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| Date: 7/21/2006 Bulletin: 07-3-03 | | Source: Name: Title: Phone #: | Product Planning and Strategy Ken Bracht 3 Series and X3 Product Manager (201) 307-4167 | | | |

Product Planning and Strategy BMW Dealer Bulletin

MY 2007 3 Series Sedan and Sports Wagon Product Enhancements and Pricing

In May of 2005, we introduced the all-new 3 Series sedan to the US market. In the past year, the 3 Series was honored as "Automobile of the Year" by AUTOMOBILE Magazine; named to Car and Driver's "10Best" Cars list as "Best Luxury Sports Sedan" for an unprecedented 15 years in a row; and hailed as "World Car of the Year" by an international jury of 46 automotive journalists. With its satisfying combination of power, performance, and day-to-day practicality, the world's first sports sedan is, to many driving enthusiasts, still the best. For MY2007, the best sports sedan and wagon in the compact luxury segment get even better with new engines, new model names, new transmissions, improved performance, new colors, and additional interior updates.

New engines/Model names

- The 325i and 325xi Sedans and Sports Wagons will be replaced by the 328i and 328xi. Both models will be powered by a new version of the 3.0-liter inline 6-cylinder cast aluminum magnesium engine block, producing 230 horsepower and 200 lb-ft of torque. This represents a +15 hp and +15 lb ft of torque improvement over the MY2006 325i and 325xi.
- The 330i and 330xi Sedans will be replaced by the 335i and 335xi. They will be powered by a 3.0-liter twin-turbocharged inline 6-cylinder with a cast aluminum engine block; producing 300 horsepower with 300 lb-ft of torque. This is a +45 hp and +80 lb ft of torque improvement over the MY2006 330i and 330xi. *Note: The xDrive all-wheel drive 335xi Sedan will not begin production until March 2007.*
- The increase in horsepower on both of these engines is not offset by a decrease in fuel efficiency. These new engines will have similar fuel economy as the already impressive MY2006 Series Sedans and Sports Wagons.

Transmissions

- Standard 6-speed manual transmission or optional 6-speed STEPTRONIC automatic transmission will continue for MY2007. The 328i gear ratios remain the same as the MY2006 325i. The 335i gear ratios have been changed vs. the MY2006 330i and have been optimized to work with the new twinturbocharged engine.
- The 335i Sedan also has steering wheel mounted paddle shifters when ordered with Sport Package and STEPTRONIC automatic transmission.

Performance

- 328i Sedan 6.3 sec. (manual) / 6.9 sec. (automatic)
 0.4 sec./0.3 sec. improvement
- 328xi Sedan 6.9 sec. (manual) / 7.1 sec. (automatic)
 - 0.2sec./0.6 sec. improvement
- 335i Sedan 5.4 sec. (manual) / 5.6 sec. (automatic)
 - o 0.7 sec./0.7 sec. improvement
- 328i Sports Wagon 6.5 sec. (manual) / 7.1 sec. (automatic)
- 328xi Sports Wagon 7.1 sec. (manual) / 7.3 sec. (automatic)
 - 0.2sec./0.6 sec. improvement

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Exterior Colors

- Crimson Red will replace Electric Red
- Montego Blue metallic will replace Mystic Blue metallic

Changes in equipment

- Satellite radio preparation is standard. SA693 satellite radio preparation will no longer have to be ordered separately.
- Additional galvanic silver trim that matches the trim around the start/stop button will be added to the climate control knobs. This adds a premium touch to the center console.
- The optional sport steering wheel (within the Sport Package) will change beginning with September
 production. It will be the same style sport steering wheel that is in the E92 Coupe, which has galvanic
 accents.
- Customers will now be provided with two fully functional remote control keys. The valet/wallet key will no longer be provided. It may become available as an accessory at a later date.

Start of Production/Market Launch

- 328i/xi Sedan September 2006/October 2006
- 328i/xi Sports Wagon September 2006/October 2006
- 335i Sedan September 2006/October 2006
- 335xi Sedan March 2007/April 2007

The MSRP's for the MY 2007 3 Series Sedans and Sports Wagons are as follows:

| <u>Model</u> | <u>MY 2006</u> | <u>MY 2007</u> | <u>Change</u> |
|-------------------|------------------|----------------|---------------|
| 328i Sedan | \$30,900 (325i) | \$32,400 | \$1,500 |
| 328xi Sedan | \$37,600 (330i) | \$34,300 | \$1,500 |
| 335i Sedan | \$36,600 | \$38,700 | \$2,100 |
| 328i Sport Wagon | NA | \$34,200 | NA |
| 328xi Sport Wagon | \$34,600 (325xi) | \$36,100 | \$1,500 |

The official 335xi Sedan Prices will be released closer to the launch in 2007.

3 Series Sedan Packages (New content is in bold italics)

| Package | 328i Sedan | 328xi Sedan | 335i Sedan |
|-----------------------|---|--|--|
| Cold Weather (ZCW) | \$1,000 | \$850 | \$1,000 |
| | Fold down seats, ski bag, front heated seats, retractable headlight washers | Fold down seats, ski bag and front heated seats | Fold down seats, ski bag, front heated seats, retractable headlight washers |
| Premium Package (ZPP) | \$3,150 | \$3,150 | \$2,450 |
| | Garage door opener, power folding mirrors, compass, dual power seats, lumbar support, BMW Assist/Bluetooth connectivity with a <i>4 year</i> <i>subscription</i> , leather upholstery | Garage door opener, power folding mirrors, compass, dual power seats, lumbar support, BMW Assist/Bluetooth connectivity with a <i>4 year</i> <i>subscription</i> , leather upholstery | Garage door opener, power folding mirrors, compass, lumbar support, BMW Assist/Bluetooth connectivity with a <i>4 year</i> <i>subscription</i> , leather upholstery |
| Sport Package (ZSP) | \$1,600 | \$1,200 | \$1,600 |
| | 17" wheels, performance tires, | Sport seats, sport | 18" wheels, |
| | sport suspension, sport | steering wheel, 17" | performance tires, sport |
| | steering wheel, sport seats, 150 mph speed limiter | wheels, all-season tires. Or for an additional \$300 | suspension, sport steering wheel, sport |
| | 130 mph speed inniter | 17" wheels with | seats, 150 mph speed |
| | | performance tires | limiter |

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The Sport Package Upgrade will be available for the 328xi only. This \$300 upgrade includes 17" Double Spoke wheels with performance tires (not suitable for ice and snow) and increases the electronic speed governor from 130mph to 147mph to 150 mph depending on the model. The brochure will include the top speed capabilities of each model.

| Package | 328i Sport Wagon | 328xi Sport Wagon | |
|-----------------------|--|---|--|
| Cold Weather (ZCW) | \$750 | \$600 | |
| | Ski bag, front heated seats, retractable headlight washers | Ski bag and front heated seats | |
| Premium Package (ZPP) | \$3,150 Garage door opener, power | \$3,150 Garage door opener, | |
| | folding mirrors, compass, dual power seats, lumbar support, BMW Assist/Bluetooth connectivity with a <i>4 year</i> <i>subscription</i> , leather upholstery | power folding mirrors, compass, dual power seats, lumbar support, BMW Assist/Bluetooth connectivity with a <i>4 year</i> <i>subscription</i> , leather upholstery | |
| Sport Package (ZSP) | \$1,600 | \$1,200 | |
| | 17" wheels, performance tires, sport suspension, sport steering wheel, sport seats, 150 mph speed limiter | Sport seats, sport steering wheel, 17" wheels, all-season tires. Or for an additional \$300 17" wheels with performance tires | |

3 Series Sport Wagon Packages (New content is in bold italics)

Stand Alone Options for both the 3 Series Sedan and Sports Wagon (New content is in bold italics)

| Auto Transmission | \$1,275 | Active Steering** | \$1,250 |
|--------------------------------|---------|--------------------------------|---------|
| Active Cruise Control | \$2,200 | Logic 7 Sound System | \$1,200 |
| Leather Upholstery | \$1,450 | Comfort Access | \$500 |
| Power Rear Sunshade for Sedans | \$575 | Manual window shades for Wagon | \$250 |
| Xenon Adaptive headlights | \$800 | SIRIUS Sat Radio w/ 1 yr subs | \$595 |
| Heated Front Seats | \$500 | Rear PDC | \$350 |
| Metallic Paint | \$475 | Fold Down Seats w/ ski bag*** | \$475 |
| Power Front Seats | \$995 | 4 Years of BMW Assist | \$750 |
| Poplar Natural Wood | No Cost | Brushed Aluminum Trim | No Cost |
| Navigation w/ iDrive & RTTI* | \$2,100 | 17" wheels for Sport Wagon | \$300 |

* RTTI stands for Real Time Traffic Information

** Active steering is only available as on option on the 328i Sedan, 335i Sedan and 328i Sports Wagon

*** Fold Down Seats/ski bag are only available on the MY 2007 3 Series Sedans

Wholesale pricing sheets will be posted on bmwcenternet today and Order Entry will begin on Monday, July 24, 2006. For customers who prefer to lease, BMW FS will follow-up this bulletin with rates and residuals later in the summer.

To access the pricing sheets online simply go to <u>www.bmwcenternet.com</u> and click on the pull down **CenterNet Menu**, select **BMW**, select **Sales**, select **New** and select **Pricing – Wholesale/Retail**. To access the ordering guides, select **2007 Ordering Guide**.

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