

Important Message From Bernhard Kuhnt and Ian Smith

Dear Dealer Partners,

A short time ago, most of us saw each other in Boca Raton, Florida, to celebrate a great 2019, as well as a strong start to the New Year 2020. The products shown were outstanding and the atmosphere within the BMW Group family felt warm, exciting and everyone was filled with positive energy for this New Year. We couldn't wait to get going with "Full Speed Ahead!".

A lot has happened since then, which we are sure none of us could have ever imagined or predicted. We understand that the current situation is causing significant concern for you, your families, your business, associates and customers. As such, we have been working diligently on measures to help support your center during this time of uncertainty.

Yesterday, we held another call with BMW Dealer Forum Chairman, Pat Womack, Forum and sub-committee members, and the entire BMW North America (NA) senior management team and the Financial Services (FS) senior management team to discuss the latest developments, and what each of our companies might be able to do to help. We would like to assure you that we are in constant communication with your Dealer Forum and committees to support you, our dealers, and develop the best way forward for our businesses.

Standing Together

Today's challenge is unprecedented. Safeguarding our businesses and the BMW passenger car and BMW light truck retail network while helping to ensure that you have the necessary support and working capital to navigate this uncertainty is our **primary** focus. You have been, and will always be, at the center of our discussions and the guiding influence behind our decisions moving forward.

Our initial goal is to secure operational stability to ensure that you can continue to meet customer demands for sales and service maintaining credit in the marketplace. Accordingly, we are concentrating on supporting the center network's concerns over dealer cash flow, customer interaction, and business enabling.

Plan for Support

Our teams have heard very clearly from the BMW Dealer Forum that we need to focus on helping you preserve liquidity, and we understand this urgent need and request. Together BMW NA and BMW FS are offering the following immediate actions to help mitigate the myriad of negative business impacts you are currently facing:

BMW FS

- Current floorplan and credit facilities will be maintained and will function as normal
- Dealer payments, inclusive of principal and interest, on floorplan, capital loans, mortgages, lines of credit and other forms commercial borrowing will be deferred for 90 days upon dealer's written request of this accommodation. Centers must be current in their existing obligations to be eligible for this element.
- All New, Used and Service Loaner vehicle floorplan curtailments will be halted until June 30, 2020
- Dealers that qualify for a floorplan penetration incentive will automatically be granted the maximum discount benefit until June 30, 2020
- All terms and conditions concerning liquidity and working capital will return to normal operating standards from July 1, 2020
- Qualifying customers on New, Used and CPO Retail Loans can be offered 90 days to first payment until June 30, 2020
- Qualifying customers whose lease vehicle is due for return will be offered a complementary 30-day lease extension upon request until April 30th, 2020

BMW NA

- AVP payments related to Dealer Training, Dealer Sales Loyalty, Genius and Service Effectiveness are guaranteed at 100 percent through June 30, 2020
- For the month of March, we will pay a new vehicle incentive of \$1,000 per qualifying vehicle, regardless of target achievement
- For the month of March every updated AMP vehicle, will receive \$500 per qualifying vehicle regardless of target achievement
- The Aftersales 1 percent Customer Pay Parts Bonus is guaranteed through Q1 2020

- Used Car CPO bonus for March will be guaranteed at 100 percent of achievement level

We intend to fully support our dealer partners, and these measures will remain in effect as noted, at which time we expect all terms and conditions will revert to normal operating standards. However, we will continuously monitor the situation and work with you for the best outcome going forward.

Federal Communication

It is also becoming apparent that new rules and regulations are being implemented on very short notice throughout the country. It is impossible for us to advise how to handle closures or employees, but we are investigating best practices and will share at a later date. Also, to this effect, NADA and the Alliance for Automotive Innovation sent a letter to President Trump this week to ask that automotive dealerships to be considered essential operations when government entities are determining which businesses to close during the COVID-19 crisis. The letter brings to the President's attention, the essential public need for access to safe transportation during this crisis and the vital role our centers play in both maintaining all vehicles and providing access to new vehicles.

United Together

As we continue to express, you are our first line of defense and the face of our great brand. Your BMW center and your staff members are the ones who directly interact with our owners and customers every day. Over the last few years, we at BMW NA and BMW FS have seen our relationship develop in many positive ways based on our core values and mutual respect.

We were all excited about the great start to 2020; we will now do the best we can to support you throughout these trying times. We must all remain steadfast and focused on moving forward to emerge stronger and more united, and we will keep all of you at the forefront of our thoughts.

Respectfully yours,

Bernhard Kuhnt

President and CEO

BMW of North America, LLC

Ian Smith

President and CEO

BMW Group Financial Services NA, LLC