

Compliance. Acting Responsibly and Lawfully.



Legal Compliance Code.

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Dear Colleagues,

It is essential for the success of our company to act responsibly and in compliance with the law. We, the members of the Management Board of BMW AG, set extremely high standards for our own actions and those of each and every employee of the BMW Group. This approach is integral to our corporate culture and is the reason why customers, shareholders, business partners and the general public place their trust in us. Even isolated violations of legal regulations could cause enormous damage to the BMW Group's excellent reputation which we work so hard each day to uphold. As a consequence, each one of you is obliged to act responsibly and in compliance with the law.

We are aware that the growing international nature of business as well as the huge number and complexity of legal regulations increase the risk of laws being broken. For this reason, the members of the Management Board have drawn up jointly this Legal Compliance Code. The Code is applicable globally at all sites operated by the BMW Group. It is designed to help you to identify legal risks and to avoid any violations of legal regulations. My board colleagues and I request you to read the Code carefully and adopt it as the binding standard for your conduct. In this way, you will be making an indispensable contribution to the success of the BMW Group, both now and in the future.

A handwritten signature in blue ink, which appears to be 'N. Reithofer'.

Dr. Norbert Reithofer on behalf of the Management Board of BMW AG

Responsibility



Peak Performance



Customer Orientation



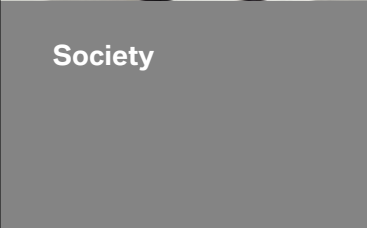
Respect,
Trust & Fairness



Associates



Society





1. Acting responsibly and lawfully.

Responsible and lawful conduct is integral to our corporate policies and provides the basis for the long-term success of our company.

The BMW Group takes its ecological and social responsibilities very seriously: it acknowledges the ten principles of the United Nations' Global Compact and has signed a joint declaration on human rights and working conditions with national and international employee representatives. Based on its values and basic convictions, the BMW Group has created a corporate culture that is founded on trust, mutual appreciation and tolerance.

This Legal Compliance Code is aimed at compliance with legal requirements. The BMW Group takes the measures necessary to ensure that its management bodies, managers and staff act lawfully. The entirety of these measures is defined as "legal compliance".

The applicable laws provide the binding framework for the BMW Group's various business activities around the world. It is therefore imperative for all employees to know and comply with applicable legal regulations. This is an important factor in determining the BMW Group's image in the eyes of the general public and at the same time helps to create trust in the BMW Group's products and brands. This trust is absolutely essential for the overall success of the company.

Violations of the law, on the other hand, can result in serious consequences for the company, such as fines or compensation claims. In addition, there is the possibility that the BMW Group's reputation could be damaged, thus seriously weakening the BMW Group's position as a provider of premium products and services. In many cases, the mere appearance of a violation of the law can be sufficient to have an unfavorable effect on the public opinion and on the attitude of customers, shareholders or business partners.

The BMW Group sells its products and services worldwide, with sites in more than 130 countries. Its global activities are subject to a wide range of national and international legal regulations.

By complying with applicable legal regulations, every employee is acting in the interest of the BMW Group. Legal prohibitions and obligations must be observed in all cases even if this may not always appear expedient or to make commercial sense from the viewpoint of the individual or the company. When in doubt, compliance with the law must always take priority. Every employee can rely on this principle. This applies even in the event that management staff gives instructions to the contrary.

This Legal Compliance Code is designed to highlight the range of legal requirements that are relevant for the BMW Group and to emphasize the binding nature of those requirements. The principles set out in this document apply to dealings with colleagues, customers, suppliers, business partners and public bodies alike.

This Legal Compliance Code is applicable globally at all sites and for all divisions of the BMW Group. In the event that additional business or national requirements apply, the Code may be supplemented by local compliance programs.



2. The legal framework – an overview.

2.1. Products, services, customers and markets of the BMW Group.

Product safety is the basis for our comprehensive product responsibility.

The products of the BMW Group are developed and manufactured under the strict governance of our quality management systems. We monitor our products in the market and follow up on observations relating to safety. When necessary, we notify the relevant authorities without delay and undertake the measures necessary to ensure our customers' safety.

We compete for customers by letting our products and services do the talking.

Our products and services arouse emotions, particularly in the area of advertising. When we advertise, we comply with the requirements for transparency and accuracy of information laid down in the laws relating to consumer protection and fair competition. We provide our customers with the information they need to make careful and informed decisions.

The quality of our sales organization contributes just as much to our success as does the fascination with our products and services.

In order to achieve premium quality in the area of sales and service, the BMW Group has decided to adopt a selective sales system approach. This means that only the BMW Group's authorized dealers are entitled to sell new vehicles. The sales and service structures employed within the automotive

industry are subject to specific legal requirements in almost all of the world's markets. Along with dealer agreements, these requirements govern the relationship between the BMW Group and its authorized dealers and help to protect and foster competition in compliance with the antitrust laws. These laws and requirements specifically prohibit measures which are conducive to fixing prices with dealers or which might encourage any such price fixing arrangements.

The BMW Group's international operations are subject to foreign trade, tax and customs legislation.

As part of the process of pursuing worldwide operations and engaging in new markets, the BMW Group must comply with many regulations pertaining to foreign trade, tax and customs legislation. The departments concerned are responsible for ensuring that taxes and duties are paid correctly and that our obligations to cooperate with authorities are fulfilled. To this end, they must be able to rely on the accuracy of information gathered within the company.

Financial services and insurance – generating trust by providing advice on what customers really need.

Many people place their trust in the services provided by the Financial Services segment – not only for vehicle financing but also in other areas. Specific statutory and regulatory requirements are in place to protect customers. The whole organization of the Financial Services segment is designed to ensure compliance with these requirements. Many of the internal measures that have been put in place for this purpose go beyond the basic requirements for compliance with the law. The implementation of those measures is continuously monitored internally and is subject to the examination of external auditors and the relevant regulatory banking and financial services agencies.

Handling customer data carefully and in compliance with the relevant statutory regulations and contractual arrangements (e.g., data protection legislation and banking confidentiality rules) is essential for a relationship of trust with our customers. In compliance with legal requirements, we inform our customers in clear and comprehensible language about our own financial products as well as about third party products that we may sell as agents, such as securities and insurance policies. In many countries, this must be documented in particular detail. In some cases there is a requirement to make enquiries on customers' personal circumstances and on their prior experience with financial products.

We take measures to check the identity and integrity of our customers (Know-Your-Customer Principle) not only in order to combat money laundering, but also in our own interests.



2.2. The BMW Group and its competitors.

Fair competition is a fundamental prerequisite for generating success through good performance.

The BMW Group unreservedly acknowledges the principles of the market economy and fair competition. We pursue our corporate objectives solely on the basis of our performance and in compliance with the relevant fair competition laws. We expect our competitors and business partners to do the same.

Agreements which impair fair competition are strictly prohibited.

The BMW Group competes with other auto companies not only in the sale of motor vehicles and financial services, but also in research and development and in the procurement of production materials. Whatever the situation, the first and foremost antitrust rule is not to make any market-related agreements with competitors – particularly with regard to prices, quotations, terms of business, production plans, sales quotas or market shares.

Regardless of whether it is done on the basis of an agreement or informal discussions – even if these take place unofficially – any deliberate coordination of action restricting fair competition is prohibited. It is also important to avoid even the appearance of a violation.

Special care must be taken at conferences held by industry associations and at other industry or sector meetings. The opportunities that arise at such events to meet and hold discussions must not be used to exchange confidential market or company information to influence market conditions. The same applies to the exchange of information in conjunction with market research and benchmarking projects.

When working in supplier networks we ensure all parties' freedom to operate independently.

The development and production of motor vehicles involves highly complex, labor-intensive processes which necessitate suppliers and development partners to work together in networks. The way in which these networks are organized must not restrict the freedom of the parties involved to select business partners or to determine terms and conditions.

The purchase and sale of entities serves to strengthen the BMW Group's competitive position.

Transactions such as the purchase and sale of business entities are subject to merger controls, for example those stipulated by the EU Commission, the US Federal Trade Commission and other national antitrust authorities. Certain mergers and other types of transactions may not be completed until they have been reported to, and approved by, the relevant antitrust authorities.

Non-compliance with antitrust regulations has serious consequences.

Non-compliance with fair competition and antitrust regulations may have far-reaching consequences such as monetary penalties, prison sentences, heavy fines, skimming off of profits and liability claims under civil law. These areas are subject to a high degree of interpretation and assessment, requiring a precise knowledge of the relevant legislation and of the procedures applied by the authorities. BMW Group Legal Affairs must always be consulted on legal matters relating to transaction application procedures and in any cases of doubt regarding fair competition and antitrust matters.



2.3. Safety in the workplace.

Safety in the workplace and health management are top priorities at the BMW Group.

Worker protection, health and safety at work provisions must be strictly observed to prevent health hazards. Safety at work is a primary duty of each and every individual. Managers have an important role in setting an example in this respect.

We plan and operate our facilities in strict compliance with safety regulations. This reduces the risk of accidents and ensures that our systems operate smoothly. Managers must be aware of their responsibility and corporate duties with regard to safety in the workplace. They must ensure that the employees who work in a facility are carefully selected and properly trained.



2.4. Environmental protection.

The BMW Group takes responsibility for the environment.

Long-term success can only be achieved by running a business on a sustainable basis. Environmental law provides binding standards for the BMW Group in this respect. All employees responsible for facilities and activities that can have an impact on the environment are aware of their special responsibility for complying with environmental law. They receive support in their work from the BMW Group Environmental Protection Officer and his network.

Environmental regulations have an impact on all stages of a motor vehicle's life. This starts with the development, for example, of low emission and alternative drive systems, continues with the selection of materials and suppliers on the basis of ecological aspects and ends with the environmentally responsible treatment of end-of-life vehicles.



2.5. Data protection.

We comply strictly with data protection regulations.

The use of innovative information technologies raises many questions regarding the right of individuals to determine how their personal information can be used. We consider this right to be of immense importance. When handling the personal data of its customers, employees and business partners the BMW Group takes data protection issues into account. The BMW Group Data Protection Officer provides support to the various departments in this respect. Personal details are only taken, processed or used if this is permitted by law or if the person involved has given permission. We acknowledge the principles of sparing use of personal data and transparency in data processing.



2.6. Mutual esteem at BMW Group – no discrimination.

The associates of the BMW Group are an essential factor for the company's success.

The BMW Group has a committed and competent workforce. Each member of the workforce is respected as an individual. Accordingly, the way in which we work with each other is characterized by appreciation, mutual understanding, openness and fairness.

Discrimination and harassment are not tolerated.

No one shall be disadvantaged, favored or harassed as a result of race, ethnic origin, skin color, nationality, sex, religion or beliefs, a disability, age, veteran status, sexual orientation or other characteristics that are protected by law. For that reason, the BMW Group acknowledges local governmental policies in order to overcome the aftermath of discriminatory practices in the past.

All forms of workplace harassment, including sexual harassment are strictly prohibited. Everyone has the right to be protected from sexual harassment, no matter if the harassing person believes that his or her behavior is acceptable or whether the person being harassed would be capable of avoiding the harassment.

It is every manager's duty to set an example by their own behavior and to ensure that the area for which they are responsible is free of discrimination and harassment.



2.7. Protection of company assets.

Innovations and brands must be protected.

Innovations, know-how and experience are key to the BMW Group's success in developing and creating attractive products and services. In order to maintain our lead over our competitors, these innovations and capabilities must be safeguarded against imitation by others.

In the field of engineering and design, the BMW Group uses the legal options available to protect innovations, primarily by obtaining intellectual property rights (patents, design patents, trademarks etc.). To this end, BMW Group Legal Affairs and Patents need to be informed about relevant innovations in the various technical fields throughout the BMW Group. The BMW Group's brands, which are amongst the most valuable in the world, must also be protected.

During the product development phase, before the launch of new product names and whenever it is necessary, we conduct careful research into existing intellectual property rights and, if relevant, only use such rights with the consent of their owners.

Individual responsibility when handling confidential information.

When working together with suppliers, development partners, vehicle manufacturers, dealers or other business partners it is extremely important that we protect the BMW Group's confidential information, know-how and business secrets.

Data and other information which becomes known to an employee whilst working for the company may only be used as authorized. Before disclosing any such information to persons inside or outside the company, it is the responsibility of each individual to ensure that the recipient is entitled to obtain such information. Depending on the significance of the information, additional safety measures must be taken, such as confidentiality agreements or the right to perform audits.

We respect and protect the confidential information of others in the same way. We only use such knowledge if we have obtained it by lawful means or if it has been acquired from publicly accessible sources.

Company property must be respected and protected.

Every employee is responsible for the protection and correct use of property and other tangible assets belonging to the BMW Group. Equipment and other items owned by the company (e.g., vehicles, tools, spare parts, office supplies, documents, computers, data media, etc.) may only be used for company purposes. They must be protected from loss, theft, damage or misuse. Employees are not permitted to remove any such item from the company's premises without permission.

The area of information technology requires our particular awareness of security issues.

Electronic data processing is an indispensable part of our infrastructure. Interference with these systems could cause production systems and sales processes to come to a standstill. All employees must adhere to the security regulations issued by the relevant IT department and play an active role in ensuring compliance. For example, attachments to e-mails, downloads from the Internet or files placed on storage media must not be opened or installed until they have been checked.



2.8. Conflicts of interest.

Employees must be able to separate private interests from those of the company.

The BMW Group urges all employees to avoid situations that may result in a conflict of interest. Potential conflicts of interest must be discussed with the relevant manager, BMW Group Corporate Audit or Legal Affairs.

Every order must go to the best bidder – entering into a business arrangement must always be based on objective criteria.

Business arrangements must always be entered into, or continued, on the basis of objective criteria, e.g., quality, price, technical specifications and the reliability of the business partner concerned. Commercial and personnel decisions and advice or recommendations from BMW Group employees must not be influenced by private interests and/or relationships, nor should they be motivated by tangible or intangible advantages. It is important to avoid even the appearance of impropriety.

Employees of the BMW Group must not accept, demand, offer or grant any personal advantages in conjunction with the activities they perform on behalf of the company.

The prohibition to accept or grant advantages applies not only to straight-forward sums of money, but also to other advantages, benefits or favors (e.g., invitations and gifts) which could call into question the company official's impartiality. For that reason, monetary and non-monetary benefits that go beyond normal reasonable business practices must be refused.

Only occasional gifts of insignificant value and/or promotional gifts are deemed to be common and acceptable. The same applies to business meals within a common and adequate framework which serve a justified business purpose, for example lunch during or following a business meeting. All employees have to consider whether an advantage, benefit or favor is common and adequate, no matter if it is granted or accepted. If higher values come into play, it is mandatory to obtain prior approval of the relevant manager.

Non-compliance with these principles cannot be justified by the behavior of others with the excuse that "Everybody does it".

We win business by virtue of our products and services – not by offering unjustified advantages.

Gifts and invitations may only be offered to business partners on a reasonable scale and in compliance with the relevant fiscal regulations. In order to avoid any improper influence, agency commissions on sales for example may only be paid on the basis of a prior agreement and after it is documented that the agency sale has actually taken place. The commission amount must be reasonable and correspond to a normal market level.

Restraint is required especially in dealings with public officials: civil servants, judges, politicians or other representatives of public institutions must not be offered any gifts, monetary benefits or invitations that could call their impartiality into question and/or violate the law.

For more and detailed information about the appropriate behavior in relation to gifts and invitations, please refer to the BMW Group Policy "Personal Conduct", which applies to all entities of the BMW Group.



2.9. Transparency for investors.

Transparency generates confidence in the capital markets.

The BMW Group enjoys the confidence of the investors that finance its global activities. This confidence is based on the BMW Group's transparent financial reporting and the equal treatment of investors.

The external financial reporting duties involved in the stock market listing of BMW AG and the issue of corporate bonds are wide-ranging. The BMW Group provides clear and reliable information in its business reports and at analyst conferences on matters relevant to the capital markets. As an example, the BMW Group discloses all transactions involving BMW AG shares entered into by persons with senior management responsibilities (Directors' Dealings).

The members of the Management Board must ensure that financial reports are accurate. These reports are based on information generated by various departments throughout the company. All employees involved must therefore ensure that their contributions are correct and complete.

Insider trading is prohibited – insider knowledge imposes a particular obligation to maintain confidentiality and discretion.

Anyone with confidential information which could substantially influence the market price of BMW AG shares or bonds is an insider. Insider information must not be disclosed to colleagues or third parties. The only exception to this rule is, if colleagues require the information for a specific project. Under no circumstances may insiders use their knowledge, either directly or through third parties, for their own dealings. This means, amongst other things, that an employee must not trade in BMW AG shares whilst holding insider information.

Corporate information that could affect the share price must be published without delay.

In order to comply with its ad hoc notification duties, BMW AG has established an Ad hoc Committee which reviews information to determine whether it could affect the share price and advises the Management Board on matters relating to ad hoc disclosures. All employees of the BMW Group are required to inform this committee via their managers, if there is any indication that a particular subject matter could significantly affect the share price.

Transparency is absolutely essential when issuing new securities.

All publications relating to new issues of shares and bonds must be accurate and complete. Prospectuses and company reports must contain all the information needed to make an assessment of the issuer and the issued securities.



2.10. Dealing with authorities.

Cooperation with authorities must be based on mutual trust and consideration, following the relevant procedural requirements.

The BMW Group strives to work with government bodies and other public authorities on the basis of full cooperation and transparency. We nevertheless consider it important that the authorities adhere to legally established procedures for investigations and other official activities. It is an integral and legitimate aspect of the BMW Group's dealings with authorities that we exercise our procedural rights. In order to ensure this and, where appropriate, to assist in discussions with regulatory and/or investigating authorities, employees are required to confer with the relevant BMW Group Legal Affairs location.



3. Implementation of the Legal Compliance Code.

All employees must comply with the law.

Every employee of the BMW Group is required to adhere to this Legal Compliance Code. It is not sufficient simply to take note of it. More to the point, employees must review their actions on the basis of the principles set out in the Code and act in accordance with those principles.

All managers must ensure that this Code is observed in the department or section for which they are responsible.

All managers are required to inform the staff working for them of the content and significance of the Legal Compliance Code and to "sensitize" staff to the Code. Managers must do everything within their power to help staff to act lawfully. If there are any indications of violations of the law, this must be rigorously investigated. Managers must, at regular intervals and on their own initiative, check compliance with the law and communicate regularly with staff on this issue. This is the only way to ensure that the principles set out in this Code will be followed on a day-to-day basis and will remain firmly anchored in our corporate culture.



Staff and managers must know, and adhere to, the BMW Group’s policies and guidelines.

In many cases, the policies and guidelines put in place by the BMW Group stipulate specific procedures that reflect current legislation. They also, in part, constitute additional internal regulations. The regulations put in place by the BMW Group are binding for all staff and managers. Each individual is obliged to obtain information about the regulations that are relevant for his or her area of duties.

The BMW Group does not tolerate violations of law by its employees.

Culpable violations of law committed by employees while working for the BMW Group may result in sanctions or even termination of employment. If such violations of law cause damages, this may also result in the employee bearing personal liability and being subject to penalties and fines.

The BMW Group Compliance Committee reports to the Management Board.

The BMW Group Compliance Committee manages and monitors the activities necessary to ensure compliance with this Code. These activities include training, information and communication measures, following up violations of the law and implementing compliance requirements. The Compliance Committee reports to the Management Board regularly on any investigations it has conducted, violations of law that have been identified, sanctions imposed, preventative measures implemented by the relevant departments and other compliance issues.

All business units report regularly to the Compliance Committee. Employees have an obligation to actively support compliance reporting.

Enquiries and comments on the Legal Compliance Code are answered by the Compliance Contact.

In order to avoid violations of the law, all members of staff are entitled to discuss matters with their managers and with the relevant departments of the BMW Group, in particular Legal Affairs, Corporate Audit or Corporate Security. In addition, staff may obtain information from the following Compliance Contact:

Phone: +49 89 382-60000
mail to: compliance@bmwgroup.com

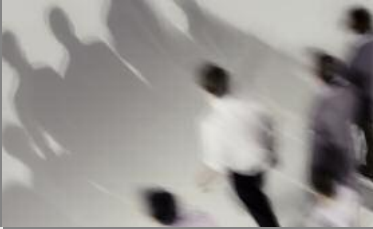
Information regarding violations of the law may be given to any manager, or to Corporate Audit, Legal Affairs, Corporate Security or to the Compliance Contact. This also applies if weaknesses or other situations have been identified which could result in violations of the law.

Compliance with, and the implementation of, this Code is monitored at regular intervals across the whole of the BMW Group.

Compliance with, and the implementation of, this Code is monitored regularly by BMW Group Corporate Audit. To this end, BMW Group Corporate Audit also visits local sites, reviews documents on site and interviews employees.

To make this document easier to read, persons are mostly referred to as masculine. In any case, the concepts apply to both sexes in equal measure.

Adaptability



Effectiveness



Sustainability



**Dissent
(Frankness)**



Independence



**Leading by
example**

