

Annual Report 2000

Successful start into the New Millennium



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Further information on the BMW Group can be obtained from the Internet address

<http://www.bmwgroup.com>

Publications of the BMW Group

A list of selected publications available in German and English can be obtained from

+49 (0) 89-3 82-2 44 18 or
 publications@bmwgroup.com

BMW Group in Figures

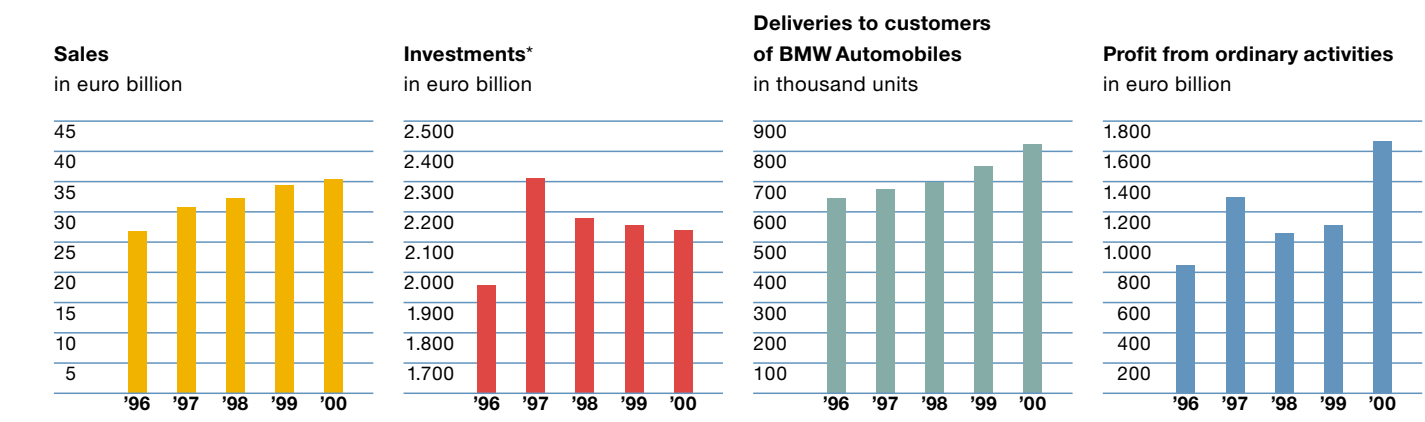
		1996	1997	1998	1999	Change in %	2000
Sales	euro million	26,723	30,748	32,280	34,402	2.8	35,356
Production – Automobiles							
BMW Automobiles	units	639,433	672,238	706,426	755,547	10.5	834,519
Automobiles, overall ¹⁾	units	1,143,558	1,194,704	1,204,000	1,147,420	- 10.5	1,026,755
Motorcycles²⁾							
	units	48,950	54,933	60,152	69,157	7.6	74,397
Deliveries to customers							
BMW Automobiles	units	644,107	675,076	699,378	751,272	9.4	822,181
Automobiles, overall ¹⁾	units	1,151,364	1,196,096	1,187,115	1,180,429	- 14.3	1,011,874
Motorcycles							
	units	50,465	54,014	60,308	65,168	14.5	74,614
Workforce at end of year³⁾							
		116,112	117,624	118,489	114,952	- 18.6	93,624
Investments	euro million	1,958	2,311	2,179	2,155	- 0.8	2,138
Depreciation	euro million	1,535	1,812	1,859	2,042	13.7	2,322
Cash flow	euro million	2,092	2,518	2,479	2,807	13.9	3,198
Profit from ordinary activities	euro million	849	1,293	1,061	1,111	49.7	1,663
Profit/loss for the financial year	euro million	420	638	462	- 2,487 ⁴⁾	n/a	1,026

1) Incl Rover Cars until 9 May 2000 and Land Rover until 30 June 2000

2) Incl assembly of the F 650 at Aprilia S.p.A. until 1999

3) Values from 1998 onwards adjusted to take account of suspended contracts of employment and workforce in the vacation phase of pre-retirement or part-time employment, low-income earners

4) Profit before extraordinary result of euro 663 million



* not adjusted for Rover/Land Rover



BMW Group in Figures

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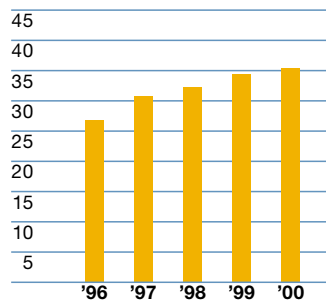
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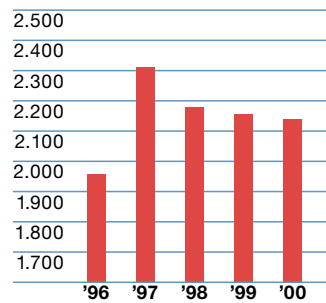
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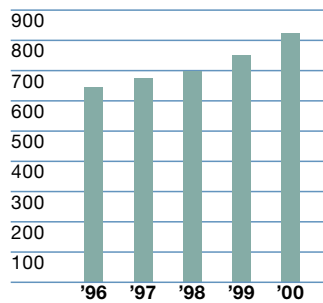
Sales
in euro billion



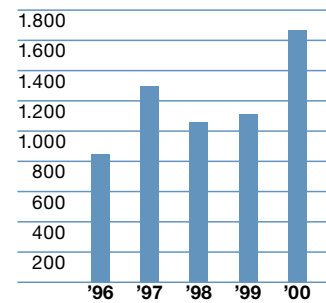
Investments*
in euro billion



**Deliveries to customers
of BMW Automobiles**
in thousand units



Profit from ordinary activities
in euro billion



* not adjusted for Rover/Land Rover

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“The Supervisory Board supports the Board of Management’s strategy of consolidating and expanding the position of the BMW Group as a company offering premium automobiles.”
Volker Doppelfeld

The Supervisory Board regularly advised the Board of Management during the 2000 financial year and monitored the running of the business. In five joint meetings and on the basis of written and oral reports by the Board of Management, the Supervisory Board became thoroughly familiar with the economic situation of the Company, the course of business and the business policy and other fundamental questions of corporate planning and development, and discussed these with the Board of Management. Outside the Supervisory Board meetings, the Chairman of the Supervisory Board also held regular discussions with the Chairman of the Board of Management regarding the essential questions of business policy and business development.

In the first three months of the period under review, the Supervisory Board, together with the Board of Management, was concerned in detail – as it had been in the entire previous 1999 financial year – with the positioning and the development of sales and results at Rover. Since it was aware that the far-reaching restructuring measures that had been taken and those which were subsequently to be implemented in all probability would not have led to a successful turnaround within a reasonable period of time with positive business prospects for the future, the Board of Management recognised that it had a commercial responsibility to take action. The Board of Management and the Supervisory Board therefore discussed various scenarios, taking the interests of all stakeholders into account in particular. With the knowledge and assessment of the risks and opportunities, the Supervisory Board approved the Board of Management’s proposal for a fundamental reorganisation of the core automobile business and asked the Board of Management to implement this quickly and comprehensively. As a result, Rover Cars was sold to the British Phoenix Consortium on 9 May 2000, and the Land Rover business was sold to Ford Motor Company on 30 June 2000. The Board of Management, in agreement with the Supervisory Board, had already taken precautionary measures to cover the commercial risks arising from its involvement with Rover in the 1999 Group Financial Statements.

The sale of Rover Cars and Land Rover created the essential preconditions for a reorganisation of the BMW Group’s automobile business. At the same time, the jobs of those employed by the former Rover Group Limited were retained since these areas of business continued to operate.

The Supervisory Board received regular reports from the Board of Management about the restructuring of the automobile business and the state of development of the sale of Rover Cars and Land Rover.

The Supervisory Board supports the Board of Management's strategy of consolidating and expanding the position of the BMW Group as a company offering premium automobiles. BMW will therefore be expanding its product range in the premium segments. The BMW brand range will be supplemented by a small BMW. A product family is being developed in the Sports Activity Segment on the basis of the successfully launched X5. MINI is being established as the premium brand in the small-car segment, and Rolls-Royce will round off the brand portfolio in the supreme top end segment.

Sufficient production capacity must be created for the volume growth associated with the expansion of the product range in the automobile business. The Supervisory Board has therefore been involved in great depth with the Board of Management's plans to build a new plant.

The business areas of BMW Motorcycles and Financial Services were also discussed with the Board of Management. Further points of emphasis were personnel policy and the measures and strategies of the Board of Management in the area of e-business. In addition, the longer-term development of the Group was also debated in depth.

The Supervisory Board was also informed by the Board of Management about the risk management system. It made sure that the existing risk management system was supplemented, specified and anchored in the corporate organisation in accordance with the provisions of the Law on Monitoring and Transparency within Corporations (KonTraG).

The Financial Statements of Bayerische Motoren Werke Aktiengesellschaft plus the Consolidated Financial Statements for the year ending 31 December 2000 and the Management Report which is combined with the Group Management Report were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, in Munich and were issued an unqualified audit opinion. The Supervisory Board also examined these documents submitted by the Board of Management. The audit reports prepared by KPMG were made available to all members of the Supervisory Board. The Auditor attended the Annual Accounts Supervisory Board meeting on 15 March 2001 and reported on the main results of his audit. The Supervisory Board agreed to the results of the final audit. The Supervisory Board approved the Financial Statements for Bayerische Motoren Werke Aktiengesellschaft prepared by the Board of Management for the 2000 financial year. The Financial Statements are therefore adopted.

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The Board of Management's proposal for the use of the unappropriated profit available for distribution was examined by the Supervisory Board. The Supervisory Board agreed with the proposal of the Board of Management. After the final result of the examination of the Supervisory Board, no objections were made. In the past year, a loss was shown in the Group for the 1999 financial year. In the 2000 financial year, losses from Rover Cars (up to 9 May 2000) and Land Rover (up to 30 June 2000) were still a burden on group results. However, the results achieved for the 2000 financial year are by far the best in the history of the BMW Group and confirm the policy of concentrating on profitable segments in the automobile business.

The Presiding Board, which also acts as the Personnel Committee, met for seven meetings. The statutory Mediation Committee, which was also created by the Supervisory Board (§ 27 Para. 3 of the Law on Worker Participation), did not need to convene.

Dr. Wolfgang Rölller, who had been a Member of the Supervisory Board since 1994, left the Supervisory Board at the end of the Annual General Meeting on 16 May 2000. The Supervisory Board thanked Dr. Rölller for his work on the Board. The General Meeting of 16 May 2000 elected Professor Dr. Bernd Fahrholz as a Member of the Supervisory Board.

Dr. h.c. Horst Teltschik, who had been a Member of the Board of Management since 1993, left the Company on 30 June 2000. The Supervisory Board thanked Dr. Teltschik for the services he had provided to the Company. At its meeting on 5 October 2000, the Supervisory Board appointed Dr. Michael Ganal as a Member of the Board of Management.

Munich, 15 March 2001

The Supervisory Board



Volker Doppelfeld
Chairman

Members of the Supervisory Board

Volker Doppelfeld

Chairman
Former Member of the Board of
Management of BMW AG

Mandates**

- Bayerische Hypo- und Vereinsbank AG
- D.A.S. Deutsche Automobilschutz Allgem.
Rechtsschutz-Versicherungs AG
- IWKA AG

- Bizerba GmbH & Co.KG

Stefan Quandt

Deputy Chairman
Entrepreneur

Mandates**

- CEAG AG
- DELTON AG (Chairman)
- Dresdner Bank AG
- Gerling-Konzern Allgemeine Versicherungs-AG

- DataCard Corp.

Manfred Schoch*

Deputy Chairman
Chairman of the Central Works Council

Prof. Dr.-Ing. E.h. Berthold Leibinger

Deputy Chairman
Managing Partner
TRUMPF GmbH + Co. KG

Mandates**

- BASF AG (Chairman)
- Deutsche Bank AG

- Verlagsgruppe Georg von Holtzbrinck GmbH

Ernst Rehmeier*

Deputy Chairman
Chairman of the Works Council,
Dingolfing

Dr. Karin Benz-Overhage*

Executive Member of the Executive Board of IG Metall

Mandates**

- Thyssen Krupp Steel AG (Deputy Chairwoman)

Ulrich Eckelmann*

Union Secretary, Adviser to the Executive Board of IG Metall

Mandates**

- Thyssen Krupp Automotive AG

Prof. Dr. Bernd Fahrholz

(from 16 May 2000)
Chairman of the Board of Management of Dresdner Bank AG

Mandates**

- Fresenius Medical Care AG
- BNP Paribas S.A.
- Reuschel & Co. (Deputy Chairman)
- Dresdner Kleinwort Benson North America Inc.

Hans Glas*

Director of the Dingolfing Plant

Konrad Gottinger*

Member of the Works Council, Dingolfing

Gerhard Gutmiedl*

Deputy Chairman of the Works Council, Munich

Arthur L. Kelly

Managing Partner of KEL Enterprises L.P.

Mandates**

- BASF Aktiengesellschaft
- Thyssen Krupp Industries AG
- DataCard Corp.
- Deere & Company
- HomePlace of America Inc.
- HSBC Trinkaus & Burkhardt KGaA
- Northern Trust Corp.
- Snap-on Inc.

Susanne Klatten

BSc., MBA

Mandates**

- ALTANA AG (Deputy Chairwoman)
- Byk Gulden Lomberg GmbH
- Bankhaus Reuschel & Co.
- DataCard Corp.

Willibald Löw*

Chairman of the Works Council, Landshut

Prof. Dr. Dr. h.c. mult. Hubert Markl

President of the Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V.

Mandates**

- Aventis S.A.
- Siemens AG

* Representative of the employees

** Mandates:
Memberships of other Supervisory Boards and comparable boards and bodies with a supervisory function in Germany and abroad

Werner Neugebauer*

Regional Executive IG Metall Bayern

Mandates**

- FAG Kugelfischer Georg Schäfer AG (Deputy Chairman)

Hans-Günther Niklas*

Human Resources Manager

Dr. Wolfgang Röllner

(until 16 May 2000)

Honorary Chairman of the Supervisory Board of Dresdner Bank AG

Mandates (16 May 2000)**

- Heidelberger Zement AG (Chairman)
- Henkel KGaA

Dr.-Ing. Dieter Soltmann

Chairman of the Supervisory Board of Spaten-Franziskaner-Bräu KGaA

Mandates**

- Bankhaus Maffei KGaA & Co.
- Deutsche Postbank AG
- Löwenbräu AG (Chairman)
- Meggle GmbH (Chairman)
- Münchener Tierpark Hellabrunn AG

Lodewijk C. van Wachem

Chairman of the Supervisory Board of Royal Dutch Petroleum Company/Shell

Mandates**

- Bayer AG
- Akzo Nobel N.V.
- ATCO Ltd.
- IBM Corp.
- Philips Electronics N.V. (Chairman)
- Zurich Financial Services AG (Deputy Chairman)
- "Zürich" Versicherungs-Gesellschaft AG

Dr. Hans-Dietrich Winkhaus

Former Chairman of the Board of Management of Henkel KGaA

Mandates**

- Degussa-Hüls AG
- Deutsche Lufthansa AG
- Deutsche Telekom AG (Chairman)
- ERGO Versicherungsgruppe AG
- Schwarz-Pharma AG (Chairman)
- Henkel KGaA

* Representative of the employees

** Mandates:
Memberships of other Supervisory Boards and comparable boards and bodies with a supervisory function in Germany and abroad

Members of the Board of Management

Prof. Dr.-Ing. Dr. h.c. Dr.-Ing. E.h. Joachim Milberg

Chairman

Mandates*

- Royal Dutch Petroleum Company/Shell

Ernst Baumann

Carl-Peter Forster

(until 16 March 2000)

Mandates (16 March 2000)*

- GSB – Gesellschaft zur Entsorgung von Sondermüll in Bayern mbH
- BMW Motoren GmbH (Chairman)
- BMW Österreich Holding GmbH (Chairman)
- BMW (South Africa) (Pty) Ltd. (Chairman)

Dr. Michael Ganal

(from 5 October 2000)

Dr.-Ing. Burkhard Göschel

(from 16 March 2000)

Dr. Henrich Heitmann

(until 16 March 2000)

Mandates (16 March 2000)*

- Lütke AG (Chairman)
- BMW Canada Inc. (Chairman)
- BMW de Argentina S.A.
- BMW Manufacturing Corp.
- BMW of Manhattan, Inc.
- BMW of North America, Inc. (Chairman)
- BMW (US) Holding Corp. (Chairman)
- Designworks/USA, Inc.
- Land Rover North America, Inc.

Günter Lorenz

Mandates*

- Gerling Konzern Globale Rückversicherungs-AG
- BMW Australia Finance Ltd.
- BMW Financial Services NA, Inc.
- BMW FS Funding Corp.

Dr. Helmut Panke

Dr.-Ing. Norbert Reithofer

(from 16 March 2000)

Mandates*

- GSB – Gesellschaft zur Entsorgung von Sondermüll in Bayern mbH
- BMW Motoren GmbH (Chairman)
- BMW Österreich Holding GmbH (Chairman)
- BMW (South Africa) (Pty) Ltd. (Chairman)

Prof. Dr.-Ing. Werner Sämman

Mandates*

- BMW Services Ltd.

Dr. h.c. Horst Teltschik

(until 30 June 2000)

Mandates (30 June 2000)*

- Albingia Versicherungs AG
- Berlinwasser Holding AG

Dr.-Ing. Wolfgang Ziebart

(until 16 March 2000)

Executive Director:

Dr. Hagen Lüderitz

General Counsel:

Dr. Dieter Löchelt

* Mandates:
Memberships of other Supervisory Boards and comparable boards and bodies with a supervisory function in Germany and abroad

BMW Group Management Report. The BMW Group is the only multi-brand car maker in the world to pursue a consistent, pure premium brand strategy providing the foundation for the success of the BMW Group in the market.

The BMW Group achieves its best result ever in the year of reorientation

The successful reorientation of the BMW Group concentrating on the premium segments of the market has contributed to a new record business result in the year 2000. The profit from ordinary activities increased by 49.7 per cent to euro 1.663 billion. This significantly exceeds the previous record of euro 1.293 billion achieved in 1997.

The result in the BMW Automobiles Segment was up by 13 per cent to euro 2.380 billion. Both the BMW Motorcycles Segment and Financial Services Segment also increased their results by 50 per cent and 9 per cent to euro 27 million and euro 345 million respectively, achieving new record levels and making a significant contribution to the overall success of the BMW Group. The Rover Automobiles Segment, representing the operative business of Rover/Land Rover up to the respective sale dates, shows a loss of euro 762 million.

The profit for the financial year of the BMW Group was euro 1.026 billion, a new all-time high in the history of the Group, exceeding the previous year's figure of euro 663 million, before extraordinary result, by 54.8 per cent.

In the year 2000 BMW, AG showed an unappropriated profit available for distribution up by euro 41 million to euro 310 million.

Dividend increase as a result of the successful business year

The Board of Management and Supervisory Board propose to the Annual General Meeting to use the unappropriated profit available for distribution in BMW AG of euro 310 million for the payment of a dividend on the equity entitled to dividends (622.2 million common

stock and 48.5 million preferred stock, each with a nominal value of euro 1). This dividend represents an increase of 15 per cent to euro 0.46 per common stock (1999: euro 0.40) and of 14.3 per cent to euro 0.48 per preferred stock (1999: euro 0.42), each with a nominal value of euro 1.

The dividend increase proposed reflects the successful development of the BMW Group in the year 2000.

BMW Group achieves record sales

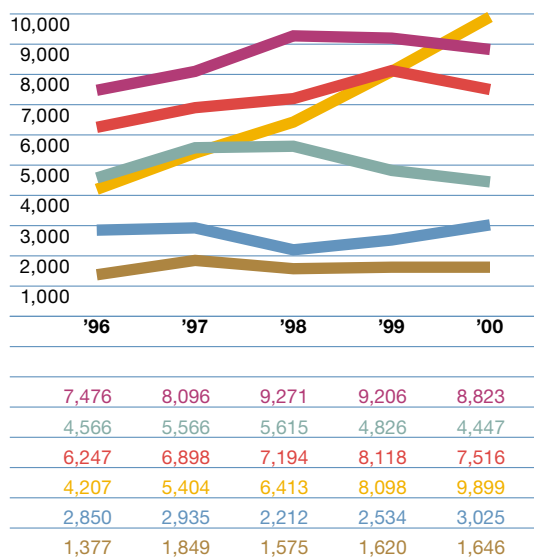
In the year 2000, the BMW Group achieved new record sales of euro 35.36 billion, an increase by 2.8 per cent over the 1999 figure. This growth is attributable to the increase in deliveries and its regional distribution, the higher level of equipment fitted, and the introduction of new model variants. Accordingly, the BMW Group was able to over-compensate the decrease in Rover/Land Rover sales following the sale of those two companies.

In the BMW Automobiles Segment, external sales were up by 21.9 per cent to a new record figure of euro 24.0 billion. At euro 29.6 billion, overall sales were 20.4 per cent higher than in the previous year. Sales in the BMW Motorcycles Segment were likewise up by 20.7 per cent, thus growing at an overproportional rate in comparison with deliveries. The BMW Financial Services Segment, finally, continued its growth trend despite the discontinuation of Rover Cars financing, with sales rising by 14.6 per cent.

The Rover Automobiles Segment comprising the sales of Rover, MG, Mini, and Land Rover vehicles up to the respective sale of these brands shows an overall sales volume of euro 3.9 billion.

BMW Group sales by regions

(in million euro)



■ Germany
■ Great Britain
■ Rest of Europe
■ North America
■ Asia
■ Other Markets

Reflecting the overproportional increase in customer deliveries and the higher value of the US dollar in the year 2000 versus 1999, the share of sales in the North American markets was up to 28.0 per cent (previous year: 23.5 per cent). At a share of 58.8 per cent, Europe nevertheless remained the largest market for the BMW Group, Germany alone contributing 25.0 per cent to the overall Group sales.

Deliveries of BMW Automobiles increasing to a new record level

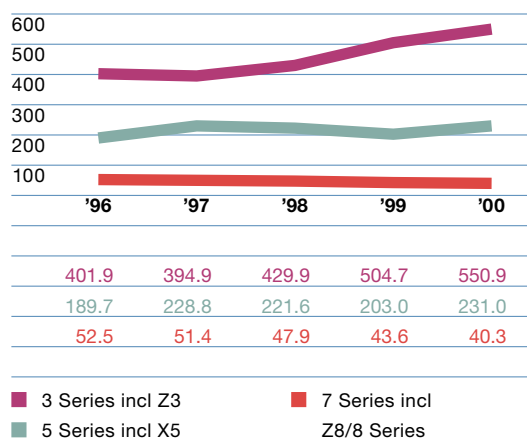
Increasing by 9.4 per cent to 822,181 units, deliveries of BMW brand automobiles in the year 2000 reached a new record level.

This growth was fuelled by great demand for the BMW 3 Series, by the very successful market launch of the BMW X5 Sports Activity Vehicle, by a further increase in the delivery of diesel cars, and by a new record level of deliveries in the BMW Group's largest foreign market, the USA.

Deliveries of the BMW 3 Series were up in the year 2000 by 12.6 per cent to 511,052 units, thus for the first time exceeding the half-million mark in terms of cars sold (1999: 453,776 units). Demand for the BMW 3 Series touring launched in October 1999 and the BMW 3 Series convertible introduced in April 2000 was particularly great, with deliveries in each case amounting to 62,117 and, respectively, 28,476 units. Overall deliveries of the Z3 roadster and Z3 coupé, finally, amounted to almost 40,000 units (previous year: 51,000).

BMW automobile deliveries by model series

(in 1,000 units)



■ 3 Series incl Z3
■ 5 Series incl X5
■ 7 Series incl Z8/8 Series

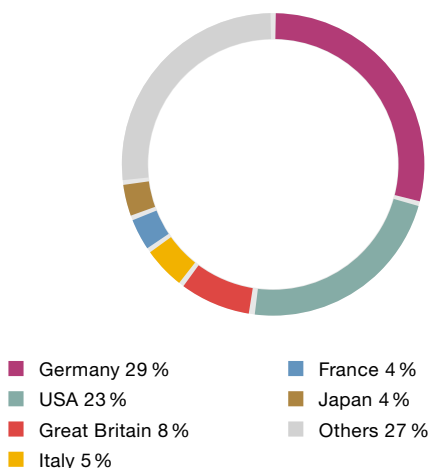
The introduction of the new generation of 6-cylinder petrol engines in summer 2000 and the facelift featuring striking light-ring headlights in autumn 2000 ensured an overall positive development of deliveries of the BMW 5 Series, with deliveries of the saloon models amounting to 152,888 and deliveries of the touring models to 40,115 units, respectively, marking a slight decrease by 4 per cent.

As was to be expected, deliveries of the BMW 7 Series in the last full year of its life-cycle were down from the figure recorded in 1999, dropping worldwide by 9.6 per cent to 38,871 units.

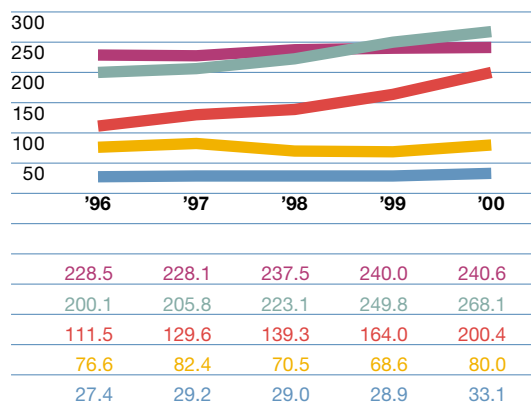
The BMW X5 introduced in the US market towards the end of 1999 and entering sales in Europe in late May 2000 exceeded expectations by far, with total deliveries of 37,927 units. 26,720 units (70 per cent) were delivered to customers in the USA alone.

The BMW Z8 super-sportscar hand-built by specialist craftsmen at the Munich Plant and resting on an aluminium spaceframe

The most significant BMW Automobile markets
(in per cent)



Deliveries of BMW Automobiles by regions and markets (in 1,000 units)



Germany Rest of Western Europe North America Asia/Oceania Other Markets

body from the Dingolfing Plant was delivered to exactly 1,371 customers in the year under report.

In the year under report, the BMW brand succeeded in expanding its position in the European markets. With deliveries increasing by 3.9 per cent to a new level of 508,676 units, the market share of the BMW brand was up to 3.4 per cent following 3.1 per cent in the previous year.

Overall deliveries of the BMW Group in Germany in the year 2000 amounted to 240,574 BMW Automobiles, an increase by 0.2 per cent over 1999. This is a particularly great success considering the weakness of the overall market as such, the BMW Group's market share growing from 6.1 to 7.0 per cent.

New delivery records were achieved inter alia in Spain (+18.3 per cent to 27,586 units), Italy (+9.5 per cent to 43,861 units), and France (+6.9 per cent to 33,884 units).

In the USA, the BMW Group achieved a new absolute record level of deliveries in the year 2000, a volume of 189,423 units exceeding the 1999 figure by 22.2 per cent. As a

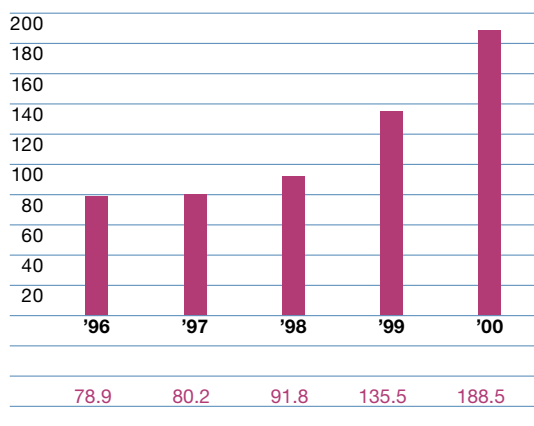
result, the overall volume of BMW brand automobiles delivered to customers in the USA has more than tripled in the last 10 years.

The markets in Asia/Oceania continued the upward trend already recorded in 1999, the BMW Group delivering almost 80,000 BMW cars to this region, representing an increase by 16.6 per cent. Deliveries in China (with the volume of deliveries almost doubling to 3,797 units), South Korea (deliveries doubling to 1,626 units), and Thailand (with an increase by almost one-third to 2,415 units) showed a particularly positive development. Japan remained the BMW Group's most significant sales market in Asia in the year 2000, with sales of BMW cars increasing by 2 per cent to 35,928 units.

Diesel models continuing their story of success

Undaunted demand for cars with diesel drive as well as the introduction of new, further improved diesel engines helped to further boost deliveries of diesel models in all BMW model series in the year 2000. All of these

Deliveries of BMW diesel cars (in 1,000 units)



models ranging from the BMW 320d all the way to the top-of-the-range BMW 740d featuring 8-cylinder diesel technology offer the dynamic performance and driving pleasure so typical of BMW. In all, deliveries of diesel cars were up by 40 per cent over 1999 to 188,505 units, the share of diesel models in overall sales increasing from 18 per cent in 1999 to 23 per cent in the year under report.

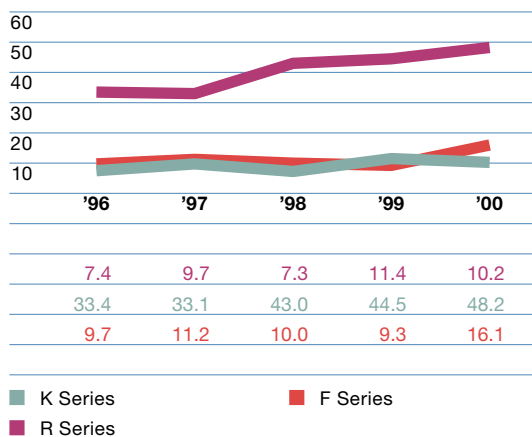
BMW Motorcycles also successful in fiscal 2000

Deliveries of BMW Motorcycles increased by 14.5 per cent in the year under report from 65,168 to 74,614 units. The F 650 GS alone, the world's first series production single-cylinder motorcycle equipped as standard with a three-way catalytic converter, Digital Motor Electronics and ABS available as an option was delivered to 13,115 customers. Recording a delivery volume of 14,612 units, the BMW R 1150 GS was the best-selling motorcycle within the BMW Group. Deliveries of the R 1100 RT, finally, were up by 4.8 per cent to 9,780 units.

The biggest contribution to this ongoing improvement of deliveries came from abroad with the number of deliveries increasing significantly in the USA (+ 20 per cent to 12,047 units) and the European markets Spain (+ 35 per cent to 3,580 units) and Italy (+ 17 per cent to 9,141 units). With deliveries of 23,427 units, the German market also contributed to this success (previous year: 22,211 units).

The world market for motorcycles in the plus-500 cc category grew by 7.1 per cent in the year 2000. By comparison, the BMW Group was able to achieve above-average growth, boosting its share in this market segment from 6.7 per cent in 1999 to a new record level of 7.1 per cent in the year under report. In the overall motorcycle world market, in turn, the share of the BMW Group was up from 5.6 to 6.1 per cent.

**Deliveries of BMW Motorcycles
by model series (in 1,000 units)**



Sales of rider's wear and special equipment rounding off the range of motorcycle products were up in the year under report by 20 per cent.

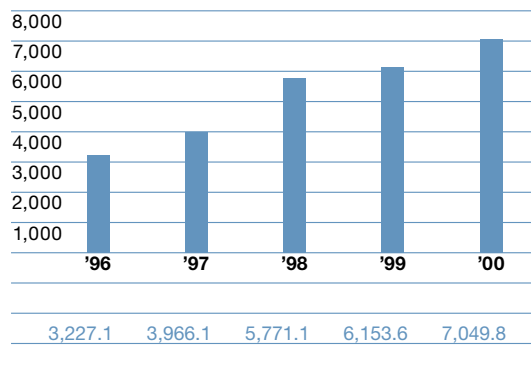
Further penetrating the market and expanding the model range in the current year by the introduction of the R 1150 R roadster and the R 1150 RT tourer, the BMW Group plans to continue the positive sales trend in the BMW Motorcycles Segment.

Following the market launch of the BMW C1 in April 2000 in Germany and the subsequent introduction in other European markets, deliveries to customers amounted to 6,649 units in the year under report. Representing an all-new, absolutely unique vehicle concept, the BMW C1 sets new standards in terms of safety, protection from wind and weather, as well as practical value for a motorised two-wheeler in urban traffic. The Italian Design Management Award presented to the C1 in the year 2000 confirms this innovative concept and its exceptional design. The introduction of the C1 200 with its larger, more powerful and high-torque engine launched in March 2001 will consistently expand the new market segment opened up by the C1.

Financial Services remain an important success factor for the BMW Group

The business volume of BMW Financial Services supporting worldwide sales and distribution of BMW Group products inter alia by personalised financing and leasing concepts for both private and corporate customers as well as for dealers was up in the year 2000 by approximately 10 per cent to euro 20.6 billion.

**Sales volume of BMW Financial Services
(in million euro)**

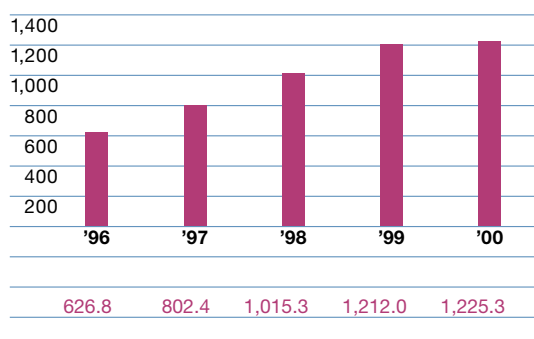


The penetration rate of BMW Automobiles by BMW Financial Services was 34.6 per cent, meaning that now one out of every three BMWs sold is financed by BMW Financial Services. 60 per cent hereof is leasing, 40 per cent loan financing.

With a penetration rate of approximately 45 per cent, the US market shows the largest share of financing in BMW Group automobile sales, ahead of East Asia at 42 per cent and Europe at 29 per cent. In terms of individual markets, Germany, the USA, Canada, and Japan have the highest penetration rates.

In all, 1.23 million new financing contracts were concluded in the year under report (previous year: 1.21 million). As of the end of the year 2000, the deposits at BMW Financial Services Germany amounted to a total volume of euro 1.6 billion, representing an increase of almost 25 per cent over the previous year.

Increase in contracts concluded by BMW Financial Services (in 1,000)

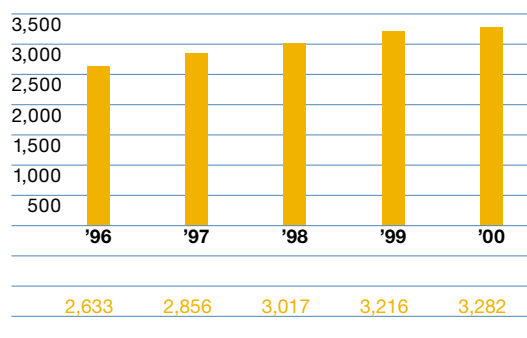


Apart from the penetration and development of additional markets, BMW Financial Services plan to further promote and boost the development of business by establishing and expanding the strategic business areas fleet management, multibrand financing, and direct banking.

Success of the BMW brand creates ongoing demand for new employees

Growing sales of the BMW brand were once again reflected in the year under report by the creation of new jobs, with almost 2,200 new jobs being established in Germany alone, mainly in the areas of Development, Sales, and Production. The expansion of the BMW Group also continued on an international level, with the successful introduction of the BMW X5 accounting for the employment of more than 1,100 new associates at the Spartanburg Plant.

BMW AG apprentices in Germany on 31 December



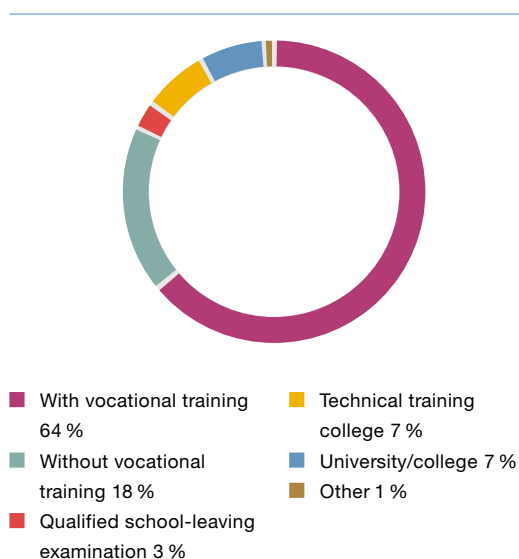
BMW AG's apprentice ratio in Germany of almost 5 per cent, equal to a total number of 3,282 apprentices, also reflects the great demand for qualified employees. Indeed, this successfully continues the training offensive launched in 1997. The BMW Group also shows great involvement in the areas of further training and employee qualification, with more than 105,000 days of further training and employee qualification at BMW AG's own Training Performance Centres in the year 2000, an increase by almost 10,000 days over 1999 (taking the discontinuation of Rover/Land Rover into account).

Reflecting the restructuring of the BMW Group and the subsequent sale of Rover Cars and Land Rover as well as the sale of the Group's aeroengine business to Rolls-Royce plc, the overall number of BMW Group associates dropped in the course of the year 2000 by 18.6 per cent to 93,600. In concluding its involvement in Rover/Land Rover, the BMW Group gave top priority to the need to maintain as many jobs as possible at the plants in Great Britain, the Phoenix Consortium and the Ford Motor Company taking over approximately 19,000 employees.

BMW Group employees by segments

	31 December 1999	31 December 2000	Change in %
BMW Automobiles	77,723	81,913	5.4
Rover Automobiles	29,884	0	- 100.0
BMW Motorcycles	2,191	2,397	9.4
Financial Services	1,561	1,671	7.0
Other	3,593	7,643	112.7
thereof:			
Software	(1,405)	(1,360)	- 3.2
Aeroengine	(2,169)	(0)	- 100.0
Corporate	(19)	(48)	152.6
BMW UK Companies	(0)	(6,235)	n/a
BMW Group	114,952	93,624	- 18.6

Qualifications of BMW AG employees (in per cent)



An employee's personal satisfaction on the job is crucial to the high quality of work by the BMW Group. In an enquiry conducted among BMW AG employees in the year 2000, 96 per cent of the employees interviewed stated that it was "great" working for BMW AG. This success is ensured not least by the use of flexible job structures, applying a philosophy where the BMW Group is a genuine leader: more than 300 different working time concepts, a steadily increasing number of teleworkers (increasing by 50 per cent in the year 2000 alone) now amounting to almost 1,000 jobs, and the availability of sabbaticals (more than 600 in the year 2000) are clear and convincing evidence of this success.

Innovative human resources systems and job structures make the BMW Group one of the most attractive employers in the world.

Production for the first time exceeding 800,000 BMW Automobiles and 70,000 BMW Motorcycles

The production of BMW Automobiles once again reached a new record level in the year 2000. In all, 834,519 BMW Automobiles came off the production lines at the Group's production plants in Munich, Dingolfing, Regensburg, Spartanburg (USA), and Rosslyn (South Africa), as well as at CKD plants the world over, marking an increase by 10.5 per cent over the previous year.

Production of BMW Motorcycles in the year 2000 was up by 7.6 per cent to 74,397 units, thus reaching a new production record for the eighth time in a row. Starting series production of the single-cylinder F 650 GS, whose predecessor was built under licence by Aprilia, the Berlin Motorcycle Plant was able to boost production by more than 26 per cent.

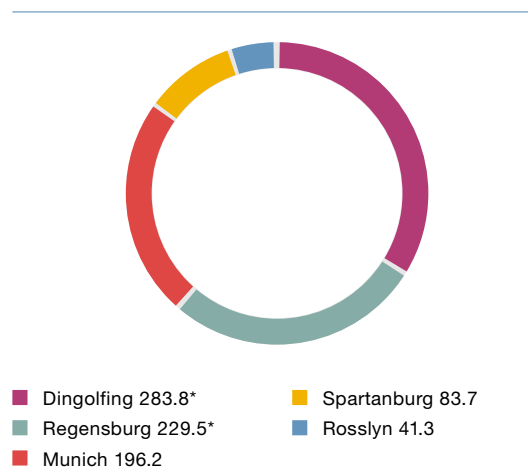
This ongoing increase in production at all plants was only made possible by the willingness of the Group's employees to work additional shifts, by the optimum interplay of production plants, and by further enhancement of the production system within the BMW Group's worldwide production network.

International production network supports the increase in production output

The BMW Group's automotive production plants in Munich, Dingolfing, Regensburg, Spartanburg, Rosslyn, and Oxford (Great Britain) cooperate within an international production network, in this way optimising the production processes.

This production network is characterised not only by the integration of production processes and competence centres, by the standardisation of job processes and contents, but also by truly outstanding flexibility

Production of BMW Automobiles by plants (in 1,000 units)



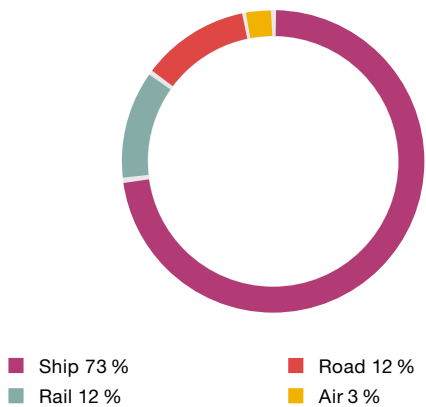
* Incl CKD/SKD components kits

in the occupancy of the Group's plants. In response to great demand for the BMW 3 Series, for example, the decision was taken to build not only the BMW 5 and 7 Series, but also the BMW 3 Series saloon at the Dingolfing Plant. It only took six months from this decision until the actual start of production.

Following this plant network philosophy, some 200 employees from Oxford worked in the year 2000 at the Group's plants in Regensburg and Spartanburg in order to overcome capacity bottlenecks and make themselves thoroughly acquainted with BMW's production methods prior to the start of series production of the MINI.

The BMW Group plants once again achieved top positions in the JD Power IQS Quality Survey in the year 2000, thus confirming the quality and efficiency of BMW production yet again.

Shares of transport systems/carriers with BMW plant network (in per cent, based on tonne kilometres)



Additional investment projects for the expansion of the BMW Group's production capacity were decided in the year 2000 in order to ensure the success of the BMW Group also in the years to come.

The engine plant in Steyr (Austria) was upgraded by an additional production line for 4-cylinder diesel engines starting operation in early January 2001 and boosting capacity by approximately 25 per cent.

At the Group's British plant in Hams Hall, BMW has established a very modern production facility for the new generation of 4-cylinder petrol engines fully in line with the BMW Group's high standards of quality. Opened in February 2001, Hams Hall will in future be the exclusive competence centre for all of BMW's 4-cylinder petrol engines.

The Oxford Plant has been equipped with the most advanced and sophisticated production facilities for building the MINI models and has been duly prepared for the start of series production in spring 2001.

The first plant in Asia belonging in full to the BMW Group was opened in the year under report in Amata City (Thailand) and will focus initially on production of the 3 Series for the Thai market. With its capacity of 10,000 cars, the plant is also laid out for exports of cars to other ASEAN countries.

Another US dollar 300 million will be invested at the Spartanburg Plant in order to meet the great, higher than expected demand for the BMW X5 Sports Activity Vehicle.

Plans for the construction of a new plant by the year 2004 are currently under way in the process of expanding the BMW Group's production capacity due to the introduction of an additional model series at the upper end of the lower midrange segment, the BMW 1 series. Detailed studies are currently being conducted on the choice of a suitable location, for which more than 200 applications have been received.

Customer-Oriented Sales and Production Process sets new standards

The BMW Group production network plays an important role within BMW's Customer-Oriented Sales and Production Process (KOV). As part of the BMW Group's built-to-order strategy, KOV serves to optimise all process levels from ordering via production and distribution all the way to final customer delivery. As a result, each customer will receive his personalised car on a binding date, a further advantage of KOV being the increase in process chain efficiency achieved at the same time.

The Online Ordering System forming part of KOV, introduced by BMW in Germany in April 1998 as the world's first car maker with such an ordering concept, was subsequently established in BMW's main European sales markets by the end of the year 2000. Online Ordering allows BMW Group dealers, via a direct data link, to verify the practicability of a

specific combination of features and equipment on a specific model, then immediately booking a production slot with a confirmed delivery date. The production planning system integrated within Online Ordering serves to activate all production-relevant processes as soon as the order is placed.

A new production system allows the allocation of customer orders to be deferred from the initial production planning phase to the beginning of the actual assembly process, that is after construction of the body-in-white and application of the paintwork in the paintshop. Car bodies already painted thus become delivery components supplied just in time for the beginning of assembly. With customers currently requesting about 40,000 modifications of models ordered each month, this system now enables BMW to fulfill such requests at even shorter notice prior to the start of production, without impairing the production process as such.

The new Group Vehicle Distribution System (GVDS) serves to shorten the delivery periods for new cars within the customer process chain. On average, the period elapsing between the car coming off the production line and reaching a customer in Europe is one day shorter than before.

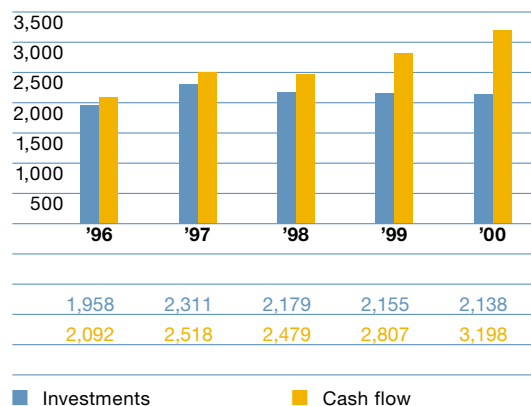
Further progress was also achieved in the year 2000 in the maintenance of delivery deadlines and the reduction of process throughput times, two essential KOVP targets. In the German market, 90 per cent of all cars ordered by customers were delivered on time in the week agreed (previous year: 80 per cent). Clearly, this is already a major step towards the ultimate target of 100 per cent compliance with the delivery date agreed.

Investments once again financed by cash flow

At euro 2.14 billion, the investments made by the BMW Group were 0.8 per cent lower than the previous year's figure. This slight decrease on Group-wide level resulted from a decrease in investments in the Rover Automobiles Segment, while investments in the BMW Automobiles and BMW Motorcycles Segments once again exceeded the high figures already recorded in the previous year. Apart from investment projects on the expansion of production capacities, investments were also made in the preparation of new models and in the assurance of the BMW Group's leadership in technology and innovation. With a share of investments of 6.0 per cent in sales, the BMW Group continues to maintain a leading position in the automotive industry.

BMW Group investments and cash flow

(in million euro)



As in previous years, the investments were financed completely out of the Group's cash flow amounting in the year 2000 to euro 3.2 billion (previous year: euro 2.8 billion).

Model offensive and innovative technologies forming the focal points in research and development

The model offensive of the BMW Group and innovative technologies for BMW Group vehicles formed the highlights in research, advanced development, vehicle and engine development throughout the year 2000.

Particular attention was given to the forthcoming model launches of the BMW 7 Series, the BMW 3 Series compact, and the MINI models destined to set the standard in their respective segments. The focus was also on the extension of the BMW model range, with the introduction in future of a new model at the upper end of the lower midrange segment. The decision for this model's drive technology has already been taken, the BMW 1 Series coming with rear-wheel drive as a genuine BMW.

Concluding the development of a new generation of power units, the BMW Group has completed the largest engine project in the history of the Company. The new engines are equipped with innovative VALVETRONIC technology replacing the throttle butterfly by variable valve control in the interest of significantly lower fuel consumption.

Ongoing development of lightweight technology was also given particular significance and is reflected in the aluminium spaceframe of the BMW Z8. The outstanding position of this technology is clearly borne out by the appointment of a professorship in Automotive Lightweight Engineering at Landshut Technical Training College, initiated by the BMW Group in May 2000.

Mechatronics, a combination of mechanical and electronic technologies, is taking on greater significance all the time. Two highlights in this context are X-by-Wire technologies such as Steer-by-Wire and Brake-by-Wire replacing the mechanical connections – for example between the steering wheel and

the steering as such – by an electronic link. These systems are about to reach series production standard, the development of the world's first mechatronic steering by the BMW Group set to establish new standards in terms of safety, agility, and comfort through the synthesis of active hydraulic power steering and a Steer-by-Wire system bearing the name Active Front Steering.

The new ConnectedDrive concept presented by the BMW Group in November 2000 combines the results of BMW Group research in the areas of driver assistance, traffic safety, and traffic management in one single unit. The sensor and communication systems integrated within this unit give the driver all relevant data on traffic conditions and his immediate traffic environment. In stop-and-go traffic, for example, the driver is able to delegate the processes of accelerating and applying the brakes completely to this assistance system.

Proceeding from vehicle data such as road speed and local information provided by the navigation system, Adaptive Light Control (ALC) points the headlights in the direction actually required, for example when taking a bend. ConnectedDrive will be introduced in series production already in the course of this year.

The BMW Group is working consistently on further shortening development periods. Compared with its predecessor, the current 3 Series was developed in a period 12 months shorter than before.

In the year under report, 7,800 employees worked at the Research and Development Centre in Munich as well as other BMW Group research and development facilities in Europe and the United States (previous year: approximately 7,000 employees without Rover/Land Rover).

As in the past, electronics will remain the main highlight for ongoing innovation in the years to come. The integration of communication and information technologies in the automobile, the increasing use of electronic components, and the networking of all systems will be of crucial significance to the ongoing leadership in technology and the orientation of all BMW Group vehicles to the needs and requirements of the customer.

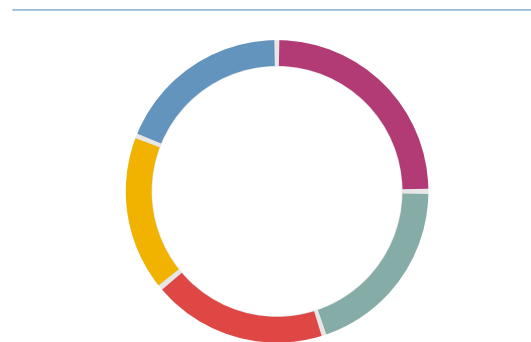
Procurement holding steady despite the increase in world market prices

The world market prices of non-precious metals, major components in the areas of electrical and electronic systems, increased on average in the year under report by 17.2 per cent on a US dollar basis, while the prices of industrial raw materials were up by 8.4 per cent and crude energy supply by 56.8 per cent. The prices of the precious metals rhodium, palladium, and platinum, in turn, increased by up to 1,000 per cent. Due to the higher value of the US dollar, price increases on a DM basis were significantly greater. The BMW Group countered these increases in costs by means of efficient cost management, making significant savings in the process. The enhancement of productivity by the BMW Group's partners in the supplier industry also made a contribution in this context.

In cooperation with Ariba, the BMW Group introduced an e-commerce platform for technical procurement. This provides an infrastructure coordinating procurement measures by means of electronic processes and forwarding orders directly to the BMW Group's suppliers, the relevant processes thus gaining greater consistency and efficiency.

Reflecting the increasingly global orientation of the supplier industry, the BMW Group continued in the year under report to

Purchasing volume of BMW AG by module groups (in per cent, based on production material)



■ Electrical/electronic systems* 25 %	■ Suspension 19 %
■ Drivetrain 20 %	■ Body, exterior 17 %
	■ Body, interior 19 %

* Where not included in other model groups

develop its common worldwide procurement strategy for the most important components. This process is supported by decentralised purchasing offices in the most significant procurement markets.

e-business growing in significance

The BMW Group is also the leader in technology and a spearhead in innovation in the area of e-business. Individual projects already in place were combined into an overall strategy in the year 2000, ensuring maximum benefits not only for the customer, but also for suppliers, the dealer organisation, and the BMW Group as such. A management team appointed for this purpose is handling and coordinating more than 28 programmes already implemented or currently in the process of implementation.

The focus in this area is not only on the reduction of costs, but also on networking in the interest of faster operation, optimised processes, customer retention, and customer satisfaction. The BMW Group's activities in e-business serve to further enhance the already superior flexibility of the Group as a whole, with the focus inter alia on continuous process optimisation in the Product Evolution Process (PEP) and the acceleration of the Customer-Oriented Sales and Production Process (KOVP).

Internet-based communication services provide the foundation for internal and external cooperation. All major corporate processes will therefore be conducted on four independent platforms made available on an overlapping, interdisciplinary basis: Business to Business (B2B), Business to Consumer (B2C), Business to Dealer (B2D), and Business to Employee (B2E). As opposed to insular solutions, the BMW Group's e-business strategy provides a fully integrated corporate programme.

Distribution structures aligned to the challenges of the future

Cooperating with the partners in the dealer organisation, the BMW Group continued to work in the year 2000 on the ongoing improvement of customer orientation and efficiency.

More than 3,000 authorised dealership facilities run by independent dealer principals as well as BMW Group branches the world over ensure a high standard of quality in distribution and service by way of major investments in buildings, tools, and specific training measures.

Encompassing approximately 800 dealer facilities, the dealer network in Germany remains roughly on the same level as in the previous year, the network of BMW partners

thus focusing on the challenges of the future and offering the customer the convenience of regional service in his area.

To further strengthen the position of the BMW Group in Asia, new sales subsidiaries were established in Indonesia and on the Philippines in January 2001, increasing the number of BMW sales and distribution companies to 27 worldwide.

Sales and distribution of the MINI brand models to be introduced into the market as of summer 2001 will be ensured worldwide by an independent distribution network with approximately 1,300 dealerships. In Germany, approximately half of all dealers within the BMW dealer organisation will participate in this sales and distribution network.

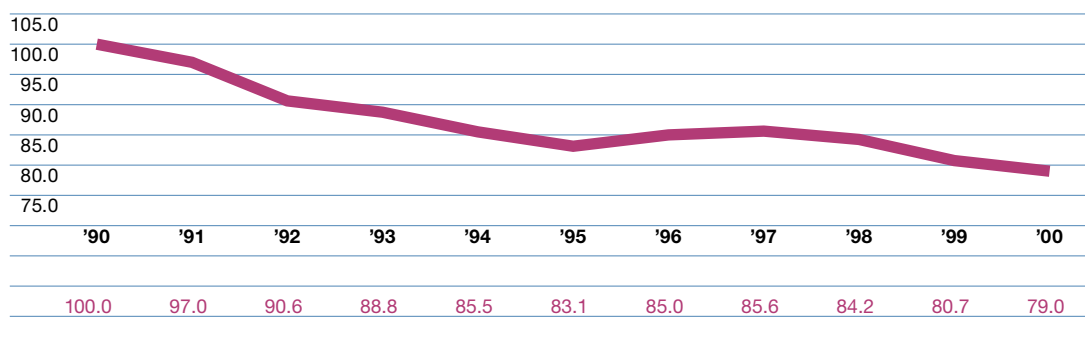
Progress in environmental protection

Careful, conservative use of resources is an integral feature of the BMW Group's strategy, ranging from the development of environmentally-compatible new products and materials, the production of vehicles in accordance with environmental requirements, all the way to subsequent dismantling of components and recycling of materials. Following the "design for recycling" philosophy, environmental aspects are taken into account right from the start in the vehicle development process. In the meantime, 14.9 per cent of the materials used in BMW cars consist of recyclates, a share up by 2 per cent over the previous year. And this share of recyclates will be further increased with new models such as the new BMW 7 Series.

The optimisation of engines serves to reduce the average fleet fuel consumption. The introduction of VALVETRONIC technology in the new generation of 4-cylinders featured in the new 3 Series compact is able to improve fuel economy by approximately 10 per cent. VALVETRONIC technology is an essential measure for the BMW brand in achieving the reduction of CO₂ to which the

BMW Automobiles fleet consumption (Index: 1990 = 100;

basis: composite BMW Automobiles fuel consumption in Germany according to the DIN 1/3 standard)



automotive industry has committed itself, the replacement of a conventional throttle butterfly by variable valve lift ensuring far greater fuel economy.

Developing hydrogen drive, the BMW Group is making a significant contribution to the reduction of fossil fuel consumption in future as well as a lasting, sustained reduction of emissions.

As the first hydrogen car in the world to enter series production, the 750hL meets the greatest demands in terms of motoring comfort, dynamic performance, and everyday driving qualities. Low combustion temperatures serve to avoid the generation of nitric oxides, allowing the BMW hydrogen engine to run with virtually zero emissions. The BMW Group thus plays a leading role in the development of future-proof mobility solutions.

The second highlight in the area of environmental protection is production. All BMW Group plants have been eco-certified according to the international ISO 14001 environmental management standard since 1999, thus building their products in full compliance with the strictest environmental regulations. This makes the BMW Group the first automobile manufacturer worldwide to hold an individual environmental certificate for each of its production plants.

Using powder coating in large-scale car production at the Dingolfing Plant, the BMW Group has become the first car maker in the world to completely eliminate solvents harmful to the environment from the topcoat paint application process. This saves approximately 1,000 grams of solvent for each car body built.

The third highlight in the environmental protection process chain is recycling, where the main tasks have been to establish and expand a Europe-wide return and dismantler network for end-of-life BMW Automobiles, consistently enhanced to an ever-increasing level of quality, and to advise automotive development engineers in matters of design for recycling. Offering an end-of-life car hotline for owners of old BMWs, the Group has introduced another service in this area in the meantime.

The International Dismantling Information System software co-developed by the BMW Group and used the world over in order to provide recycling partners with relevant information was placed at the disposal of approximately 5,000 users in the year 2000. As a result, the BMW Group already complies today with the rules for providing dismantling information not coming into legal force until the year 2002.

Risk management in the BMW Group

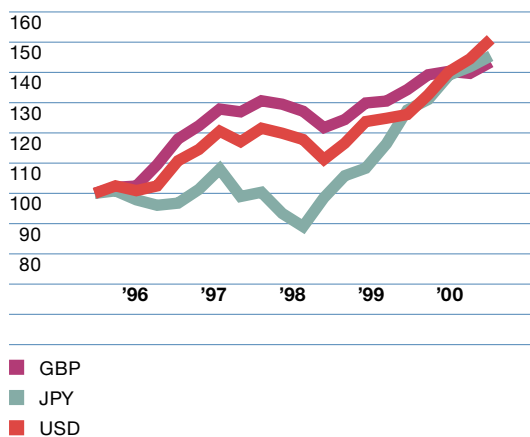
Every business activity involves not only the pursuit of opportunities and potentials, but also the acceptance of risks. Ongoing growth of the BMW Group in all significant international sales markets naturally gives greater significance to fundamental, global economic data such as the development of currency parities and general trends in the money markets as such. Economic fluctuations and intervention into markets by the authorities are further risk factors crucial to success in business in future. Implementation of the End-of-Life Vehicle Directive, for example, may have a significant influence on the cost structure of car makers operating in the European market. The development of fuel prices influenced by market conditions and fiscal considerations, in turn, as well as demands made to reduce fleet consumption impose greater requirements on the development of engines and products.

The growing significance and market penetration of financial services offered by the automotive industry give the terms and conditions of financing a greater impact on results, just as the market prices of pre-owned cars following the termination of leasing contracts.

Greater cooperation of manufacturers and suppliers, finally, creates greater mutual dependence as well as economic and commercial benefits.

Currency movements against the euro

(Index: 1st quarter 1996 = 100)



The BMW Group uses a detailed risk management system for the identification and determination of substantial risks crucial to the Group's business. This also comprises changes in the business environment as well as their impacts duly considered in the Group's operative and strategic plans. Special risk surveys are also conducted regularly by a Group-wide network of risk managers identifying and assessing all risks of significance. The results of these risk management surveys are summarised in a separate risk report and submitted to the Board of Management. This ensures that all risks relevant to the BMW Group are properly considered, scrutinised, and communicated. There is no indication of risks threatening the Company in its existence.

Automobile markets expected to consolidate on a high level in the year 2001

Worldwide car sales are expected to stabilise in the year 2001 on the previous year's level. In Western Europe, a slight increase in car deliveries in France and Great Britain will presumably set off a possible slight decrease in sales in Italy and Spain. In Germany, favourable economic conditions and fiscal benefits are likely to once again stimulate the demand for automobiles.

After many years of uninterrupted growth, the cooling down of the economy in North America will leave its traces in the automobile market. Despite the transient slump in growth in the year 2001, growth in the North American market will remain intact in the medium term.

In Japan, the market is expected to continue its process of recovery, albeit at only a moderate pace. Thanks to continuing stability of the overall economy and the pent-up demand for new and replacement cars, the markets in East Asia and South America will continue to point clearly upwards, the path towards ongoing growth also remaining steady in Eastern Europe.

BMW Group confident also for the year 2001

At the 2001 Geneva Motor Show, the BMW Group presented the new BMW 3 Series compact to the public. Starting in June, this fifth body variant of the 3 Series will be delivered to customers in the guise of the 316ti and 325ti, the 318ti, 320ti and 318td and 320td diesel models following one after the other.

The new BMW 7 Series will be presented at the Frankfurt Motor Show in September. Through its innovations in technology, its striking design and outstanding performance, this new flagship within the BMW model range represents a progressive step into the future for the BMW brand.

The MINI One and the MINI Cooper will be delivered to customers for the first time in July 2001. The market launch will first be in Great Britain, this premium product in the small-car segment then being introduced in Germany as of September. The other European countries will follow next and, as of the year 2002, the USA and Asia.

In the Motorcycles Segment, the BMW Group will be introducing the R 1150 R roadster, the R 1150 RT tourer and the K 1200 RS sports tourer into the market in the year 2001, together with the C1 200.

Even with the world car and motorcycle markets consolidating, the BMW Group will continue to develop deliveries, sales, and profits favourably thanks to a convincing range of models operating exclusively in premium segments of the market.

BMW Stock. Successfully countering the general trend in the market, BMW stock prices increased significantly in the course of the year 2000. The BMW Group will continue its successful development with new models all positioned in premium segments.

A difficult year at the stock exchange for the DAX and CDAX Automobile indices

Reflecting the growing interest of private investors and the increasing flow of funds into stock investments, the German DAX 30 stock index rose from the end of 1999 until the beginning of March 2000 by almost 17 per cent to a new record level of 8,136 points. As a result, in particular, of a more realistic assessment on the future outlook of many companies in the NASDAQ and Neuer Markt, the German stock markets then started to consolidate in the second quarter of the year.

Up to September, the DAX index then remained within a bandwidth between 7,000 and 7,500 points. Interrupted by an interim high in November, the DAX subsequently levelled off as of mid-September below the 7,000-mark, ending the year at 6,433 points or 7.5 per cent below the level of 6,958 points on 30 December 1999.

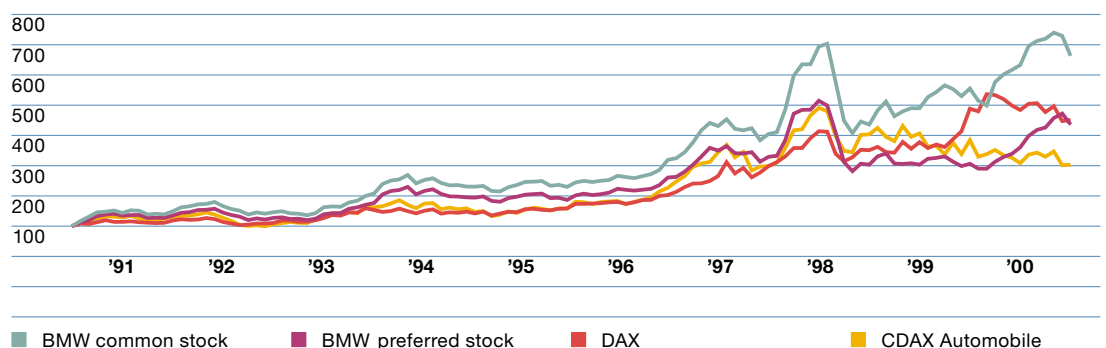
CDAX Automobile, the index of the German automotive industry, recorded its lowest point in the year at 328.90 in December, before ending the year 2000 at 339.56 points, 21 per cent below the level of 431.14 points at the end of 1999.

BMW common stock up by approximately 13.5 per cent

The reorientation of the BMW Group concluding the Group's involvement in Rover/Land Rover and the position of the BMW Group as the only car maker represented exclusively in the premium segments with all its brands determined the course of BMW stock in the year 2000.

After entering the year at a price of euro 28.75 on 3 January 2000, BMW stock dropped to an annual low in regular trade at the stock exchange of euro 23.48 in January on account of the insecurity regarding the economic and commercial prospects of

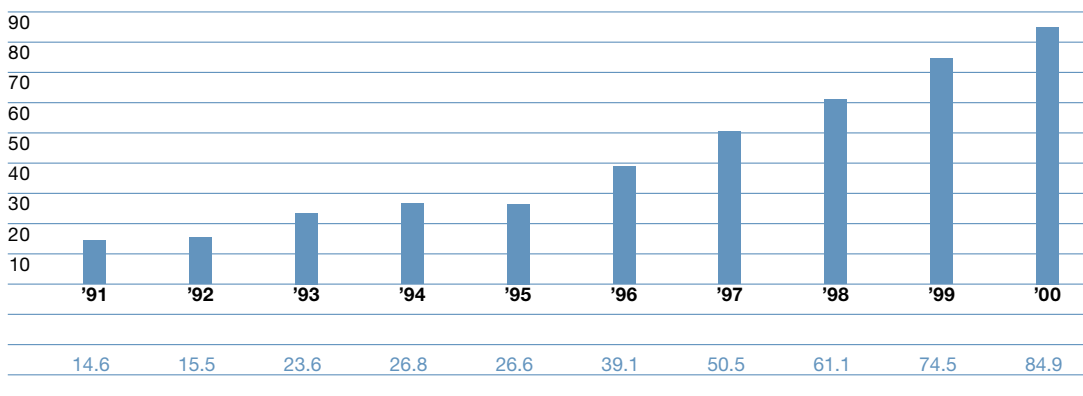
Development of BMW stock versus stock indices (Index: January 1991 = 100)



BMW Stock

Development in value of a BMW stock investment

(End-of-year value in euro 1,000)



Investment of euro 10,000 on 1 January 1991 including dividends and proceeds of subscription rights

the Rover/Land Rover business. Following the announcement by the BMW Group of the discontinuation of its involvement in Rover/Land Rover, the value of BMW stock increased at an overproportional rate to the German stock market as a whole in the course of the year, BMW common stock achieving a new record high in October of euro 41.77 in variable trade and euro 41.05 at market close. Then, in the course of November and December, the value of BMW common stock dropped below euro 40 due to the difficult situation in the stock markets in both Germany and the USA.

Ending the year at a price of euro 34.75, BMW common stock increased in value over the same point one year earlier by approximately 13.5 per cent. Proceeding from average weekly stock prices, BMW common stock was even up from the beginning to the end of the year 2000 by more than 25 per cent.

After a decline in value in 1999, BMW preferred stock developed far more positively than BMW common stock in the year 2000, ending the year at exactly euro 20, 43 per cent above its value at the end of 1999.

BMW stock

	1996	1997	1998	1999	2000
Common stock					
Number of shares in 1,000	18,409	18,409	23,932	622,228	622,228
Stock exchange price in euro ¹⁾					
Year-end price	16.92	21.19	25.17	30.65	34.75
High	17.03	24.33	38.71	32.00	41.05
Low	11.81	16.17	17.99	23.04	23.48
Preferred stock					
Number of shares in 1,000	1,366	1,389	1,815	48,460	49,598
Stock exchange price in euro ¹⁾					
Year-end price	11.72	14.42	14.75	14.00	20.00
High	11.92	16.72	25.08	16.81	22.40
Low	8.20	11.41	11.01	12.35	11.75
Key data per share in euro²⁾					
Dividend ³⁾					
Common stock	0.30	0.40	0.40	0.40	0.46 ⁴⁾
Preferred stock	0.32	0.42	0.42	0.42	0.48 ⁴⁾
Tax credit for German shareholders					
Common stock	0.13	0.17	0.17	0.17	0.20 ⁴⁾
Preferred stock	0.14	0.18	0.18	0.18	0.21 ⁴⁾
DVFA/SG result ⁵⁾	0.68	1.04	0.77	1.01 ⁷⁾	1.63
Cash flow ⁵⁾	3.29	3.96	3.71	4.19	4.77
Shareholders' equity ^{5) 6)}	7.06	7.92	9.28	5.47	6.84

1) Closing prices at the Frankfurt Stock Exchange adjusted retroactively for capital increases in 1998 and 1999

2) Stock weighted according to dividend entitlements in the year of issue

3) Dividends in 1999 and 2000 per euro 1 nominal value share, adjusted in the previous years

4) Proposed by management

5) Retroactively adjusted for capital increases in 1998 and 1999

6) Excluding unappropriated profit available for distribution

7) DVFA result before extraordinary expenses

Dow Jones Sustainability Group Index BMW Group leads the automotive industry for the second time in a row

The Dow Jones Sustainability Group Index established in 1999 ranks the BMW Group as the leading car maker in sustained operation and business also in the year 2000. The Sustainability Group Index comprises the approximately 2,000 largest companies in the Dow Jones Global Index in 64 industries and from 36 countries in terms of their market capitalisation.

Apart from economic features, such as growth and leadership in technology, the SAM Group providing the assessment focuses in its criteria on corporate achievements in the areas of environmental care and social services.

The BMW Group was chosen as the leader in sustained business operation and management for the second time in a row in the year 2000. This award once again conveyed to the BMW Group confirms that successful integration of economic efficiency with superior quality in social and ecological matters enhances the value of a company for both shareholders and the other stakeholders alike.

BMW Group Financial Statements. In the year 2000 the BMW Group achieved the best result so far in its entire history. This is a strong motivation for the future.

BMW Group Consolidated Balance Sheet as of 31 December 2000

Assets	Notes	31.12.2000 euro million	31.12.1999 euro million
Intangible assets	(6)	103	75
Tangible assets		5,710	7,801
Financial assets	(7)	950	895
Fixed assets		6,763	8,771
Inventories	(8)	2,809	3,621
Leased products		7,206	6,633
Receivables from sales financing		10,372	10,226
Assets from sales financing	(9)	17,578	16,859
Trade receivables	(10)	1,449	2,417
Other receivables and other assets	(10)	2,804	2,093
Marketable securities and notes	(11)	751	884
Liquid funds	(12)	2,879	2,055
Current assets		28,270	27,929
Prepaid expenses and deferred taxes	(13)	842	807
		35,875	37,507

BMW Group Financial Statements

Shareholders' equity and liabilities	Notes	31.12.2000 euro million	31.12.1999 euro million
Subscribed capital		672	671
Capital reserve		1,914	1,893
Revenue reserves		2,000	1,099
Unappropriated profit available for distribution		310	269
Shareholders' equity	(14)	4,896	3,932
Registered profit-sharing certificates		37	38
Pension provisions		1,666	1,496
Other provisions		6,507	9,661
Provisions	(15)	8,173	11,157
Bonds		2,211	1,951
Liabilities to banks		105	251
Trade payables		1,831	2,238
Other liabilities		2,391	2,479
Liabilities	(16)	6,538	6,919
Liabilities from sales financing		15,508	15,061
Deferred income from leasing financing		662	324
Liabilities from sales financing	(17)	16,170	15,385
Deferred income		61	76
		35,875	37,507

BMW Group Consolidated Income Statement for 2000

	Notes	2000 euro million	1999 euro million
Sales	(18)	35,356	34,402
Cost of sales		28,974	28,757
Gross profit		6,382	5,645
Sales and marketing costs		4,194	4,203
General administration costs		520	497
Other operating income	(19)	1,935	1,701
Other operating expenses	(20)	2,025	1,715
Net income from investments	(21)	148	32
Net interest income	(22)	388	584
Interest expenses from leasing financing	(23)	451	436
Profit from ordinary activities		1,663	1,111
Taxes on ordinary activities	(24)	637	448
Profit before extraordinary result		1,026	663
Extraordinary result		–	– 3,150
Profit/loss for the financial year	(25)	1,026	– 2,487

Notes to the Financial Statements of the BMW Group

Consolidated Cash Flow Statement	Notes	2000	1999
		euro million	euro million
Profit before extraordinary result		1,026	663
Depreciation of fixed assets		2,004	2,043
Depreciation of leased products		2,352	2,317
Increase in provisions		229	1,064
Other income and expenses not affecting cash		- 234	- 520
Result from the sale of fixed assets and marketable securities		8	- 1
Undistributed income from associated companies		- 14	- 28
Changes in current assets and liabilities			
Changes in inventory		- 734	340
Increase in receivables		- 986	- 1,275
Increase in liabilities		1,127	697
Cash inflow from operating activities	(26)	4,778	5,300
Investments in tangible and intangible assets		- 2,313	- 2,155
Proceeds from the disposal of tangible and intangible assets		45	54
Proceeds from the sale of consolidated companies		2,000	-
Loans paid out to Phoenix Consortium		- 448	-
Investments in financial assets		- 53	- 537
Proceeds from the disposal of financial assets		14	154
Investments in leased products		- 4,666	- 3,947
Disposals of leased products		2,254	1,759
Acquisitions of receivables from sales financing		- 27,322	- 24,748
Payments received on receivables from sales financing		27,311	22,087
Investments in marketable securities and notes		- 29	- 373
Proceeds from marketable securities and notes		162	112
Cash outflow from investing activities	(27)	- 3,045	- 7,594
Issuance of new stock		22	19
Payment of dividends for the previous year		- 269	- 234
Issuance of bonds		4,642	3,815
Repayment of bonds		- 2,800	- 1,188
Change in liabilities to banks		- 318	- 914
Change in commercial paper		- 2,219	803
Cash outflow/inflow from financing activities		- 942	2,301
Effect of exchange rates and changes in the consolidated group on liquid funds		33	113
Change in liquid funds		824	120
Liquid funds on 1 January		2,055	1,935
Liquid funds on 31 December		2,879	2,055

BMW Group Notes/Principles

The Group Consolidated Financial Statements have been prepared in accordance with the principles of true and fair accounting, duly

observing the provisions of the German Commercial Code (HGB) and German Stock Corporation Law (AktG).

Consolidated companies (1)

In addition to BMW AG, all subsidiaries both in Germany and abroad are generally

included in the Group Financial Statements. Number of companies included:

	Germany	Abroad	Total
Included at 31.12.1999	21	120	141
Included for the first time in the year 2000	–	9	9
No longer included in the year 2000	– 1	– 36	– 37
Included at 31.12.2000	20	93	113

70 (previous year: 71) subsidiaries either dormant or generating a negligible volume of business are not included in the Group Accounts. Their influence on the Group's assets, financial situation and earnings is immaterial.

BMW Pensionskasse (Österreich) AG, Steyr, Austria, has not been consolidated in the Annual Accounts because its assets are assigned for a specific purpose.

As in the previous year, five subsidiaries have not been consolidated in accordance with Section 296, clause 1, item 2 German Commercial Code. They are accounted for using the equity method.

Non-inclusion of active subsidiaries reduces total Group sales by 1.5 %.

Two (previous year: 4) associated companies have been accounted for using the equity method. Three (previous year: 5) associated companies are not included in the Group Financial Statements due to their relative insignificance to the Group's financial and earnings position. These associated companies are shown at cost, less write-downs where applicable, under Investments in other companies.

A complete list of the Group's shareholdings has been filed with the Commercial Register at the Munich District Court (HRB 42243). The principal subsidiaries of the BMW Group are shown on pages 60 and 61.

Changes in the consolidated group (2)

The following companies are included in the Group Financial Statements for the first time: BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf, BMW Financial Services (South Africa) (Pty) Ltd., Pretoria, BMW Facility Partners, Inc., Wilmington, Del., and BMW Manufacturing L.P., Woodcliff Lake, N.J.

In the course of the reorientation of the BMW Group, the development, production and sales of Rover Cars were taken over on 9 May 2000 by Techtronic (2000) Limited, Birmingham, (Phoenix Consortium).

Land Rover operations were acquired on 30 June 2000 by the Ford Motor Company, Dearborn, Mich. As a result, one domestic and 36 foreign subsidiaries left the group of consolidated companies. The activities of the former Rover Group remaining within the BMW Group were transferred to the newly established companies BMW (UK) Manufacturing Ltd., Warwick, Swindon Pressings Ltd., Warwick, Powertrain Ltd., Warwick, BMW Services Ltd., Warwick, and Rover Service Center Corp., Tokyo.

The final consolidation of the Rover Cars and Land Rover activities has an impact on the comparability with nearly all balance sheet items as at 31 December 1999. In order to provide a meaningful comparison, all amounts affecting the balance sheet in 2000 in conjunction with the final consolidation are shown below. These effects include the sale of assets and liabilities, the write-downs

on assets of the former Rover Group which remain with the BMW Group, as well as the portion of the provision for restructuring which has not yet been consumed. In addition, the receivable from the Ford Motor Company for the outstanding purchase price as well as the loans to the Phoenix Consortium are included.

	euro million
Fixed assets	- 2,217
Inventories	- 1,100
Assets from sales financing	-
Accounts receivable and other assets	- 883
Liquid funds	- 158
Total assets	- 4,358
Shareholders' equity	123
Provisions	- 2,895
Liabilities to banks	- 125
Liabilities	- 1,461
Liabilities from sales financing	-
Total capital	- 4,358

In the BMW Group Income Statement, the Rover Cars business is included to 30 April 2000 and the Land Rover business to 30 Juni 2000. Sales of the former Rover Group have therefore decreased by euro 3,927 mil-

lion in comparison to the previous year. The operating losses incurred by Rover Cars during the period from 1 to 9 May 2000 have been absorbed by the BMW Group and allocated to the restructuring provision.

Investments in subsidiaries are consolidated using the net book value method. Under this method the cost of the investment is set off against the Group's share of equity of the consolidated subsidiaries at the time of acquisition or initial consolidation. Any difference between the acquisition costs and the share of equity is allocated to the assets and debt of the subsidiary in so far as it is the result of undisclosed reserves or encumbrances. Any resulting positive goodwill

amount acquired is charged directly to revenue reserves. In the final consolidation, this goodwill is charged to the Income Statement.

Receivables, liabilities, provisions, income, expenses and profits between consolidated companies are eliminated.

The same principles are applied in consolidating associated companies under the equity method.

Principles of consolidation (3)

BMW Group Notes/Principles

Foreign currency translation (4)

In the individual Financial Statements of BMW AG and its subsidiaries, foreign currency receivables and liabilities are translated at the rate applicable on the transaction date. Provisions are made for unrealised exchange losses at the balance sheet date. Where foreign currency receivables and liabilities have been hedged by forward exchange contracts, they are valued at the appropriate hedging rate.

In the Consolidated Financial Statements, fixed assets are translated at the

closing rates of exchange, as are other assets and liabilities of subsidiaries which report in foreign currencies. Income and expenses are translated at the average rate of exchange for the year. Exchange differences arising from the translation of shareholders' equity are offset directly through revenue reserves.

The exchange rates of the major currencies have moved as follows against the euro:

1 euro	Spot rate on:		Average rate:	
	31.12.2000	31.12.1999	2000	1999
US Dollar	0.930	1.004	0.926	1.066
Pound Sterling	0.623	0.621	0.609	0.659
South African rand	7.040	6.180	6.379	6.519
Japanese yen	106.555	102.670	99.589	121.433

Principles of accounting and valuation (5)

For the sake of greater clarity, individual items in the BMW Group Balance Sheet and the BMW Group Income Statement have been combined and are shown separately in the notes to the BMW Group Financial Statements. Separate items have been added to the BMW Group Balance Sheet and BMW Group Income Statement to show the effects of sales financing.

The individual Financial Statements of BMW AG and its subsidiaries in Germany and elsewhere have been prepared using uniform accounting principles. In order to ensure uniform valuation within the Group, tax-allowable depreciation included in the individual Financial Statements of the consolidated subsidiaries is not included in the Consolidated Financial Statements. Special tax allowable reserves, which are included

solely in order to comply with tax regulations, are not included in the Consolidated Financial Statements. Discrepancies in valuation principles by associated companies have not been adjusted where the amounts involved are negligible.

Purchased intangible assets are stated at cost and written down using the straight-line method according to their respective useful lives.

Tangible fixed assets are carried at acquisition or manufacturing costs less depreciation. Office and factory buildings are written down using the straight-line method. Other depreciable tangible assets having a useful life of more than three years are depreciated using the declining balance method, switching to the straight-line method as soon as the latter results in higher depreciation.

BMW Group Financial Statements

Expenditure on low-value tangible assets is written off in full in the year of acquisition.

Depreciation is based on the following useful lives, applied throughout the Group:

Office and factory buildings, including utility distribution systems	8 to 25 years
Residential buildings	25 to 50 years
Plant and machinery	5 to 10 years
Other facilities, factory and office equipment	up to 5 years

For machinery used in multiple-shift operations, depreciation rates are increased to account for the additional utilisation.

Investments in non-consolidated affiliated and other companies are stated at the lower of cost or fair value. A write-up is made up to the original acquisition cost where a permanent diminution in value no longer exists. Long-term loans are valued at their net present value.

Inventories of raw materials, supplies and goods for sale are shown at the lower of cost or market value. Work in progress and finished goods are carried only at their direct material and production cost. Inventories transferred between consolidated companies include an appropriate portion of performance related production overheads. Write-downs are made to cover risks arising from slow-moving items or technical obsolescence.

Manufactured products included as assets of the Group's leasing companies are recorded at manufacturing cost as permitted for accounting purposes. All other leased products are valued at cost. If the net realisable value is lower, this value is used.

All risks identifiable on receivables and other assets are covered by appropriate write-downs. Receivables with maturities of over a year which bear nominal or no interest

are discounted. No changes have been made to valuations based on the compliance with regulations applying to financial institutions.

Marketable securities and notes are stated at the lower of cost or market value at the balance sheet date.

Pension provisions are established in accordance with actuarial principles, based on the going concern method, using an interest rate of 5%. The system of scales drawn up by Professor Klaus Heubeck forms the basis for biometric calculation (RT 98). Other provisions take account of all perceivable risks. Provisions are also made for deferred expenses.

Deferred taxes are calculated on timing differences arising from the different treatment of the commercial balance sheet result and the taxable income of the consolidated companies for financial and tax reporting purposes. Deferred tax assets and liabilities within a fiscal group are netted. A net deferred tax asset balance arising from deferred taxation in the individual Financial Statements is not recorded. Deferred taxes arising from consolidation adjustments are stated as a total figure, following combination with deferred tax liabilities of the fiscal groups of consolidated companies.

Notes to the Financial Statements of the BMW Group

Development of BMW Group Fixed Assets	Acquisition and manufacturing costs						31.12.2000
	1.1.2000*	Translation difference	Additions	Reclassi- fications	Disposals	Final con- solidation of Rover Group	
in euro million							
Intangible assets	447	5	98	2	41	116	395
Land, titles to land and buildings, including buildings on third party land	4,964	29	130	66	50	1,058	4,081
Plant and machinery	15,407	116	1,096	461	493	3,749	12,838
Other facilities, factory and office equipment	2,123	17	248	15	150	575	1,678
Advance payments made and construction in progress	1,001	8	566	- 544	13	138	880
Tangible assets	23,495	170	2,040	- 2	706	5,520	19,477
Shares in subsidiaries	117	-	24	-	2	-	139
Investments in associated companies	186	- 2	14	-	6	-	192
Investments in other companies	526	- 2	12	-	-	-	536
Long-term securities	23	1	17	-	-	-	41
Other long-term loans receivable	58	- 4	-	-	6	-	48
Financial assets	910	- 7	67	-	14	-	956
Fixed assets	24,852	168	2,205	-	761	5,636	20,828

* Including gross amounts carried forward by companies consolidated for the first time.

BMW Group Financial Statements

Depreciation/write-downs					Net book value		
1.1.2000*	Translation difference	Current year	Disposals	Final consolidation of Rover Group	31.12.2000	31.12.2000	31.12.1999
372	4	61	40	105	292	103	75
1,916	8	296	22	415	1,783	2,298	3,048
12,115	79	1,699	492	2,773	10,628	2,210	3,292
1,661	13	258	140	444	1,348	330	460
-	-	8	-	-	8	872	1,001
15,692	100	2,261	654	3,632	13,767	5,710	7,801
2	-	2	-	-	4	135	115
1	-1	-	-	-	-	192	185
3	-2	-	-	-	1	535	523
-	-	-	-	-	-	41	22
8	-7	-	-	-	1	47	50
14	-10	2	-	-	6	950	895
16,078	94	2,324	694	3,737	14,065	6,763	8,771

**Including impairments of euro 581 million of which euro 320 million have been covered by the restructuring provision.

BMW Group Notes/Consolidated Balance Sheet

Intangible assets (6)

Intangible assets include subsidies for tool costs, licenses, entry fees, purchased development projects, and software.

Financial assets (7)

The additions to shares in affiliated companies relate to the establishment of BMW Renting (Portugal) Ltda., Lisbon, as well as the increase in equity of BMW Financial Services Scandinavia AB, Solna, BMW Acquisitions Ltda., São Paulo, and Alphabet Italia S.p.A., Milan.

Disposals of shares in affiliated companies relate primarily to the first consolidation of BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf, and the integration of BMW Brussels N.V., Brussels, in BMW Belgium S.A./N.V., Bornem.

Investments in associated companies include the subgroup of Bavaria Wirtschaftsagentur GmbH, Munich, Rover Finance Holdings Ltd., Redhill, and TRITEC Motors Ltda., Campo Largo.

Additions to investments in other companies relate mainly to the conversion of dividend rights into additional shares in Rolls-Royce plc., London.

Inventories (8)

	31.12.2000 euro million	31.12.1999 euro million
Raw materials and supplies	498	479
Work in progress	388	524
Finished goods and goods for resale	2,124	2,893
Advance payments made	6	1
	3,016	3,897
Advance payments received	207	276
	2,809	3,621

	31.12.2000 euro million	31.12.1999 euro million	Assets from sales financing (9)
Leased products	7,206	6,633	
Receivables from sales financing			
Customer loan receivables	10,081	10,036	
– thereof with a maturity of more than one year: euro 5,039 million (1999: euro 4,179 million) –			
Other receivables	291	190	
– thereof with a maturity of more than one year: euro 23 million (1999: euro 26 million) –			
	10,372	10,226	
	17,578	16,859	

Leased products include additions of euro 4,802 million (1999: euro 4,065 million) and depreciation of euro 2,412 million (1999: euro 2,317 million). Disposals totalled euro 2,254 million (1999: euro 1,759 million).

The positive result from the translation of the balance sheets of foreign subsidiaries was euro 437 million (1999: euro 748 million).

BMW Group Notes/Consolidated Balance Sheets

Receivables and other assets (10)	31.12.2000 euro million	31.12.1999 euro million
Trade receivables	1,449	2,417
– thereof with a maturity of more than one year: euro 1 million (1999: euro 38 million) –		
Other receivables and other assets		
Receivables from affiliated companies	417	379
– thereof with a maturity of more than one year: euro 61 million (1999: euro 106 million) –		
Receivables from associated and other companies in which an investment is held	154	184
– thereof with a maturity of more than one year: euro – million (1999: euro – million) –		
Miscellaneous assets	2,233	1,530
– thereof with a maturity of more than one year: euro 963 million (1999: euro 104 million) –		
	2,804	2,093
	4,253	4,510

Receivables from affiliated companies relate primarily to financial receivables.

Other assets primarily include receivables in connection with the sale of the Rover Cars and Land Rover activities and, as

in the previous year, tax refund claims, loans, deferred interest and corporate shares.

The loans granted to Rolls-Royce Deutschland Ltd & Co KG, Dahlewitz, have been largely repaid.

BMW Group Financial Statements

	31.12.2000 euro million	31.12.1999 euro million	Marketable securities and notes (11)
Other securities	746	879	
Notes	5	5	
	751	884	

Other securities primarily include variable interest securities and shares in investment funds.

Liquid funds relate to cash on hand, deposits at the Bundesbank and cash in bank accounts.

**Liquid funds
(12)**

	31.12.2000 euro million	31.12.1999 euro million	Prepaid expenses and deferred taxes (13)
Prepaid expenses	301	188	
Deferred taxes	541	619	
	842	807	

BMW Group Notes/Consolidated Balance Sheet

Shareholders' equity (14)	31.12.2000 euro million	31.12.1999 euro million	Change euro million
Common stock	622	622	–
– Number of shares with a nominal value of euro 1	622,227,918	622,227,918	–
Preferred stock	50	49	+ 1
– Number of shares with a nominal value of euro 1	49,597,812	48,459,812	+ 1,138,000
Subscribed capital	672	671	+ 1
Capital reserve	1,914	1,893	+ 21
Revenue reserves			
Equity generated	1,560	844	+ 716
Foreign exchange translation	354	291	+ 63
Goodwill credited/charged directly to revenue reserves	86	– 36	+ 122
Other Group equity	440	255	+ 185
	2,000	1,099	+ 901
Unappropriated profit available for distribution	310	269	+ 41
	4,896	3,932	+ 964
Equity ratio in %	13.7	10.5	
Explanation of changes:			euro million
Change in subscribed capital:			
Increase in subscribed capital from authorised capital			+ 1
Change in capital reserve:			
Premium from increase in capital for preferred stock			+ 21
Change in equity generated:			
Transfer from profit for the financial year			+ 716
Change in other Group equity:			
Foreign exchange translation			+ 63
Goodwill on first consolidations credited directly to revenue reserves			– 1
Disposal of the goodwill arising on the initial consolidation of Rover Group			+ 123
			+ 185
Change in unappropriated profit available for distribution:			
Dividend payment by BMW AG for 1999			– 269
Unappropriated profit available for distribution by BMW AG			+ 310
			+ 41

BMW Group Financial Statements

All stock is bearer stock. Preferred stock bears an advance profit (extra dividend) of euro 0.02 per stock.

The authorised capital of BMW AG, which permits non-voting preferred stock with a nominal total value of euro 5.0 million to be issued up to 1 May 2004, amounted to euro 2.6 million at the balance sheet date (1999: euro 3.7 million).

The currency translation adjustment includes the currency difference resulting from the translation of shareholders' equity.

The goodwill credited directly to revenue reserves relates to the first-time consolidation of BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf, and BMW Financial Services (South Africa) (Pty) Ltd., Pretoria.

	31.12.2000 euro million	31.12.1999 euro million	Provisions (15)
Pension provisions	1,666	1,496	
Other provisions			
Taxes	635	665	
Personnel expenses	825	813	
Ongoing operations	2,914	3,495	
Other	2,133	1,538	
Restructuring measures in the Segment Rover Automobiles	–	3,150	
	6,507	9,661	
	8,173	11,157	

Pension provisions primarily include commitments to pay retirement pensions to employees of BMW AG. The pension commitments are fully covered by provisions.

The provisions for personnel expenses mainly include profit-sharing plans and bonuses, employee long-service awards, outstanding vacation entitlements, flexible working-time credits and early retirement.

The provisions for ongoing operations chiefly cover warranty obligations, outstanding invoices, sales bonuses and volume discounts, as well as the risk of losses on pending transactions.

Other provisions cover numerous specific risks and Group commitments for which the

amounts involved are as yet uncertain. These provisions also include all risks still outstanding as a result of the sale of Rover Cars and Land Rover. In addition they include provisions for maintenance expenses required in the financial year but deferred until the following year. Additional provisions have been made for anticipated major repairs as well as obligations for returning end-of-life vehicles.

The Group provision set up in the previous year for restructuring measures in the segment Rover Automobiles was consumed in full in the current year by disengagement expenditure reported in the accounts of consolidated companies affected by this transaction.

BMW Group Notes/Consolidated Balance Sheet

Liabilities (16)	31.12.2000			31.12.1999
	euro million	euro million	euro million	euro million
		thereof with a maturity of up to 1 year	over 5 years	
Bonds	2,211	161	582	1,951
Liabilities to banks	105	64	–	251
Trade payables	1,831	1,822	–	2,238
Other liabilities				
Liabilities on bills accepted and drawn	1	1	–	18
Liabilities to affiliated companies	311	311	–	92
Liabilities to companies in which an investment is held	–	–	–	193
Liabilities to BMW employee welfare fund	8	–	8	37
Other liabilities	2,071	1,824	74	2,139
– thereof for taxes	(373)	(373)	–	(297)
– thereof for social security	(103)	(103)	–	(101)
	2,391	2,136	82	2,479
	6,538	4,183	664	6,919

Liabilities due between one and five years total euro 1,691 million.

Total bonds, including those reported under liabilities from sales financing, total euro 9,700 million (1999: euro 7,704 million).

BMW Group Financial Statements

	31.12.2000			31.12.1999	Liabilities from sales financing (17)
	euro million	thereof with a maturity of		euro million	
		up to 1 year	over 5 years		
	euro million	euro million	euro million	euro million	
Liabilities from sales financing					
Bonds	7,489	5,294	112	5,753	
Liabilities to banks	4,964	843	467	4,867	
– thereof secured by mortgages	(5)			(8)	
Trade payables	2,095	2,095	–	1,452	
Commercial paper	602	602	–	2,640	
Other liabilities	358	357	–	349	
	15,508	9,191	579	15,061	
Deferred income from leasing financing	662			324	
	16,170	9,191	579	15,385	

The liabilities from sales financing refinance the leased products and receivables from sales financing. Liabilities from sales financing due between one and five years total euro 5,738 million.

Deferred income from leasing financing relates to amounts not yet due under current leasing contracts.

BMW Group Notes/Consolidated Balance Sheet

Contingent liabilities	31.12.2000 euro million	31.12.1999 euro million
Guarantees	151	401
Performance guarantees	–	65
Discounted bill of exchange	–	1

Euro 74 million (1999: euro 32 million) relates to contingent liabilities to affiliated companies.

Joint and several liability applies in the case of investments in general partnerships.

Performance guarantees have furthermore been given for Rolls-Royce Deutschland Ltd & Co KG, Dahlewitz, in the context

of that company's current business. Should any claims be asserted under such guarantee, full recourse may be taken against Rolls-Royce plc, London.

The usual commercial guarantees have been given in relation to the sale of the Rover Cars and Land Rover activities.

Other financial obligations

The net present value of future payment obligations under rental and leasing agreements, totalling euro 1,082 million is due as follows:

	31.12.2000 euro million
2001	211
2002 – 2005	436
after 2005	435

Euro 29 million of this amount relates to obligations to affiliated companies.

Potential repurchase obligations of euro 1,217 million result from factoring of receivables.

Commitments for capital investment amount to euro 686 million. Other financial obligations total euro 92 million.

BMW Group Notes/Consolidated Income Statement

Sales are reported in detail by segment and region in the segment report. Sales also include income from the leasing business.

Sales (18)

	2000 euro million	1999 euro million	Other operating income (19)
Income from the release of provisions and liabilities	753	939	
Income from currency transactions	401	210	
Income from the disposal of fixed assets	19	40	
Other income	762	512	
	1,935	1,701	

	2000 euro million	1999 euro million	Other operating expenses (20)
Expenses from additions to provisions	558	795	
Currency exchange losses	475	244	
Write-downs of assets	391	179	
Other personnel expenses	–	45	
Other expenses	601	452	
	2,025	1,715	

	2000 euro million	1999 euro million	Net income from investments (21)
Income from investments	136	6	
– thereof from affiliated companies: euro 118 million (1999: euro 6 million) –			
Income from associated companies	16	28	
Expenses from loss transfers	2	2	
Depreciation on investments in subsidiaries	2	–	
	148	32	

The income from associated companies includes the equity results of the subgroup of Bavaria Wirtschaftsagentur GmbH,

Munich, Rover Finance Holdings Ltd., Redhill, Rover Group Switzerland AG, Safenwil, and TRITEC Motors Ltda., Campo Largo.

BMW Group Notes/Consolidated Income Statement

Net interest income (22)	2000 euro million	1999 euro million
Other interest and similar income	1,801	1,634
- thereof from affiliated companies: euro 18 million (1999: euro 15 million) -		
Interest and similar expenses	1,410	1,047
- thereof to affiliated companies: euro 5 million (1999: euro 5 million) -		
Write-downs of long-term loans, marketable securities and notes	3	3
	388	584

Interest and similar expenses, together with the interest expenses from leasing financing, total euro 1,861 million (1999: euro 1,483 million).

Interest expenses from leasing financing (23)	Interest expenses from financing business with leased products are matched by income	derived from leasing instalments which are reported under sales.
--	--	--

Taxes (24)	2000 euro million	1999 euro million
Taxes on income	582	374
Other taxes	55	74
	637	448

Taxes on income include German corporation tax and municipal earned-income taxes as well as comparable foreign taxes relating to income. Such taxes are determined in accordance with the tax regulations applying

to the respective companies. Deferred taxes have increased the tax charge in the current year by euro 78 million (1999: euro 150 million reduction of the tax charge).

BMW Group Financial Statements

	2000 euro million	1999 euro million	Net income/loss (25)
Net income/loss	1,026	– 2,487	
Appropriations of net income:			
Transfer to other reserves	716	–	
Withdrawals to other reserves	–	2,756	
Unappropriated profit available for distribution by BMW AG	310	269	

BMW Group Notes/Cash Flow Statement

The following payments are included in the cash inflow from operating activities:

	2000 euro million	1999 euro million	Cash inflow from operating activities (26)
Interest received	1,744	1,412	
Interest paid	1,822	1,339	
Distributions received	137	9	
Income taxes paid	694	557	

The proceeds from the sale of the Land Rover activities reported in the former Rover Automobiles Segment amounted to euro 3,000 million. This resulted in a cash inflow in fiscal

year 2000 of euro 2,000 million. Loans of euro 448 million were paid out to the Phoenix Consortium in connection with the sale of Rover Cars.

**Cash outflow
from investing
activities
(27)**

**Assets and liabilities sold with the related businesses on
30 April and 30 June 2000:**

	2000 euro million
Fixed assets	1,899
Inventories	1,509
Receivables	2,013
Cash and cash equivalents	–
Provisions	1,650
Liabilities to banks	19
Liabilities	690

BMW Group Notes/Segments

Segment report (28)

Description of the Segments

The segment report details the activities of the BMW Group by business segments and regions. The segment structure is in line with internal reporting. The activities of the various business segments of the BMW Group were broken down into the segments BMW Automobiles, Rover Automobiles, BMW Motorcycles, and Financial Services.

BMW Automobiles accounts for the main activities of the BMW Group. This business segment develops, manufactures, assembles and sells automobiles, including off-road vehicles, as well as spare parts and accessories.

Products of the BMW brand are sold in Germany through branches of BMW AG and by independent, authorised dealers. Subsidiary companies handle sales in the most important foreign markets.

The Rover Automobiles Segment was discontinued at 30 June 2000. Following the reorientation of the BMW Group, the development, production and sale of Rover Cars was taken over by the Phoenix Consortium on 9 May 2000. Land Rover business activities were purchased on 30 June 2000 by Ford Motor Company, Dearborn, Mich. The activities in the Rover Automobiles Segment remaining within the BMW Group were transferred to the newly established companies BMW (UK) Manufacturing Ltd., Warwick,

Swindon Pressings Ltd., Warwick, Powertrain Ltd., Warwick, BMW Services Ltd., Warwick and Rover Service Corp., Tokyo. These companies are shown under Miscellaneous in the segment report from 1 May 2000.

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

The Financial Services Segment focuses primarily on leasing automobiles and financing credit for customers and dealers. Only the interest expenses from financing the leasing business is included in the financial result of this segment. Leased products carried as assets by leasing companies are valued at acquisition cost or net realisable value amount where this is lower. The result of the intercompany profit elimination in relation to the Group's own products is reported in consolidations.

Software as well as intra-segment activities of the BMW Group are shown under Miscellaneous. As already mentioned, the activities of the former Rover Automobiles Segment remaining within the BMW Group are also reported here from 1 May 2000. The aero engine business reported here in the previous year was sold to Rolls-Royce plc., London, on 31 December 1999.

BMW Group Financial Statements

Other information for the segment report

Receivables and liabilities, provisions, income and expenses as well as results between the segments are eliminated in the consolidations.

Significant non-cash items comprise changes in provisions, write-downs and reversals, and the elimination of intercompany profits. In the Financial Services segment the main component is depreciation of leased products.

The assets and debt of the business segments include assets and liabilities which have contributed to the segment result.

The reconciliation to assets and debt of the Group contains mainly assets and liabilities which have not contributed to the segment result and also consolidations.

In the case of the segment information by region, external sales are based on the location of the customer's registered office. Intra-group sales take place at arm's length prices.

The segment information is prepared using the same reporting and valuation methods applied in the Consolidated Financial Statements.

Segment information by business		External sales		Intra-segment sales		Total sales
In euro million	2000	1999	2000	1999	2000	1999
BMW Automobiles	23,973	19,673	5,666	4,937	29,639	24,610
Rover Automobiles	3,500	7,427	396	1,211	3,896	8,638
BMW Motorcycles	924	767	4	2	928	769
Financial Services	6,513	5,748	537	405	7,050	6,153
Miscellaneous, consolidations	446	787	- 6,603	- 6,555	- 6,157	- 5,768
BMW Group	35,356	34,402	-	-	35,356	34,402

BMW Group Notes/Segments

Segment information by business	Segment result		Financial result		Profit/loss from ordinary activities	
	2000	1999	2000	1999	2000	1999
In euro million	2000	1999	2000	1999	2000	1999
BMW Automobiles	2,325	2,001	55	105	2,380	2,106
Rover Automobiles	- 737	- 992	- 25	- 215	- 762	- 1,207
BMW Motorcycles	27	18	-	-	27	18
Financial Services	796 ¹⁾	752 ¹⁾	- 451 ²⁾	- 436 ²⁾	345	316
Miscellaneous, consolidations	- 297	- 337	- 30	215	- 327	- 122
BMW Group	2,114	1,442	- 451	- 331	1,663	1,111

1) Thereof result of other business interests euro 81 million (1999: euro -2 million)
and associated companies of euro 10 million (1999: euro 17 million)

2) Interest expenses from the financing of leasing business

Segment information by business	Significant non- cash items		Depreciation		Capital expenditure	
	2000	1999	2000	1999	2000	1999
In euro million	2000	1999	2000	1999	2000	1999
BMW Automobiles	511	514	1,345	1,199	1,795	1,609
Rover Automobiles	219	245	227	694	132	625
BMW Motorcycles	-	-	36	32	38	40
Financial Services	1,915	1,903	8	8	11	9
Miscellaneous, consolidations	369	309	706	109	162	- 128
BMW Group	3,014	2,971	2,322	2,042	2,138	2,155

BMW Group Financial Statements

Segment information by business	Assets euro million		Debt euro million		Average number of employees	
	2000	1999	2000	1999	2000	1999
BMW Automobiles	10,635	10,108	8,506	8,452	79,077	74,650
Rover Automobiles	–	6,277	–	3,333	11,251	33,124
BMW Motorcycles	416	313	277	208	2,219	2,111
Financial Services	22,019	20,530	18,603	17,528	1,496	1,400
Miscellaneous	2,156	884	1,518	1,025	6,276	3,589
Reconciliation	649	– 605	2,075	3,029	–	–
BMW Group	35,875	37,507	30,979	33,575	100,319	114,874

Segment information by region	Assets		Capital expenditure		External sales	
	2000	1999	2000	1999	2000	1999
In euro million						
Germany	11,447	11,543	1,377	1,086	8,823	9,206
Great Britain	5,380	9,394	334	630	4,447	4,826
Rest of Europe	4,492	3,658	103	79	7,516	8,118
North America	10,872	8,900	297	320	9,899	8,098
Asia	1,562	1,723	5	8	3,025	2,534
Miscellaneous, consolidations	2,122	2,289	22	32	1,646	1,620
BMW Group	35,875	37,507	2,138	2,155	35,356	34,402

BMW Group Notes/ Other Information

Material costs	2000 euro million	1999 euro million
Expenditure for raw materials, supplies and purchased goods	20,061	18,124
Expenditure for purchased services	738	708
	20,799	18,832

Personnel costs	2000 euro million	1999 euro million
Wages and salaries	4,978	5,239
Social security, pension and welfare costs	998	938
– thereof for pension plans: euro 299 million (1999: euro 221 million) –		
	5,976	6,177
Average number of employees during the year:	2000	1999
Wage earners	57,824	67,249
Other employees	38,088	43,629
	95,912	110,878
Apprentices	4,407	3,996
	100,319	114,874

Total remuneration of the Board of Management and the Supervisory Board

Subject to the approval of the proposed dividend at the Annual General Meeting of Shareholders, the remuneration of active members of the Board of Management for the fiscal year 2000 amounts to euro 8.6 million (1999: euro 7.2 million), and that of former Board members and their surviving dependants to euro 4.4 million (1999: euro 4.2 million). The total remuneration of the Supervisory Board for the year 2000 amounts to euro 1.8 million (1999: euro 1.6 million).

The pension commitments to former members of the Board of Management and

their surviving dependants are fully covered by an accrual of euro 22.3 million (1999: euro 20.1 million).

The members of the Supervisory Board and the Board of Management are set out on page 4ff.

Munich, March 2001

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

BMW Group Notes/Independent Auditors' Report

We have audited the consolidated financial statements and the management report of the Company and the Group prepared by Bayerische Motoren Werke Aktiengesellschaft, München, for the business year from 1 January to 31 December 2000. The preparation of these documents in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and the management report of the Company and the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the management report of the Company and the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system relating to the accounting system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit

includes assessing the annual financial statements of the companies to be included in consolidation, the determination of the companies being included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report of the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, respectively, in accordance with German principles of proper accounting. On the whole the management report of the Company and the Group provides a suitable understanding of the Company's and the Group's position and suitably presents the risks of future development.

Munich, 1 March 2001

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Berger
Auditor

Höfer
Auditor

Independent Auditors' Report

BMW AG Balance Sheet as of 31 December 2000

Assets	31.12.2000 euro million	31.12.1999 euro million
Intangible assets	397	314
Tangible assets	2,634	2,416
Financial assets	5,302	1,642
Fixed assets	8,333	4,372
Inventories	1,687	1,639
Trade receivables	550	472
Receivables from affiliated companies	2,136	2,428
Other receivables and other assets	1,927	902
Marketable securities and notes	578	634
Liquid funds	239	334
Current assets	7,117	6,409
Prepaid expenses and deferred taxes	7	15
	15,457	10,796

Shareholders' equity and liabilities	31.12.2000 euro million	31.12.1999 euro million
Subscribed capital	672	671
Capital reserve	1,914	1,893
Revenue reserves	1,953	1,953
Unappropriated profit available for distribution	310	269
Shareholders' equity	4,849	4,786
Registered profit-sharing certificates	37	38
Special tax allowable reserve	6	7
Pension provisions	1,579	1,415
Other provisions	4,097	2,689
Provisions	5,676	4,104
Liabilities to banks	–	1
Trade payables	1,033	814
Liabilities to affiliated companies	3,422	579
Other liabilities	434	467
Liabilities	4,889	1,861
	15,457	10,796

Income Statement of BMW AG for 2000

	2000 euro million	1999 euro million
Sales	25,276	21,770
Cost of sales	22,680	19,144
Gross profit	2,596	2,626
Sales and marketing costs	1,619	1,432
General administration costs	351	326
Other operating income	730	432
Other operating expenses	3,025	813
Net income from investments	1,918	- 487
Net interest income	1	281
Profit from ordinary activities	250	281
Taxes on income	- 66	7
Other taxes	6	5
Profit for the financial year/Unappropriated profit available for distribution	310	269

BMW Group in Figures

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04	<u>Members of the Supervisory Board</u>
07	<u>Members of the Board of Management</u>
08	<u>BMW Group Management Report</u>
24	<u>BMW Stock</u>
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BMW AG Annual Accounts

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64	<u>BMW Group Locations</u>

KPMG Deutsche Treuhand-Gesellschaft
Wirtschaftsprüfungsgesellschaft (Auditors),
Munich has issued an unqualified audit
opinion on the Financial Statements of
BMW AG, of which the Balance Sheet and
the Income Statement are presented here.

The Financial Statements are published
in the German Federal Gazette and filed
with the Trade Register of the Munich District
Court. These Financial Statements are
available from BMW AG, D-80788 Munich,
Germany.

Affiliated Companies and Business Interests of BMW AG

Major affiliated companies of BMW AG as of 31 December 2000

	Shareholders' equity ¹⁾ euro million	Income ¹⁾ euro million	Capital investment in %
Domestic			
BMW Financial Services Holding GmbH, Munich	804	590	100
BMW Bank GmbH, Munich	232	30	100
BMW Finanz Verwaltungs GmbH, Munich	207	37	100
BMW Ingenieur-Zentrum GmbH + Co., Dingolfing	47	5	100
softlab GmbH für Systementwicklung und EDV-Anwendung, Munich	39	3	100
BMW Maschinenfabrik Spandau GmbH & Co. Anlagen und Betriebs oHG, Berlin	20	13	100
BMW Maschinenfabrik Spandau GmbH, Berlin	20	11	100
BMW Leasing GmbH, Munich ³⁾	16	0	100
BMW Hams Hall Motoren GmbH, Munich ³⁾	15	0	100
BMW Fahrzeugtechnik GmbH, Eisenach ⁴⁾	2)	0	100
BMW INTEC Beteiligungs GmbH, Munich ⁴⁾	2)	0	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich ⁴⁾	2)	0	100

BMW AG Annual Accounts

**Major affiliated companies
of BMW AG as of 31 December 2000**

	Shareholders' equity ¹⁾ euro million	Income ¹⁾ euro million	Capital investment in %
--	---	--------------------------------------	-------------------------------

Foreign

BMW Coordination Center N.V., Bornem	334	45	100
BMW (US) Holding Corporation, Wilmington, Del. ⁵⁾	312	721	100
BMW (South Africa) (Pty) Ltd., Pretoria	245	78	100
BMW Finance N.V., The Hague	156	10	100
BMW Overseas Enterprises N.V., Willemstad	54	1	100
BMW Österreich Holding GmbH, Steyr	694	8	100
BMW Motoren GmbH, Steyr	353	135	100
BMW Austria Gesellschaft m.b.H., Salzburg	53	3	100
BMW Holding B.V., The Hague	2,925	5,180	100
BMW Japan Corp., Tokyo	364	120	100
BMW France S.A., Montigny-le Bretonneux	164	65	100
BMW Canada Inc., Whitby	154	38	100
BMW Italia S.p.A., Milan	103	39	100
BMW Ibérica S.A., Madrid	74	24	100
BMW Australia Ltd., Melbourne, Victoria	72	25	100
BMW Belgium S.A./N.V., Bornem	52	22	100
BMW (Schweiz) AG, Dielsdorf	32	1	100
BMW Nederland B.V., The Hague	31	18	100
BMW (UK) Holdings Ltd., Warwick	1,710	- 1,732	100
BMW (GB) Ltd., Bracknell	215	115	100
BMW (UK) Manufacturing Ltd., Warwick	194	- 127	100
BMW (UK) Capital plc., Bracknell	118	12	100

1) The values correspond with the individual financial statements, prepared in accordance with the respective country's regulations, and do not show the company's contribution to the Consolidated Financial Statements. Equity and income of companies outside the Federal Republic of Germany are converted using the exchange rate on the balance sheet date.

2) Less than euro 500,000

3) Income transfer agreement with a subsidiary of BMW AG

4) Income transfer agreement with BMW AG

5) Consolidated including active US companies

The BMW Group in Figures (10 year comparison)

		1991	1992	1993	1994 ¹⁾	1995	1996	1997	1998	1999	2000	
Sales	euro million	15,256	15,973	14,836	21,538	23,593	26,723	30,748	32,280	34,402	35,356	
Change	%	+ 9.8	+ 4.7	- 7.1	+ 45.2	+ 9.5	+ 13.3	+ 15.1	+ 5.0	+ 6.6	+ 2.8	
Production – Automobiles	Automobiles ¹⁾	units	553,230	598,145	532,960	948,683	1,098,582	1,143,558	1,194,704	1,204,000	1,147,420	1,026,755
	Motorcycles ²⁾	units	33,980	35,910	36,990	44,435	52,653	48,950	54,933	60,152	69,157	74,397
Deliveries to customers – Automobiles	Automobiles ¹⁾	units	552,103	588,657	534,397	931,883	1,073,161	1,151,364	1,196,096	1,187,115	1,180,429	1,011,874
	Motorcycles	units	32,092	34,800	35,150	46,667	50,246	50,465	54,014	60,308	65,168	74,614
Workforce at end of year ³⁾			74,385	73,562	71,034	109,362	115,763	116,112	117,624	118,489 ³⁾	114,952	93,624
Capital expenditure	euro million	1,085	1,010	1,132	1,812	1,778	1,958	2,311	2,179	2,155	2,138	
as % of sales	%	7.1	6.3	7.6	8.4	7.5	7.3	7.5	6.8	6.3	6.0	
Depreciation	euro million	923	934	939	1,312	1,471	1,535	1,812	1,859	2,042	2,322	
Cash flow	euro million	1,447	1,473	1,312	1,825	1,920	2,092	2,518	2,479	2,807	3,198	
as % of investment	%	133.3	145.8	115.9	100.7	108.0	106.8	109.0	113.8	130.3	149.6	
Fixed assets	euro million	3,450	3,494	3,656	6,007	6,087	6,866	7,789	7,810	8,771	6,763	
Assets from sales financing	euro million	4,130	4,992	6,016	6,800	7,673	8,589	10,862	12,564	16,859	17,578	
Other current assets and prepaid expenses	euro million	5,409	5,576	5,817	6,977	7,124	7,728	8,590	10,265	11,877	11,534	
Subscribed capital	euro million	458	460	461	504	505	506	506	658	671	672	
Reserves	euro million	2,645	2,813	2,958	3,343	3,487	3,915	4,465	5,487	2,992	3,914	
Capital reserves	euro million	407	418	426	805	814	825	836	1,876	1,893	1,914	
Revenue reserves	euro million	2,238	2,395	2,532	2,538	2,673	3,090	3,629	3,611	1,099	2,000	
Shareholders' equity	euro million	3,268	3,435	3,592	4,050	4,193	4,636	5,240	6,445	3,932	4,896	
as % of fixed assets	%	94.7	98.3	98.2	67.4	68.9	67.5	67.3	82.5	44.8	72.4	
Equity ratio	Industrial business	%	30.9	30.7	30.3	24.8	25.1	25.0	25.3	28.7	11.9	19.1
	Financial services	%	12.8	13.0	12.0	12.2	11.4	11.5	10.0	10.0	8.7	8.0
Long-term debt	euro million	2,844	3,411	4,068	4,608	5,512	6,015	7,772	7,039	10,379	10,375	
Long-term capital	euro million	6,112	6,846	7,660	8,658	9,704	10,651	13,012	13,484	14,311	15,271	
as % of fixed assets	%	177.2	195.9	209.5	144.1	159.4	155.1	167.1	172.7	163.2	225.8	
Liabilities from sales financing	euro million	3,601	4,344	5,293	5,968	6,800	7,603	9,774	11,304	15,385	16,170	
Balance sheet total	euro million	12,989	14,062	15,489	19,784	20,884	23,183	27,241	30,639	37,507	35,875	
Personnel costs	euro million	2,977	3,266	3,193	4,308	4,523	5,033	5,535	5,896	6,177	5,976	
per employee	euro	43,578	47,255	48,232	42,684	42,292	46,122	50,493	51,703 ³⁾	55,710	62,307	
Profit from ordinary activities	euro million	896	755	425	694	699	849	1,293	1,061	1,111	1,663	
Taxes	euro million	495	384	162	337	345	429	655	599	448	637	
Profit/loss for the financial year	euro million	401	371	263	357	354	420	638	462	- 2,487 ⁴⁾	1,026	
Unappropriated profit of BMW AG available for distribution	euro million	115	116	116	142	137	152	203	234	269	310	

1) Incl Rover Cars from 18 March 1994 until 9 May 2000 and Land Rover from 18 March 1994 until 30 June 2000

2) Incl assembly of the F 650 at Aprilia S.p.A. from 1993 until 1999

3) Values from 1998 onwards adjusted to take account of suspended contracts of employment and workforce in the vacation phase of pre-retirement or part-time employment, low-income earners

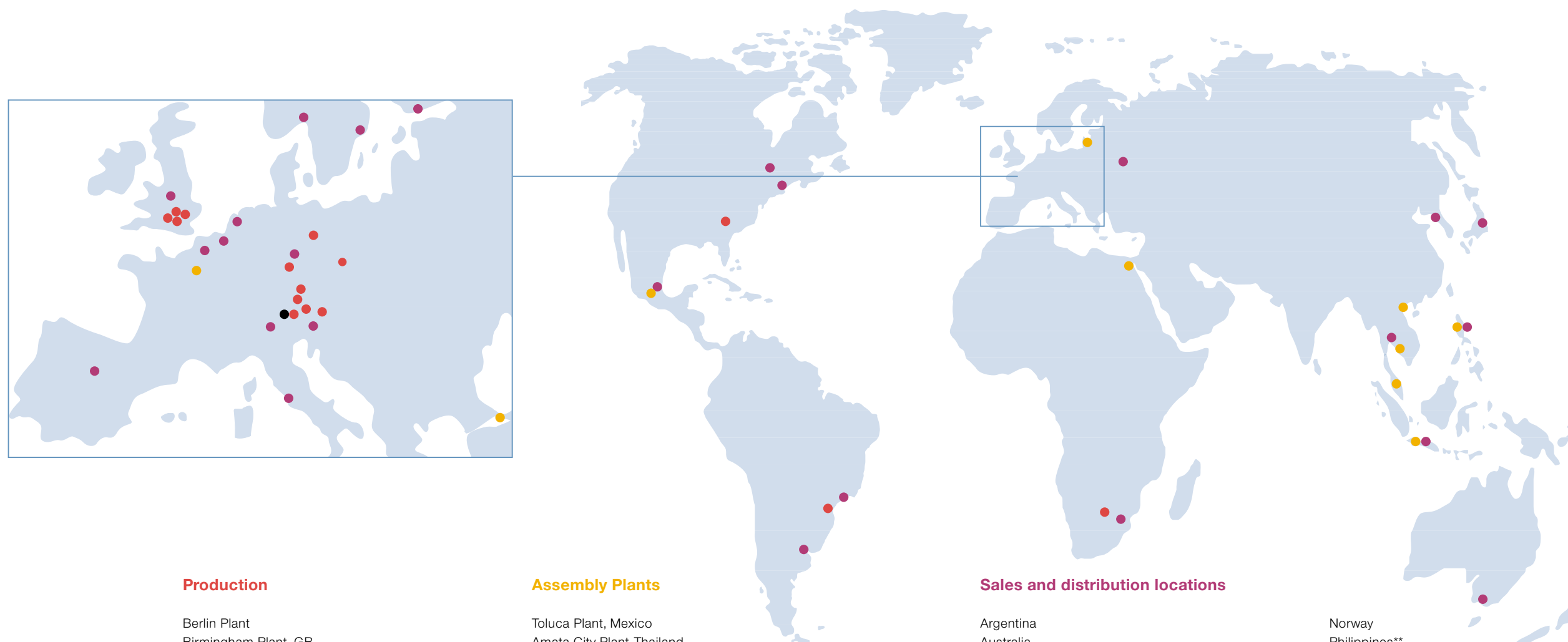
4) Profit before extraordinary result of euro 663 million

BMW Group Locations. Agility and leadership in technology are the essential criteria for a worldwide plant network able to service the markets quickly and with clear orientation to the customer.

BMW Group in Figures

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BMW Group Locations



- Headquarters
- Production
- Assembly plants
- Sales and distribution locations

Production

- Berlin Plant
- Birmingham Plant, GB
- Dingolfing Plant
- Eisenach Plant
- Hams Hall Plant, GB
- Landshut Plant
- Munich Plant
- Oxford Plant, GB
- Regensburg Plant
- Rossllyn Plant, South Africa
- Spartanburg Plant, USA
- Steyr Plant, Austria
- Swindon Plant, GB
- Tritec Motors Ltda., Curitiba, Brazil*
- Wackersdorf Plant

Assembly Plants

- Toluca Plant, Mexico
- Amata City Plant, Thailand
- CKD Production Cairo, Egypt
- CKD Production Jakarta, Indonesia
- CKD Production Kuala Lumpur, Malaysia
- CKD Production Manila, Philippines
- CKD Production Kaliningrad, Russia
- CKD Production Hanoi, Vietnam

Sales and distribution locations

- Argentina
- Australia
- Austria
- Belgium
- Brazil
- Canada
- Finland
- France
- Germany
- Great Britain
- Indonesia**
- Italy
- Japan
- Mexico
- New Zealand
- Netherlands
- Norway
- Philippines**
- Russia
- South Africa
- South Korea
- Spain
- Sweden
- Switzerland
- Thailand
- USA

* Joint venture with DaimlerChrysler
 ** Established in January 2001

Ladies and Gentlemen,

BMW Group products are in greater demand worldwide than ever before. Fiscal 2000 was a year of records, with deliveries, sales, and profits reaching a new all-time high. This is the result of our brand strength, our product substance, and our decision to reorient the BMW Group along new strategic lines.

Pursuing a logical and consistent premium brand strategy, the BMW Group is moving into the future with a clear focus. In this process we are concentrating on those segments of the world automobile market which match the character of our respective brands and show an above-average growth potential.

In the context of this strategy we plan to expand the BMW X family and build a large BMW 6 Series coupé and convertible. The new small BMW model series will supplement this product offensive, being positioned in the market as the BMW 1 Series in accordance with our consistent, clear-cut product nomenclature. The MINI brand rounds off our brand portfolio strategically at the bottom end, the Rolls-Royce brand occupying the supreme top-end segment as of the year 2003 with an all-new saloon developed as an entirely new model from the ground up.

This reorientation makes the BMW Group the only multi-brand automobile manufacturer in the world to pursue a consistent, pure premium brand strategy ranging from the small car all the way to the absolute top segment.

This strategy gives the BMW Group brand a strong and consistent position, a strong brand being defined by its authentic, clearly profiled identity. With the BMW Group this means that our products and our face to the customer make the premium strategy of our Company clear and tangible in all areas, creating an obvious distinction from the competition.



"Fiscal 2000 was a top year in every respect. This is the result of our brand strength, our product substance, and the strategic reorientation of the BMW Group."

Joachim Milberg

The new models entering the market in the year 2001 once again prove this substance in terms of their aesthetic design, dynamic performance and cutting-edge technology:

In the highly prestigious luxury segment the new BMW 7 Series stands for exclusivity combined with leadership in innovation and technology. This is borne out clearly by the car's new design, its suspension, and the iDrive control concept.

Starting in summer 2001, the second generation of the BMW 3 Series compact will set a new standard in the midrange segment for high-quality compact cars, convincingly demonstrating a unique, independent synthesis of sporting performance and practical qualities.

Our leadership in innovation in this segment is borne out inter alia by the new generation of VALVETRONIC engines. Featuring this trendsetting technology, the new 3 Series compact offers the customer by far the highest standard of fuel economy in its class.

Our competence in technology in the area of BMW Motorcycles is being confirmed this year by numerous innovations and new features, among them the world's first navigation system in a motorcycle as well as the third generation of ABS anti-lock brakes. The C1, our innovative synthesis of a two-wheeler and an automobile, is entering the market with an additional, new engine variant.

Through the MINI brand we are establishing a new premium offer in the small car segment, allowing the BMW Group in this way to benefit from the overproportional growth of this market. The first model of the MINI brand is already acknowledged as one of the most progressive cars in its class thanks to the convincing symbiosis of individual style and emotion, high technology and superior safety.

It is our objective to meet the greatest, most discerning demands. And it is precisely for this reason that we prove our performance also in motorsport, returning successfully into the highest realms of motor racing, Formula 1. The objective this year is to consolidate the third position in the Constructor's World Championship BMW achieved last year in its very first season. Given the long heritage of BMW motorsport, we believe it is only natural for BMW to show its competence as an engine constructor – which is precisely why we ourselves develop and build a large majority of the components used in the BMW V10 racing engine. Precisely this strategy ensures that know-how gained under the toughest racing conditions goes directly into the development and production of our series models.

Companies demanding and offering the utmost in terms of quality bear a particularly high standard of responsibility. And it is for this reason that the BMW Group plays a leading role the world over as a forerunner in the development of alternative drive systems. The BMW 750hL, the first hydrogen car ever built in series production, has already reached a level of maturity which allows realistic planning for large-scale production. On our CleanEnergy World Tour we are presenting and demonstrating our fleet of hydrogen cars in support of a solar hydrogen society, advocating the establishment of the overall framework required for this purpose.

The very concept of "premium" must be newly defined and developed with each new era. The BMW Group vehicles interpret this claim in a modern, up-to-date style.

It is with this strategy that we will lead and determine the competition in future. We will continue the success already achieved last year.

Munich, March 2001



Joachim Milberg
Chairman of the Board of Management



Feeling the thrill of motoring all the way to your fingertips

Introducing a wide range of innovations in product development, BMW has once again raised the benchmark in every respect. Whether it is the BMW 750hL, the first series production hydrogen car in the world, the iDrive control concept enabling the driver to mastermind his car with one single rotary and push knob, or the C1, a motorised two-wheeler offering the same safety as an automobile, the BMW customer enjoys sheer driving pleasure to the last detail.

The BMW 5 Series

The most striking visual feature of the facelifted BMW 5 Series are the new light-ring headlights, light conductor rings serving as parking lights and accentuating the characteristic look of BMW's dual headlights. This facelift is supplemented by the latest generation of straight-six petrol engines, large-capacity, high-performance power units setting new standards in terms of superior driving performance, fuel economy and driving comfort.



CleanEnergy: taking hydrogen power into the future

On 11 May 2000 BMW presented the 750hL in Berlin – the first hydrogen car in the world ever to enter series production. Launching the 750hL, BMW has further expanded its leading position in the development of environmentally friendly automobiles starting in 1995 with the 316g compact and 518g touring, the first natural gas cars ever built and sold in series production by a European manufacturer. The BMW 750hL is powered by a hydrogen combustion engine offering significant advantages in terms of costs, weight and performance in comparison with the combination of a fuel cell battery/electric motor. And BMW also uses the undeniable advantages of the fuel cell for generating electric power: some BMW 750hL's are the first production cars in the world with a fuel cell on board generating electric power for the 42 V on-board network. This allows the introduction of high-comfort functions such as air-conditioning with the car at a standstill and the engine switched off.

The hydrogen technology in BMW's 12-cylinder saloons has already reached a level of maturity quite appropriate for realistically planning large-scale production. Providing a shuttle service throughout the entire EXPO 2000 World Fair and covering more than 100,000 kilometres in the process, these luxury saloons have clearly shown their passengers their ability to offer supreme comfort, dynamic performance and everyday driving qualities at an appropriate cost level for the market. Hydrogen drive will therefore be offered to customers with the next generation of the BMW 7 Series saloon. A hydrogen-powered BMW does not lose the dynamic performance and driving pleasure so typical of the brand. The 12-cylinder power unit in the 750hL develops maximum output of 150 kw/204 bhp, accelerates the car to 100 km/h in 9.6 seconds, and provides a top speed of 226 km/h or 140 mph. With its 140-litre or 30.8 imp. gal. cryogenic fuel tank, the fully equipped BMW 7 Series is able to cover a distance of 350 kilometres or approximately 220 miles. And the 750hL also comes with a conventional



petrol supply system remaining on-board due to the inadequate supply of hydrogen these days. The BMW Group supports initiatives on all levels with the objective to provide the right framework for the introduction of the hydrogen car. The European Integrated Hydrogen Project, for example, seeks to harmonise the rules and regulations relevant to hydrogen on an international level. On the CleanEnergy World Tour 2001 the BMW Group is informing international opinion leaders on the subject of hydrogen as well as the sustained production of hydrogen from regenerating sources of energy, thus promoting the cause of a sustained energy supply concept.

In the BMW Z9 gran turismo and Z9 convertible concept cars, BMW for the first time presented a version of the control concept to be featured in the next-generation BMW 7 Series under the name iDrive.

Introducing iDrive, BMW is presenting a new concept of driver orientation and motoring, which will totally re-configure the interior of modern automobiles and point the way into the future. As a result, BMW is clearly underlining its leadership in innovation through this new definition of active motoring.

Although the range of functions within the car will continue to increase in future due to the introduction of new communication options and facilities, iDrive significantly facilitates all of the driver's control and management functions within the cockpit.

iDrive allows the driver to mastermind up to several hundred functions from one single control unit. iDrive significantly reduces the number of switches, levers and knobs without limiting the range of functions. The control elements and display systems have been rearranged according to ergonomic requirements, the actual Controller operating all functions being made up of a rotary/push knob for the selection of functions – a principle already introduced by BMW with the navigation system and acknowledged as trendsetting on account of its convenience and user-friendliness.

Operating the Controller, the driver is able to activate and control a whole range of different functions on the Control Display arranged in a specific hierarchy according to their significance and frequency of use. The entire process is simple and intuitive, without requiring any experience in the use of a computer. iDrive stands for an intelligent, innovative and integrated control concept, at the same time clearly reflecting the driver orientation so typical of BMW in the sense of "I drive".



iDrive: an intuitive control concept sets new standards





The BMW Z8:
a dream car beyond the restraints of time

The BMW Z8 combines breathtaking design, fascinating technology and exceptional driving pleasure. It offers the highest standard of technology currently available in the world of the automobile – including an aluminium spaceframe bodyshell, a high-performance V8 sports engine, and Drive-by-Wire.

The BMW X5: the first Sports Activity Vehicle in the world

The BMW X5 has established a brand-new segment in the market: the segment of the Sports Activity Vehicle. It combines the sporting, comfort-oriented characteristics of a typical BMW saloon with truly outstanding driving features also on rough terrain. Like all BMWs, the X5 also bears out aesthetic design, dynamic performance and supreme safety as further features typical of a BMW. So far there has never been an off-roader able to offer comparable handling. And now the BMW X5, with its unitary body, all-wheel drive with independent suspension and DSC Dynamic Stability Control offers a standard of all-road driving behaviour borne out by supreme performance and technology of the most sophisticated kind.





Standard drive with the engine at the front and the drive wheels at the rear is one of the distinctive, unmistakable features of a BMW. The concept phase of the BMW 1 Series to be positioned at the upper end of the lower midrange segment has been concluded in the meantime and the decision has been made: this car will also come with standard drive.

This makes BMW the only manufacturer to consistently maintain this sporting drive concept in all segments. And it makes BMW the only manufacturer to offer a car with rear-wheel drive also at the upper end of the lower midrange segment.



Standard drive: unparalleled
agility and driving pleasure

All-wheel drive for the BMW 3 Series



Together with the introduction of the new 6-cylinder power units, BMW also introduced optional all-wheel drive for six models within the 3 Series. BMW all-wheel drive in the 325xi, 330xi and 330xd saloon and touring models features the technology already used successfully in the BMW X5. Under normal driving conditions permanent all-wheel drive feeds 62 per cent of the

engine power to the rear and 38 per cent to the front wheels in order to minimise driving forces acting on the steering and maintain the neutral driving behaviour so typical of BMW all the way to the extreme limit the driver will hardly ever experience. As a further advantage BMW all-wheel drive offers additional traction on particularly bad and slippery roads, for example in the mountains. DSC Dynamic Stability Control featured as standard is supplemented on the all-wheel-drive models by the automatic ADB-X differential lock slowing down the wheels when spinning by applying the brakes as

required. This consistently feeds engine power to the wheels with sufficient traction and allows a wheel currently spinning to regain its grip on the road. ADB-X thus provides the effect of a conventional differential lock without the usual disadvantages in terms of friction losses, extra weight and larger dimensions.



M KX 3999



The new BMW M3 convertible:
high performance in **exciting style** for the connoisseur

The BMW M3 convertible combines the typical features of an M car such as the 252 kw/343 bhp high-speed normal-aspiration power unit, a perfectly tuned suspension, the new variable differential lock, high-performance brakes and unique design features with the well-known qualities of the BMW 3 Series convertible – a combination to guarantee supreme driving pleasure where only the sky is the limit . . .



The new BMW 3 Series compact: young, sporting, clever

Young and fresh, powerful and sporting, superior and sophisticated – these are the attributes that characterise the latest addition to the BMW 3 Series. The design of the body, 28 cm or 1.1 ft shorter than the saloon despite the same wheelbase, together with the striking front and rear ends, gives the 3 Series compact unique character while retaining all the typical looks of a BMW. And the 3 Series compact also proves its own class within the interior with innovative solutions offering a supreme standard of space, practical qualities and variability.



In the largest and most significant engine project in the history of BMW the straight-four power units, V8 and V12 engines will be replaced in the course of the next two years by a new engine generation featuring VALVETRONIC.

This revolutionary development by BMW sets new standards in terms of fuel economy. The decisive function principle featured by VALVETRONIC is variable valve lift taking over the task of a conventional throttle butterfly now no longer required. Instead, engine load is controlled exclusively by the fully variable valve lift function, providing an engine able to breathe freely and, as a result, without wasting any fuel. The level of fuel consumption is

therefore comparable to that of a modern petrol direct injection power unit without its compromises in emission control and without forfeiting the driving pleasure so typical of BMW.

Offering this improvement in fuel economy compared with all generations of engines so far, VALVETRONIC will be the most significant single factor in meeting the self-commitment of European car manufacturers in the quest to reduce CO₂ emissions.

VALVETRONIC represents the next logical development in the evolution of engine technology from four valves via simple-VANOS to double-VANOS.

The all-new generation of engines combining VALVETRONIC with a wide range of other highlights in technology will make its first appearance in the market in summer 2001.

The first model will be the 316ti compact presented to the public at the Geneva Motor Show in early March 2001. Benefitting from VALVETRONIC, the new compact develops maximum output of 85 kw/115 bhp on average fuel consumption of just 6.9 litres/100 kilometres (40.9 mpg imp.).



VALVETRONIC:
a quantum leap
in engine technology

BMW diesel engines: supreme competence in spark-ignition technology



BMW sets standards in terms of driving pleasure, motoring comfort, performance and fuel economy not only with the petrol engine. For BMW's 4-, 6- and 8-cylinder diesels also excel through the same outstanding qualities and are gaining growing popularity in the market. This highly successful philosophy is clearly confirmed by the International Engine of the Year Awards 2000, the so-called "Engine Oscars" awarded to both BMW's 3.0- and 4.0-litre diesel engines as the best power units in their class.

The common rail principle featured in BMW's 6- and 8-cylinder diesel engines ensures variable injection timing, a variable injection process and consistent maintenance of high pressure as the essential prerequisites for optimum fuel/air mixture formation and a harmonious combustion process. This, in turn, ensures high torque and superior output on low emissions. The 3.0-litre diesel engine featured in the BMW 3 Series, 5 Series, 7 Series and, as of spring 2001, also in the X5, for example, comes with maximum torque of up to 410 Nm or 302 lb-ft, thus offering the power and performance so typical of a genuine BMW.

The BMW 2.0-litre diesel, in turn, features the conventional distributor pump concept offering fundamental advantages on a four-cylinder diesel over the common rail principle.

The new BMW R 1150 R: the motorcycle for a genuine driving experience at its very best . . .

The qualities of the new R 1150 R are borne out at very first sight by the new design of this outstanding machine. Sporting, dynamic lines with a very powerful look give this roadster a highly emotional appearance full of style and character. Succeeding the R 1100, the R 1150 R comes with a larger and more powerful engine complete with a fully controlled catalytic converter and a new six-speed gearbox. Added to this there are significant improvements on the suspension and running gear, making this new roadster model even more sporting and dynamic than before without any compromises in comfort or touring quality.





Integral ABS: Safe on a motorcycle

BMW Integral ABS uses the technical potentials of the newly developed third-generation ABS and combines these improvements with additional functions. Two examples are the use of an electrohydraulic brake servo and adaptive brake force distribution, both world-first achievements on a motorcycle. The integral brake system comes in two different versions: the fully

The BMW C1: the innovative synthesis of a two-wheeler and an automobile

BMW's slogan "The Ultimate Driving Machine" has been enriched in the meantime by the introduction of a brand-new concept: with the C1 launched in spring 2000 and built by Bertone in Italy, BMW has created an all-new type of vehicle combining the benefits of a motorised two-wheeler with numerous safety features of an automobile.

The objective of BMW's development specialists was to create a synthesis of a motorised two-wheeler with all its typical advantages (the special riding pleasure

offered by a single-track vehicle, the experience of fresh air, minimum space required when riding and parking, as well as a relatively low purchase price and cost of ownership) and the benefits of an automobile (comfort, safety, transport capacity).

The safety concept featured by the BMW C1 allows the driver to do without a helmet or protective clothing. He is nevertheless well-protected on the road by a safety cell with shoulder bars and exchangeable deformation elements, two safety belts, a special seat and a headrest. And in the event of an accident a crash deformation unit above the front wheel as well as the BMW Telelever front-wheel suspension will keep the possible consequences to a minimum. Optional ABS anti-lock brakes, finally, help to enhance active safety on the road.



When launched into the market the C1 was initially available in three versions (C1, C1 Family's Friend, C1 Executive) all featuring a 125-cc power unit developing 11 kw/15 bhp. In spring 2001 a new engine variant is entering the market in the C1 200, the 176-cc power unit developing maximum output of 13 kw/18 bhp and giving the C1 200 even more agile performance on the road.

braking also

integral version incorporates a handbrake and footbrake lever both acting at the same time on the front- and rear-wheel brakes. On the partly integral version intended for more sporting, dynamic models, the handbrake lever acts simultaneously on the front- and rear-wheel brakes, the footbrake lever only on the rear-wheel brake, as in the past. BMW is the pioneer also in ABS technology, having introduced the world's first motorcycle ABS as

early as in 1988. And since spring 2000 BMW has been the only manufacturer in the world with ABS on all series models either as standard equipment or as an optional extra. So far more than 250,000 customers have opted for a BMW motorcycle with ABS, thus choosing an outstanding combination of riding pleasure and superior safety on the road.



Motorcycle navigation: innovation for even more sheer riding pleasure

An amenity car drivers have been enjoying for a long time is now also available to the motorcycle rider: in late September 2000 BMW became the first motorcycle manufacturer in the world to offer a navigation system for even greater convenience. This new optional unit is based on the GPS global positioning system supplemented by a distance signal, road speed and motorcycle position sensor. The current location of the motorcycle is determined via the

satellite system with accuracy down to just 10 metres. The system itself has been derived from the navigation units featured in BMW cars and is tailored to specific motorcycle riding conditions. Whenever the motorcycle rests on its side-stands when parked, it leans over at an angle quite different from the vertical position of a car. So when the rider programs the system with the motorcycle in this position, the navigation unit will automatically reprogram (calibrate) its functions as soon as

the rider moves up the side-stands and returns the motorcycle to its normal riding position. Any data already entered and confirmed in this state is saved.

The new navigation system offers the motorcycle rider the orientation and convenience he already enjoys in his BMW car, allowing him to concentrate on the qualities so typical of a BMW motorcycle: sheer riding pleasure.



- 1** BMW 3 Series saloon
- 2** BMW 3 Series convertible
- 3** BMW 3 Series touring
- 4** BMW Z3 coupé
- 5** BMW Z3 roadster
- 6** BMW 3 Series compact
- 7** BMW 3 Series coupé

- 8** BMW X5
- 9** BMW 5 Series saloon
- 10** BMW 5 Series touring
- 11** BMW 7 Series saloon
- 12** BMW Z8

- 13** BMW M3
- 14** BMW M5

- 15** BMW C1 200
- 16** BMW R 1150 R
- 17** BMW K 1200 RS
- 18** BMW F 650 GS
- 19** BMW R 1200 C Independent



The BMW product range as of 31 March 2001

3 Series

saloon

316i

1,895 cc, 77 kw (105 bhp)

318i

1,895 cc, 87 kw (118 bhp)

320i

2,171 cc, 125 kw (170 bhp)

325i*

2,494 cc, 141 kw (192 bhp)

330i*

2,979 cc, 170 kw (231 bhp)

320d

1,951 cc, 100 kw (136 bhp)

330d*

2,926 cc, 135 kw (184 bhp)

coupé

318Ci coupé

1,895 cc, 87 kw (118 bhp)

320Ci coupé

2,171 cc, 125 kw (170 bhp)

325Ci coupé

2,494 cc, 141 kw (192 bhp)

330Ci coupé

2,979 cc, 170 kw (231 bhp)

Z3

Z3 roadster 1.8

1,895 cc, 87 kw (118 bhp)

Z3 roadster 2.2

2,171 cc, 125 kw (170 bhp)

* available with all-wheel drive as an option

touring

318i touring

1,895 cc, 87 kw (118 bhp)

320i touring

2,171 cc, 125 kw (170 bhp)

325i touring*

2,494 cc, 141 kw (192 bhp)

330i touring*

2,979 cc, 170 kw (231 bhp)

320d touring

1,951 cc, 100 kw (136 bhp)

330d touring*

2,926 cc, 135 kw (184 bhp)

compact

316ti compact

1,796 cc, 85 kw (115 bhp)

325ti compact

2,494 cc, 141 kw (192 bhp)

convertible

320Ci convertible

2,171 cc, 125 kw (170 bhp)

325Ci convertible

2,494 cc, 141 kw (192 bhp)

330Ci convertible

2,979 cc, 170 kw (231 bhp)

Z3

Z3 roadster 1.8

1,895 cc, 87 kw (118 bhp)

Z3 roadster 2.2

2,171 cc, 125 kw (170 bhp)

Z3 roadster 3.0

2,979 cc, 170 kw (231 bhp)

Z3 coupé 3.0

2,979 cc, 170 kw (231 bhp)

5 Series

saloon

520i

2,171 cc, 125 kw (170 bhp)

525i

2,494 cc, 141 kw (192 bhp)

530i

2,979 cc, 170 kw (231 bhp)

535i

3,498 cc, 180 kw (245 bhp)

540i

4,398 cc, 210 kw (286 bhp)

520d

1,951 cc, 100 kw (136 bhp)

525d

2,497 cc, 120 kw (163 bhp)

530d

2,926 cc, 142 kw (193 bhp)

touring

520i touring

2,171 cc, 125 kw (170 bhp)

525i touring

2,494 cc, 141 kw (192 bhp)

530i touring

2,979 cc, 170 kw (231 bhp)

540i touring

4,398 cc, 210 kw (286 bhp)

520d touring

1,951 cc, 100 kw (136 bhp)

525d touring

2,497 cc, 120 kw (163 bhp)

530d touring

2,926 cc, 142 kw (193 bhp)

X5

X5 3.0i

2,979 cc, 170 kw (231 bhp)

X5 4.4i

4,398 cc, 210 kw (286 bhp)

X5 4.6is

4,619 cc, 255 kw (347 bhp)

X5 3.0d

2,926 cc, 135 kw (184 bhp)

7 Series

728i

2,793 cc, 142 kw (193 bhp)

735i

3,498 cc, 175 kw (238 bhp)

740i

4,398 cc, 210 kw (286 bhp)

750i

5,379 cc, 240 kw (326 bhp)

728iL

2,793 cc, 142 kw (193 bhp)

735iL

3,498 cc, 175 kw (238 bhp)

740iL

4,398 cc, 210 kw (286 bhp)

750iL

5,379 cc, 240 kw (326 bhp)

Motorcycles

F 650 GS

652 cc, 37 kw (50 bhp) or 25 kw (34 bhp)

F 650 GS Dakar

652 cc, 37 kw (50 bhp) or 25 kw (34 bhp)

R 850 R

848 cc, 52 kw (70 bhp) or 25 kw (34 bhp)

R 1150 R

1,130 cc, 62.5 kw (85 bhp)

R 1150 GS

1,130 cc, 62.5 kw (85 bhp)

R 1100 S

1,085 cc, 72 kw (98 bhp)

R 850 C/R 1200 C

848 cc, 37 kw (50 bhp) or 25 kw (34 bhp)

1,170 cc, 45 kw (61 bhp)

R 850 C/R 1200 C Avantgarde

848 cc, 37 kw (50 bhp) or 25 kw (34 bhp)

1,170 cc, 45 kw (61 bhp)

R 1200 C Independent

1,170 cc, 45 kw (61 bhp)

R 1100 RS

1,085 cc, 66 kw (90 bhp)

R 1150 RT

1,130 cc, 70 kw (95 bhp)

K 1200 RS

1,171 cc, 96 kw (130 bhp) or 72 kw (98 bhp)

K 1200 LT

1,171 cc, 72 kw (98 bhp)

Pole Position for BMW:

innovative technologies for Formula 1 and series production

All BMW Automobiles set the standard in technology, innovation, dynamism and driving pleasure.

This applies to the Z8 super-sportscar just as it holds true for the X5, the world's first Sports Activity Vehicle, the new 3 Series compact and the BMW M cars. BMW Motorcycles follow this philosophy just as consistently – whether it's the K 1200 RS sports tourer, the R 1150 R roadster or the F 650 GS entry-level model. And creating the C1, BMW has developed an all-new driving concept for city

traffic – the world's first motorised two-wheeler with the safety technology of an automobile. BMW is also active in Formula 1, the most supreme dimension of motorsport. This commitment arouses emotions and thrills all of the Group's associates far beyond the Motorsport Department. And results and know-how gained in Formula 1 provide further improvements to BMW production cars.

BMW Motorsport



www.bmw-williamsf1.com



Formula

BMW-Williams



Formula 1 in everybody's mind

Leadership starts in your mind – particularly when it comes to leadership in the market. This applies to all segments in which BMW is represented, also to Formula 1. After 13 years BMW has re-entered this supreme category of motorsport in a simply perfect come-back, convincing even the most sceptical critic. So not only motorsport fans are thrilled, also BMW's own employees are fascinated by this competition for supreme technology, utmost skill and outstanding results. Which is precisely why all members of the team gave their best right from the start in the first season to see Ralf Schumacher and Jenson Button among the three best drivers. Features having proven their qualities on the race-track also go into BMW's production cars – to the benefit of the customer. The latest examples are the BMW M3 and M3 convertible allowing the driver to shift gears without even taking his hands off the steering wheel – the feeling of Formula 1 at its best.

BMW in Formula 1: returning to the highest realms of motorsport

After a break of almost 13 years BMW has returned to Formula 1 with the BMW WilliamsF1 Team. And finishing third in the Constructor's World Championship, the team supporting drivers Ralf Schumacher and Jenson Button immediately marked the most successful re-entry of an engine constructor into Formula 1 in 33 years. The supreme reliability of BMW engines consistently developed to an ever-increasing standard, the professional quality of the entire team prior to and during the races, and the popular appearance of the team has helped to give BMW an even greater name.

Participating in Formula 1 is far more to BMW, however, than enjoying the most fascinating world of motorsport. For the technologies, materials and processes tried and tested in Formula 1 may go straight into series production, thus helping to maintain and enhance BMW's leadership in technology.

Motorsport is furthermore the classic opportunity for a car maker to demonstrate his superior technological performance also under maximum competitive pressure. Particularly BMW has a very long and successful tradition in motorsport culminating so far in the 1983 Formula 1 World Championship.

Motorsport and Formula 1 are a perfect match for BMW, underlining the features and values so typical of the brand: sporting performance, a dynamic mind, innovative technology,

a supreme commitment and fast reactions in fierce competition with the best.

The 2001 Formula 1 season: taking on a new challenge

After finishing third in the Constructor's World Championship in their very first season, the BMW WilliamsF1 Team has to meet great public expectations for the year 2001 season. And clearly, the objective for the new season, having started in Australia on 4 March, is to follow in the footsteps of last year's successes.

This year the BMW WilliamsF1 Team is entering the season with a new engine, a new tyre supplier, and a new driver. The year-2001 BMW V10 is not an evolution version of the former engine, but rather an all-new power unit from the ground up. The great challenge facing the engineers at BMW's Research and Development Centre was indeed to make the new engine even lighter and smaller but also more powerful and reliable.

Joining forces with Michelin, the BMW WilliamsF1 Team has a new supplier of tyres for the 2001 season. Comprehensive tests were already conducted with Michelin during the year 2000 season in order to ensure a perfect balance of tyres and suspension this year. And in the 2001 season Juan Pablo Montoya takes over the place of Jenson Button, who will be driving for the Benetton Team until the year 2003. The former Formula 3000 European Champion and the US CART Champion, Colombian driver Montoya is an important new addition to the BMW WilliamsF1 Team.





Formula 1

in everybody's mind



Only very few drivers get to enjoy a BMW WilliamsF1 Team's racing car. But before they are able to do so dozens of specialists make every effort to improve the car's technologies to a supreme standard. Teamwork is always in the minds of the experts at the Munich Development Centre.





Form





Formula 1

in everybody's mind



In Formula 1 speed is everything. So to act as quickly as possible, specimen parts are developed and built at top speed. This applies to both racing cars and production cars in exactly the same manner.





Formula 1 in everybody's mind





The BMW V10 racing engine is developed and built with extreme precision – precision also to be found in BMW's production engines.



To be a genuine leader you must invest in man and machine. The BMW V10 racing engine is built in Munich. For the name Bayerische Motoren Werke is no coincidence.

Engine management: synergies between Formula 1 and series production

Bayerische Motoren Werke – the name alone is a commitment. So it was clear almost immediately in preparing BMW's entry into Formula 1 that, unlike most other Formula 1 teams, BMW would not obtain the engine management (the so-called BlackBox) from suppliers, but rather develop everything at the BMW Group's Research and Development Centre in Munich. The very same BMW engineers responsible for developing the engine management of BMW's M3 and M5 production models therefore did the same excellent job for the Formula 1 project. And in the meantime this electronic system, proven under the toughest racing conditions, has provided a whole world of new ideas and know-how going into the next generation of BMW engines – direct transfer, therefore, from Formula 1 to series production.

Innovative materials: Formula 1 as a test laboratory

There has always been an apparent contradiction in motorsport: A component must be as light as possible, but as strong as necessary. And both the mechanical and thermal loads acting on a Formula 1 power unit are so great that Formula 1 is an ideal, unique test opportunity for BMW's engineers and other specialists.

The specialists at BMW's Research and Development Centre support BMW's Motorsport Department in their laboratories with their testing facilities and through their know-how, for example in testing the strongest and lightest alloys or in trying out new materials carried over from aerospace technology.

Precisely this explains why the Research and Development Centre already focuses on materials currently still too exotic and expensive for series production. Through Formula 1 BMW's engineers are therefore able to make themselves acquainted with these materials, paving the way for their rapid introduction in BMW's production models.

Rapid prototyping: developing specimen parts at Formula 1 speed

Speed is everything in motorsport. And precisely this is why BMW's Motorsport Department supplying the BMW WilliamsF1 Team with V10 power units uses parts and components developed through rapid prototyping in the concept and test phase. Computer-aided machines using stereo-lithography, multi-jet modelling or 3 D printing are able to produce true-to-scale models from resin, plastic powder, starch or wax quickly and inexpensively.

This enables BMW's engineers to quickly and efficiently test the installation of new parts or their interaction with other components right from the start in the technical drafting and development phase, using prototypes made at very short notice. Application of these ultra-modern technologies shortens development periods, reduces the cost of development, and gives not just the BMW WilliamsF1 Team, but also the specialists developing series production models, a decisive lead over the competition.

The Landshut foundry: building engine components for Formula 1 and regular production models

The large number of in-house parts and components already used on BMW's V10 racing engine has increased once again for the year 2001.



Formula 1

in everybody's mind



Good neighbours: the cylinder heads for BMW's production engines and for the F1 power unit are built right next to one another. Short distances ensure a smooth and efficient transfer of know-how.



Formula 1 technology is to be found not only in motor-sport. For the BMW M3 also comprises Formula 1 features, allowing the driver to shift gears without taking his hands off the steering wheel – motor racing at its best.



Formula 1 in everybody's mind

Now BMW also makes the cylinder head, crankcase, camshaft and crankshaft. To make this possible an entirely new Formula 1 foundry as well as a complete machining shop were established and opened up within a period of less than 12 months. A particularly remarkable point in this context is that both of these facilities are not run by BMW's Motorsport Department, but rather by the corporate divisions responsible for regular series production: the foundry for BMW's Formula 1 V10 is in Landshut, Germany, right next to the "conventional" foundry for production engines. This allows know-how gained in motorsport to go straight into series production.

SMG II sequential gearbox with DRIVELOGIC – transmission technology from the BMW WilliamsF1

Shifting without taking your hands off the steering wheel – so far this was only possible in Formula 1. But now you can also enjoy this amenity in a BMW production car. Like in Formula 1, the SMG II sequential gearbox with DRIVELOGIC available as an option in the BMW M3 and M3 convertible allows the driver to shift gears directly by toggle switches on the steering wheel. And like the instruments in the cockpit of a Formula 1, shift lights in the rev counter coming on one after the other inform the driver that he is approaching the optimum shift speed, guaranteeing a genuine Formula 1 feeling in the process.

Shifting gears with SMG II is a quick, precise and safe process. With gearshift times reduced to just 80 milliseconds, SMG II offers

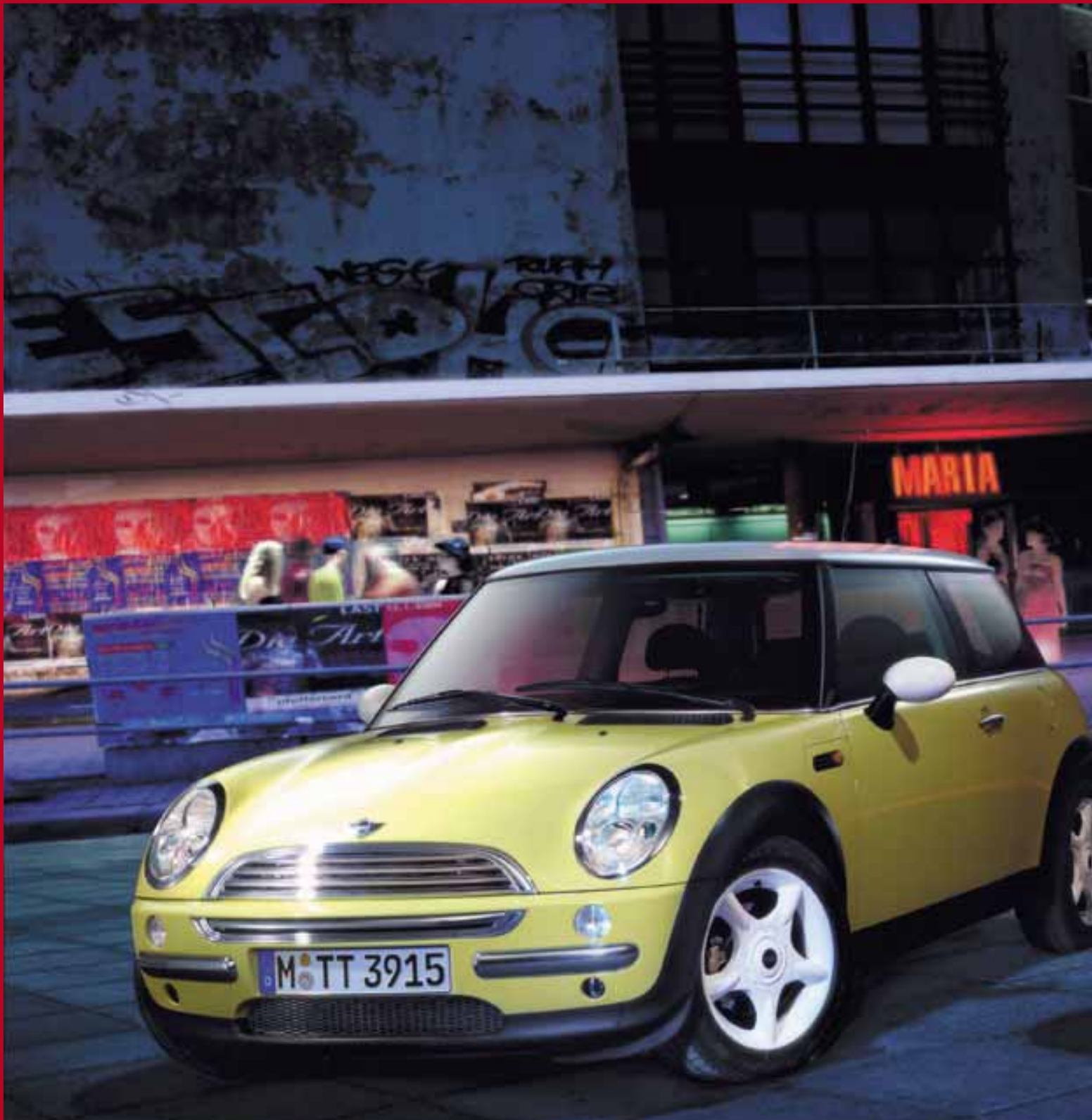
the fastest shift process compared with all other cars in the market. Signals are transmitted redundantly by electronic by-wire technology, with absolute reliability and safety at all times.

DRIVELOGIC provides 11 driving programs in the sequential and automatic modes ranging from well-balanced and dynamic all the way to sporting with supreme performance.

Developing SMG II, the BMW Group has created a transmission combining the sporting qualities of a Formula 1 gearbox with the requirements of everyday motoring in a perfect symbiosis.

The 2001 Formula 1 season

04 March	Australian GP in Melbourne
18 March	Malaysian GP in Kuala Lumpur
01 April	Brazilian GP in São Paulo
15 April	San Marino GP in Imola
29 April	Spanish GP in Barcelona
13 May	Austrian GP in Spielberg
27 May	Monaco GP in Monte Carlo
10 June	Canadian GP in Montreal
24 June	European GP at Nürburgring
01 July	French GP in Magny-Cours
15 July	British GP in Silverstone
29 July	German GP in Hockenheim
19 August	Hungarian GP in Budapest
02 September	Belgian GP in Spa
16 September	Italian GP in Monza
30 September	USA GP in Indianapolis
14 October	Japanese GP in Suzuka



Internet Time @ 416

Internet time is a new, innovative time measure no longer requiring different time zones. Instead, it subdivides the virtual and real day into 1,000 "beats", each of which is 1 minute and 26.4 seconds long.



ENTERING A NEW ERA WITH MINI

THE INTERNET AND MODERN TELECOMMUNICATIONS HAVE CHANGED THE WORLD. DISTANCES ARE BECOMING SHORTER, SPACE AND TIME UNIMPORTANT. THE MODERN, URBAN INDIVIDUAL IS AT HOME THE WORLD OVER. HE ENJOYS HIS WORK, HE ENJOYS LIFE. HE ATTACHES GREAT IMPORTANCE TO BEING INDEPENDENT IN HIS WORK AND LEISURE TIME. HIS PRINCIPLES IN LIFE ARE TO MAINTAIN AN OPEN MIND, TO SHOW TOLERANCE AND ENTHUSIASM. AND ALL THIS IS REFLECTED PERFECTLY BY A COMPACT CAR COMBINING HIGH TECH WITH EMOTION. STARTING IN SUMMER 2001, MINI WILL CONQUER ROADS AND CITIES THE WORLD OVER.



Internet Time @ 415

New York, shortly before dawn. Trends destined to go around the world are born at Amazonas, currently one of the most popular clubs. The interplay of different styles of music and lifestyles is typical of modern trendsetters in the urban community. Numerous nationalities live together in New York virtually shoulder to shoulder. One out of every three New Yorkers was born abroad, 100,000 immigrants joining the 8 million inhabitants of New York each year. Teamwork, direct communication and mobility are the foundation for success. Speed and freedom set the pace in the Big Apple.

MINI – THE SECOND CORNERSTONE OF THE BMW GROUP'S PREMIUM BRAND STRATEGY

The BMW Group presented the MINI Cooper to the public for the first time at the Salon Mondial de l'Automobile in Paris in September 2000. Introducing MINI as a brand full of character and emotion, the BMW Group will be establishing a convincing premium offer worldwide in the small car segment. Deliveries of the first MINI brand cars (the MINI One and the MINI Cooper) will start in summer 2001.

Entering this segment of the market, the BMW Group is pursuing several strategic targets: in the years to come the world automobile market will grow increasingly in the small car segment. And with the MINI brand the BMW Group will participate in this growth.

Through the MINI brand, the BMW Group will further enhance its appeal to young and modern customers. With its emotional character, MINI is tailored precisely to these target groups and meets the growing demand for premium offers also in the small car segment.

The MINI brand will give the BMW Group an excellent position in the small car segment in future. Especially as a MINI is the ideal second or third car for the BMW driver and other customers in existing BMW segments.

Last but certainly not least, the models of the MINI brand will make an additional contribution to the reduction of CO₂ emissions within the BMW Group.

New York 5:00:28 hr





London 9:00:05 hr



THE MINI – A TRULY UNIQUE CAR

“MINI puts a smile on your face”. This is the clear opinion voiced by John Cooper, the legendary designer of the MINI Cooper launched in 1961, when driving the modern interpretation of his classic for the first time.

MINI One and MINI Cooper are indeed unique cars in the small car segment combining the emotional values of their predecessor with the technology of the future.

MINI One and MINI Cooper offer an incomparable driving experience – they are agile and nimble. Their state of the art is otherwise to be found only in larger car segments.

Both the exterior and interior design continues the characteristic look of the former model, but is not retro-style in any way. Instead, this design makes MINI a face in the crowd.

Through their wide range of equipment and options, MINI One and MINI Cooper meet the need for an individual, personalised car, offering a genuine expression of personal style and flair.

Through their safety concept MINI One and MINI Cooper set new standards in their class – with four airbags fitted as standard and the optional head airbag system as well as body stiffness twice to three times as great as a standard body structure in this segment.

With 300,000 employees working in the finance and banking industry, London is the world's No. 1 banking centre. In the Docklands, London has created a huge service centre with people everywhere offering unconventional solutions and leaving the beaten track far behind in search of their own symbols, also in terms of mobility. And they make good money, even if this is not the most important point. For what counts for people of this calibre first and foremost is the joy of work. Their style of work and life is highly individual – but they nevertheless fit into the team of networkers. And creativity is to be found and experienced everywhere and all the time. The virtual community has no feeling of prejudice, it is cosmopolitan and does not follow conventional standards.

Internet Time @ 415





After the collapse of the Wall, Berlin once again became a European metropolis, one of the world's leading cities. This is where modern trendsetters are at home. And we find the largest open-air gallery in the world on a distance of 1,300 metres between Ostbahnhof and Oberbaumbrücke, 118 artists from 21 countries presenting politics and emotions on parts of the former Wall. So nobody needs to feel lonely in this city of 3.5 million inhabitants. All you have to do is keep an open mind and live an active life. Choosing the right car in a situation like this is, of course, no coincidence, but rather a conscious decision in favour of agility and unique style.

Internet Time © 415





Internet Time @ 415

Almost 28 million people live in the Greater Tokyo Area, that is 20 per cent of the total population of Japan. Nearly all leading companies and business enterprises have their headquarters here, millions of people commuting to and from Tokyo every day. Mobility is a basic prerequisite for participating in urban life. Modern trendsetters in Tokyo are active, always willing to run a risk and spontaneous in their decisions, without accepting any unnecessary danger in traffic. People in Tokyo arranging an appointment with colleagues and friends wish to reach their destination quickly and safely. And after a short snack they go on to the after-work party at Club Fire. There, whether the music is house, trance or drum & bass, the motto is to show your feelings, to enjoy the music, to be open to new ideas – this is life in Tokyo or in the other leading cities of our world.

MINI ONE

Chic, elegant, intentionally reserved in its appearance and incomparable in its driving characteristics – this is the entry-level model leading into the MINI brand: MINI One.

MINI One comes as standard with ABS anti-lock brakes, central locking with remote control, electric window lifts and the Easy Entry access system. The four-cylinder 16-valve power unit displacing 1.6 litres develops a maximum output of 66 kw/90 bhp and maximum torque of 140 Nm/103 lb-ft, good for a top speed of 185 km/h or 115 mph. Acceleration to 100 km/h comes in 10.9 seconds, fuel consumption is really modest at just 6.5 litres/100 km or 43.5 mpg imp.

MINI COOPER

The MINI Cooper is the MINI One's sporting brother featuring disc brakes on all four wheels, with inner-venting at the front. The suspension and steering are sports-tuned for superior performance, a multi-link rear axle also featured on BMW cars but brand-new in this segment rounds off the MINI Cooper's sporting trim. The suspension combined with the four-cylinder 16-valve power unit displacing 1.6 litres and developing maximum output of 85 kw/115 bhp provides a go-kart like driving.

With a top speed of 200 km/h or 124 mph, acceleration to 100 km/h in 9.2 seconds, and average fuel consumption of just 6.7 litres/100 km or 42.2 mpg imp., driving pleasure is yours wherever you go.

Tokyo 18:01:13 hr

