat/haben [ihren][seinen] Sitz nicht in der europäischen Union, aber eine europäische Tochtergesellschaft hat die Registrierung gemäß der Verordnung (EG) Nr. 1060/2009 über Ratingagenturen, in der durch Verordnung (EG) Nr. 513/2011 geänderten Fassung, beantragt und die Absicht angezeigt, Ratings abzugeben, obwohl die entsprechende Registrierungsentscheidung (einschließlich der Entscheidung über die Nutzung von Ratings, die von [•] abgegeben wurden) durch die zuständige Aufsichtsbehörde noch nicht zugestellt wurde.] [hat/haben [ihren][seinen] Sitz [in der Europäischen Union und die Registrierung gemäß der Verordnung (EG) Nr. 1060/2009 über Ratingagenturen, in der durch Verordnung (EG) Nr. 513/2011 geänderten Fassung, beantragt, wenngleich die Registrierungsentscheidung der zuständigen Aufsichtsbehörde noch nicht zugestellt worden ist.][[nicht] in der Europäischen Union und [ist / ist nicht] gemäß der Verordnung (EG) Nr. 1060/2009 über Ratingagenturen, in der durch Verordnung (EG) Nr. 513/2011 geänderten Fassung, über Ratingagenturen registriert.]]]*

Trade Date:

Handelstag:

The aggregate principal amount of Notes has been translated EUR [ ] into EUR at the rate of [amount] [currency] = 1 EUR determined at the Trade Date as provided by the Issuer according to the ECB reference rate, producing the sum of:<sup>34</sup>

*Der Gesamtnennbetrag der Schuldverschreibungen wurde in EUR [ ] EUR zum Kurs von [Betrag] [Währung] = 1 EUR zum Handelstag umgerechnet, wie von der Emittentin bereitgestellt in Übereinstimmung mit dem EZB Referenzkurs; dies ergibt einen Betrag von:<sup>34</sup>*

#### **[Listing.<sup>35</sup> Börsenzulassung.<sup>35</sup>**

The above Final Terms comprise the details required to list this issue of Notes under the Euro 35,000,000,000 Euro Medium Term Note Programme of Bayerische Motoren Werke Aktiengesellschaft, BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited and BMW Japan Finance Corp., as approved by the Commission (as from **[insert Issue Date for the Notes]**).

*Die vorstehenden Endgültigen Bedingungen enthalten die Angaben, die für die Zulassung dieser Emission von Schuldverschreibungen unter dem von der Kommission genehmigten Euro 35.000.000.000 Euro Medium Term Note Programme der Bayerische Motoren Werke Aktiengesellschaft, BMW Finance N.V., BMW US Capital, LLC, BMW Australia Finance Limited und BMW Japan Finance Corp. (ab dem **[Valutierungstag der Schuldverschreibungen einfügen]**) erforderlich sind.]*

<sup>34</sup> As provided by the Issuer.

<sup>35</sup> Wie von der Emittentin bereitgestellt.

<sup>35</sup> Include only in the version of the Final Terms which is submitted to the relevant stock exchange in the case of Notes to be listed on such stock exchange.

Nur in derjenigen Fassung der Endgültigen Bedingungen einzufügen, die der betreffenden Börse, bei der die Schuldverschreibungen zugelassen werden sollen, vorgelegt wird.

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms.

*Die Emittentin [und die Garantin] [übernimmt] [übernehmen] die Verantwortung für die in diesen Endgültigen Bedingungen enthaltenen Informationen.*

Signed on behalf of the Issuer

By:

Duly authorised

By:

Duly authorised

**Text der Garantie**

Der deutsche Text der Garantie ist ausschließlich rechtlich maßgebend. Die englische Übersetzung ist unverbindlich.

**Bayerische Motoren Werke Aktiengesellschaft**  
München, Bundesrepublik Deutschland

**Garantie**

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland, die BMW Finance N.V., Den Haag, Niederlande, die BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, die BMW Australia Finance Limited, Victoria, Australien und BMW Japan Finance Corp., Chiyoda-ku, Tokio, Japan (nachstehend gemeinsam auch die "Emittentinnen" und jede einzelne eine "Emittentin" genannt) begeben Schuldverschreibungen unter einem zeitlich nicht begrenzten Euro Medium Term Note Programm (nachstehend auch das "Programm" genannt) im Gesamtnennbetrag von EUR 35.000.000.000,- (in Worten: Euro fünfunddreißig Milliarden).

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland (nachstehend auch die "Garantin" genannt) übernimmt gegenüber den Inhabern (wie in § 1 Absatz 5 der Emissionsbedingungen definiert) die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße Zahlung des Kapitals, etwaiger Zinsen sowie etwaiger zusätzlicher Beträge gemäß § 7 Absatz 1 der Emissionsbedingungen auf die von der BMW Finance N.V., Den Haag, Niederlande, der BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, der BMW Australia Finance Limited, Victoria, Australien und BMW Japan Finance Corp., Chiyoda-ku, Tokio, Japan aufgrund des Programms ausgegebenen und jeweils ausstehenden Schuldverschreibungen nach Maßgabe der für diese Schuldverschreibungen geltenden Bedingungen der Schuldverschreibungen.

Sinn und Zweck dieser Garantie ist es sicherzustellen, dass die Inhaber unter allen Umständen und ungeachtet der tatsächlichen oder rechtlichen Umstände, Beweggründe oder Erwägungen, aus denen eine Zahlung durch eine Emittentin unterbleiben mag, die als Kapital, als etwaige Zinsen und als etwaige zusätzliche Beträge gemäß § 7 Absatz 1 der Emissionsbedingungen zahlbaren Beträge zu den Fälligkeitsterminen erhalten, die für die jeweils ausgegebenen und ausstehenden Schuldverschreibungen in den für sie geltenden Emissionsbedingungen festgesetzt sind.

Die Verpflichtungen aus dieser Garantie werden durch eine Änderung der Rechtsform einer oder mehrerer Emittentin/en oder einen Wechsel ihrer Aktionäre nicht berührt.

Die Rechte und Pflichten aus dieser Garantie bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort und ausschließlicher Gerichtsstand ist München.

München, 10. Mai 2012

**Bayerische Motoren Werke Aktiengesellschaft**

**Text of the Guarantee**

The German text of this Guarantee is the exclusively legally binding one. The English translation is for convenience only.

The Issuer and the Guarantor have satisfied themselves that the English translation of the Guarantee as shown below accurately reflects the corresponding German original version thereof in all material respects.

**Bayerische Motoren Werke Aktiengesellschaft**  
Munich, Federal Republic of Germany

**Guarantee**

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany, BMW Finance N.V., The Hague, The Netherlands, BMW US Capital, LLC, Wilmington, Delaware, United States of America, BMW Australia Finance Limited, Victoria, Commonwealth of Australia and BMW Japan Finance Corp., Chiyoda-ku, Tokyo, Japan, (hereinafter also together referred to as the "Issuers" and each as an "Issuer") issue Notes through a Euro Medium Term Note Programme with indefinite term (hereinafter also referred to as the "Programme") in the aggregate principal amount of EUR 35,000,000,000 (in words: Euro thirty five billion).

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany (hereinafter also referred to as the "Guarantor"), assumes vis-à-vis the Holders (as defined in § 1 (5) of the Terms and Conditions) the unconditional and irrevocable Guarantee for the payment of principal, interest, if any, and additional amounts pursuant to § 7 (1) of the Terms and Conditions of the Notes, if any, payable under any Notes issued and outstanding from time to time by BMW Finance N.V., The Hague, The Netherlands, by BMW US Capital, LLC, Wilmington, Delaware, United States of America, by BMW Finance Limited, Victoria, Commonwealth of Australia, and by BMW Japan Finance Corp., Chiyoda-ku, Tokyo, Japan under the Programme in accordance with the Terms and Conditions of the Notes.

The intent and purpose of this Guarantee is to ensure that the holders of Notes under all circumstances, whether factual or legal, and regardless of the motives or considerations by reason of which any of the Issuers may fail to effect payment, shall receive the amounts payable as principal, interest, if any, and additional amounts pursuant to § 7 (1) of the Terms and Conditions of the Notes, if any, on the due dates provided for in the respective Terms and Conditions of the Notes applicable to the respective Notes.

The obligations arising from this Guarantee will not be affected in any respect by a change of the legal form of one or more Issuer(s) or by a change of its shareholders.

The rights and duties arising from this Guarantee shall be governed exclusively by the laws of the Federal Republic of Germany. Place of performance and exclusive court of venue shall be Munich.

Munich, 10 May 2012

**Bayerische Motoren Werke Aktiengesellschaft**

**Text der  
Verpflichtungserklärung**

Der deutsche Text der Verpflichtungserklärung ist ausschließlich rechtlich maßgebend. Die englische Übersetzung ist unverbindlich.

**Text of the Declaration  
of Undertaking**

The German text of this Declaration of Undertaking is the exclusively legally binding one. The English translation is for convenience only.

The Issuer and the Guarantor have satisfied themselves that the English translation of the Declaration of Undertaking as shown below accurately reflects the corresponding German original version thereof in all material respects.

**Verpflichtungserklärung**

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland, die BMW Finance N.V., Den Haag, Niederlande, die BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, die BMW Australia Finance Limited, Victoria, Australien und die BMW Japan Finance Corp., Chiyoda-ku, Tokio, Japan (nachstehend gemeinsam auch die "Emittentinnen" und jede einzelne eine "Emittentin" genannt) begeben Schuldverschreibungen unter einem zeitlich nicht begrenzten Euro Medium Term Note Programm (nachstehend auch das "Programm" genannt) im Gesamtnennbetrag von EUR 35.000.000.000, – (in Worten: Euro fünfunddreißig Milliarden). Die Emissionen der Emittentinnen, mit Ausnahme der Bayerische Motoren Werke Aktiengesellschaft, werden von der Bayerische Motoren Werke Aktiengesellschaft (in dieser Eigenschaft die "Garantin") garantiert.

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland, in ihrer Eigenschaft als Emittentin und als Garantin sowie die BMW Finance N.V., Den Haag, Niederlande, die BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, die BMW Australia Finance Limited, Victoria, Australien und die BMW Japan Finance Corp., Chiyoda-ku, Tokio, Japan jeweils in ihrer Eigenschaft als Emittentin, verpflichten sich hiermit gegenüber den Inhabern solange, bis Kapital, etwaige Zinsen und etwaige zusätzliche Beträge gemäß § 7 Absatz 1 der Emissionsbedingungen auf die von der jeweiligen Emittentin im Rahmen des oben genannten Programms ausgegebenen und jeweils ausstehenden Schuldverschreibungen und nach Maßgabe der jeweiligen Emissionsbedingungen in vollem Umfang bei der jeweiligen Zahlstelle oder einer anderen gemäß § 6 der Emissionsbedingungen ernannten Zahlstelle bereitgestellt worden sind, keine gegenwärtigen oder zukünftigen Verbindlichkeiten (einschließlich Verbindlichkeiten aus Garantien oder Sicherheiten) aus diesem Programm und anderen internationalen Kapitalmarktverbindlichkeiten durch irgendwelche Grund- oder Mobiliarpfandrechte an ihrem gegenwärtigen oder zukünftigen Grundbesitz oder ihren Vermögenswerten sicherzustellen oder sicherstellen zu lassen, es sei denn, dass diese Schuldverschreibungen zur gleichen Zeit und im gleichen Rang anteilig an dieser Sicherstellung teilnehmen. Ausgenommen hiervon sind Grund und Mobiliarpfandrechte und andere Besicherungen von Verbindlichkeiten aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften.

Als "internationale Kapitalmarktverbindlichkeit" gilt jede Emission von Schuldverschreibungen mit einer ursprünglichen Laufzeit von mehr als einem Jahr.

Die Rechte und Pflichten aus dieser Verpflichtungserklärung und ihre Auslegung bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort und ausschließlicher Gerichtsstand ist München.

**Declaration of Undertaking**

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany, BMW Finance N.V., The Hague, The Netherlands, BMW US Capital, LLC, Wilmington, Delaware, United States of America, and BMW Australia Finance Limited, Victoria, Commonwealth of Australia and BMW Japan Finance Corp., Chiyoda-ku, Tokyo, Japan (hereinafter also together referred to as the "Issuers" and each as an "Issuer") issue Notes through a Euro Medium Term Note Programme with indefinite term (hereinafter also referred to as the "Programme") in the aggregate principal amount of EUR 35,000,000,000 (in words: Euro thirty five billion). Notes which are issued by those Issuers other than Bayerische Motoren Werke Aktiengesellschaft are guaranteed by Bayerische Motoren Werke Aktiengesellschaft (in this capacity the "Guarantor").

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany in its capacity as an Issuer and as Guarantor as well as BMW Finance N.V., The Hague, The Netherlands, BMW US Capital, LLC, Wilmington, Delaware, United States of America, BMW Australia Finance Limited, Victoria, Commonwealth of Australia and BMW Japan Finance Corp., Chiyoda-ku, Tokyo, Japan in their capacity as Issuers, herewith undertake vis-a-vis the holders of Notes, until such time as principal and interest, if any, as well as additional amounts pursuant to § 7 (1) of the Terms and Conditions of the Notes, if any, on any Notes issued by the relevant Issuer and outstanding under the above-mentioned Programme and in accordance with the relevant Terms and Conditions of the Notes have been completely placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with Condition 6 of the Terms and Conditions of the Notes, not to secure or have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from Notes issued under the Programme or arising from other International Capital Market Indebtedness, unless these Notes at the same time share pari passu and pro rata in such security. Any mortgage or pledge or other charge on obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any administrative requirements shall be excluded.

"International Capital Market Indebtedness" means any issue of notes with an original maturity of more than one year.

The rights and duties arising from this Declaration of Undertaking and its interpretation shall be governed exclusively by the laws of the Federal Republic of Germany. Place of performance and exclusive court of venue shall be Munich.



München, 10. Mai 2012

**Bayerische Motoren Werke Aktiengesellschaft  
BMW Finance N.V.  
BMW US Capital, LLC  
BMW Australia Finance Limited  
BMW Japan Finance Corp.**

Munich, 10 May 2012

**Bayerische Motoren Werke Aktiengesellschaft  
BMW Finance N.V.  
BMW US Capital, LLC  
BMW Australia Finance Limited  
BMW Japan Finance Corp.**

## SELLING RESTRICTIONS

### 1. General

Each Dealer acknowledges and each further Dealer will be required to acknowledge that no action has been or will be taken in any jurisdiction by any Issuer that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where any action for that purpose is required. Each Dealer will comply, to the best of its knowledge and belief, with all applicable laws and regulations (including any amendments, changes or modifications thereto from time to time) in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes such offering material and will obtain any consent, approval or permission required by it for such purchase, offer, sale or delivery by it in each such country or jurisdiction, in all cases at its own expense, and neither the Issuer nor any other Dealer shall have responsibility therefor. Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable laws and regulations in any jurisdiction, or pursuant to any exemption thereunder, or assumes any responsibility for facilitating such sale.

### 2. European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### 3. United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the “United States” (as defined in Regulation S) or to or for the account or benefit of “U.S. persons” (as defined in Regulation S under the Securities Act) except pursuant to an exemption from the registration requirements of the Securities Act or in accordance with Regulation S under the Securities Act. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax law regulations. Each of the Dealers has represented that it, its affiliates and any person acting on its or their behalf (i) has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and (ii) has offered or sold and will offer or sell any Notes only in an “offshore transaction” (as defined in Regulation S under the Securities Act). Accordingly, each of the Dealers has represented and agreed that neither it, its affiliates nor any other persons acting on its or their behalf have engaged or will engage in any “directed selling efforts” (as defined in Regulation S under the Securities Act) in the United States with respect to the Notes, and it and they have complied and will comply with the offering restrictions of Regulation S.

Each of the Dealers has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Notes of which such Notes are a part except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.”

Terms used in this paragraph have the meanings given to them by Regulation S.

- I. For Notes with maturities of 365 days or more the following shall apply where each of the Issuer and the paying agent is a non-U.S. payor or non-U.S. middleman as defined in U.S. Treas. Regulation § 1.6049-5(c)(5):

In addition, under U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (the “TEFRA C Rules”), the Notes with a maturity (at issue) of 365 days or more must be issued and delivered outside the United States and its possessions in connection with their original issuance. The Dealer has represented that it has not offered, sold or delivered, and has agreed that it will not offer, sell or deliver, directly or indirectly, the Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of the Notes, the Dealer represents that it has not communicated, and agrees that it will not communicate, directly or indirectly, with a prospective purchaser who is within the United States or its possessions, nor has it, directly or indirectly, through any of its U.S. offices communicated nor will it communicate with any prospective purchaser or otherwise involve a United States office in the offer or sale of the Notes. The Dealer has represented that it will not advertise or otherwise promote the Notes in the United States or its possessions.

- II. For all Notes issued by an issuer other than Notes issued by BMW US Capital, LLC that have a maturity of more than 183 days and other than where the paying agent is a U.S. payor or a U.S. middleman as defined in U.S. Treas. Reg. § 1.6049-5(c)(5) and other than where the Notes are issued by a non-U.S. issuer and have a maturity of one year or less the following shall apply:

In addition,

- (1) except to the extent permitted under rules identical to those described in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (the “TEFRA D Rules”), each of the Dealers has represented and agreed that it (a) has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States of America or its possessions or to a United States person and (b) has not delivered and will not deliver within the United States of America or its possessions definitive Notes that are sold during the restricted period;
- (2) each of the Dealers has represented and agreed that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or

agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States of America or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

- (3) if one of the Dealers is a United States person, it has represented and agreed that it is acquiring the Notes for purposes of resale in connection with their original issuance and if one of the Dealers retains Notes for its own account, it will only do so in accordance with rules identical to those described in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
- (4) with respect to each affiliate that acquires from a Dealer Notes for the purpose of offering or selling such Notes during the restricted period, such Dealer has represented and agreed that it either (a) repeats and confirms the representations and agreements contained in clauses (1), (2) and (3) on its behalf or (b) agrees that it will obtain from such affiliate for the Issuer's benefit the representations and agreements contained in clauses (1), (2) and (3).

Notes issued in bearer form by non-U.S. issuers complying with the TEFRA D Rules or TEFRA C Rules described above in paragraphs I and II are intended in order for such Notes to qualify as "foreign targeted obligations" for purposes of Section 4701 of the Code.

Legends:

Notes issued in accordance with the rules described above in paragraph II by non-U.S. issuers will bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in section 165(j) and 1287(a) of the U.S. Internal Revenue Code."

Notes issued in accordance with the rules described above in paragraph II by BMW US Capital, LLC with a maturity of 183 days or less must have a face amount of no less than USD 500,000 or its equivalent and will bear the following legend:

"By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in section 6049(b)(4) of the U.S. Internal Revenue Code and the regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in section 6049(b)(4) of the U.S. Internal Revenue Code and the regulations thereunder)."

Terms used in these paragraphs I. and II. have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA C Rules and TEFRA D Rules. The term "Dealers" used in these paragraphs I. and II. includes each further Dealer appointed under the Programme.

#### **4. United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## 5. Japan

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be registered in Japan under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 (as amended)). Accordingly, each Dealer has represented and agreed that it will not offer, sell or deliver any Notes, or any Interest thereon directly or indirectly, in Japan or to any Japanese Person or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account of any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorities in effect at the relevant time. For the purposes of this paragraph "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity located in Japan. In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to provide necessary information relating to the issue of Notes to the Issuer (which shall not include the name of any client of the Dealer), so that the Issuer may make any required reports to the Japanese Minister of Finance through its designated agent.

In addition, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes as part of the distribution by the Dealers, and will not offer, sell or deliver otherwise until 40 days after the date of the issue of the Notes to, or for the benefit of, (a) any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan but excluding (i) a Japanese financial institution designated in Article 3-2-2, Paragraph 29 of the Cabinet Order relating to the Act on Special Measures Concerning Taxation (the "Cabinet Order") that will hold the Notes for its own proprietary account and (ii) an individual resident of Japan or a Japanese corporation whose receipt of interest on the Notes will be made through a payment handling agent in Japan as defined in Article 2-2, Paragraph 2 of the Cabinet Order for Japanese tax purposes) or (b) any non-resident of Japan (which term as used herein means any person other than a person resident in Japan, including any corporation or other entity other than those organised under laws of Japan) that is a person having a special relationship with the Issuer as provided in Article 6, Paragraph 4 of the Act on Special Measures Concerning Taxation.

## 6. Republic of Italy

The offering of the Notes (including Pfandbriefe) has not been registered pursuant to Italian securities legislation and, accordingly, no Notes (including Pfandbriefe) may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes (including Pfandbriefe) be distributed in the Republic of Italy, except:

- (a) to "qualified investors" according to Article 100, paragraph 1, *lit. a*) and Article 30, paragraph 2 of Legislative Decree No. 58 of 24 February 1998, as amended, (the "**Italian Financial Services Consolidation Act**") and Article 2.1 of the Prospectus Directive; and pursuant to Annex 3 to CONSOB Regulation No. 16190 of 29 October 2007, as amended, (the "**Intermediaries Regulation**") ; or
- (b) in any other circumstances which are exempted from the rules on solicitation of investments according to the Italian Financial Services Act, Consob Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**").

Furthermore and subject to the foregoing, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that any such offer, sale or delivery of the Notes (including Pfandbriefe) or any document relating to the Notes (including Pfandbriefe) in the Republic of Italy must be made by:

- (i) investment firms, banks or financial intermediaries enrolled in the special register provided for by Article 107 of the Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**") to the extent duly authorised to do the placement and/or the underwriting of financial instruments in Italy in accordance with the Italian Banking Act, the Italian Financial Services Consolidation Act and the Intermediaries Regulation);
- (ii) to the extent applicable, in compliance with Article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in the Republic of Italy, except if an express exemption to the notification duties applies;

- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Investors should also note that, in any subsequent distribution of the Notes (including Pfandbriefe) in the Republic of Italy, Article 100-*bis* of the Italian Financial Services Consolidation Act may require compliance with the public offer and prospectus requirement rules provided under the Italian Financial Services Consolidation Act and Regulation No. 11971. Furthermore, where the Notes (including Pfandbriefe) are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes (including Pfandbriefe) who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Notes (including Pfandbriefe) were purchased, unless an exemption provided for under the Italian Financial Services Consolidation Act applies.

## **7. The Netherlands**

In relation to The Netherlands, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree it has not made and will not make an offer of Notes to the public in The Netherlands except that it may make an offer of Notes to the public in The Netherlands:

- (i) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in The Netherlands or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to section 53 through 55 of the Exemption Regulation pursuant to the Act on the Financial Supervision (*Vrijstellingsregeling Wet op het financieel toezicht*);
- (iii) if the Notes will only be offered to qualified investors within the meaning of section 1:1 of the Act on the Financial Supervision.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in The Netherlands means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Member State.

In addition to the above, if the Issuer issues Zero Coupon Notes and these Zero Coupon Notes are offered in The Netherlands as part of their initial distribution or immediately thereafter:

- (a) transfer and acceptance of such Zero Coupon Notes may only take place either by and between individuals not acting in the course of their profession or business or through the mediation of either a permit holder (*Toegelaten Instelling*) of Euronext Amsterdam N.V. or the Issuer itself in accordance with the Savings Certificate Act of 21 May 1985 (*Wet inzake Spaarbewijzen*); and
- (b) certain identification requirements in relation to the issue and transfer of, and payment on the Zero Coupon Notes have to be complied with pursuant to section 3a of the Savings Certificate Act;

Furthermore, unless such Zero Coupon Notes qualify as commercial paper or certificates of deposit and the transaction is carried out between professional lenders and borrowers:

- (c) each transaction concerning such Zero Coupon Notes must be recorded in a transaction note, stating the name and address of the other party to the transaction, the nature of the transaction and details, including the number and serial number of the Zero Coupon Notes concerned;
- (d) the obligations referred to under (c) above must be indicated on a legend printed on Zero Coupon Notes that are not listed on a stock market; and
- (e) any reference to the words "to bearer" in any documents or advertisements in which a forthcoming offering of Zero Coupon Notes is publicly announced is prohibited.

For purposes of this paragraph, “Zero Coupon Notes” are Notes to bearer in definitive form that constitute a claim for a fixed sum of money against the Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

## **8. Commonwealth of Australia**

Each Dealer has understood that no prospectus or other disclosure document in relation to the Notes has been lodged with, or registered by, the Australian Securities and Investments Commission (“ASIC”) or the ASX Limited. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it:

- (a) has not offered or invited applications, and will not offer or invite applications, directly and indirectly, for the issue, sale or purchase of the Notes in Australia (and has not, and will not make an offer or invitation which is received by a person in Australia); and
- (b) has not advertised, distributed or published, and will not advertise, distribute or publish, any offer or invitation to apply for the Notes, or any statement that directly or indirectly refers to the offer or invitation or intended offer or invitation or is reasonably likely to induce people to apply for the Notes, the Prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless (i) the minimum consideration payable by each offeree on acceptance of the offer is at least AUD 500,000 (disregarding any moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth) (“Australian Corporations Act”) pursuant to one or more of the exemptions in section 708 of the Australian Corporations Act and (ii) such action complies with all applicable laws and regulations.

Each Dealer has acknowledged that any offers of Notes for sale to investors received in Australia within 12 months after their issue by the Issuer may need disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for sale in Australia is conducted in reliance on an exemption under section 708 of the Australian Corporations Act.

In addition, each Dealer has agreed that it will not sell Notes to any persons if, at the time of such sale, the employees of the relevant Dealer(s) are aware of, or involved in the sale, knew or had reasonable grounds to suspect that, as a result of such sale, any Notes or any interest in any Notes were being, or would later be, acquired (directly or indirectly) by an offshore associate of the Issuer (as referred to in the Australian Taxation section of this Prospectus) for the purposes of section 128F(5) of the Income Tax Assessment Act 1936 of Australia (the “Australian Tax Act”).

Each Dealer has represented and agreed with the Issuer and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) it is and at the time of the issue of the Notes, will be acting in the course of carrying on a business of providing finance, or investing or dealing in securities, and in the course of operating in financial markets;
- (ii) each Note acquired by it will be acquired on the basis of information contained in, and as a result of negotiations initiated following receipt of, this Prospectus; and
- (iii) it is not, an “associate” of BMW Australia Finance within the meaning of section 128F(9) of the Australian Tax Act.

Each Dealer has agreed with the Issuers to:

- (i) co-operate with the Issuer with a view to ensuring that Notes are offered for sale in a manner which will allow payments of interest (as defined in section 128A(1AB) of the Australian Tax Act) on the Notes to be exempt from withholding tax under section 128F of the Australian Tax Act. In particular, each Dealer has agreed to provide to the Issuers such confirmation and other evidence reasonably required by the Issuer in order to establish that payments of interest are exempt from withholding tax under section 128F of the Australian Tax Act upon receipt by the Issuer of a request from the Australian Taxation Office (“ATO”) for specific information (and in the latter case, the Issuer’s request must be accompanied by satisfactory evidence of the ATO’s request); and
- (ii) provide any information relating to the issuance and distribution of the Notes as may reasonably be required by the Issuer and in order to evidence that payments of interest (as defined in section 128A(1AB) of the Australian Tax Act) are exempt from withholding tax under section 128F of the Australian Tax Act, provided that the relevant Dealer(s) shall not be obliged to

disclose the identity of the purchaser of any Note or any information from which such identity would be capable of being ascertained or any information, the disclosure of which could be contrary to, or prohibited by, any relevant law, regulation or directive binding on the relevant Dealer(s).

#### **9. Other Jurisdictions**

Each of the Dealers has agreed that it will not offer, sell or deliver any Notes in any other country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations in force in such jurisdiction in which it offers, sells or delivers the Notes



## **TAXATION**

The following is a summary of the withholding taxation treatment of the Federal Republic of Germany, The Netherlands, the United States of America, the Commonwealth of Australia, the United Kingdom, Japan and Luxembourg, respectively, at the date hereof in relation to the payments on the Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes and certain other Notes which may be issued under the Programme (the “Notes”). It is not exhaustive, and in particular, does not deal with the position of Noteholders other than in relation to withholding tax (for certain non-exhaustive exceptions, see below) in the jurisdictions referred to above, nor with the withholding tax treatment of payments on all forms of Notes which may be issued under the Programme. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date and may be retroactively applicable.

**Noteholders who are in any doubt as to their tax position are urged to consult their professional advisers as to the overall tax consequences of purchasing, holding and/or selling Notes and/or Coupons/Talons.**

### **EU Savings Directive**

On 3 June 2003, the Council of the European Union (“ECOFIN”) approved the Directive regarding the taxation of savings income (the “EU Savings Directive”). The EU Savings Directive entered into force on 1 July 2005. By provisions implementing the EU Savings Directive, each of the 27 EU Member States must require paying agents (within the meaning of the EU Savings Directive) established within its territory to automatically provide to the competent authority of this state details of the payment of interest (or other similar income) made to any individual resident in another EU Member State as the beneficial owner. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Directive at a rate of 15 per cent. for the first three years from the date on which the EU Savings Directive comes into effect, of 20 per cent. for the next three years and 35 per cent. thereafter. Belgium has decided to opt for the withholding tax only until 31 December 2009 and to apply the information procedure described above as from 2010. The aforementioned transitional period will terminate at the end of the first fiscal year following the agreement by the non EU-countries and territories referred to below to the exchange of information relating to such payments and the levying of withholding tax on interest income.

The ECOFIN agreed that the provisions to be enacted for implementation of the EU Savings Directive shall be applied by the Member States as from 1 July 2005 subject to (i) Switzerland, Liechtenstein, San Mario, Monaco and Andorra applying from that same date measures equivalent to those contained in the EU Savings Directive, in accordance with agreements entered into by each of them with the European Community (“Third Countries”) and (ii) all the relevant dependent or associated territories (“Dependent Territories”, such as the Channel Islands, the Isle of Man and dependent or associated territories in the Caribbean) applying from that same date an automatic exchange of information or, during the transitional period mentioned above, apply a withholding tax in the described procedure.

On 26 January 2004, the German Interest Information Regulation (*Zinsinformationsverordnung*; the “Regulation”) was published in order to create the appropriate framework for the implementation of the EU Savings Directive. The Regulation coming into effect is subject to the enactment of the EU Savings Directive. For detailed information concerning the correct treatment of the Regulation, please refer to the Tax Decrees published by the German Federal Ministry of Finance on 30 January 2008.

The Regulation will enter into force at that point in time, from which the provisions of the EU Savings Directive have to be applied by the EU Member States according to a resolution of the Council of the European Union. In a meeting of 7 June 2005 the ECOFIN noted that all Third Countries concerned and all relevant Dependent Territories have agreed to apply from 1 July 2005 the measures which are a pre-condition to the application of the EU Savings Directive and that therefore the conditions have now been met to enable the rules on taxation of savings to enter into force on that same date.

On 15 September 2008, the European Commission issued a report to the ECOFIN on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the EU Savings Directive. On 13 November 2008 the European Commission published a more detailed

proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the EU Savings Directive, they may amend or broaden the scope of the requirements described above.

Since the EU Savings Directive may have an impact on the taxation of savings income of the respective individual Noteholders in the future, such Noteholders are advised to consult with a tax advisor for further information in this context.

***Noteholders who are individuals should note that, pursuant to the EU Savings Directive, the Issuer will not pay additional amounts under § 7 of the Terms and Conditions of the Notes in respect of any withholding tax imposed as a result thereof.***

## **Federal Republic of Germany**

The following is a general discussion of certain German tax consequences of the acquisition, the ownership and the sale, assignment or redemption of the Notes. It does not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each Tranche of Notes may be subject to a different tax treatment, due to the specific terms of such Tranche, the following section only provides some very generic information on the possible tax treatment and has to be read in conjunction with the more specific information on the taxation of each Tranche of Notes as provided in the relevant Final Terms.

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of the acquisition, the ownership and the sale, assignment or redemption of Notes, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents. Otherwise prospective purchasers may find additional information regarding particular uncertainties in the light of the new flat tax regime in the tax decrees dated 22 December 2009 (BMF IV C 1 - S 2252/08/10004), 16. December 2010 (BMF IV C 1 – S 2401/10/10005), 16. November 2010 (BMF IV C 1 – S 2252/10/10010), 3. November 2010 (BMF IV C 1-S 1980-1/09/10001) and 23. April 2010 (BMF IV C 1 – S 2283-c/09/10005) issued by the German Federal Ministry of Finance.

## **General**

The Business Tax Reform Act 2008 (*Unternehmensteuerreformgesetz 2008*) introduced, inter alia, the so-called flat tax (*Abgeltungsteuer*), in the following also referred to as "flat tax", a new taxation regime for investment income. The flat tax regime took effect on 1 January 2009 and changed the taxation of investment income for private investors significantly but also provides for certain modifications regarding the taxation of business investors. The new flat tax applies to both current interest payments under the Notes and gains from the sale, assignment or redemption of the Notes. The flat tax regime is authoritative with respect to securities (including the Notes) acquired after 31 December 2008.

## **Tax Residents**

### ***Private Investors***

#### ***Interest and Capital Gains***

Interest payable on the Notes to persons holding the Notes as private assets ("Private Investors") who are tax residents of Germany (i.e. persons whose residence or habitual abode is located in Germany) qualifies as investment income (*Einkünfte aus Kapitalvermögen*) according to Sec. 20 para. 1 German Income Tax Act (*Einkommensteuergesetz*) and is generally taxed at a separate flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax). Capital gains from the sale, assignment or redemption of the Notes acquired after 31 December 2008, including interest having accrued up to the disposition of a Note and credited separately ("Accrued Interest", *Stückzinsen*), if any, qualify – irrespective of any holding period – as investment income pursuant to Sec. 20 para. 2 German Income Tax Act and are also taxed at the flat tax rate (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax).

Capital gains are determined by taking the difference between the sale, assignment or redemption price (after the deduction of expenses directly and factually related to the sale, assignment or redemption) and the acquisition price of the Notes. This will as well apply to Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed. Where the Notes are issued in a currency other than Euro the sale, assignment or redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the acquisition date and the sale, assignment or redemption date respectively.

Expenses (other than such expenses directly and factually related to the sale, assignment or redemption) related to interest payments or capital gains under the Notes are – except for a standard lump sum (*Sparer-Pauschbetrag*) of 801 Euro (1,602 Euro for married couples filing jointly) – not deductible.

According to the flat tax regime losses from the sale, assignment or redemption of the Notes can only be set-off against other investment income including capital gains. If the set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be set-off against investment income including capital gains generated in these future assessment periods. Losses from so-called private disposal transactions (*private Veräußerungsgeschäfte*) according to Sec. 23 German Income Tax Act as applicable until 31 December 2008 can only be set-off against capital gains under the flat tax regime until 31 December 2013.

#### *Withholding*

If the Notes are held in custody with or administrated by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank (the "Disbursing Agent"), the flat tax at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be withheld by the Disbursing Agent on interest payments and the excess of the proceeds from the sale, assignment or redemption (after the deduction of expenses directly and factually related to the sale, assignment or redemption) over the acquisition costs for the Notes (if applicable converted into Euro terms on the basis of the foreign exchange rates as of the acquisition date and the sale, assignment or redemption date respectively). The Disbursing Agent will provide for the set-off of losses with current investment income including capital gains from other securities. If, in the absence of sufficient current investment income derived through the same Disbursing Agent, a set-off is not possible, the holder of the Notes may – instead of having a loss carried forward into the following year – file an application with the Disbursing Agent until 15 December of the current fiscal year for a certification of losses in order to set-off such losses with investment income derived through other institutions in the holder's personal income tax return. If custody has changed since the acquisition and (i) no evidence on the acquisition data has been provided to the Disbursing Agent by the domestic bank or financial services institution or the foreign branch of a domestic bank or financial services institution located within the EU, the EEA or certain contractual states with which the Noteholder previously maintained its custodial account; or (ii) in certain other cases, the acquisition data is not relevant, the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be imposed on an amount equal to 30 per cent. of the proceeds from the sale, assignment or redemption of the Notes. In the course of the tax withholding provided for by the Disbursing Agent withholding tax levied on the basis of the EU Savings Directive and foreign taxes on investment income may be credited in accordance with the German Income Tax Act.

If the Notes are not kept in a custodial account with a Disbursing Agent, the flat tax will apply on interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*). In this case proceeds from the sale, assignment or redemption of the Notes will also be subject to the flat tax.

In general, no flat tax will be levied if the Noteholder filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent (in the maximum amount of the standard lump sum of 801 Euro (1,602 Euro for married couples filing jointly)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no flat tax will be deducted if the Noteholder has submitted to the Disbursing Agent a valid certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

For Private Investors the withheld flat tax is, in general, definitive. Exceptions apply, if and to the extent the actual investment income exceeds the amount which was determined as the basis for the

withholding of the flat tax by the Disbursing Agent. In such case, the exceeding amount of investment income must be included in the Private Investor's income tax return and will be subject to the flat tax in the course of the assessment procedure. According to the decree of the German Federal Ministry of Finance dated 22 December 2009 (IV C 1 – S 2252/08/10004), however, any exceeding amount of not more than 500 Euro per assessment period will not be claimed on grounds of equity, provided that no other reasons for an assessment according to Sec. 32d para. 3 German Income Tax Act exist. Further, Private Investors may request that their total investment income, together with their other income, be subject to taxation at their personal, progressive income tax rate rather than the flat tax rate, if this results in a lower tax liability. In order to prove such capital investment income and the withheld flat tax thereon the investor may request a respective certificate in officially required form from the Disbursing Agent.

Investment income not subject to the withholding flat tax (e.g. since there is no Disbursing Agent) must be included into the personal income tax return and will be subject to the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), unless the investor requests the investment income to be subject to taxation at lower personal, progressive income tax rate. In the course of the assessment procedure withholding tax levied on the basis of the EU Savings Directive and foreign taxes on investment income may be credited in accordance with the German Income Tax Act.

#### *Business Investors*

Interest payable on the Notes to persons holding the Notes as business assets ("Business Investors") who are tax residents of Germany (i.e. Business Investors whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) and capital gains from the sale, assignment or redemption of the Notes, including Accrued Interest, if any, are subject to corporation tax or income tax, as the case may be, (each plus solidarity surcharge thereon) in the hands of a Business Investor at the investor's personal tax rate and have also to be considered for trade tax purposes. Losses from the sale, assignment or redemption of the Notes are generally recognized for tax purposes.

Withholding tax, if any, including solidarity surcharge, is credited as a prepayment against the Business Investors's corporate or personal income tax liability and the solidarity surcharge in the course of the tax assessment procedure, i.e. the withheld flat tax is not definitive. Any potential surplus will be refunded. However, in general and subject to certain further requirements no withholding deduction will apply on the gains from the sale, assignment or redemption of the Notes if (i) the Notes are held by a corporation, association or estate in terms of Sec. 43 para. 2 sentence 3 no. 1 German Income Tax Act; or (ii) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the Disbursing Agent by use of the required official form according to Sec. 43 para. 2 sentence 3 no. 2 German Income Tax Act (*Erklärung zur Freistellung vom Kapitalertragsteuerabzug*).

Withholding tax levied on the basis of the EU Savings Directive and foreign taxes may be credited in accordance with the German Income Tax Act. Alternatively, foreign taxes may also be deducted from the tax base for German income tax purposes.

#### *Non-residents*

Interest payable on the Notes and capital gains, including Accrued Interest, if any, are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder; (ii) the interest income otherwise constitutes German-source income, such as income from the letting and leasing of certain German situs property or income from certain capital investments directly or indirectly by German situs real estate; or (iii) the Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the sale, assignment or redemption of the Notes are paid by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank upon presentation of a coupon to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*). In the cases (i), (ii) and (iii) a tax regime similar to that explained above under "Tax Residents" applies.

Non-residents of Germany are, as a rule, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest income is subject to German taxation as set

forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above under "Tax Residents".

The withholding tax may be refunded based upon an assessment to tax or under an applicable tax treaty.

#### *Grossed-up Notes and Special Exception in Germany*

According to the Terms and Conditions of the Notes, the Issuer or the Guarantor, as the case may be, undertakes in case of withholding of taxes at source or deduction of taxes at source for or on account of any present or future taxes, fees, duties, assessments or governmental charges of whatever nature which are imposed or levied by or on behalf of the country of domicile (or residence for tax purposes) of the Issuer or the Federal Republic of Germany or any political subdivision thereof or any authority or agency therein or thereof having power to tax (the "Withholding Tax" in this paragraph), unless Withholding Tax is required by law, to pay additional amounts as may be necessary, subject to certain exceptions as set forth in the Terms and the Conditions of the Notes, in order that the net amounts receivable by the Noteholder after the withholding or deduction of such Withholding Tax shall equal the respective amounts which would have been receivable by such Noteholders had no such Withholding Tax been required. In accordance with these exceptions the flat tax (*Abgeltungsteuer*), the solidarity surcharge (*Solidaritätszuschlag*) and, if applicable, church tax imposed thereon do not constitute such a Withholding Tax on interest payments.

#### *Inheritance and Gift Tax*

No inheritance or gift taxes with respect to the Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Notes are not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

#### *Other Taxes*

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery, execution or conversion of the Notes. Currently, net assets tax is not levied in Germany.

#### *EU Residents*

Germany implemented the European Savings Directive (EC Council Directive 2003/48/EC) into national legislation by means of an Interest Information Regulation (*Zinsinformationsverordnung*, ZIV) in 2004. Starting on 1 July 2005, Germany therefore began to communicate all payments of interest on the Notes and similar income with respect to the Notes to the beneficial owners Member State of residence if the Notes have been kept in a custodial account with a Disbursing Agent.

### **The Netherlands**

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposition of Notes. It does not discuss every aspect of taxation that may be relevant to a particular Noteholder under special circumstances or who is subject to special treatment under applicable law.

The laws upon which this summary is based are subject to change, perhaps with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect changes in laws. This summary is based on the tax laws of The Netherlands as they are in force and in effect on the date of this Prospectus. It assumes that each transaction with respect to Notes is at arm's length.

**This is a general summary and the tax consequences as described here may not apply to a Noteholder. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.**

#### *Withholding Tax*

All payments of principal and interest under the Notes may be made free of any Dutch withholding tax, except where Notes are issued under such terms and conditions that the Notes actually function as

equity of BMW Finance N.V. as meant in article 10, paragraph 1, letter d, of the Dutch Corporate Income Tax Act 1969 (*Wet Vennootschapsbelasting 1969*).

### *Taxes on Income and Capital Gains*

This section “Taxes on income and capital gains” applies to a Noteholder who is neither resident nor deemed to be resident in The Netherlands for Dutch tax purposes and, in the case of an individual, has not elected to be treated as a resident of The Netherlands for Dutch tax purposes (a “Non-Resident Noteholder”).

#### *Individuals*

A Non-Resident Noteholder who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefit derived or deemed to be derived from Notes, including any payment under the Notes and any gain realised on the disposal of Notes, provided that both of the following conditions are satisfied:

1. If he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise, other than as an entrepreneur or a holder of securities, which enterprise is either managed in The Netherlands or, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands as the case may be, his Notes are not attributable to such enterprise.
2. He does not derive benefits from Notes that are taxable as benefits from miscellaneous activities in The Netherlands (*resultaat uit overige werkzaamheden in Nederland*); and

benefits derived from Notes by a Non-Resident Noteholder who is an individual and who meets condition 1 above will be taxable as benefits from miscellaneous activities in The Netherlands if he, or an individual who is a connected person in relation to him as meant in article 3.91, paragraph 2, letter b, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), has a substantial interest (*aanmerkelijk belang*) (as described below) in BMW Finance N.V.

A person has a substantial interest in BMW Finance N.V. if he alone or together with his partner (*partner*), if any, has, directly or indirectly, either the ownership of shares representing 5 per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of BMW Finance N.V., or rights to acquire, directly or indirectly, shares, whether or not already issued, that represent 5 per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of BMW Finance N.V. or the ownership of profit participating certificates (*winstbewijzen*) that relate to 5 per cent. or more of the annual profit of BMW Finance N.V. or to 5 per cent. or more of the liquidation proceeds of BMW Finance N.V.

For purposes of the above, a Noteholder who is only entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and his entitlement to such benefits is considered a share or profit participating certificate, as the case may be.

Furthermore, a Non-Resident Noteholder who is an individual and who meets condition 1 above may, *inter alia*, derive benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in The Netherlands:

- if his investment activities go beyond the activities of an active portfolio investor, for instance in case of the use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or
- if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant in articles 3.91, 3.92 and 3.92(b) of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under circumstances described there.

#### *Entities*

A Non-Resident Noteholder other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal of Notes, provided that (a) if such Non-Resident Noteholder derives profits from an enterprise that is either managed in The Netherlands or, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or as a holder of securities), the Notes are not attributable to such enterprise, and (b) such Non-Resident Noteholder does not have a substantial interest in BMW Finance N.V.

A person other than an individual has a substantial interest in BMW Finance N.V. (x) if it has a substantial interest in BMW Finance N.V. (as described above under *individuals*) or (y) if it has a deemed substantial interest in BMW Finance N.V. A deemed substantial interest is present if its shares, profit participating certificates or rights to acquire shares or profit participating certificates in BMW Finance N.V. have been acquired by such person or are deemed to be acquired by such person on a non-recognition basis.

#### *Gift and Inheritance Taxes*

A person who acquires Notes as a gift, in form or in substance, or who acquires or is deemed to acquire Notes on the death of an individual, will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- (i) the donor or the deceased is resident or deemed to be resident in The Netherlands for purposes of gift or inheritance tax as the case may be; or
- (ii) the donor makes a gift of Notes, then becomes a resident or deemed resident of The Netherlands, and dies as a resident or deemed resident of The Netherlands within 180 days after the date of the gift.

If the donor or the deceased is an individual who holds Dutch nationality, he will be deemed to be resident in The Netherlands for purposes of Dutch gift and inheritance taxes if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death. If the donor is an individual who does not hold Dutch nationality, or an entity, he or it will be deemed to be resident in The Netherlands for purposes of Dutch gift tax if he or it has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. Furthermore, in exceptional circumstances, the donor or the deceased will be deemed to be resident in The Netherlands for purposes of Dutch gift and inheritance taxes if the beneficiary of the gift or all beneficiaries under the estate jointly, as the case may be, make an election to that effect.

#### *Other Taxes and Duties*

No Dutch registration tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by a Noteholder in The Netherlands in respect of or in connection with the execution (*ondertekening*), delivery (*overhandiging*) and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of The Netherlands) of the Dealer Agreement and the Agency Agreement or the performance by BMW Finance N.V. of its obligations thereunder or under the Notes.

#### **United States of America**

The following is a general discussion of the anticipated United States Federal income tax consequences under current law of holding Notes issued by BMW US Capital, LLC under the Terms and Conditions of the Notes, is limited to the United States tax consequences for United States Aliens (as defined below) and does not consider any possible United States Federal estate tax consequences. Noteholders are urged to consult their own tax advisers with respect to the particular consequences of holding Notes in light of their own particular circumstances and as to whether an Index-Linked Note will be treated as debt for United States Federal income tax purposes. This discussion does not address the treatment of Index-Linked Notes.

**Persons considering the purchase of Notes should consult their own tax advisors concerning the application of United States Federal income tax laws, as well as the law of any state, local or foreign tax jurisdiction, to their particular situations.**

#### **Internal Revenue Service Circular 230 Disclosure**

**Pursuant to Internal Revenue Service Circular 230, attention is drawn to the fact that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such description was written in connection with the marketing of the Notes. Such description is limited to the U.S. federal tax issues described herein. It is possible that additional issues may exist that could affect the U.S. federal tax treatment of the Notes, or the matter that is the subject of the description noted herein, and such description does not consider or provide any**

**conclusions with respect to any such additional issues. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.**

For United States Federal income tax purposes, Notes issued by BMW US Capital, LLC will be treated as issued by BMW (US) Holding Corp. In addition, this discussion does not address any Notes issued by any other issuer which may be substituted for BMW US Capital, LLC or BMW (US) Holding Corp. For purposes of this discussion, it is assumed that BMW US Capital, LLC remains an entity disregarded for United States Federal income tax purposes and it is assumed that the Notes are treated as debt for United States Federal income tax purposes; however, the Index-Linked notes may not be treated as debt if they have certain terms such as lack of principal protection.

Notes with a maturity of more than 183 days issued by BMW US Capital, LLC will be kept in custody by a Specified Clearing System pursuant to a book entry agreement and are therefore intended to be treated as issued in registered form for U.S. federal income tax purposes.

Provided that such Notes and interest coupons, talons and receipts appertaining thereto are offered, sold and delivered, and principal, premium, if any, and interest thereon are paid in accordance with the terms of the Dealer Agreement dated 10 May 2012, the Agency Agreement dated 10 May 2012 and the Terms and Conditions of the Notes pertaining to the Notes, under present United States Federal income tax law, assuming the Notes are treated as debt for United States Federal income tax purposes and excluding instruments described in Section 871(h)(4)(A) of the Code (relating to a limited class of obligations providing for certain kinds of contingent payments) assuming the United States Alien does not have a connection or former connection with the United States other than holding the Notes and assuming that the Notes that are not refused from or otherwise treated as not in registered form as that term is understood in the Code:

1. Subject to the discussion of backup withholding and FATCA below, payments of principal, premium, if any, and interest (including original issue discount) on the Notes by BMW US Capital, LLC or any of its paying agents to any United States Alien will not be subject to United States Federal withholding tax, provided that, in the case of interest (including original issue discount), (a) the United States Alien does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of BMW (US) Holding Corp. entitled to vote, (b) the United States Alien is not a controlled foreign corporation as to the United States that is related to BMW (US) Holding Corp. through stock ownership, (c) the United States Alien is not a bank that acquired a Note in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business and (d) the United States Alien has provided a properly completed Form W-8BEN (or successor form).
2. Subject to the discussion of backup withholding and FATCA below, no United States Federal income tax will be imposed with respect to any gain or income realised by a United States Alien on the sale, exchange or redemption of the Notes unless such gain is effectively connected with such United States Alien's conduct of a trade or business in the United States or, in the case of an individual United States Alien, such United States Alien is present in the United States for 183 or more in the taxable year of the sale, exchange or redemption and certain other conditions are met.
3. Backup withholding will not apply to payments of principal, premium, if any, or interest (including original issue discount) by BMW US Capital, LLC or any of its paying agents on the Note or coupon or talon or receipt unless BMW US Capital, LLC or its paying agent has actual knowledge, or reason to know, that the payee is a United States person and, in general, the payee has not provided a properly completed Form W-9 (or successor form).

Payments of the proceeds of the sale of a Note to or through a foreign office of a "broker" (as defined in applicable United States Treasury Regulations) will not be subject to backup withholding (absent actual knowledge, or reason to know, that the payee is a U.S. person) but will be subject to information reporting if a broker is a United States Middleman, unless the broker has in its records documentary evidence that the Noteholder is not a U.S. person and has no actual knowledge, or reason to know, to the contrary or the Noteholder otherwise establishes an exemption. Payment of the proceeds of a sale of a Note to or through the United States office of a broker is subject to backup withholding and information reporting unless the Noteholder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Pursuant to sections 1471-1474 of the Code, (the so-called "FATCA" provisions) and subject to certain exceptions, a withholding tax is imposed at a rate of 30 per cent. on "withholdable payments" made after 31 December 2013 (in the case of payments of interest) or 31 December 2014 (in the case of



payments of principal and gross proceeds of sale) to “foreign financial institutions” (FFIs) and non-financial foreign entities (NFFE) that fail to comply with certain information reporting obligations. For this purpose, withholdable payments are comprised of U.S.-source payments (including those otherwise exempt from withholding tax imposed by section 1441 of the Code, such as payments of portfolio interest) and gross proceeds from the sale of any equity or debt instruments of U.S. issuers. A FFI is defined broadly pursuant to section 1471(d)(4) of the Code to include non-U.S. banks, non-U.S. custodians and certain non-U.S. investment vehicles engaged in investing, reinvesting or trading in securities. A NFFE, as defined in section 1472(d) of the Code, includes any non-U.S. entity that is not a foreign financial institution that fails to certify that, in the case where the NFFE is the beneficial owner of the payment, the NFFE either (i) has no “substantial United States owners” within the meaning of section 1473(2) or (ii) fails to provide certain identifying information regarding each substantial United States owner of the NFFE. Treasury is authorized to provide rules for implementing the FATCA withholding regime and coordinating the FATCA withholding regime with the existing nonresident withholding tax rules. In this regard, Treasury has published proposed U.S. Treasury regulations with respect to FATCA, but finalized U.S. Treasury regulations have not been promulgated.

These rules generally do not apply to any payments made with respect to a debt obligation outstanding on 31 December 2012 or to the gross proceeds from the disposition of an obligation outstanding as of such date. The proposed U.S. Treasury regulations extend this exemption to debt obligations outstanding on 1 January 2013. The proposed U.S. Treasury regulations further indicate that in general no withholding applies to U.S.-source payments prior to 1 January 2014, and no withholding applies to gross proceeds from the sale of debt obligations prior to 1 January 2015. Each prospective investor should consult its own tax advisor regarding the potential application of FATCA and related tax or information reporting requirements to an investment in the Notes.

For purposes of this discussion, a “United States Alien” is a Noteholder that is a beneficial owner of that Note and that is an individual, corporation, estate or trust that is not a “United States Person”. In addition, for purposes of this discussion, a “United States Person” is a beneficial owner of a Note that is (i) a citizen or resident of the United States, (ii) a corporation (or entity treated as a corporation for United States Federal tax purposes) created or organised under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States income tax without regard to the source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. For this purpose, a “United States Middleman” is (i) a U.S. person, (ii) a controlled foreign corporation for United States tax purposes, (iii) a foreign person 50 per cent. or more of whose gross income is derived from the conduct of a United States trade or business for a specified three year period, (iv) a foreign partnership engaged in a United States trade or business or in which U.S. persons hold more than 50 per cent. of the income or capital interest, or (v) certain United States branches of foreign banks or insurance companies.

## **Commonwealth of Australia**

The comments below are a summary of a general nature and are based on current law and practice. They relate only to the position of persons who are the absolute beneficial owners of Notes and may not apply to certain classes of persons such as dealers.

**As the taxation consequences of holding any Notes will depend on the terms and conditions of those Notes (and in certain circumstances, on the terms and conditions of Notes subsequently issued), Noteholders should consult their professional advisers as to their taxation position.**

The Income Tax Assessment Act 1997 contains rules for characterising debt and equity for Australian tax purposes. The commentary that follows assumes that the issue of the Notes is characterised as an issue of debentures and any returns arising from their issue will be characterised as interest for the purposes of section 128F.

Section 126 of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (as amended) (“Tax Act”) requires an issuer which is a resident of, or has a permanent establishment in, Australia to pay tax on interest paid or credited on bearer Notes held by:

- (i) an Australian resident including a resident carrying on business at or through a permanent establishment outside Australia; and
- (ii) non-residents of Australia engaged in carrying on a business in Australia at or through a permanent establishment in Australia;

where that issuer does not supply the Australian Taxation Office with the name and address of the Noteholder. In those circumstances, that issuer will have a right to deduct the tax payable from the interest paid or credited.

A person who is not a resident of Australia or an Australian resident who carries on business at or through an overseas permanent establishment within the meaning of the Tax Act who has acquired or acquires any of the Notes and who does not derive interest payable on the Notes in carrying on business at or through a permanent establishment in Australia ("Non-Resident") will not incur or become liable for any Australian income tax on interest paid by the issuer in respect of the Notes, so long as the requirements of section 128F of the Tax Act for an exemption from interest withholding tax are satisfied in respect of payments of interest on the Notes ("Section 128F Requirements").

The Section 128F Requirements in relation to the issue of a debenture (which term would include a Note) include the following:

1. (i) the issuer must be a resident of Australia within the meaning of the Tax Act at the time the debenture is issued and at the time when interest on the debenture is paid; or  
(ii) (A) the issuer is a non-resident of Australia within the meaning of the Tax Act at the time the debenture is issued and at the time when interest on the debenture is paid; and (B) the debenture was issued and the interest is paid by the issuer in carrying on business at or through a permanent establishment in Australia; and
2. the issue of the debenture must satisfy one of the public offer tests described below.

There are five public offer tests. The Issuer will need to satisfy one of the tests in order for interest on the Notes to qualify for the section 128F exemption. The five tests in relation to the issue of a debenture are as follows:

1. The first public offer test will be satisfied if (i) the debentures were offered for issue to at least 10 persons who carry on the business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and  
(ii) None of the 10 persons are known, or suspected, by the Issuer (or, in the case of a debenture issued in global form, a dealer, manager or underwriter) to be an associate (as defined in section 128F(9) of the Tax Act) of any of the other persons;
2. The second public offer test will be satisfied if the debentures are offered for issue to at least 100 persons whom it is reasonable for the issuer (or, in the case of a debenture issued in global form, a dealer, manager or underwriter) to have regarded as either having acquired debentures in the past or being likely to be interested in acquiring debentures;
3. The third public offer test will be satisfied if the debentures are offered for issue as a result of the debentures being listed on a stock exchange, where the issuer had previously entered into an agreement with a dealer, manager or underwriter, in relation to the placement of the debentures, which requires the issuer to seek such a listing;
4. The fourth public offer test will be satisfied if the debenture was offered for issue as a result of negotiations being initiated publicly in electronic form, or in another form, that was used by financial markets for dealing in debentures; and
5. The fifth public offer test will be satisfied if the debenture was offered for issue to a dealer, manager or underwriter, in relation to the placement of debentures, who, under an agreement with the issuer, offered the debenture for sale within 30 days in a way covered by 1 to 4 above.

The issue of a Global Bond (as defined in the Tax Act and which could cover Global Notes) by one of these methods will also satisfy the public offer test.

The public offer test will not be satisfied if, at the time of the issue of the Notes, the issuer knew, or had reasonable grounds to suspect that the Notes, or an interest in the Notes, was being, or would later be, acquired either directly or indirectly by an "offshore associate" of the issuer (other than in the capacity of a dealer, manager or underwriter in relation to the placement of the debenture or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme).

The exemption will not be available for interest which the issuer pays to an "associate" (as defined in section 128F(9) of the Tax Act) of the issuer where the issuer, at the time of payment, knew or had reasonable grounds to suspect that the person was an "offshore associate" of the issuer (other than a payment received by such payee in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme).

The words “associate”, “responsible entity” and “registered scheme” referred to above are defined in section 128F(9) of the Tax Act. The term “offshore associate” referred to in the paragraphs above means:

- (a) a non-resident associate that does not acquire the Notes in carrying on business at or through a permanent establishment in Australia; or
- (b) a resident associate that acquires the instruments in carrying on a business at or through a permanent establishment in a country outside Australia.

An issuer which is a resident of, or has a permanent establishment in, Australia may be required to withhold moneys on account of tax in relation to interest payable on the Notes to a resident of Australia (including a resident acting through a permanent establishment outside Australia) if the Noteholder is subject to the requirements of Part VA of the Tax Act and does not quote its TFN, Australian Business Number (as appropriate) or provide its exemption details, in relation to the Notes. Although on the face of the legislation it is not entirely clear whether Part VA of the Tax Act applies to interest paid on a bearer Note, in the opinion of the legal adviser to the Issuers the better view is that Part VA of the Tax Act does not apply to bearer Notes where the Noteholder acquires the bearer Notes in the ordinary course of business of providing business or consumer finance, or the Noteholder is non-resident. If such withholdings are made, the issuer will not be required to make additional payments under Condition 9 of the Notes.

### **United Kingdom**

1. Payments of interest by or on behalf of an Issuer under the Notes may be made without deduction for on account of any tax imposed by the United Kingdom.
2. Noteholders who are individuals may wish to note that HM Revenue and Customs has the power to obtain information (including the name and the address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to, or receives interest for, the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HM Revenue and Customs with the tax authorities of the jurisdiction in which the Noteholders are resident for tax purposes.

Reference is made to “EU Savings Directive” at the beginning of this section of the Prospectus. The United Kingdom is one of the EU Member States that will provide to the tax authorities of another EU Member State (and third countries and dependent territories) the details of payments of interest or other similar income paid or secured by a person (as a paying agent) within the United Kingdom to an individual (and certain other non-corporate, residual entities) resident in that other EU Member State (or third country or dependent territory).

**Prospective Noteholders who are in any doubt as to their tax position or may be subject to tax in a jurisdiction other than the United Kingdom should seek independent professional advice.**

### **Grand-Duchy of Luxembourg**

#### *Luxembourg residents*

Under the amended Luxembourg law of 23 December 2005 (the “Law”), payments of interest or similar income made since 1 January 2006 (but accrued since 1 July 2005) by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg for tax purposes may be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management or his/her private wealth.

Further, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive, may also opt for a final 10 per cent. levy. In such case, the 10 per cent. levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10 per cent. levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

### *Luxembourg non-residents*

Under Luxembourg tax law currently in effect and subject to the application of the Luxembourg laws dated 21 June 2005 (the “Laws”) implementing the EU Savings Directive and several agreements concluded between Luxembourg and certain dependant territories of the European Union, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to Luxembourg non-resident Noteholders. There is also no Luxembourg withholding tax, upon repayment of the principal or, subject to the application of the Laws, upon redemption or exchange of the Notes.

Under the Laws, a Luxembourg based paying agent (within the meaning of the EU Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income (including reimbursement premium received at maturity) paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or a residual entity in the sense of article 4.2. of the EU Savings Directive (“Residual Entities”) (i.e. an entity without legal personality except for (1) a Finnish *avoin yhtiö* and *kommandiittiyhtiö / öppet bolag* and *kommanditbolag* and (2) a Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC (as repealed and replaced by Directive 2009/65/EC, as amended), resident or established in another Member State of the European Union unless the beneficiary of the interest payments elects for an exchange of information. The same regime applies to payments to individuals or Residual Entities resident in any of the following territories: Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat, Curacao, Saba, Sint Eustatius, Bonaire and Sint Marteen.

The withholding tax rate is 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, which will terminate if and when a unanimous consensus is reached by Member States.

In each case described here-above, responsibility for the withholding of such tax will be assumed by the Luxembourg paying agent.

Noteholders who are individuals should note that the relevant Issuer will not pay additional amounts under Condition 7 (1) of the Terms and Conditions of the Notes in respect of any withholding tax imposed as a result of the EU Savings Directive.

This short summary of the tax situation in Luxembourg is not intended to be an exhaustive presentation of the fiscal environment in Luxembourg.

### **Japan**

**The following description of Japanese taxation (limited to national taxes) (subject always to the relevant tax treaty between Japan and the relevant country) applies exclusively to interest with respect to the Notes as far as they are issued outside Japan and payable outside Japan. It is not intended to be exhaustive and Noteholders are recommended to consult their tax advisers as to their exact tax position.**

Under Japanese tax laws currently in effect, the payment of interest in respect of the Notes to a non-resident of Japan or to a non-Japanese corporation, except where such non-resident of Japan or non-Japanese corporation is a person with a special relationship as specified in the Cabinet Order with the Issuer (a “*specialty related person*”), in accordance with the terms and conditions of Notes will not be subject to any Japanese income or corporation taxes payable by withholding. Furthermore, such payment will not be subject to any other Japanese income or corporation taxes other than by way of withholding unless such non-resident or non-Japanese corporation has a permanent establishment in Japan and payment of the interest is attributable to the business of the non-resident or non-Japanese corporation carried on in Japan through such permanent establishment.

Gains derived from the sale outside Japan of any Notes by a non-resident of Japan or a non-Japanese corporation, or from sale within Japan of any Notes by a non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan, are in general not subject to Japanese income or corporate taxes. Japanese inheritance and gift taxes at progressive rates may be payable by an individual, wherever resident, who has acquired Notes as legatee, heir or donee from an individual.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable in Japan by Noteholders in connection with the issue of the Notes, nor will such taxes be payable by Noteholders in connection with their transfer if such transfer takes place outside Japan.

Interest payments on Notes to be issued to an individual resident of Japan, a Japanese corporation (except for a designated Japanese financial institution which has complied with the requirements under the Act on Special Measures Concerning Taxation, as defined below) or a non-resident of Japan or a non-Japanese corporation that is a specially related person will be subject to Japanese income tax at a rate of 15 per cent. of the amount specified in sub-paragraph (a) or (b) below, as applicable:

- (a) if interest is paid to an individual resident of Japan, to a Japanese corporation or to a non-resident of Japan or a non-Japanese corporation that is a specially related person (except as provided in sub-paragraph (b) below), the amount of such interest; or
- (b) if interest is paid to a public corporation, a financial institution or a financial instruments business operator (which has complied with Japanese tax exemption requirements) through its payment handling agent in Japan as provided in Article 2-2, Paragraph 2 of the Cabinet Order, the amount of such interest minus the amount accrued during the period in which the Notes have been held, without any cessation, by such entities.

Due to the imposition of special additional withholding tax of 0.315 per cent. (or 2.1 per cent. of 15 per cent.) to secure funds for reconstruction from the Great East Japan Earthquake, the current withholding tax rate for income tax of 15 per cent. in the preceding paragraph, will be increased to 15.315 per cent. for the withholding tax due and payable during the period beginning on 1 January 2013 and ending on 31 December 2037.

Under the Act on Special Measures Concerning Taxation of Japan (Act No. 26 of 1957 (as amended)) (the “Act on Special Measure Concerning Taxation”) effective as of the date of this Prospectus, with respect to Notes issued or to be issued on or after 1 April 1998, payments of interest thereon outside Japan by BMW Japan to the beneficial Noteholders which are non-residents of Japan or non-Japanese corporations for Japanese tax purposes, other than a specially related person, will not be subject to withholding by BMW Japan of Japanese income tax, on the condition that such beneficial Noteholders establish that they are non-residents of Japan or non-Japanese corporations other than a specially related person, in compliance with the requirements under the Act on Special Measures Concerning Taxation as summarised below:

- (1) If Notes certificates are deposited with a financial institution which handles the interest payments on Notes as defined in the Act on Special Measures Concerning Taxation (the “payment handling agent”), (A) (a) such payment handling agent which holds Note certificates in its custody (the “financial intermediary”) notifies BMW Japan of “Interest Recipient Information” (including, *inter alia*, (i) whether all beneficial Noteholders who have deposited Note certificates with the financial intermediary are non-residents of Japan or non-Japanese corporations other than a specially related person (if applicable); or (ii) the amount of interest payments on Notes by BMW Japan for non-residents of Japan or non-Japanese corporations other than a specially related person, if there is any individual resident of Japan or Japanese corporation amongst the beneficial Noteholders) to be prepared by such financial intermediary based on the information provided by the beneficial Noteholders, or (b) (if Note certificates are further sub-deposited with another payment handling agent including a clearing organisation (“sub-depositary”) by the financial intermediary) the financial intermediary notifies BMW Japan of Interest Recipient Information through such sub-depositary, at the latest, one day prior to the interest payment date; and (B) BMW Japan prepares “Interest Recipient Confirmation” based upon Interest Recipient Information and submits it to the competent Japanese tax authority at the place of registered head office of BMW Japan (the “tax authority”); or
- (2) If Note certificates are held otherwise than through a financial intermediary, upon each payment of the interest on Notes, the Noteholder files a “Claims for Exemption from Taxation” (providing, *inter alia*, the name and address of the beneficial Noteholder) with the tax authority through BMW Japan or (if payment of interest is made through the payment handling agent) through the payment handling agent and BMW Japan.

The above exemption from the withholding of income tax on the interest payments of Notes is also applied to Japanese financial institutions or Japanese financial instruments business operators designated in Article 6 of the Act on Special Measures Concerning Taxation.

**DESCRIPTIONS**

**of**

**BMW Finance N.V.**  
**BMW US Capital, LLC**  
**BMW Australia Finance Limited**  
**BMW Japan Finance Corp.**

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## E.I. Description of BMW Finance N.V.

### 1. Persons Responsible

BMW Finance N.V. ("BMW Finance") accepts responsibility for the information contained in this "Description of BMW Finance N.V.". BMW Finance declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Description is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. In this Description references to "Group" or "BMW Group" are to Bayerische Motoren Werke Aktiengesellschaft, together with its consolidated subsidiaries.

### 2. Statutory Auditors

Independent auditors ("registered accountants") of BMW Finance are at present KPMG Accountants N.V., Fascinatio Boulevard 250, 3065 WB Rotterdam, The Netherlands. KPMG Accountants N.V. are members of the NBA (Nederlands Beroepsorganisatie van Accountants).

### 3. Selected Financial Information

The following table shows selected financial information for BMW Finance for 2011 and for 2010, respectively:

in Euro thousand	31 December 2011	31 December 2010
Total assets .....	<u>27,500,904</u>	<u>23,743,085</u>
Equity .....	<u>269,994</u>	<u>406,950</u>
Non-current liabilities .....	<u>16,955,387</u>	<u>15,676,326</u>
Current liabilities .....	<u>10,275,523</u>	<u>7,659,809</u>
	<b><u>2011</u></b>	<b><u>2010</u></b>
Interest margin .....	<u>(48,365)</u>	<u>(41,717)</u>
Financial income/(Loss) .....	<u>(77,388)</u>	<u>58,138</u>
Net income/(Loss) .....	<u>(69,356)</u>	<u>45,277</u>

### 4. Risk Factors

The operations of BMW Finance involve certain risks typically associated with the business BMW Finance engages in.

A description of such risks is set out in Part A.II of this Prospectus ("Risk Factors") under item 1.(i).

### 5. Information about BMW Finance

BMW Finance was incorporated on 14 June 1983 as a corporation (*naamloze vennootschap*) under the laws of The Netherlands and acts under its legal and commercial name "BMW Finance N.V."

BMW Finance is registered under number 27106340 with the Commercial Register of The Hague.

The address of BMW Finance's registered office and principal place of business is Einsteinlaan 5, 2289 CC Rijswijk (The Hague), The Netherlands. Its telephone number is +31 70 4133 222.

BMW Finance has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its Board of Directors has made no firm commitments on such material investments in the future.

### 6. Business Overview

According to Article 2 of its Articles of Association, the purpose of BMW Finance is the administration and the financing of BMW Group companies and of participations of BMW Finance and BMW Group companies, as well as the offering of services relating to the administration and the financing of BMW Group companies, all of which includes the holding of share capital in other companies and any and all other activities which are related thereto or which may be useful for such purposes.

Because of its afore-mentioned purpose, BMW Finance does not have any markets in which it competes and, therefore, BMW Finance cannot make a statement regarding its competitive position in any markets.

## **7. Organisational Structure**

BMW Finance is a wholly owned subsidiary of BMW Holding B.V. which is a wholly owned subsidiary of BMW INTEC Beteiligungs GmbH, Munich which is a wholly owned subsidiary of BMW AG, Munich. BMW España Finance S.L. is a wholly owned subsidiary of BMW Finance.

BMW Finance is dependent upon BMW AG in that BMW AG issues a guarantee for any issue of notes for which BMW Finance acts as issuer.

## **8. Trend Information**

Save as disclosed in the following sub-paragraph of this section, there has been no material adverse change in the prospects of BMW Finance since the date of its audited financial statements for the financial year ended 31 December 2011.

Uncertainties regarding the operating result for the year 2012 could arise from unexpected changes in market conditions.

## **9. Administrative, Management, and Supervisory Bodies Names, Business Addresses, and Functions**

BMW Finance is managed by its Board of Directors which consists of one or more members. The General Meeting of Shareholders appoints, dismisses or suspends the members of the Board of Directors.

BMW Finance must be represented by at least one Director. If the Board of Directors comprises more than one member, BMW Finance must be represented by two Directors or one Director together with a duly authorised officer.

As at the date of this Prospectus, the members of the Board of Directors of BMW Finance are:

1. Mr. N.O. Mayer, Senior Vice President Finance and Group Treasurer of BMW AG
2. Mr. J.C. Koenders, Managing Director of BMW Nederland B.V.
3. Mr. R.J.P.M. van der Meeren, Managing Director of BMW Finance

The business address of the members of the Board of Directors is Einsteinlaan 5, 2289 CC Rijswijk, The Netherlands.

BMW Finance has no Supervisory Board.

## **Administrative, Management, and Supervisory Bodies Conflicts of Interests**

As at the date of this Prospectus, the above-mentioned members of the Board of Directors of BMW Finance do not have potential conflicts of interests between any duties to BMW Finance and their private interests or other duties.

## **10. Board Practices**

### **Audit Committee**

BMW Finance does not itself have an audit committee. However, BMW Finance is part of the BMW Group which has an audit committee that reviews the annual consolidated financial statements of the BMW Group.

### **Corporate Governance**

According to the Decree of 23 December 2004, pursuant to section 391 paragraph 4 of book 2 of the Dutch Civil Code, the code of conduct (*'Nederlandse corporate governance code'*) only applies to listed companies. BMW Finance is not listed and therefore the code does not apply. Accordingly, BMW Finance is not required to make any disclosure regarding compliance with the code.



## **11. Major Shareholders**

BMW Finance is a wholly owned subsidiary of BMW Holding B.V., which in turn is a wholly owned subsidiary of BMW AG.

## **12. Financial Information concerning BMW Finance's Assets and Liabilities, Financial Position and Profits and Losses**

### **Historical Financial Information**

The financial statements of BMW Finance N.V. for the financial years 2010 and 2011, respectively, as published in the BMW Finance N.V. Financial Statements 2010 and 2011, respectively, are incorporated by reference into this Prospectus as set out under "Documents Incorporated by Reference" above. Copies of the relevant BMW Finance Annual Report can be obtained, free of charge, in the case of securities listed on a recognised stock exchange, at the offices of the respective listing agent in connection with such issue of securities and, in any event, at the registered address of BMW Finance set out above and will be published on the website of the Luxembourg Stock exchange under "[www.bourse.lu](http://www.bourse.lu)".

BMW Finance prepares consolidated and unconsolidated financial statements. As at the date of this Prospectus, BMW Finance does publish interim financial statements. This may change should the Issuer become no longer be required to do so under the provisions of the Luxembourg Transparency Act 2008 dated 11 January 2008, as amended, and which, *inter alia*, implements the Transparency Directive.

### **Statement of compliance**

The financial statements of BMW Finance N.V. have been prepared in accordance with Dutch law and are in compliance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union and issued by the International Accounting Standards Board (IASB) and valid at the balance sheet date. All interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), were also applied.

### **Auditing of Historical Annual Financial Information**

The financial statements of BMW Finance for the years ended 2010 and 2011 were prepared by the directors in accordance with the International Financial Reporting Standards and accounting principles generally accepted in The Netherlands and have been audited by the afore-mentioned auditors in accordance with generally accepted auditing standards in The Netherlands and in each case the statements were certified without qualification.

### **Legal and Arbitration Proceedings**

In the twelve months preceding the date of this Prospectus, BMW Finance has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMW Finance is aware) which may have, or have had in the recent past, significant effects on BMW Finance's financial position or profitability.

### **Significant Change in BMW Finance's Financial or Trading Position**

There is no significant change in BMW Finance's financial or trading position which has occurred since the date of its audited financial statements for the financial year ended 31 December 2011.

## **13. Additional Information**

### **Share Capital**

The authorised capital of BMW Finance is EUR 2.5 million and is divided into 5,000 ordinary shares of EUR 500 each of which 3,500 have been issued. The paid-in capital is EUR 1,750,000.

## **E.II. Description of BMW US Capital, LLC**

### **1. Persons Responsible**

BMW US Capital, LLC ("BMW US Capital") accepts responsibility for the information contained in this "Description of BMW US Capital, LLC". BMW US Capital declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Description is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. In this Description, references to "Group" or "BMW Group" are to Bayerische Motoren Werke Aktiengesellschaft, together with its consolidated subsidiaries.

### **2. Statutory Auditors**

The Independent Auditors ("certified public accountants") of BMW US Capital are KPMG LLP, New Jersey Headquarters, 150 John F. Kennedy Parkway, Short Hills, New Jersey 07078, United States of America. KPMG LLP are members of the AICPA (American Institute of Certified Public Accountants).

### **3. Selected Financial Information**

The following table shows selected financial information for BMW US Capital for 2011 and for 2010, respectively:

in USD thousand	<b>31 December 2011</b>	<b>31 December 2010</b>
Total Assets .....	<u>14,882,270</u>	<u>17,144.816</u>
Total Liabilities .....	<u>14,183.911</u>	<u>16,732.480</u>
Equity .....	<u>398.359</u>	<u>412,336</u>
	<u>2011</u>	<u>2010</u>
Net interest revenue .....	<u>1,016,923</u>	<u>1,336,797</u>
Profit for ordinary activities before income tax expense.....	<u>(-23.130)</u>	<u>3.309</u>
Net profit .....	<u>(-13.923)</u>	<u>1.991</u>

### **4. Risk Factors**

The operations of BMW US Capital involve certain risks typically associated with the business BMW US Capital engages in.

A description of such risks is set out in Part A.II of this Prospectus ("Risk Factors") under item 1.(ii).

### **5. Information about BMW US Capital**

BMW US Capital was originally organised as a corporation under the laws of the State of Delaware, United States of America, for an unlimited term on 14 January 1993 and converted from a corporation to a limited liability company under Delaware law on 1 January 2001. In accordance with Delaware law, BMW US Capital does not have a corporate registration number.

BMW US Capital acts under its legal and commercial name "BMW US Capital, LLC".

BMW US Capital is a limited liability company registered to do business as a limited liability company in the State of Delaware, United States of America. It is also registered to do business as a foreign limited liability company in the states of New Jersey and Ohio as of 4 January 2001.

The address of the registered office of BMW US Capital is: 1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801, USA. The telephone number of BMW US Capital's registered office is +1 302 658 7581 or Toll Free: +1 800 677 3394 (CT Corporation System).

The address of BMW US Capital's principal place of business is 300 Chestnut Ridge Road, Woodcliff Lake, New Jersey 07677, USA. The telephone number of BMW US Capital's principal place of business is +1 201 307 3625.

BMW US Capital has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its management has made no firm commitments on such material investments in the future.

## **6. Business Overview**

BMW US Capital's purpose is to assist, via long and short term advances, the financing of the activities and assistance in managing interest and foreign exchange risks for BMW AG and its affiliates, primarily in the United States of America, and to provide services in connection therewith. The debts, obligations, and liabilities of BMW US Capital, whether arising in contract, tort, or otherwise, shall be solely the debts, obligations, and liabilities of BMW US Capital, and no member, manager, and/or officer of BMW US Capital shall be obligated personally for any such debt, obligation, or liability of BMW US Capital solely by reason of being a member, manager and/or officer. BMW US Capital's U.S. affiliates operate primarily in the automotive industry and derive their revenues across North America, with a concentration in states with large population centers such as California, Texas, Florida, New York, and New Jersey

## **7. Organisational Structure**

BMW US Capital is a limited liability company wholly owned and managed by BMW (US) Holding Corp., a 100 per cent. in directly owned subsidiary of BMW AG, Munich. BMW US Capital has no subsidiaries.

BMW US Capital is dependent upon BMW AG in that, as a financing entity, BMW AG issues a guarantee for any issue of notes for which BMW US Capital acts as issuer.

## **8. Trend Information**

Save as disclosed in the following sub-paragraph of this section, there has been no material adverse change in the prospects of BMW US Capital since the date of its audited financial statements for the financial year ended 31 December 2011.

Uncertainties regarding the operating result for the year 2012 could arise from unexpected changes in market conditions and fair market values for financial derivatives.

## **9. Administrative, Management, and Supervisory Bodies Names, Business Addresses, and Functions**

The management of BMW US Capital is formed by the officers appointed as such.

As at the date of this Prospectus, the officers of BMW US Capital are:

1. Ralf Edelmann, President
2. Joseph Dynia, Chief Tax Officer
3. Howard Harris, Secretary and General Counsel
4. Margaret Collins, Treasurer
5. AnnMarie Dias-Lebrun, Assistant Secretary
6. Kevin Healy, Assistant Secretary
7. David Osborne, Assistant Secretary

The business address of each Officer of BMW US Capital is 300 Chestnut Ridge Road, Woodcliff Lake, New Jersey 07677, USA.

The management of BMW US Capital reports to the management of BMW (US) Holding Corp., the parent company and sole member of BMW US Capital. BMW (US) Holding Corp. is managed by a Board of Directors consisting of two Directors.

As at the date of this Prospectus, the members of the Board of Directors of BMW (US) Holding Corp. are:

1. Dr. Rainer Feurer, Director of BMW Group Corporate Strategy and Planning Environment.
2. Ludwig Willisch, Chief Executive Officer and President of BMW (US) Holding Corp.

Neither U.S. corporations nor limited liability companies have "Supervisory Boards".

## **Administrative, Management, and Supervisory Bodies Conflicts of Interests**

As at the date of this Prospectus, the above-mentioned officers of BMW US Capital do not have potential conflicts of interests between any duties to BMW US Capital and their private interests or other duties.

## **10. Board Practices**

### **Audit Committee**

BMW US Capital does not itself have an audit committee. However, BMW US Capital is part of the BMW Group which has an audit committee that reviews the annual consolidated financial statements of the BMW Group.

### **Corporate Governance**

BMW US Capital is compliant with all federal, state and local regulations that govern business activities within the United States.

## **11. Major Shareholders**

BMW US Capital was formed on 14 January 1993 as BMW US Capital Corp., and until 31 December 2000, was a wholly owned subsidiary of BMW (US) Holding Corp., which is ultimately owned by BMW AG. Effective 1 January 2001, BMW US Capital adopted a legal structure permitted under the Delaware Limited Liability Company Act dated 1 August 1999, and became a limited liability company whose sole member is BMW (US) Holding Corp., which is ultimately owned by BMW AG. The conversion of BMW US Capital to a Limited Liability Company (LLC) did not have any effect on the liabilities or obligations of the organization and did not constitute dissolution of the converting entity.

## **12. Financial Information concerning BMW US Capital's Assets and Liabilities, Financial Position and Profits and Losses**

### **Historical Financial Information**

The financial statements of BMW US Capital for the financial year 2010 and 2011, respectively, as published in the BMW US Capital Financial Statements 2010 and 2011, respectively, are incorporated by reference into this prospectus as set out under "Documents Incorporated by Reference" above. Copies of the relevant BMW US Capital Financial Statements can be obtained, free of charge, in the case of securities listed on a recognised stock exchange, at the offices of the respective listing agent in connection with such issue of securities and, in any event, at the address of BMW US Capital's principal place of business set out above and will be published on the website of the Luxembourg Stock Exchange under "[www.bourse.lu](http://www.bourse.lu)".

BMW US Capital only prepares unconsolidated financial statements. As at the date of this Prospectus, BMW US Capital does publish interim financial statements. This may change should BMW US Capital become no longer required to do so under the provisions of the Luxembourg Transparency Act 2008 dated 11 January 2008, as amended, and which, *inter alia*, the Transparency Directive.

### **BMW US Capital Accounting Policies**

The financial statements of BMW US Capital at 31 December 2010 and 2011, respectively, have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). The designation "IFRSs" also includes all valid International Accounting Standards (IASs). All interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), were applied for the financial statement presentation.

### **Auditing of Historical Annual Financial Information**

The financial statements of BMW US Capital for the years ended 2010 and 2011 have been audited by the afore-mentioned auditors in accordance with International Financial Reporting Standards (IFRS) and were certified without qualification.

**Legal and Arbitration Proceedings**

In the twelve months preceding the date of this Prospectus, BMW US Capital has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMW US Capital is aware) which may have, or have had in the recent past, significant effects on BMW US Capital's financial position or profitability.

**Significant Change in BMW US Capital's Financial or Trading Position**

There is no significant change in BMW US Capital's financial or trading position which has occurred since the date of its audited financial statements for the financial year ended 31 December 2011.

**13. Additional Information****Share Capital**

As a result of the conversion of BMW US Capital to a Limited Liability Company (LLC) effective as of 1 January 2001, the stockholder's equity of BMW US Capital Corp. was contributed to BMW US Capital and is now accounted for as member's capital. BMW US Capital has no shares issued and no authorised share capital.

### **E.III. Description of BMW Australia Finance Limited**

#### **1. Persons Responsible**

BMW Australia Finance Limited ("BMW Australia Finance") accepts responsibility for the information contained in this "Description of BMW Australia Finance Limited". BMW Australia Finance declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Description is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. In this Description, references to "Group" or "BMW Group" are to Bayerische Motoren Werke Aktiengesellschaft, together with its consolidated subsidiaries.

#### **2. Statutory Auditors**

Independent auditors of BMW Australia Finance are at present KPMG Chartered Accountants, KPMG House, 147 Collins Street, Melbourne, Victoria 3000, Australia. KPMG's partners are members of the Institute of Chartered Accountants in Australia.

#### **3. Selected Financial Information**

The following table shows selected financial information of BMW Australia Finance for 2011 and 2010, respectively:

in AUD thousand	<b>31 December 2011</b>	<b>31 December 2010</b>
Total Assets.....	5,277,776	5,085,554
Total Liabilities .....	4,953,754	4,805,634
Equity.....	324,022	279,920
	<b>2011</b>	<b>2010</b>
Net interest revenue .....	195,442	182,763
Profit for ordinary activities before income tax expense.....	92,219	55,501
Net profit .....	67,944	39,497

#### **4. Risk Factors**

The operations of BMW Australia Finance involve certain risks typically associated with the business BMW Australia Finance engages in.

A description of such risks is set out in Part A.II. of this Prospectus ("Risk Factors") under item 1.(iii).

#### **5. Information about BMW Australia Finance**

BMW Australia Finance is an unlisted public company, incorporated with limited liability on November 1988 for an unlimited term in the State of Victoria, Australia. BMW Australia Finance is incorporated under the laws of Australia and acts under its commercial name "BMW Australia Finance Ltd."

BMW Australia Finance was registered with an Australian business number ("ABN") 78 007 101 715 on 7 March 2000.

The address of BMW Australia Finance's registered office and principal place of business is 783 Springvale Road, Mulgrave, Victoria, Australia. Its telephone number is +61 3 9264 4060.

There have been no material investments made since the date of its last published financial statements and, as at the date of this Prospectus, its Board of Directors has made no firm commitments on such material investments in the future.

#### **6. Business Overview**

Pursuant to its corporate documents, the principal activities of BMW Australia Finance are the provision of retail and wholesale financing facilities for prestige motor vehicles. These facilities are mainly provided in the form of hire purchase, finance and operating leasing, mortgage finance and insurance premium finance. There were no significant changes made to the principal activities of BMW Australia Finance during the financial year 2011 and the current financial year.

BMW Australia Finance is a player in the automotive financing sector in Australia. The key competitors include major Australian banks, Non-Bank Financial Institutions, and, other automotive financing captives.

## **7. Organisational Structure**

BMW Australia Finance is an indirectly wholly owned subsidiary of BMW AG. The immediate parent entity of BMW Australia Finance is BMW Holdings B.V., a company incorporated in The Netherlands. BMW Financial Services New Zealand Limited is a subsidiary of BMW Australia Finance.

BMW Australia Finance is dependent upon BMW AG in that BMW AG issues a guarantee for any issue of notes for which BMW Australia Finance acts as issuer in the capital markets.

## **8. Trend Information**

Save as disclosed in the following sub-paragraph of this section, there has been no material adverse change in the prospects of BMW Australia Finance since the date of its audited financial statements for the financial year ended 31 December 2011.

Uncertainties regarding the operating result for the year 2012 could arise from unexpected changes in market conditions and fair market values for financial derivatives.

## **9. Administrative, Management, and Supervisory Bodies**

### **Names, Business Addresses, and Functions**

As at the date of this Prospectus, the directors of BMW Australia Finance are:

Name	Title and Date of Appointment
<b>Mr. A. Crookes</b> .....	Chairman since 15/03/2005 (Currently Acting Managing Director)
<b>Mr. C. Rouskas</b> .....	Operations Director since 01/04/2008 (Previously Finance Director since 01/01/2004)
<b>Mr. L. Visser</b> .....	Finance Director since 01/10/2010

The business address of each of the directors is 783 Springvale Road, Mulgrave, Victoria, Australia.

### **Administrative, Management, and Supervisory Bodies of Conflicts of Interests**

As at the date of this Prospectus, the above-mentioned directors and statutory auditors of BMW Australia Finance do not have potential conflicts of interests between any duties to BMW Australia Finance and their private interests or other duties.

## **10. Board Practices**

### **Audit Committee**

BMW Australia Finance does not itself have an audit committee. However, BMW Australia Finance is part of the BMW Group which has an audit committee that reviews the annual consolidated financial statements of the BMW Group.

### **Corporate Governance**

BMW Australia Finance is compliant with all federal, state and local regulations that govern business activities within Australia.

## **11. Major Shareholders**

As at the date of this prospectus, the authorised share capital of BMW Australia Finance amounts to AUD 203,000,000 made up of 7,250,000 ordinary voting shares of AUD 28.00 each owned by BMW Holding BV. During 2010, BMW Australia Finance redeemed 500,000 class A cumulative preference shares of AUD 1,000 each owned by BMW INTEC Beteiligungs GmbH.

Both BMW Holding BV and BMW INTEC Beteiligungs GmbH are part of the BMW Group. Hence BMW AG indirectly controls BMW Australia Finance Ltd. There are no persons outside the BMW Group that own any shares in BMW Australia Finance to allow abuse of control by shareholders.

## **12. Financial Information concerning BMW Australia Finance's Assets and Liabilities, Financial Position and Profits and Losses**

### **Historical Financial Information**

The financial statements of BMW Australia Finance for the financial year 2010 and 2011, respectively, as published in the BMW Australia Finance Financial Statements 2010 and 2011, respectively, are incorporated by reference into this Prospectus as set out under "Documents Incorporated by Reference" above. Copies of the relevant BMW Australia Finance Financial Statements can be obtained, free of charge, in the case of securities listed on a recognised stock exchange, at the offices of the respective listing agent in connection with such issue of securities and, in any event, at the principal place of business of BMW Australia Finance set out above and will be published on the website of the Luxembourg Stock Exchange under "[www.bourse.lu](http://www.bourse.lu)".

BMW Australia Finance prepares consolidated financial statements with its subsidiary, BMW Financial Services New Zealand Limited. As at the date of this Prospectus, BMW Australia Finance does not publish interim financial statements. This may change should BMW Australia Finance become required to do so under the provisions of the Luxembourg Transparency Act 2008 dated 11 January 2008, as amended, and which, *inter alia*, implements the Transparency Directive.

### **BMW Australia Finance Accounting Policies**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). The financial reports of the Company also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

The financial report is presented in AUD.

The financial report is prepared on the basis of historical costs, except derivative financial instruments which are stated at their fair value.

The Company is of a kind referred to in ASIC Class Order 05/641 effective 28 July 2005 and Class Order 06/51 effective 31 January 2006. Amounts in the financial report and Directors' Report are presented in Australian dollars and have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements include: Provision for credit loss, provision for residual risk, defined benefit plan and fair value of derivatives.

The accounting policies set out above have been applied consistently to all periods presented in the consolidated financial report.



**Auditing of Historical Financial Information**

The Financial Statements of BMW Australia Finance for the years ended 2010 and 2011 have been audited by the afore-mentioned auditors in accordance with auditing standards generally accepted in Australia and International Auditing Standards in each case the statements were certified without qualification.

**Legal and Arbitration Proceedings**

In the twelve months preceding the date of this prospectus, BMW Australia Finance has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMW Australia Finance is aware) which may have, or have had in the recent past, significant effects on BMW Australia Finance's financial position or profitability.

**Significant Change in BMW Australia's Financial or Trading Position**

There is no significant change in BMW Australia Finance's financial or trading position which has occurred since the date of its audited financial statements for the financial year ended 31 December 2011.

**13. Additional Information****Share Capital**

As at 31 December 2011, the issued and authorised share capital of BMW Australia Finance amounted to AUD 203,000,000, being 7,250,000 ordinary shares of AUD 28.00 each. During 2011, BMW Australia Finance redeemed 500,000 preference shares of AUD 1,000 each.

The issued share capital of BMW Australia Finance is fully paid up.

## **E.IV. Description of BMW Japan Finance Corp.**

### **1. Persons Responsible**

BMW Japan accepts responsibility for the information contained in this “Description of BMW Japan”. BMW Japan declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Description is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. In this Description, references to “Group” or “BMW Group” are to Bayerische Motoren Werke Aktiengesellschaft, together with its consolidated subsidiaries.

### **2. Independent External Auditor**

Independent auditors of BMW Japan are KPMG AZSA & Co. (previously named Shin Nihon & Co.) of KPMG AZSA Center Building, 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo 162-8551, Japan.

KPMG AZSA & Co. is a member of the Japanese Institute of Certified Public Accountants.

### **3. Selected Financial Information**

The following table shows selected financial information of BMW Japan for 2011 and 2010, respectively:

In JPY thousand	31 December 2011	31 December 2010
Total Assets .....	338,716,997	329,646,738
Total Liability .....	303,864,854	298,416,905
Total Shareholders' equity .....	34,852,142	31,229,833
	<b>2011</b>	<b>2010</b>
Operating income .....	6,162,613	5,649,698
Profit before tax .....	6,071,621	5,565,331
Net profit .....	3,505,384	3,531,928

### **4. Risk Factors**

The operations of BMW Japan involve certain risks typically associated with the business BMW Japan engages in.

A description of such risks is set out in Part A.II. of this Prospectus (“Risk Factors”) under item 1.(v).

### **5. Information about BMW Japan**

BMW Japan was founded on 4 January 1989 with an unlimited term under the laws of Japan and acts under its legal and commercial name “BMW Japan Finance Corp.”.

BMW Japan is registered under the number 0100-01-141235 with the commercial register of Tokyo.

The address of BMW Japan's registered office and principal place of business is 9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan. The telephone number of BMW Japan's principal place of business is +81-3-6265 1000.

BMW Japan has made no material investments since the date of its last published financial statements and, as at the date of this Prospectus, its Board of Directors has made no firm commitments on such material investments in the future.

### **6. Business Overview**

Pursuant to Article 2 of its Articles of Incorporation, the objects and principal activities of BMW Japan are providing loans and lease products to BMW and MINI customers; financing BMW, MINI dealers and multimake franchise dealers for new cars and used cars; providing credit cards; and providing insurance coverage.

BMW Japan sees competition in some but limited areas, for retail business, with non-captive finance companies which try to penetrate BMW, MINI and multimake dealers with aggressive interest rates and for wholesale business, with regional banks offering to the dealers, funds with extremely lean spread on their funding cost.

## 7. Organisational Structure

BMW Japan is a wholly owned subsidiary of BMW Japan Corp. which is a 100 per cent. indirectly owned subsidiary of BMW AG, Munich. BMW Japan has no subsidiaries.

BMW Japan is dependent upon BMW AG in that BMW AG issues a guarantee for any issue of notes for which BMW Japan acts as issuer.

## 8. Trend Information

Save as disclosed in the following sub-paragraph of this section, there has been no material adverse change in the prospects of BMW Japan since the date of its audited financial statements for the financial year ended 31 December 2011.

Uncertainties regarding the operating result for the year 2012 could arise from unexpected changes in market conditions and fair market values for financial derivatives.

## 9. Administrative, Management, and Supervisory Bodies

### Names, Business Addresses, and Functions

In accordance with its Articles of Incorporation, BMW Japan has four or less directors (provided that BMW Japan shall have not less than three directors in as much as it has the Board of Directors pursuant to the Companies Act of Japan (Act No. 86 of 1995 (as amended)) (the “Companies Act”)) and three statutory auditors.

As at the date of this prospectus, the directors and statutory auditors of BMW Japan are as indicated in the table below, each with the business address at 9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan:

Title	Name	Responsibility
Representative Director, President.....	Uwe Stadler	Managing Director, BMW Japan Finance Corp.
Director .....	James Oskey*	Managing Director, BMW Japan Finance Corp.
Director .....	Alan Crookes	Region Manager, Asia Pacific Region BMW Financial Services
Statutory Auditor .....	Noboru Abe	Executive Managing Director, BMW Japan Corp. Director, BMW Tokyo Corp.
Statutory Auditor .....	Hirohisa Sugino	Accounting and Finance Manager, BMW Japan Corp.
Statutory Auditor .....	Michio Yamanaka	Legal and Purchasing Manager, BMW Japan Corp.

Statutory Auditor Mr. Hirohisa Sugino and Mr. Michio Yamanaka are out-housed Auditors as defined by Article 2 item 16 of the Companies Act.

The President represents BMW Japan and administers the business of the company.

\* Also statutory auditor in Tanakayuki Co., Ltd.

### Administrative, Management, and Supervisory Bodies of Conflicts of Interests

As of the date of this Prospectus, the above-mentioned directors and statutory auditors of BMW Japan do not have potential conflicts of interests between any duties to BMW Japan and their private interests or other duties.

## **10. Board Practices**

### **Audit Committee**

BMW Japan does not itself have an audit committee. However, BMW Japan is part of the BMW Group which has an audit committee that reviews the annual consolidated financial statements of the BMW Group and reviews Operational compliance on a regular basis.

### **Corporate Governance**

BMW Japan complies in all respects with the corporate governance regime of the Companies Act. There are no other regimes of corporate governance applicable to BMW Japan.

BMW Japan complies with internally issued corporate governance regulations of the BMW Group.

## **11. Major Shareholders**

As at the date of this Prospectus, BMW Japan has only one shareholder. BMW Japan Corp. owns 100 per cent. of the total 94,710 shares issued by BMW Japan.

## **12. Financial Information Concerning BMW Japan's Assets and Liabilities, Financial Position and Profits and Losses**

### **Historical Financial Information**

**The financial statements of BMW Japan for the financial year 2010 and 2011, respectively, as published in the BMW Japan Financial Statements 2010 and 2011, respectively, are incorporated by reference into this Prospectus as set out under "Documents Incorporated by Reference" above. Copies of the relevant BMW Japan financial statements can be obtained, free of charge at the offices of the Listing Agent and at the principal place of business of BMW Japan set out above and will be published on the website of the Luxembourg Stock Exchange under "www.bourse.lu".**

As of the date of this Prospectus, BMW Japan does not publish any interim financial statements. This may change should BMW Japan become required to do so under the provisions of the Luxembourg Transparency Act 2008 dated 11 January 2008, as amended, and which, *inter alia*, implements the Transparency Directive.

### **BMW Japan Accounting Policies**

The statutory financial statements of BMW Japan were prepared in accordance with the Companies Act.

The BMW Japan Annual Report 2011 is translated by BMW Japan from Japanese into English and prepared based on the statutory financial statements which were prepared in accordance with the Companies Act. However, there are certain changes to the original statutory reports in terms of format, description and presentation. The original official statutory financial statements were audited by KPMG AZSA & Co., and the independent auditors' report was issued on the original official financial statements in Japanese, not on the BMW Japan Annual Report 2011 in English.

### **Auditing of Historical Financial Information**

The statutory financial statements in the Japanese language for the years ended 2010 and 2011 were audited by KPMG AZSA & Co. in accordance with auditing standards generally accepted in Japan and in each case the statements were certified without qualification.

There are no differences between Japanese audit standards and IAS audit standards. Both standards are based on generally accepted audit standards.

### **Legal and Arbitration Proceedings**

In the twelve months preceding the date of this Prospectus, BMW Japan has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMW Japan is aware) which may have, or have had in the recent past, significant effects on BMW Japan's financial position or profitability.

### **Significant Change in BMW Japan's Financial or Trading Position**

There is no significant change in the BMW Japan's financial or trading position which has occurred since the date of its audited financial statements for the financial year ended 31 December 2011.

### **13. Additional Information Share Capital**

As of the date of this Prospectus, BMW Japan has a total of 96,000 authorised shares (6,000 common shares and 90,000 preference shares), a total of 94,710 of which have been issued (6,000 common shares and 88,710 preference shares). As at the date of this Prospectus, the BMW Japan has only one shareholder. Accordingly, the shareholder structure of the BMW Japan is as follows:

Shareholder	Number of shares	Ratio
BMW Japan Corp .....	94,710	100%

### **Preference shares**

All of the preference shares of BMW Japan are redeemable preference shares. The holder of a preference share has the preferential right to receive a dividend (500 Yen per share) on a yearly basis, prior to declaration and payment of a dividend to a holder of a common share. A holder of the redeemable preference shares has a right to vote.

## DESCRIPTION OF BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT

### 1. Persons Responsible

Bayerische Motoren Werke Aktiengesellschaft ("BMW AG" and, together with its consolidated subsidiaries, the "Group" or "BMW Group") accepts responsibility for the information contained in this "Description of Bayerische Motoren Werke Aktiengesellschaft". BMW AG declares that, having taken all reasonable care to ensure that such is the case, the information contained in this "Description of Bayerische Motoren Werke Aktiengesellschaft" is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### 2. Statutory Auditors

The Independent Auditors (Wirtschaftsprüfer) of BMW AG are KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Ganghoferstraße 29, 80339 Munich, Federal Republic of Germany. KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft are members of the IDW (Institut der Wirtschaftsprüfer).

### 3. Selected Financial Information

The following table shows selected consolidated financial information of the income statement of BMW Group for the first quarter 2012 and 2011, respectively (unaudited) and for the financial year ended 31 December 2011 and 31 December 2010, respectively (audited):

	1 January to 31 March		1 January to 31 December	
	2012	2011*	2011	2010*
in Euro million		(adjusted)		(adjusted)
	<i>(unaudited)</i>		<i>(audited)</i>	
Revenues.....	18,293	16,037	68,821	60,477
Gross profit .....	3,764	3,206	14,545	10,932
(Loss)/Profit before financial result.....	2,132	1,795	8,018	5,111
(Loss)/Profit before tax .....	2,076	1,705	7,383	4,853
Net (loss)/profit .....	1,349	1,142	4,907	3,243
in Euro				
Earnings per share of common stock				
in Euro .....	2.05	1.73	7.45	4.93
Earnings per share of preferred stock				
in Euro .....	2.05	1.73	7.47	4.95

The Board of Management and Supervisory Board which met on 8 March 2012 propose to the Annual General Meeting to use the unappropriated profit available for distribution in BMW AG, amounting to Euro 1,508 million to pay a dividend of Euro 2.30 for each share of common stock (2010: Euro 1.30) and Euro 2.32 for each share of preferred stock (2010: Euro 1.32), a distribution rate of 30.7% for 2011(2010: 26.5%).

\* Adjusted for effect of change in accounting policy for leased products

The following table shows selected consolidated financial information of the balance sheet of BMW Group as at 31 December 2011 and 2010, respectively (audited) and as at 31 March 2012 (unaudited):

<b>Assets</b> in Euro million	31 March 2012 <i>(unaudited)</i>	31 December 2011 <i>(audited)</i>	31 December 2010* (adjusted) <i>(audited)</i>
Non-current assets .....	73,918	74,425	67,013
Current assets .....	51,346	49,004	43,151
Total assets .....	125,264	123,429	110,164
<b>Equity and liabilities</b> in Euro million	31 March 2012 <i>(unaudited)</i>	31 December 2011 <i>(audited)</i>	31 December 2010* (adjusted) <i>(audited)</i>
Equity .....	28,531	27,103	23,930
Non-current provisions and liabilities	52,135	49,113	46,100
Current provisions and liabilities .....	44,598	47,213	40,134
Total equity and liabilities .....	125,264	123,429	110,164

The following table shows selected consolidated financial information of the cash flow statement of BMW Group for the first quarter 2012 and 2011, respectively (unaudited) and for the financial year ended 31 December 2011 and 31 December 2010, respectively (audited):

in Euro million	1 January to 31 March 2012 <i>(unaudited)</i>		1 January to 31 December 2011 <i>(audited)</i>	
	2012	2011 (adjusted)	2011	2010* *** (adjusted)
Cash inflow/outflow from operating activities .....	2,291	2,123	5,713	4,319
Cash inflow/outflow from investing activities .....	(967)	(443)	(5,499)	(5,190)
Cash inflow/outflow from financing activities .....	266	(1,854)	87	510
Effects of exchange rate and changes in composition of group on cash and cash equivalents .....	(28)	(183)	(13)	22
Change in cash and cash equivalents .....	1,573	(301)	344	(335)
Cash and cash equivalents at 1 January ..	7,776	7,432	7,432	7,767
Cash and cash equivalents at 31 December .....	—	—	7,776	7,432
Cash and cash equivalents at 31 March ...	9,349	7,131	—	—

\* Adjusted for effect of change in accounting policy for leased products as described in note 8 of the Group annual report 2011.

\*\* Adjusted for effect in accounting policy for leased products as described in note 3 of the Q1 2012 interim group financial statement in accordance with IAS 8 and the described reclassifications.

\*\*\* Adjusted for reclassification described in note 43 to the Group Financial Statements.

The following table shows the composition of financial liabilities of the BMW Group on a consolidated basis as at 31 December 2011 and 2010, respectively (audited) and as at 31 March 2012 (unaudited):

in Euro million	31 March 2012 (unaudited)	31 December 2011 (audited)	31 December 2010 (audited)
<b>Long-term financial liabilities</b>			
Bonds .....	23,070	20,564	20,887
Liabilities to banks .....	5,841	5,415	4,226
Liabilities from customer deposits (banking).....	3,289	3,113	3,099
Asset backed financing transactions..	5,945	6,233	5,713
Derivative instruments .....	1,039	1,480	1,066
Other.....	727	792	842
<b>Total long-term financial liabilities...</b>	<b>39,911</b>	<b>37,597</b>	<b>35,833</b>
<b>Short-term financial liabilities</b>			
Bonds .....	8,290	8,009	6,681
Liabilities to banks .....	2,728	2,983	3,514
Liabilities from customer deposits (banking).....	9,864	8,928	7,590
Commercial paper .....	1,923	5,478	5,242
Asset backed financing transactions...	2,717	3,152	1,793
Derivative instruments .....	731	999	944
Other.....	891	831	756
<b>Total short-term financial liabilities .</b>	<b>27,144</b>	<b>30,380</b>	<b>26,520</b>
<b>Total financial liabilities .....</b>	<b>67,055</b>	<b>67,977</b>	<b>62,353</b>

#### 4. Risk Factors

The operations of BMW AG and BMW Group involve certain risks typically associated with the business BMW AG and BMW Group engages in.

A description of such risks is set out in Part A.II. of this Prospectus ("Risk Factors") under item 2.

#### 5. Information about BMW AG

##### General

BMW AG dates its foundation from the founding of "Bayerische Flugzeugwerke" on 7 March 1916, from which it acquired all plants and installations, patents, and designs and all rights and obligations arising from the engine manufacturing operations in 1922.

BMW AG acts under its legal and commercial name "Bayerische Motoren Werke Aktiengesellschaft".

BMW AG has its registered seat in Munich and is registered under the Reg. No. HRB 42243 of the Commercial Register in Munich. Registered branch offices are located in Berlin, Bonn, Bremen, Chemnitz, Darmstadt, Dortmund, Dresden, Düsseldorf, Essen, Frankfurt am Main, Hamburg, Hanover, Kassel, Leipzig, Mannheim, Munich, Nürnberg, Saarbrücken and Stuttgart.

The head office of BMW AG is at Petuelring 130, 80788 Munich, Federal Republic of Germany. Its telephone number is +49 89 382 0.

BMW AG is incorporated as a public stock corporation (Aktiengesellschaft) under the laws of the Federal Republic of Germany ("Germany").

##### Principal Investments in 2011

Capital expenditure in 2011 amounted to euro 3,692 million, 13.1% above the previous year's figure (2010: euro 3,263 million). The main focus in 2011 was on product investments for new model start ups



(BMW 1 Series, 3 Series), on infrastructure investments aimed at expanding the production network and on the future production of electric cars (BMW i3 and i8).

In 2011, the BMW Group invested euro 2,720 million in property, plant and equipment and other intangible assets (2010: euro 2,312 million; +17.6%). In addition, development expenditure of euro 972 million was recognized as assets (2010: euro 951 million; +2.2%). The percentage of development costs capitalised decreased to 28.8%, mainly due to model life cycle factors (2010: 34.3%). Despite substantial levels of investment in innovative products and technologies, the capital expenditure ratio (capital expenditure as a percentage of Group revenues) for the year remained unchanged at 5.4% and therefore remained well within the target range of below 7% of Group revenues.

### **Principal Investments since 31 December 2011 and Principal Future Investments**

In July 2011, the BMW Group announced the purchase of ING Car Lease Group (ICL Group). This addition, combined with the existing Alphabet fleet business, increased the number of leasing and fleet management contracts handled by BMW Group to approximately 540,000. Alphabet is now one of the top five fleet service providers on the European market, mainly concentrating on the growing sector of full-service leasing. The expansion of fleet management business provides the ideal foundation for developing forward-looking mobility solutions and services.

During the period under report, BMW AG acquired 15.81% of the share capital of SGL Carbon SE; reinforcing its engagement in the area of lightweight construction and the use of carbon-fibre reinforced plastics (CFRP) in carmaking. CFRP will be used extensively in the BMW i vehicles that is to be launched by the BMW Group from 2013 onwards.

## **6. Business Overview**

### **Purpose of BMW AG**

According § 2 of its articles of association, the general purpose of BMW AG is to engage, directly or indirectly, in the production and sale of engines and engine-equipped vehicles, along with their respective accessories, as well as of any products of the machinery, metal and timber industries. Within these limits BMW AG is entitled to take all actions and measures, which may be incidental to the foregoing purposes. In particular, BMW AG may acquire or alienate real property, set up domestic and foreign subsidiaries, establish or purchase other companies of the same or a similar kind, acquire interests in such companies and enter into agreements on community of interests and similar contracts.

### **Principal Activities**

The activities of the BMW Group are broken down into the operating segments Automobiles, Motorcycles, Financial Services and Other Entities.

The Automobiles segment develops, manufactures, assembles and sells cars and off-road vehicles, under the brands BMW, MINI and Rolls-Royce as well as spare parts and accessories. BMW and MINI brand products are sold in Germany through branches of BMW AG and by independent, authorised dealers. Sales outside Germany are handled primarily by subsidiary companies and, in a number of markets, by independent import companies. Rolls-Royce brand vehicles are sold in the USA via a subsidiary company and elsewhere by independent, authorized dealers.

The BMW Motorcycles segment develops, manufactures, assembles and sells BMW and Husqvarna brand motorcycles as well as spare parts and accessories.

The principal lines of business of the Financial Services segment are primarily on car leasing, fleet business, retail customer and dealer financing, customer deposit business and insurance activities.

## Revenues by segment

	1 January to 31 December 2011	1 January to 31 December 2010
in Euro million		
Automotive.....	63,229	54,137
Motorcycles.....	1,436	1,304
Financial Services .....	17,510	16,617
Other Entities .....	5	4
Eliminations (2010 adjusted*).....	(13,359)	(11,585)
<b>Group (2010 adjusted*) .....</b>	<b>68,821</b>	<b>60,477</b>

## Profit before tax by segment (unaudited)

	1 January to 31 December 2011	1 January to 31 December 2010
in Euro million		
Automotive.....	6,823	3,887
Motorcycles.....	41	65
Financial Services .....	1,790	1,214
Other Entities .....	(168)	45
Eliminations (2010 adjusted*).....	(1,103)	(358)
<b>Group (2010 adjusted*) .....</b>	<b>7,383</b>	<b>4,853</b>

\* Adjusted for effect of change in accounting policy for leased products

## New Products

In 2012, the BMW Group will continue to expand its product range and global presence with the introduction of new vehicles and the replacement of certain existing model lines.

## Principal Markets

In 2011, the key automobile markets for the BMW Group were as follows:

BMW Group – key automobile markets 2011	Percentage of total sales volume
USA.....	18.4
Germany .....	17.1
China* .....	14.0
Great Britain.....	10.0
Italy.....	4.3
France.....	4.2
Japan .....	2.9
Other .....	29.1

\*including automobiles from the joint venture BMW Brilliance

The strong competitive position of BMW in Europe and North America and dynamic growth in Asia contributed to all brands reporting record-breaking sales volume figures in 2011. A total of 1,668,982 vehicles were sold in 2011, the best sales volume performance ever achieved in the Company's history. 1,380,384 BMW brand cars were sold worldwide in 2011, 12.8% more than 2010. MINI brand sales totalled 285,060 units worldwide in 2011(+21.7%) while Rolls-Royce Motor Cars saw sharp sales volume increase, with number of cars sold totalling 3,538 units (+30.5%).

In Europe, sales of the three brands rose by 8.5% to 858,383 units, sales volume in Germany was up by 6.8% to 285,257 units and in Great Britain by 8.2% to 167,456 units. Increases were also recorded for Italy (72,521 units; +4.9%) and France (70,422 units; + 8.6%). The only market to record a drop was that of Spain, where economic uncertainties caused sales volume to fall by 10.3% to 37,047 units.

The number of cars sold in North America in 2011 rose sharply(+14.4%) to 341,345 units, with the USA reporting growth of 14.9% to 306,349 units.

Sales performance in Asia was particularly strong with 375,452 BMW, MINI and Rolls-Royce Motor Cars brand vehicles sold (+31.1%). The main contributor to this significant increase was the Chinese market, with sales up by 37.7% to 233,630\* units. At 47,663 units, the number of cars sold in Japan rose by 9.2% on the previous year figure.

\*including automobiles from the joint venture BMW Brilliance

In 2011, the key motorcycles markets for the BMW Group were as follows:

BMW Group – key motorcycle markets 2011	Percentage of total sales volume
Germany .....	18.6
Italy .....	13.5
USA .....	10.5
France.....	9.0
Spain.....	5.6
Great Britain.....	5.5
Other.....	37.3

Sales of motorcycles in Europe were on a par with the previous year's high level (75,073 units;+0.7%). Performance in Germany was particularly strong, with motorcycle sales in 2011 up by 15.7% to 21,119 units. Sales volume also rose in France compared to the previous year, with the number of motorcycles sold going up by 5.1% to 10,243 units. By contrast, sales figures were down in Italy (15,304 units;-9.8%), Spain (6,345 units;-12.1%) and Great Britain (6,276 units, -7.7%). 11,981 motorcycles were sold in the USA, 7.4% more than one year earlier. The figure contrasts with the sales performance in Japan, where the number of motorcycles sold dropped by 17.9% to 2,786 units. The fastest growth rate (+53.1%) was registered in Brazil, where the BMW Group sold 5,442 motorcycles.

## 7. Organisational Structure

The BMW AG is parent company within the BMW Group.

As at 31 December 2011, the principal domestic subsidiaries of BMW AG were the following:

Principal subsidiaries of BMW AG at 31 December 2011	Equity in euro million	Net result in euro million	Capital investment in %
<b>Domestic<sup>1</sup></b>			
BMW INTEC Beteiligungs GmbH, Munich <sup>2</sup> .....	3,558	—	100
BMW Bank GmbH, Munich <sup>2</sup> .....	1,657	—	100
BMW Finanz Verwaltungs GmbH, Munich .....	297	85	100
BMW Hams Hall Motoren GmbH, Munich <sup>3</sup> .....	15	—	100
BMW Fahrzeugtechnik GmbH, Eisenach <sup>2</sup> .....	11	—	100
Rolls- Royce Motor Cars GmbH, Munich <sup>3</sup> .....	1	—	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich <sup>2</sup> .....	- <sup>4</sup>	—	100

1 In the case of German subsidiaries, based on financial statements drawn up in accordance with HGB.

2 profit and loss transfer agreement with BMW AG

3 profit and loss transfer agreement with a subsidiary of BMW AG

4 below euro 500,000

As at 31 December 2011, the principal foreign subsidiaries of BMW AG were the following:

<b>Principal subsidiaries of BMW AG at 31 December 2011</b>	<b>Equity in euro million</b>	<b>Net result in euro million</b>	<b>Capital investment in %</b>
<b>Foreign</b>			
BMW Österreich Holding GmbH, Steyr .....	1,681	1,047	100
BMW China Automotive Trading Ltd., Beijing .....	1,416	1,394	100
BMW Motoren GmbH, Steyr .....	848	178	100
BMW Russland Trading OOO, Moscow .....	246	137	100
BMW Austria Gesellschaft m. b. H., Salzburg .....	56	7	100
BMW Vertriebs GmbH, Salzburg .....	88	17	100
 BMW Holding B.V., The Hague .....	 7,185	 1,113	 100
BMW (South Africa) (Pty) Ltd., Pretoria .....	671	141	100
BMW Finance N.V., The Hague .....	377	39	100
BMW (Schweiz) AG, Dielsdorf .....	274	16	100
BMW Japan Corp., Tokyo .....	150	13	100
— BMW Japan Finance Corp., Tokyo .....	367	49	100
BMW Italia S.p.A., Milan .....	347	(7)	100
BMW Australia Finance Ltd., Melbourne, Victoria .....	261	49	100
BMW Belgium Luxembourg S.A./N.V., Bornem .....	236	20	100
BMW Canada Inc., Whitby .....	121	88	100
BMW France S.A., Montigny le Bretonneux .....	145	19	100
BMW Sverige AB, Stockholm .....	46	16	100
BMW Korea Co., Ltd., Seoul .....	72	32	100
BMW Portugal Lda., Lisbon .....	34	(10)	100
BMW Automotive (Ireland) Ltd., Dublin .....	22	3	100
BMW Nederland B.V., The Hague .....	(3)	10	100
BMW Australia Ltd., Melbourne, Victoria .....	(95)	24	100
BMW India Private Ltd., New Delhi .....	76	12	100
 BMW (UK) Holdings Ltd., Bracknell .....	 444	 (49)	 100
BMW (UK) Manufacturing Ltd., Bracknell .....	1,182	114	100
BMW (UK) Ltd., Bracknell .....	724	32	100
BMW Financial Services (GB) Ltd., Hook .....	481	128	100
BMW (UK) Capital plc, Bracknell .....	252	27	100
BMW Malta Ltd., St. Julians .....	1,102	104	100
—BMW Malta Finance Ltd., St. Julians .....	922	59	100
— BMW Coordination Center V. o. F., Bornem .....	592	10	100
BMW España Finance S. L., Madrid .....	490	1	100
— BMW Ibérica S. A., Madrid .....	335	30	100
— BMW de Mexico, S. A. de C. V., Mexico City .....	4	(5)	100
BMW do Brasil Ltda., São Paulo .....	127	48	100
 BMW (US) Holding Corp., Wilmington, Del. ....	 1,531	 228	 100
BMW Manufacturing, LLC, Wilmington, Del. ....	770	114	100
BMW of North America, LLC, Wilmington, Del. ....	58	66	100
BMW US Capital, LLC, Wilmington, Del. ....	307	(11)	100
Financial Service Vehicle Trust, Wilmington, Del. ....	216	108	100
BMW Insurance Agency, Inc., Wilmington, Del. ....	3	1	100
BMW Bank of North America, Inc., Salt Lake City, UT .....	770	186	100
BMW Financial Services NA, LLC, Wilmington, DE .....	922	408	100

Investments in large-sized corporations, in which BMW AG holds more than 5% of the voting rights (to the extent not included above)

\*In the case of foreign subsidiaries, based on financial statements drawn up in accordance with uniform IFRSs accounting policies. Equity and net result are translated at the closing rate.

## 8. Trend Information

Save as disclosed in the following sub-paragraph of this section, there has been no material adverse change in the prospects of BMW AG since the date of its published audited financial statements for the financial year ended 31 December 2011.

General concerns regarding the stability of financial system, fears of adverse developments in the sovereign debt crisis and other adverse external factors will continue to affect reported earnings in 2012. Currency factors, high raw material prices and intense competition will again affect reported earnings in 2012.

## 9. Administrative, Management, and Supervisory Bodies

### Corporate Bodies: Names, Business Addresses, and Functions

The corporate bodies of the BMW AG are:

- (i) The Board of Management;
- (ii) The Supervisory Board; and
- (iii) The General Meeting of Shareholders

#### (i) The Board of Management

In accordance with the Articles of Association, the Board of Management consists of two or more members. The Supervisory Board determines the number of the members of the Board of Management and appoints the members of the Board of Management.

As at the date of this Prospectus, members of the Board of Management are:

Name and Position	Other Mandates*
<b>Dr.-Ing. Dr.-Ing.E.h. Norbert Reithofer</b> Chairman	- Henkel AG & Co.KgaA ( since 11.04.2011)
<b>Frank-Peter Arndt</b> Production	<ul style="list-style-type: none"><li>- BMW Motoren GmbH (Chairman)</li><li>- TÜV Süd AG)</li><li>- BMW (South Africa) (Pty) Ltd. (Chairman)</li><li>- Leipziger Messe GmbH</li></ul>
<b>Dr.-Ing. Herbert Diess</b> Development	
<b>Dr.-Ing. Klaus Draeger</b> Purchasing and Supplier Network	
<b>Dr. Friedrich Eichiner</b> Finance	<ul style="list-style-type: none"><li>- Allianz Deutschland AG</li><li>- BMW Brilliance Automotive Ltd. (Deputy Chairman)</li></ul>
<b>Harald Krüger</b> MINI, Motorcycles, Rolls-Royce, After Sales BMW Group, Human Resources	
<b>Ian Robertson</b> Sales and Marketing BMW, Sales Channels BMW – Rolls-Royce Motor Cars Limited (Chairman) Group	
General Counsel:	
<b>Dr. Dieter Löchelt</b>	

\* Based on information available from the Annual Report 2011

The business address of the Board of Management of BMW AG is Bayerische Motoren Werke Aktiengesellschaft, Projekthaus, 80788 Munich.

(ii) The Supervisory Board

In accordance with the Articles of Association, the Supervisory Board consists of twenty members, of whom ten are elected by the General Meeting of Shareholders and ten are elected by the employees in accordance with the German Co-determination Act (*Mitbestimmungsgesetz*).

As at the date of this Prospectus, members of the Supervisory Board are:

Name and Position	Other Mandates**
<b>Prof. Dr.-Ing. Dr. h. c. Dr.-Ing. E. h. Joachim Milberg</b> Chairman Former Chairman of the Board of Management of BMW AG  Chairman of the Presiding Board, Personnel Committee and Nomination Committee; member of Audit Committee and the Mediation Committee	– Bertelsmann AG (Deputy Chairman since 07.06.2011) – FESTO AG (Chairman since 26.03.2011) – SAP AG – ZF Friedrichshafen AG (until 31.12.2011) – Deere & Company
<b>Manfred Schoch<sup>1</sup></b> Deputy Chairman Chairman of the European and General Works Council Industrial Engineer  Member of the Presiding Board, Personnel Committee, Audit Committee and Mediation Committee	
<b>Stefan Quandt</b> Deputy Chairman Entrepreneur  Member of the Presiding Board, Personnel Committee, Audit Committee, Nomination Committee and Mediation Committee	– DELTON AG (Chairman) – Karlsruher Institut für Technologie (KIT) (until 30.09.2011) – AQTON SE (Chairman) – DataCard Corp.
<b>Stefan Schmid<sup>1</sup></b> Deputy Chairman Chairman of the Works Council, Dingolfing Member of the Presiding Board, Personnel Committee, Audit Committee and Mediation Committee	
<b>Dr. jur. Karl-Ludwig Kley</b> Deputy Chairman Chairman of the Executive Management of Merck KGaA  Chairman of the Audit Committee and Independent Finance Expert; member of the Presiding Board, Personnel Committee and Nomination Committee	– Bertelsmann AG – 1.FC Köln GmbH & Co. KGaA (Chairman)

<sup>1</sup> Employee representatives (company employees).

<sup>2</sup> Employee representatives (union representatives).

<sup>3</sup> Employee representative (member of senior management).

– Membership of other statutory supervisory boards

– Membership of equivalent national or foreign boards of business enterprises

**Bertin Eichler<sup>2</sup>**

Executive Member of the Executive Board of  
IG Metall

- ThyssenKrupp AG (Deputy Chairman)
- BGAG Beteiligungsgesellschaft der Gewerkschaften GmbH (Chairman)

**Franz Haniel**

Engineer, MBA

- DELTON AG (Deputy Chairman)
- Franz Haniel & Cie. GmbH (Chairman)
- Heraeus Holding GmbH
- Metro AG (Chairman) (since 18.11.2011)
- secunet Security Networks AG
- Giesecke & Devrient GmbH
- TBG Limited

**Prof. Dr. rer. nat. Dr. h. c. Reinhard Hüttl**

Chairman of the Executive Board of  
Helmholtz-Zentrum Potsdam Deutsches  
GeoForschungsZentrum – GFZ  
University professor

**Prof. Dr. rer. nat. Dr.-Ing. E. h.****Henning Kagermann**

President of acatech – Deutsche Akademie  
der Technikwissenschaften e.V.

- Deutsche Bank AG
- Deutsche Post AG
- Münchner Rückversicherungs-Gesellschaft  
Aktiengesellschaft in München
- Nokia Corporation
- Wipro Limited

**Susanne Klatten**

Entrepreneur

- ALTANA AG (Deputy Chairman)
- SGL Carbon SE
- UnternehmerTUM GmbH (Chairman)

**Prof. Dr. rer. pol. Renate Köcher**

Director of Institut für Demoskopie Allensbach  
Gesellschaft zum Studium der öffentlichen  
Meinung mbH

- Allianz SE
- Infineon Technologies AG
- MAN SE (until 27.06.2011)

**Dr. h. c. Robert W. Lane**

Former Chairman and Chief Executive Officer  
of Deere & Company

- General Electric Company
- Northern Trust Corporation
- Verizon Communications Inc.

**Horst Lischka<sup>2</sup>**

General Representative of IG Metall Munich

- KraussMaffei AG
- MAN Truck & Bus AG

**Willibald Löw<sup>1</sup>**

Chairman of the Works Council, Landshut

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<sup>1</sup> Employee representatives (company employees).

<sup>2</sup> Employee representatives (union representatives).

<sup>3</sup> Employee representative (member of senior management).

– Membership of other statutory supervisory boards

– Membership of equivalent national or foreign boards of business enterprises

**Wolfgang Mayrhuber**

Former Chairman of the Board of  
Management of Deutsche Lufthansa AG

- Infineon Technologies AG (Chairman)(since 17.02.2011)
- Lufthansa Technik AG
- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
- Austrian Airlines AG
- HEICO Corporation
- SN Airholding SA/NV (until 26.10.2011)
- UBS AG

**Franz Oberländer<sup>1</sup>**

Member of the Works Council, Munich

**Anton Ruf<sup>3</sup>**

Head of Development “Small Model Series”

**Maria Schmidt<sup>1</sup>** Member of the Works  
Council, Dingolfing

**Jürgen Wechsler<sup>2</sup>**

(since 10.02.2011)

Regional Head of IG Metall Bavaria

– Schaeffler AG (Deputy Chairman)

**Werner Zierer<sup>1</sup>**

Chairman of the Works Council, Regensburg

The business address of the Supervisory Board of BMW AG is Bayerische Motoren Werke Aktiengesellschaft, Projekthaus, 80788 Munich.

**(iii) The General Meeting of Shareholders**

The General Meeting of Shareholders, which is called by the Board of Management or, as provided by law, by the Supervisory Board, is held at the registered office of BMW AG, the seat of a branch or subsidiary of BMW AG or at the seat of a stock exchange within the territory of the Federal Republic of Germany or if the convening of the General Meeting of Shareholders at these places should create difficulties, the General Meeting of Shareholders may be held at any other location.

The voting right of each common bearer share gives entitlement to one vote.

**Administrative, Management, and Supervisory Bodies Conflicts of Interests**

The members of the Supervisory Board of BMW AG hold in total 27.65 % (2010: 27.66%) of the issued common and preferred stock shares, of which 16.09 % (2010:16.10%) relates to Stefan Quandt, Bad Homburg v. d. H. and 11.56% (2010:11.56%) to Susanne Klatten, Munich. The shareholding of the members of the Board of Management totals less than 1% of issued shares.

As at the date of this Prospectus, the above-mentioned members of the corporate bodies of BMW AG do not have potential conflicts of interests between any duties to BMW AG and their respective private interests or duties.

<sup>1</sup> Employee representatives (company employees).

<sup>2</sup> Employee representatives (union representatives).

<sup>3</sup> Employee representative (member of senior management).

– Membership of other statutory supervisory boards

– Membership of equivalent national or foreign boards of business enterprises



## 10. Board Practices

### Audit Committee

The Audit Committee consists of the Chairman and the Deputy Chairmen of the Supervisory Board of BMW AG.

As at the date of this Prospectus, the members of the Audit Committee are:

**Dr. jur. Karl-Ludwig Kley** (Chairman of the Audit Committee and independent finance expert)

Prof. Dr.-Ing. Dr. h.c. Dr.-Ing. E.h. Joachim Milberg (member of the Audit Committee)

Manfred Schoch (member of the Audit Committee)

Stefan Quandt (member of the Audit Committee)

Stefan Schmid (member of the Audit Committee)

In line with the recommendations of the German Corporate Governance Code, the Chairman of the Audit Committee is independent and not a former Chairman of the Board of Management. He is required to have specific know-how and experience in applying financial reporting standards and internal control procedures. Alongside other members of the Supervisory Board, he also fulfils the requirements of being an independent financial expert as defined by § 100 (5) and § 107 (4) AktG.

### Corporate Governance

#### **Declaration of the Board of Management and of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft with respect to the recommendations of the “Government Commission on the German Corporate Governance Code” pursuant to § 161 German Stock Corporation Act**

The Board of Management and Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft (“BMWAG”) declare the following regarding the recommendations of the “Government Commission on the German Corporate Governance Code”:

Since issuance of the last Declaration in December 2010, BMW AG has complied with all of the recommendations published on 2 July 2010 in the electronic Federal Gazette (Code version dated 26 May 2010) and will comply with these recommendations in the future without exception.

This recommendation will also be complied with in future.

Munich, December 2011

### **Bayerische Motoren Werke**

*Aktiengesellschaft*

Supervisory Board

Board of Management

### **Reason for divergence**

Section 4.2.2 paragraph 1 GCGC:

The Supervisory Board has transferred discussion and regular review of the structure of the compensation system of the Board of Management to the Personnel Committee. The Supervisory Board is informed on a regular basis and in detail of the work of the Personnel Committee.

## 11. Major Shareholders

Since the shares of BMW AG are issued in bearer form, in principle they can be transferred without the necessity to inform BMW AG of such transfer. Only in case a shareholding reaches, exceeds or falls short of the thresholds determined by law of 3 per cent., 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. or 75 per cent. of voting rights of BMW AG, BMW AG has to be notified and to publish the respective information. In the event that the shareholding of members of the Board of Directors and Supervisory Board of BMW AG exceeds 1 per cent. of the issued share capital, BMW AG shall publish the aggregate shareholding (including common and preferred shares) in the Notes to the Annual Report of the BMW Group in accordance with section 6.6 GCGC.

The Guarantor can therefore only give an indication of the shareholdings as of the last date in respect of which BMW AG was notified of a change in the shareholding (legally relevant in the above sense), or in the case of members of the Board of Directors or the Supervisory Board of BMW AG, as of the date of the latest annual financial statements. Since that time of notification and publication there may have been changes, of which the corporation need not be notified. The number of shares held by the major shareholders indicated in the below table may therefore have increased or decreased in the meantime (since the last notification by each of them) within the limits that do not require a notification.

	Direct share of voting rights (%)	Indirect share of voting rights (%)
Stefan Quandt, Bad Homburg v.d.Höhe, Germany .....		17.4
AQTON SE, Bad Homburg v.d.Höhe, Germany .....		17.4
Stefan Quandt Verwaltungs GmbH, Bad Homburg v.d.Höhe, Germany.....		17.4
Stefan Quandt GmbH & Co. KG für Automobilwerte, Bad Homburg v.d.Höhe, Germany .....	17.4	
Johanna Quandt, Bad Homburg v.d.Höhe, Germany.....	0.4	16.3
Johanna Quandt GmbH, Bad Homburg v.d.Höhe, Germany.....		16.3
Johanna Quandt GmbH & Co. KG für Automobilwerte, Bad Homburg v.d.Höhe, Germany .....	16.3	
Susanne Klatten, Munich, Germany.....		12.6
Susanne Klatten Beteiligungs GmbH, Bad Homburg v.d.Höhe, Germany ..		12.6
Susanne Klatten GmbH, Bad Homburg v.d.Höhe, Germany.....		12.6
Susanne Klatten GmbH & Co. KG für Automobilwerte, Bad Homburg v.d.Höhe, Germany .....	12.6	

\* based on voluntary balance notifications provided by the listed shareholders at 31 December 2008

The voting power percentages disclosed above may have changed subsequent to the stated date if these changes were not required to be reported to the Company.

BMW AG considers itself to be not controlled by any of its shareholders. Certain major shareholders hold positions in corporate bodies of BMW AG (as described herein) but no measures have been taken, and no such measures are believed to be necessary, in order to avoid a potential abuse of the influence of such major shareholders on BMW AG by virtue of the respective stake of share capital so held by them.

## 12. Financial Information concerning BMW AG's Assets and Liabilities, Financial Position and Profits and Losses

### Historical Financial Information

The following information is extracted from the consolidated financial statements as of 31 December 2011 of BMW AG ("BMW Group Financial Statements" or "Group Financial Statements") as published in the BMW Group Annual Report 2011 of which parts are incorporated by reference into this Prospectus. Such information should be read and analysed together with the "Notes to the Group Financial Statements" included in the BMW Group

**Annual Report 2011. Parts of the consolidated interim financial statements of BMW AG as of 31 March 2012 (unaudited) are incorporated by reference into this Prospectus as well. Copies of the BMW Group Annual Report 2011 and the interim financial statements can be obtained, free of charge, in the case of securities listed on a recognised stock exchange, at the offices of the respective listing agent in connection with such issue of securities and, in any event, at the registered address of BMW AG set out above and will be published on the website of the Luxembourg Stock Exchange under “www.bourse.lu”.**

### **BMW Group Financial Statements Accounting Policies**

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (“BMW Group financial statements” or “Group financial statements”) at 31 December 2011 have been drawn up in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the EU. The designation “IFRSs” also includes all valid International Accounting Standards (IASs). All interpretations of the International Financial Reporting Interpretations Committee (IFRIC) mandatory for the financial year 2011 are also applied.

The Group financial statements comply with provision § 315a of the German Commercial Code (HGB). This provision, in conjunction with the Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, relating to the application of International Financial Reporting Standards, provides the legal basis for preparing consolidated financial statements in accordance with international standards in Germany and applies to financial years beginning on or after 1 January 2005.

The financial information set out in this Prospectus gives, when read in conjunction with the financial statements incorporated herein, a true and fair view of the financial position of BMW AG in conformity with applicable accounting policies.

### **BMW Group**

#### **Group and sub-group Income Statements**

The following table shows the income statements of BMW Group for the financial years ended 31 December 2011 and 31 December 2010, respectively:

	Group		Automotive(unaudited supplementary information)		Motorcycles(unaudited supplementary information)	
	2011	2010*	2011	2010	2011	2010
in euro million		(adjusted)				
Revenues.....	68,821	60,477	63,229	54,137	1,436	1,304
Cost of sales .....	(54,276)	(49,545)	(50,164)	(44,703)	(1,207)	(1,095)
<b>Gross profit .....</b>	<b>14,545</b>	<b>10,932</b>	<b>13,065</b>	<b>9,434</b>	<b>229</b>	<b>209</b>
Sales and administrative costs .....	(6,177)	(5,529)	(5,260)	(4,778)	(176)	(140)
Other operating income .....	782	766	528	508	2	3
Other operating expenses .....	(1,132)	(1,058)	(856)	(809)	(10)	(1)
<b>Profit/loss before financial result .....</b>	<b>8,018</b>	<b>5,111</b>	<b>7,477</b>	<b>4,355</b>	<b>45</b>	<b>71</b>
Result from equity accounted investments .....	162	98	164	98	—	—
Interest and similar income .....	763	685	680	556	8	7
Interest and similar expenses .....	(943)	(966)	(889)	(871)	(12)	(13)
Other financial result .....	(617)	(75)	(609)	(251)	—	—
Financial result.....	(635)	(258)	(654)	(468)	(4)	(6)
<b>Profit/loss before tax .....</b>	<b>7,383</b>	<b>4,853</b>	<b>6,823</b>	<b>3,887</b>	<b>41</b>	<b>65</b>

Income taxes .....	(2,476)	(1,610)	(1,832)	(1,280)	(12)	(20)
<b>Net profit / loss.....</b>	<b>4,907</b>	<b>3,243</b>	<b>4,991</b>	<b>2,607</b>	<b>29</b>	<b>45</b>
Attributable to minority interest.....	26	16	25	15	—	—
<b>Attributable to shareholders of BMW AG.....</b>	<b>4,881</b>	<b>3,227</b>	<b>4,966</b>	<b>2,592</b>	<b>29</b>	<b>45</b>
<b>Earnings per share of common stock in euro .....</b>	<b>7.45</b>	<b>4.93</b>				
<b>Earnings per share of preferred stock in euro.....</b>	<b>7.47</b>	<b>4.95</b>				

\* adjusted for effect of change in accounting policy for leased products

	Financial Services(unaudited supplementary information)		Other Entities(unaudited supplementary information)		Eliminations(unaudited supplementary information)	
	2011	2010	2011	2010	2011	2010*
in euro million						
Revenues .....	17,510	16,617	5	4	(13,359)	(11,585)
Cost of sales .....	(15,013)	(14,798)	-	-	12,108	11,051
<b>Gross profit .....</b>	<b>2,497</b>	<b>1,819</b>	<b>5</b>	<b>4</b>	<b>(1,251)</b>	<b>(534)</b>
Sales and administrative costs .....	(719)	(589)	(27)	(16)	5	(6)
Other operating income .....	74	72	249	224	(71)	(41)
Other operating expenses .....	(89)	(101)	(246)	(253)	69	106
<b>Profit/loss before financial result.....</b>	<b>1,763</b>	<b>1,201</b>	<b>(19)</b>	<b>(41)</b>	<b>(1,248)</b>	<b>(475)</b>
Result from equity accounted investments..	—	—	(2)	—	—	—
Interest and similar income .....	5	4	1,739	1,984	(1,669)	(1,866)
Interest and similar expenses.....	(15)	(7)	(1,841)	(2,058)	1,814	1,983
Other financial result .....	37	16	(45)	160	—	-
Financial result .....	27	13	(149)	86	145	117
<b>Profit/loss before tax .....</b>	<b>1,790</b>	<b>1,214</b>	<b>(168)</b>	<b>45</b>	<b>(1,103)</b>	<b>(358)</b>
Income taxes .....	(1,053)	(446)	37	22	384	114
<b>Net profit / loss .....</b>	<b>737</b>	<b>768</b>	<b>(131)</b>	<b>67</b>	<b>(719)</b>	<b>(244)</b>
Attributable to minority interest .....	-	1	1	—	—	—
<b>Attributable to shareholders of BMW AG ...</b>	<b>737</b>	<b>767</b>	<b>(132)</b>	<b>67</b>	<b>(719)</b>	<b>(244)</b>
<b>Earnings per share of common stock in euro</b>						
<b>Earnings per share of preferred stock in euro</b>						

\* adjusted for effect of change in accounting policy for leased products

### Earnings Performance\*

Sales volume, revenues and earnings reached record levels for BMW Group in 2011. With this performance, BMW Group remains the world's leading manufacturer of premium cars. Earnings benefited in particular from a high-value model mix, strong market position and further efficiency improvements.

The BMW Group recorded a net profit of euro 4,907 million (2010: euro 3,243 million) for the financial year 2011. The post-tax return on sales was 7.1 % (2010: 5.4%). Earnings per share of common and preferred stock were euro 7.45 and euro 7.47 respectively (2010: euro 4.93 and euro 4.95 respectively).

Group revenues rose by 13.8% to euro 68,821 million (2010: 60,477 million), reflecting in particular the expansion and rejuvenation of the model portfolio on the one hand and dynamic growth in Asia and other emerging markets on the other. Adjusted for exchange rate factors, the increase would have been 14.6%. Revenues from the sale of BMW, MINI and Rolls-Royce brand cars climbed by 16.9% on the back of higher sales volumes. Motorcycles business revenues were 10.5% up on the previous year. Revenues generated with Financial Services rose by 5.0%. Revenues attributable to "Other Entities" were unchanged at euro 1 million.

Revenues generated by the BMW Group in the Africa, Asia and Oceania regions increased by 25.4 %. Strong economic growth in China gave a 37.3 % boost to revenues. In the Rest of Europe region (i.e. excluding Germany) and the Americas region revenues grew by 12.8 % and 0.8 % respectively. In Germany, where revenues had fallen in the previous year, they rose by 14.7 %.

Group cost of sales increased by 9.5 % to euro 54,276 million (2010: euro 49,545 million), rising therefore at a slower rate than revenues. The main factors here were slower increases in manufacturing costs and lower refinancing costs. Gross profit increased as a result by 33.0 % to euro 14,545 million, giving a gross profit margin of 21.1 % (2010: 18.1 %). The gross profit margin recorded by the Automotive segment was 20.7 % (2010: 17.4 %) and that of the Motorcycles segment was 15.9 % (2010: 16.0 %). The Financial Services segment's gross profit margin improved by 3.4 percentage points to 14.3 %.

Research and development costs increased by 17.1 % to euro 3,610 million, in part due to activities related to the electrification of the future product range. As a percentage of revenues, the research and development cost ratio went up by 0.1 percentage point to 5.2 %. Research and development costs include amortisation of capitalized development costs amounting to euro 1,209 million (2010: euro 1,260 million). Total research and development expenditure amounted to euro 3,373 million (2010: euro 2,773 million). This figure comprises research costs, non-capitalised development costs, capitalised development costs and the systematic amortisation expense relating to capitalised development costs. The research and development expenditure ratio for 2011 was 4.9 % (2010: 4.6 %). The proportion of development costs recognised as assets in 2011 was 28.8 % (2010: 34.3 %).

Sales costs went up due to increased volumes, while administrative costs rose as a result of the higher profit share paid to employees. Overall, costs were up 11.7 % compared to the previous year. As a percentage of revenues, the sales and administrative cost ratio fell by 0.1 percentage points to 9.0 %.

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in sales and administrative costs amounted to euro 3,646 million (2010: euro 3,682 million). The net expense reported for other operating income and other operating expenses increased by euro 58 million to euro 350 million, mainly as a result of higher allocations to provisions.

As a result of the positive factors referred to above, the profit before financial result amounted to euro 8,018 million (2010: euro 5,111 million).

The financial result was a net expense of euro 635 million, which represented a deterioration of euro 377 million against the previous year (2010: net expense of euro 258 million). This development mainly reflected fair value losses incurred on commodity derivatives and on stand-alone interest rate derivatives which caused sundry other financial result to deteriorate by euro 706 million. The result from investments improved by euro 164 million, reducing the net expense for the year to euro 7 million. The previous year's net expense of euro 171 million was negatively impacted by impairment losses recognised on investments in affiliated companies. Overall, other financial result deteriorated by euro 542 million to a net expense of euro 617 million. The result from equity accounted investments improved by euro 64 million to euro 162 million. In addition to the Group's share of results from its equity accounted investments in BMW Brilliance Automotive Ltd., Shenyang, and the Cirquent Group, this also includes for the first time the Group's share of results from joint ventures with the SGL Carbon Group, from the two new DriveNow entities and from the newly founded joint venture with Peugeot SA. Within the financial result, the net interest result improved by euro 101 million.

Taking all these factors into consideration, the profit before tax improved to euro 7,383 million (2010: euro 4,853 million). The pre-tax return on sales was 10.7 % (2010: 8.0 %).

Income tax expense amounted to euro 2,476 million (2010: euro 1,610 million), resulting in an effective tax rate of 33.5 % (2010: 33.2 %).

Overall, the BMW Group recorded a net profit of euro 4,907 million (2010: euro 3,243 million) for the financial year 2011. The post-tax return on sales was 7.1 % (2010: 5.4 %).

Revenues of the Automotive segment rose by 16.8 %, while segment profit before tax jumped to euro 6,823 million (2010: euro 3,887 million). Sales volume was 14.2 % up on the previous year.

In the Motorcycles segment, the number of BMW brand motorcycles handed over to customers increased by 6.4 %. Sales of Husqvarna brand motorcycles fell by 23.0 % compared to the previous year. Segment revenues rose by 10.1 %. The segment profit before tax fell by euro 24 million to euro 41 million as a result of the loss recorded by the Husqvarna Group.

Financial Services segment revenues grew by 5.4 % to euro 17,510 million. Segment profit before tax improved to euro 1,790 million (2010: euro 1,214 million), influenced mainly by lower expense for risk provision in the areas of credit financing and residual values on the one hand and lower refinancing costs on the other. The result also includes the positive effect of exceptional income resulting from the reduction in risk provision for residual value and bad debt risks.

The Other Entities segment recorded a pre-tax loss of euro 168 million (2010: pre-tax profit of euro 45 million).

The result from inter-segment eliminations was a net expense of euro 1,103 million, up from a net expense of euro 358 million one year earlier, mainly reflecting the higher volume of new leasing business and lower Group production costs.

\* Adjusted for the effect of change in accounting policy for leased products as described in note 8 of the Group annual report 2011

## BMW Group Group and sub-group Balance Sheets

The following table shows the balance sheets of BMW Group for the financial years ended 31 December 2011 and 31 December 2010, respectively:

				Automotive(unaudited supplementary information)		Motorcycles(unaudited supplementary information)		
	in euro million	2011	Group 31.12.2010* (adjusted)	1.1.2010* (adjusted)	2011	2010	2011	2010
<b>Assets</b>								
Intangible assets .....	5,238	5,031	5,379	4,682	4,892	56	42	
Property, plant and equipment .....	11,685	11,427	11,385	11,444	11,216	202	192	
Leased products .....	23,112	19,088	19,253	151	182	—	—	
Investments accounted for using the equity method.....	302	212	137	281	189	—	—	
Other investments .....	561	177	232	4,520	3,263	—	—	
Receivables from sales financing.....	29,331	27,126	23,478	—	—	—	—	
Financial assets.....	1,702	1,867	1,519	287	662	—	—	
Deferred tax.....	1,926	1,393	1,266	2,276	1,888	—	1	
Other assets .....	568	692	640	3,139	2,473	—	—	
<b>Non-current assets .....</b>	<b>74,425</b>	<b>67,013</b>	<b>63,289</b>	<b>26,780</b>	<b>24,765</b>	<b>258</b>	<b>235</b>	
Inventories.....	9,638	7,766	6,555	9,309	7,468	318	290	
Trade receivables.....	3,286	2,329	1,857	3,014	1,983	128	114	
Receivables from sales financing.....	20,014	18,239	17,116	—	—	—	—	
Financial assets.....	3,751	3,262	3,215	2,307	1,911	—	—	
Current tax.....	1,194	1,166	950	1,065	1,068	—	—	
Other assets .....	3,345	2,957	2,484	15,333	15,871	33	44	
Cash and cash equivalents .....	7,776	7,432	7,767	5,829	5,585	3	4	
<b>Current assets .....</b>	<b>49,004</b>	<b>43,151</b>	<b>39,944</b>	<b>36,857</b>	<b>33,886</b>	<b>482</b>	<b>452</b>	
<b>Total assets .....</b>	<b>123,429</b>	<b>110,164</b>	<b>103,233</b>	<b>63,637</b>	<b>58,651</b>	<b>740</b>	<b>687</b>	
in euro million	2011	31.12.2010** (adjusted)	1.1.2010** (adjusted)	2011	2010	2011	2010	
<b>Equity and liabilities</b>								
Subscribed capital .....	655	655	655	—	—	—	—	
Capital reserves .....	1,955	1,939	1,921	—	—	—	—	
Revenue reserves .....	26,102	22,492	19,665	—	—	—	—	
Accumulated other equity.....	(1,674)	(1,182)	(1,518)	—	—	—	—	
Minority interest .....	65	26	13	—	—	—	—	
<b>Equity .....</b>	<b>27,103</b>	<b>23,930</b>	<b>20,736</b>	<b>26,154</b>	<b>23,993</b>	<b>—</b>	<b>—</b>	
Pension provisions .....	2,183	1,563	2,972	811	349	44	18	
Other provisions .....	3,149	2,721	2,706	2,840	2,348	114	93	
Deferred tax.....	3,273	3,400	3,228	893	1,726	—	2	
Financial liabilities .....	37,597	35,833	34,391	1,822	1,164	—	—	
Other liabilities.....	2,911	2,583	2,281	3,289	2,873	383	314	
<b>Non-current provisions and liabilities ....</b>	<b>49,113</b>	<b>46,100</b>	<b>45,578</b>	<b>9,655</b>	<b>8,460</b>	<b>541</b>	<b>427</b>	
Other provisions .....	3,104	2,826	2,058	2,519	2,336	57	47	
Current tax.....	1,363	1,198	836	1,188	1,026	—	—	
Financial liabilities .....	30,380	26,520	29,934	1,468	961	—	—	

Trade payables.....	5,340	4,351	3,122	4,719	3,713	125	199
Other liabilities.....	7,026	5,239	3,969	17,934	18,162	17	14
<b>Current provisions and liabilities.....</b>	<b>47,213</b>	<b>40,134</b>	<b>36,919</b>	<b>27,828</b>	<b>26,198</b>	<b>199</b>	<b>260</b>
<b>Total equity and liabilities.....</b>	<b>123,429</b>	<b>110,164</b>	<b>103,233</b>	<b>63,637</b>	<b>58,651</b>	<b>740</b>	<b>687</b>

\* Adjusted for effect of change in accounting policy for leased products as described in note 8 of the Group annual report 2011

\*\* Adjusted for effect of change in accounting policy for leased products as described in note 8 and from the reclassification of actuarial gains and losses on defined benefit pension plans described in note 34 of the Group annual report 2011.

	Financial Services (unaudited supplementary information)		Other Entities (unaudited supplementary information)		Eliminations (unaudited supplementary information)	
in euro million	2011	2010	2011	2010	2011	2010*(adj usted)
<b>Assets</b>						
Intangible assets.....	499	97	1	—	—	—
Property, plant and equipment.....	39	19	—	—	—	—
Leased products .....	25,900	20,868	—	—	(2,939)	(1,962)
Investments accounted for using the equity method.....	—	—	21	23	—	—
Other investments .....	8	8	5,727	5,134	(9,694)	(8,228)
Receivables from sales financing .....	29,331	27,126	—	—	—	—
Financial assets.....	67	7	1,883	1,622	(535)	(424)
Deferred tax.....	216	603	373	320	(939)	(1,419)
Other assets .....	1,185	1,176	15,384	12,538	(19,140)	(15,495)
<b>Non-current assets .....</b>	<b>57,245</b>	<b>49,904</b>	<b>23,389</b>	<b>19,637</b>	<b>(33,247)</b>	<b>(27,528)</b>
Inventories.....	11	8	—	—	—	—
Trade receivables .....	143	231	1	1	—	—
Receivables from sales financing .....	20,014	18,239	—	—	—	—
Financial assets.....	877	815	955	854	(388)	(318)
Current tax.....	78	31	51	67	—	—
Other assets .....	2,823	3,248	29,098	29,224	(43,942)	(45,430)
Cash and cash equivalents.....	1,518	1,227	426	616	—	—
<b>Current assets .....</b>	<b>25,464</b>	<b>23,799</b>	<b>30,531</b>	<b>30,762</b>	<b>(44,330)</b>	<b>(45,748)</b>
<b>Total assets .....</b>	<b>82,709</b>	<b>73,703</b>	<b>53,920</b>	<b>50,399</b>	<b>(77,577)</b>	<b>(73,276)</b>
<b>Equity and liabilities</b>						
Subscribed capital .....						
Capital reserves.....						
Revenue reserves .....						
Accumulated other equity .....						
Treasury shares.....						
Minority interest .....						
<b>Equity .....</b>	<b>7,169</b>	<b>5,216</b>	<b>6,576</b>	<b>5,261</b>	<b>(12,796)</b>	<b>(10,540)</b>
Pension provisions .....	52	32	1,276	1,164	—	—
Other provisions .....	164	250	31	30	—	—
Deferred tax.....	4,302	3,691	10	3	(1,932)	(2,022)
Financial liabilities.....	13,251	12,202	23,059	22,891	(535)	(424)



Other liabilities .....	17,172	13,619	27	22	(17,960)	(14,245)
<b>Non-current provisions and liabilities .....</b>	<b>34,941</b>	<b>29,794</b>	<b>24,403</b>	<b>24,110</b>	<b>(20,427)</b>	<b>(16,691)</b>
Other provisions .....	297	337	228	103	3	3
Current tax .....	78	121	97	51	—	—
Financial liabilities.....	16,160	13,746	13,141	12,131	(389)	(318)
Trade payables .....	481	433	15	6	—	—
Other liabilities .....	23,583	24,056	9,460	8,737	(43,968)	(45,730)
<b>Current provisions and liabilities....</b>	<b>40,599</b>	<b>38,693</b>	<b>22,941</b>	<b>21,028</b>	<b>(44,354)</b>	<b>(46,045)</b>
<b>Total equity and liabilities .....</b>	<b>82,709</b>	<b>73,703</b>	<b>53,920</b>	<b>50,399</b>	<b>(77,577)</b>	<b>(73,276)</b>

#### Net assets position\*

The Group balance sheet total increased by euro 13,265 million (+ 12.0 %) to stand at euro 123,429 million at 31 December 2011. Adjusted for changes in exchange rates, the balance sheet total would have increased by 10.8 %.

The main factors behind the increase on the assets side of the balance sheet were receivables from sales financing (+ 8.8 %), inventories (+ 24.1 %), leased products (+21.1 %) and trade receivables (+ 41.1 %). By contrast, decreases were recorded for non-current financial assets (– 8.8 %) and non-current other assets (– 17.9 %).

On the equity and liabilities side of the balance sheet, the increase was due to the rise in equity (+ 13.3 %), pension provisions (+ 39.7 %), trade payables (+ 22.7 %) and financial liabilities (+ 9.0 %). Deferred tax liabilities decreased slightly (– 3.7 %).

At euro 5,238 million, the carrying amount of intangible assets was euro 207 million higher than at the end of the previous year. Within intangible assets, capitalized development costs decreased by euro 237 million to euro 4,388 million. Development costs recognised as assets during the year under report amounted to euro 972 million (+ 2.2 %). The proportion of development costs recognised as assets was 28.8 % (2010: 34.3 %). Additions to capitalized development costs in 2011 were therefore slightly above the level of the previous year. The corresponding amortization expense was euro 1,209 million (2010: euro 1,260 million). Goodwill went up by euro 258 million from euro 111 million to euro 369 million as a result of the acquisition of the ICL Group.

The carrying amount of property, plant and equipment increased slightly (+ 2.3 %) to euro 11,685 million. Capital expenditure of euro 2,598 million was 16.2 % higher than in the previous year (2010: euro 2,235 million). The main focus was on product investments for production start-ups and infrastructure improvements. Depreciation on property, plant and equipment totalled euro 2,324 million (+ 0.9 %). The purchase of the ICL Group caused property, plant and equipment to increase by euro 23 million. Total capital expenditure on intangible assets and property, plant and equipment as a percentage of revenues was unchanged at 5.4 %.

Leased products climbed by euro 4,024 million or 21.1 %. Excluding the effect of exchange rate fluctuations, leased products would have increased by 19.7 %. As a result of the first-time consolidation of the ICL Group, leased products increased by euro 3,385 million.

Other investments increased by euro 384 million to euro 561 million, mainly reflecting the purchase of shares in SGL Carbon SE at an acquisition cost of euro 487 million. Receivables from sales financing were up by 8.8 % to euro 49,345 million due to higher business volumes. Of this amount, customer and dealer financing accounted for euro 38,295 million (+ 8.0 %) and finance leases for euro 11,050 million (+ 11.6 %).

Compared to the end of the previous financial year, the carrying amount of inventories went up by euro 1,872 million to euro 9,638 million (+ 24.1 %). Adjusted for exchange rate factors, the increase would have been 22.5 %. Stocking up in conjunction with the introduction of new models and expanding business operations were the main reasons for the increase.

\* Adjusted for the effect of change in accounting policy for leased products as described in note 8 of the Group annual report 2011

Trade receivables ended up 41.1 % higher than at 31 December 2010, mainly reflecting increased business volumes. Financial assets went up by 6.3 % to euro 5,453 million, largely due to higher levels of marketable securities and investment fund shares, whilst the overall increase was kept down by fair value losses.

Liquid funds increased by 12.3 % to euro 10,106 million and comprise cash and cash equivalents, marketable securities and investment fund shares (the last two items reported as financial assets). The carrying amount of marketable securities and investment fund shares rose by euro 764 million.

Cash and cash equivalents went up by euro 344 million to euro 7,776 million.

On the equity and liabilities side of the balance sheet, equity rose overall by euro 3,173 million (+ 13.3 %) to euro 27,103 million. It increased as a result of the net profit for the year of euro 4,907 million and translation differences of euro 201 million arising on currency translation. Deferred taxes on items recognised directly in equity increased equity by a further euro 446 million. Group equity decreased as a result of actuarial losses on pension obligations resulting from lower interest rates (down by euro 586 million) and in conjunction with the fair value measurement of derivative financial instruments (down by euro 801 million) and marketable securities (down by euro 72 million). Income and expenses relating to equity accounted investments and recognised directly in equity, net of deferred tax, reduced equity by euro 41 million. The dividend payment decreased equity by euro 852 million.

A portion of the Authorised Capital created at the Annual General Meeting held on 14 May 2009 in conjunction with the employee share scheme was used during the financial year under report to issue shares of preferred stock to employees, thereby increasing subscribed capital by euro 0.4 million. An amount of euro 16 million was transferred to capital reserves in conjunction with this share capital increase. Other items increased equity by euro 13 million.

The equity ratio of the BMW Group improved overall by 0.3 percentage points to 22.0 %. The equity ratio of the Automotive segment was 41.1 % (2010: 40.9 %) and that of the Financial Services segment was 8.7 % (2010: 7.1 %).

Pension provisions increased by 39.7 % to euro 2,183 million as a result of lower discount factors used in the UK and the USA. In the case of pension plans with fund assets, the fair value of fund assets is offset against the defined benefit obligation.

Other provisions rose by euro 706 million (+ 12.7 %) to euro 6,253 million, with euro 473 million of the increase relating to miscellaneous provisions. Personnel-related provisions were euro 240 million higher than at the end of the previous year due to the profit share payable to employees. By contrast, provisions for ongoing operational expenses went down by euro 7 million.

Financial liabilities increased by 9.0 % to euro 67,977 million. Within financial liabilities, derivative instruments went up by 23.3 % to euro 2,479 million, liabilities from customer deposits by 12.6 % to euro 12,041 million and bonds by 3.6 % to euro 28,573 million. Liabilities relating to assetbacked financing transactions went up by euro 1,879 million to euro 9,385 million.

Trade payables amounted to euro 5,340 million and were thus 22.7 % higher than one year earlier.

Other liabilities increased by euro 2,115 million to euro 9,937 million.

Overall, the earnings performance, financial position and net assets position of the BMW Group continued to develop very positively during the financial year under report.

## BMW Group

### Group and sub-group Cash Flow Statements

The following table shows the cash flow statements of BMW Group for the financial years ended 31 December 2011 and 31 December 2010, respectively:

	Group		Automotive (unaudited supplementary information)		Financial Services(unaudited supplementary information)	
in euro million	2011	2010 <sup>12</sup> (adjusted)	2011	2010 <sup>1</sup> adjusted	2011	2010 <sup>1</sup> adjusted
Net profit / loss .....	4,907	3,243	4,991	2,607	737	768
Reconciliation between net profit and cash inflow/ outflow from operating activities						
Current tax .....	2,868	1,430	2,726	1,145	86	277
Other interest and similar income / expenses .....	1	42	95	150	10 <sup>3</sup>	2 <sup>3</sup>
Depreciation and amortisation of other tangible, intangible and investment assets .....	3,654	3,861	3,564	3,762	20	22
Changes in provisions .....	779	911	577	869	(156)	(49)
Change in leased products .....	(379)	888	29	5	(1,311)	348
Change in receivables from sale financing .....	(2,837)	(4,616)	—	—	(2,837)	(4,616)
Change in deferred taxes .....	(338)	348	(707)	27	804	440
Other non-cash income and expense items .....	148	(694)	(79)	116	(9)	(648)
Gain / loss of tangible and intangible assets and marketable securities .....	—	5	—	4	1	1
Result from equity accounted investments .....	(162)	(98)	(164)	(98)	—	—
Changes in working capital						
Change in inventories .....	(1,715)	(1,170)	(1,685)	(1,163)	(2)	1
Change in trade receivables .....	(800)	(427)	(886)	(364)	101	(43)
Change in trade payables .....	900	1194	981	1,153	(16)	47
Change in other operating assets and liabilities .....	1,175	572	(146)	999	435	(176)
Income taxes paid .....	(2,701)	(1,318)	(2,453)	(1,199)	(171)	(147)
Interest received .....	213	148	234	136	— <sup>3</sup>	— <sup>3</sup>
<b>Cash inflow/ outflow from operating activities .....</b>	<b>5,713</b>	<b>4,319</b>	<b>7,077</b>	<b>8,149</b>	<b>(2,308)</b>	<b>(3,773)</b>
Investment in intangible assets and property, plant and equipment .....	(3,679)	(3,263)	(3,565)	(3,183)	(25)	(10)
Proceeds from the disposal of intangible assets and property, plant and equipment .....	53	55	50	59	6	1
Expenditure for investments .....	(543)	(80)	(1,201)	(577)	—	—
Net Cash in acquiring ICL Group	(595)	-	(249)	—	104	—
Proceeds from the disposal of investments .....	21	23	21	23	—	—
Cash payments for the purchase of marketable securities .....	(2,073)	(2,723)	(1,866)	(2,620)	(113)	(103)
Cash proceeds from the sale of marketable securities .....	1,317	798	1,085	757	232	41
<b>Cash inflow/ outflow from investing</b>	<b>(5,499)</b>	<b>(5,190)</b>	<b>(5,725)</b>	<b>(5,541)</b>	<b>204</b>	<b>(71)</b>

<b>activities</b> .....						
Payments into equity .....	16	18	16	18	—	—
Payment of dividend for the previous year .....	(852)	(197)	(852)	(197)	—	—
Interest paid .....	(82)	(223)	(244)	(212)	— <sup>3</sup>	— <sup>3</sup>
Proceeds from the issue of bonds .....	5,899	4,578	—	—	653	2,361
Repayment of bonds .....	(5,333)	(3,406)	—	(52)	(925)	(364)
Internal financing .....	—	—	(633)	2,703	(610)	204
Change in other financial liabilities .....	191	(292)	316	(2,117)	3,229	68
Change in commercial paper .....	248	32	299	(1,519)	—	—
<b>Cash inflow / outflow from financing activities</b> .....	<b>87</b>	<b>510</b>	<b>(1,098)</b>	<b>(1,376)</b>	<b>2,347</b>	<b>2,269</b>
<b>Effect of exchange rate and changes in composition of Group on cash and cash equivalents</b> .....	<b>(13)</b>	<b>22</b>	<b>(10)</b>	<b>22</b>	<b>(6)</b>	<b>(1)</b>
<b>Effect of changes in composition of Group on cash and cash equivalents</b> .....	<b>56</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>54</b>	<b>—</b>
<b>Change in cash and cash equivalents</b> .....	<b>344</b>	<b>(335)</b>	<b>244</b>	<b>1,254</b>	<b>291</b>	<b>(1,576)</b>
Cash and cash equivalents as at 1 January	7,432	7,767	5,585	4,331	1,227	2,803
<b>Cash and cash equivalents as at 31 December</b> .....	<b>7,776</b>	<b>7,432</b>	<b>5,829</b>	<b>5,585</b>	<b>1,518</b>	<b>1,227</b>

1 Adjusted for reclassification

2 Adjusted for effect of change in accounting policy for leased products

3 Interest relating to financial services business is classified as revenue/cost of sales

## Financial position\*

The cash flow statements of the BMW Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the financial years 2010 and 2011, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amount disclosed in the balance sheet.

Cash flows from operating activities are determined indirectly, starting with Group and segment net profit. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

Cash inflows and outflows relating to operating leases, where the BMW Group is lessor, are required by IAS 7.14 to be presented within cash flows from operating activities. In previous financial statements, they were presented within cash flows from investing activities. The change in presentation in the Group's Cash Flow Statements has been made with effect from the end of the financial year 2011. Prior year figures have been adjusted accordingly. Cash inflow from operating activities decreased by euro 4,476 million as a result of this reclassification. Cash outflows for investing activities decreased by the same amount. Cash flows relating to operating leases, where the BMW Group is the lessee, continue to be reported within operating activities. As a result of the change in presentation, changes in leased products are now reported on a net basis within operating activities.

\* Adjusted for the effect of change in accounting policy for leased products as described in note 8 of the Group annual report 2011

The presentation of receivables from sales financing within the cash flow statement has also been changed in the Group Financial Statements for the year ended 31 December 2011 to ensure that lease and financing transactions are treated consistently. Previously, changes in receivables from sales financing – including finance leases, where the BMW Group is the lessor – were presented within investing activities. They are now presented within operating activities. The previous year's figures were restated in the interest of comparability. As a result of the change, cash flows from operating activities was euro 4,856 million lower than reported in the financial year 2010. Cash outflows for investing activities decreased by the same amount. In situations where the BMW Group is the lessee in a finance lease, the relevant components of changes continue to be reported within operating activities and investing activities. As with leased products, changes in receivables from sales financing are now reported on a net basis within operating activities.

Operating activities of the BMW Group generated a positive cash flow of euro 5,713 million in 2011, an increase of euro 1,394 million or 32.3 % compared to the previous year. The increase in net profit to euro 4,907 million increased cash inflows by euro 1,664 million. Changes in working capital reduced cash flows from operating activities by euro 1,212 million, mainly reflecting the effect of stocking-up in conjunction with the introduction of new models. This compared with changes in other operating assets and liabilities (up by euro 603 million) and the change in non-cash relevant income and expenses (up by euro 842 million), which resulted in an increase in the cash inflow from operating activities. The change in leased assets and in receivables from sales financing increased cash inflows in 2011 by euro 512 million compared to the previous year.

The cash outflow for investing activities amounted to euro 5,499 million and was therefore euro 309 million higher than in 2010. Capital expenditure on intangible assets and property, plant and equipment resulted in the cash outflow for investing activities increasing by euro 416 million compared to the previous year. Net cash used in acquiring the ICL Group totalled euro 595 million. Cash outflows for investments were euro 463 million higher than in the previous year. By contrast, the net change in marketable securities resulted in a euro 1,169 million reduction in cash outflows for investing activities.

Financing activities generated a cash inflow of euro 87 million in 2011, euro 423 million lower than in the previous year (2010: cash inflow of euro 510 million). Proceeds from the issue of bonds totalled euro 5,899 million (2010: euro 4,578 million), compared with an outflow of euro 5,333 million (2010: euro 3,406 million) for the repayment of bonds.

The dividend payment in the financial year 2011 amounts to euro 852 million (2010: euro 197 million). The cash inflow for other financial liabilities and commercial paper was euro 439 million (2010: cash outflow of euro 260 million).

The cash inflow from operating activities exceeded the cash outflow for investing activities by euro 214 million in the financial year 2011. In the previous year, there was a shortfall of euro 871 million.

The cash flow statement for the Automotive segment shows that the cash inflow from operating activities exceeded the cash outflow for investing activities by euro 1,352 million (2010: euro 2,608 million).

Adjusted for net investments in marketable securities amounting to euro 781 million (2010: euro 1,863 million), mainly in conjunction with strategic liquidity planning, the excess amount was euro 2,133 million (2010: excess amount of euro 4,471 million).

Following the reclassification of cash flows relating to leased assets and receivables from sales financing, the cash outflow for operating activities of the Financial Services segment totalled euro 2,308 million (2010: outflow of euro 3,773 million). Primarily as a result of the sale of marketable securities, investing activities generated a cash inflow of euro 204 million (2010: cash outflow of euro 71 million).

## BMW Group Statement of Changes in Equity

The following table shows the statement of changes in equity for BMW Group for the financial years ended 31 December 2011 and 31 December 2010, respectively:

	Subscribed capital	Capital reserves	Revenue Reserves	Other Revenue reserves	Translation differences	Accumulated other equity	Derivative financial instruments	Pension obligations	Treasury shares	Equity attributable to shareholders of BMW	Minority interest	Total
			Pension Obligations			Securities						
in Euro million												
<b>1 January 2010(as originally reported)</b> .....	<b>655</b>	<b>1,921</b>	<b>—</b>	<b>20,426</b>	<b>(1,747)</b>	<b>20</b>	<b>209</b>	<b>(1,582)</b>	<b>—</b>	<b>19,902</b>	<b>13</b>	<b>19,915</b>
Change in accounting policy and reclassifications* .....	—	—	(1,582)	821	—	—	—	1,582	—	821	—	821
<b>1 January 2010(adjusted)</b> .....	<b>655</b>	<b>1,921</b>	<b>(1,582)</b>	<b>21,247</b>	<b>(1,747)</b>	<b>20</b>	<b>209</b>	<b>—</b>	<b>—</b>	<b>20,723</b>	<b>13</b>	<b>20,736</b>
Net profit .....	—	—	—	3,227	—	—	—	—	—	3,227	16	3,243
Other comprehensive income for the period after tax .....	—	—	(203)	—	683	(11)	(336)	—	—	133	—	133
<b>Comprehensive income 2010</b> .....	<b>—</b>	<b>—</b>	<b>(203)</b>	<b>3,227</b>	<b>683</b>	<b>(11)</b>	<b>(336)</b>	<b>—</b>	<b>—</b>	<b>3,360</b>	<b>16</b>	<b>3,376</b>
Premium arising on capital increase relating to preferred stock .....	—	18	—	—	—	—	—	—	—	18	—	18
Dividends paid .....	—	—	—	(197)	—	—	—	—	—	(197)	—	(197)
Other changes .....	—	—	—	—	—	—	—	—	—	—	(3)	(3)
<b>31 December 2010(adjusted)</b> .....	<b>655</b>	<b>1,939</b>	<b>(1,785)</b>	<b>24,227</b>	<b>(1,064)</b>	<b>9</b>	<b>(127)</b>	<b>—</b>	<b>—</b>	<b>23,904</b>	<b>26</b>	<b>23,930</b>
Net profit .....	—	—	—	4,881	—	—	—	—	—	4,881	26	4,907
Other comprehensive income for the period after tax .....	—	—	(419)	—	201	(70)	(623)	—	—	(911)	—	(911)
<b>Comprehensive income 2011</b> .....	<b>—</b>	<b>—</b>	<b>(419)</b>	<b>4,881</b>	<b>201</b>	<b>(70)</b>	<b>(623)</b>	<b>—</b>	<b>—</b>	<b>3,970</b>	<b>26</b>	<b>3,996</b>
Subscribed share capital increase out of authorised capital .....	—	16	—	—	—	—	—	—	—	16	—	16
Dividends paid .....	—	—	—	(852)	—	—	—	—	—	(852)	—	(852)
Other changes .....	—	—	—	—	—	—	—	—	—	—	13	13
<b>31 December 2011</b> .....	<b>655</b>	<b>1,955</b>	<b>(2,204)</b>	<b>28,306</b>	<b>(863)</b>	<b>(61)</b>	<b>(750)</b>	<b>—</b>	<b>—</b>	<b>27,038</b>	<b>65</b>	<b>27,103</b>

\*The adjustments result from the change in accounting policy for leased products described in note 8 to the Group Financial Statements and from the reclassification of actuarial gains and losses on defined benefit pension plans described in note 34 to the Group Financial Statements.

## Auditing of Historical Annual Financial Information

KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft has audited in accordance with German generally accepted auditing standards the unconsolidated financial statements of BMW AG as of 31 December 2009, 2010 and 2011 which have been prepared by BMW AG on the basis of the German generally accepted accounting principles and the consolidated financial statements of BMW AG and its consolidated subsidiaries for the business years from 1 January to 31 December 2009, 2010 and 2011 on the basis of International Financial Reporting Standards (IFRS) and have for each year issued their unqualified opinion. KPMG has not performed any audit or review procedures on any financial statements of BMW AG as of any date or for any period subsequent to 31 December 2011.

**Legal and Arbitration Proceedings**

As at the date of this Prospectus, BMW Group is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BMW Group is aware) during a period covering the previous 12 months which could have a significant impact on the economic position of the Group. Like all enterprises, the BMW Group is exposed to the risk of warranty claims. Adequate provisions have been recognised in the balance sheet to cover such claims. Part of the risk, especially relating to the US market, has been insured externally up to economically acceptable levels.

**Significant Change in BMW AG's Financial or Trading Position**

There is no significant change in BMW AG's financial or trading position which has occurred since the date of its last unaudited published interim financial statements for the first quarter of the financial year 2012 ended 31 March 2012.

**Additional Information****Share Capital**

The subscribed capital (share capital) of BMW AG amounted to euro 655,566,568 at 31 December 2011 and, in accordance with Article 4 (1) of the Articles of Incorporation, is subdivided into 601,995,196 shares of common stock (91.83%) and 53,571,372 shares of non-voting preferred stock (8.11%), each with a par value of euro 1.

The common shares and the preferred shares of BMW AG are listed in Germany at the stock exchanges of Frankfurt am Main and Munich.

## Address List

**Issuers (business  
(and where marked “\*”)  
registered)  
addresses):**

Bayerische Motoren Werke Aktiengesellschaft  
\*Petuelring 130  
80788 Munich  
Germany

BMW Finance N.V.  
Einsteinlaan 5  
2289 CC Rijswijk  
The Netherlands

BMW US Capital, LLC  
300 Chestnut Ridge Road  
Woodcliff Lake,  
New Jersey 07677  
USA

\*1209 Orange Street,  
Wilmington  
Delaware 19801  
USA

BMW Australia Finance Limited  
783 Springvale Road  
Mulgrave, Victoria  
Australia

BMW Japan Finance Corp.  
9-2, Marunouchi 1-chome, Chiyoda-ku,  
Tokyo, Japan

**Guarantor:**

Bayerische Motoren Werke Aktiengesellschaft  
Petuelring 130  
80788 Munich  
Germany

**Arranger:**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom



**Dealers:**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

BNP Paribas  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Credit Suisse Securities (Europe) Limited  
One Cabot Square  
London E14 4QJ  
United Kingdom

Deutsche Bank Aktiengesellschaft  
Große Gallusstr. 10-14  
60272 Frankfurt am Main  
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J.P. Morgan Securities Ltd.  
125 London Wall  
UK-London EC2Y 5AJ

Morgan Stanley & Co. International plc  
25 Cabot Square  
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United Kingdom

Société Générale  
29 Boulevard Haussmann  
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The Royal Bank of Scotland plc  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

UBS Limited  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

UniCredit Bank AG  
Arabellastrasse 12  
81925 Munich  
Germany

**Principal Paying  
Agent:**

Citibank N.A.  
13th Floor, Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**Luxembourg Paying Agent:**

BNP Paribas Securities Services, Luxembourg  
Branch  
33, rue de Gasperich, Howald-Hesperange  
2085 Luxembourg  
Luxembourg

**Luxembourg Listing Agent:**

BNP Paribas Securities Services, Luxembourg  
Branch  
33, rue de Gasperich, Howald-Hesperange  
2085 Luxembourg  
Luxembourg

**Legal Adviser to the  
Dealers:**

White & Case LLP  
Bockenheimer Landstrasse 20  
60323 Frankfurt am Main  
Germany