

Interim Report to 31 March 2002

Q1



The BMW Group – an Overview

BMW Group in figures		1st quarter 2002	1st quarter 2001	Change in %
Vehicle production				
Automobiles ^{1]}	units	274,705	237,733	15.6
Motorcycles ^{2]}	units	30,367	27,441	10.7
Deliveries to customers				
Automobiles ^{3]}	units	260,462	221,777	17.4
Motorcycles ^{4]}	units	23,251	19,249	20.8
Workforce at the end of the quarter^{5]}				
		98,128	95,259	3.0
Cash flow				
	euro million	1,193	1,103	8.2
Revenues				
	euro million	10,768	9,447	14.0
Profit from ordinary activities				
	euro million	1,011	1,030	- 1.8
Thereof:				
Automobiles ^{6]}	euro million	914	985	- 7.2
Motorcycles	euro million	30	28	7.1
Financial Services	euro million	80	53	50.9
Reconciliations	euro million	- 13	- 36	63.9
Income taxes				
	euro million	- 379	- 421	10.0
Net profit				
	euro million	632	609	3.8
Earnings per share^{7]}				
	euro	0.94 / 0.96	0.91 / 0.93	3.3 / 3.2

1] includes 36,446 MINI brand cars in the 1st quarter 2002

2] includes 1,260 C1 in the 1st quarter 2002 (1st quarter 2001: 4,087)

3] includes 27,691 MINI brand cars in the 1st quarter 2002

4] includes 1,515 C1 in the 1st quarter 2002 (1st quarter 2001: 1,395)

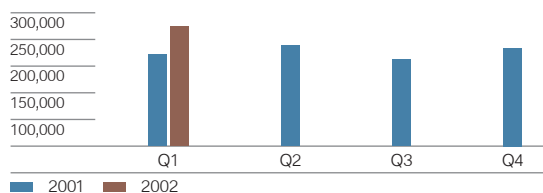
5] the comparable number of employees at 31 March 2001 after adjusting for the transfer of the supplier plant Powertrain Ltd., Bracknell, and the sale of British Motor Heritage was 93,355

6] 1st quarter 2001 includes one-off gain of euro 75 million from the sale of land no longer required for operational purposes

7] for common/preferred stock in accordance with IAS 33

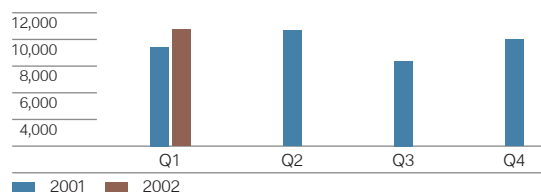
Deliveries of automobiles

in units



Revenues

in euro million



The BMW Group adopted International Accounting Standards (IAS) for financial reporting in 2001. All disclosures in the Interim Reports for the financial year 2002, and comparative figures for 2001, are thus presented on an IAS basis.

The BMW Group makes a successful start in 2002

The BMW Group was able to maintain its success in the first quarter of 2002 and thus continue the growth course set in the record year 2001.

A total of 260,462 BMW and MINI brand cars were sold during the first three months of 2002, of which more than 100,000 were sold in March alone. With a sales growth of 17.4 % in the first quarter, the BMW Group performed well above the general industry trend.

Sales and production volumes of the Motorcycles segment continued to grow steadily. The sales volume increased to 23,251 units (+20.8%) and the production volume rose by 10.7 % to 30,367 units.

Group revenues for the first quarter 2002 totalled euro 10,768 million, an increase of 14.0 % compared to the equivalent period in 2001.

The profit from ordinary activities in the first quarter 2002 was euro 1,011 million. The profit in the previous year of euro 1,030 million included a one-off gain of euro 75 million from the sale of land no longer required for operational purposes. Excluding this one-off gain, the comparable figure for the first quarter 2001 was euro 955 million. The profit for the first quarter 2002 thus represents an improvement of 5.9 %.

Net profit rose by 3.8 % from euro 609 million in the first quarter 2001 to euro 632 million in the first quarter 2002.

At 31 March 2002, the BMW Group's worldwide workforce comprised 98,128 employees, 3.0 % more than at 31 March 2001.

Positive expectations for the full year 2002

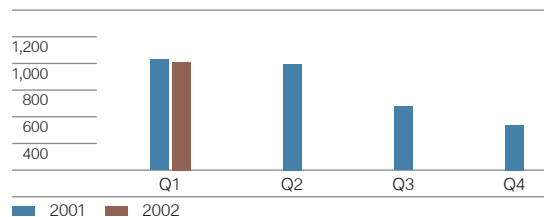
The BMW Group will continue to pursue its product and market offensive this year, as planned. In addition to further versions of the BMW 7 Series, the Z3 successor will be presented in the autumn. It will be launched initially on the American market and, in the spring of 2003, in Europe.

By the end of 2002, MINI brand cars will be on sale in more than 50 countries, thus also making an important contribution to the growth of the BMW Group.

The good start to the year reinforces expectations that the BMW Group will be able to continue the previous year's successful performance. Provided that economic conditions do not deteriorate unexpectedly, management believe that it will again be able to increase sales volumes, revenues and earnings. For the first time, there is thus a possibility that more than one million BMW and MINI brand cars will be sold in 2002.

Profit from ordinary activities

in euro million



Automobiles segment continues steady growth

The Automobiles segment recorded double digit growth rates in sales and production in the first quarter 2002.

During the first three months of 2002, a total of 260,462 cars were delivered to customers, an increase of 17.4 % compared to the same period last year. The MINI brand, launched in the middle of 2001, contributed disproportionately to this growth with 27,691 cars sold during the first three months of 2002. The number of BMW brand cars sold during the first quarter 2002 was 232,771, representing an increase of 5.0% over the previous year.

The BMW Group's largest market continues to be Germany where sales rose by 7.8% to 66,466 cars. This was followed by the USA where 54,392 cars were sold (+ 16.3%).

The sales volume in Great Britain in the first three months of 2002 increased to 36,449 cars, representing a growth of 47.9% compared to the previous year. This positive development is attributable mainly to the volume growth achieved following the launch of the MINI. Over 10,500 units were sold in Great Britain in the first three months of 2002.

Several other European markets also achieved double digit growth compared to the first quarter 2001. This includes France (+ 28.6%), Italy (+ 23%), Spain (+ 21.4 %) and Belgium (+ 13.5 %).

Sales volumes on the Asian markets again grew strongly. The largest market for the BMW Group in

this region is Japan where 9,567 cars were delivered to customers during the first quarter 2002, 8.0 % more than in the first quarter of 2001.

High sales volumes again for the BMW brand

During the first quarter 2002, the number of BMW 3 Series sold rose by 9% to 146,442 cars compared to the same period last year. The 3 Series therefore remains the model range with the highest sales volumes. The BMW 3 Series convertible performed particularly well with sales increasing by 27.5 % to 14,802 cars during the first quarter 2002. The BMW 3 Series compact, launched in the spring of 2001, achieved a sales volume of 18,592 cars and therefore also contributed significantly to the overall sales volume growth in the first quarter 2002. As a result of the change in the model, 1,711 cars of the previous model were sold in the equivalent period in the previous year.

5,594 BMW Z3 were delivered to customers in the period from January to March 2002, 36.4 % less than in the first quarter 2001.

Demand for the BMW 5 Series vehicles was still at a high level even in its seventh year of production. 46,051 cars were delivered to customers in the first three months of 2002, 13.8% less than in the same period last year. One in five BMW 5 Series cars sold in the first quarter 2002 was the touring version.

Automobiles		1st quarter 2002	1st quarter 2001	Change in %
Production	units	274,705	237,733	15.6
Deliveries to customers	units	260,462	221,777	17.4
Revenues	euro million	9,485	8,063	17.6
Profit from ordinary activities	euro million	914	985	-7.2
Workforce at the end of the quarter*		90,115	83,454	8.0

* 2,674 persons were employed at the Oxford plant and by Midland Gears at 31.3.2001; these employees were included in the Automobiles segment for the first time in the 3rd quarter 2001.

Sales of the BMW 7 Series were fully in line with the group's high expectations. In the first quarter 2002, 11,461 cars were sold (+51.5%), including 1,436 of the predecessor model. Sales of the new BMW 7 Series in the first five months after market launch are already well ahead of the sales volume achieved by the predecessor model at this early stage of its product-life cycle.

Sales of the BMW X5 rose strongly in the first quarter 2002. With sales of 22,926 cars, this was 34.5% more compared to the first quarter 2001.

The BMW Z8 super sports car achieved a sales volume of 296 units during the first three months of 2002 (1st quarter 2001: 568 units).

MINI established as a premium brand in the small car segment

Since its launch in the middle of 2001, the BMW Group has succeeded in establishing the MINI as a premium brand in the small car segment. 27,691 MINI brand cars were sold in the first quarter 2002, including 17,422 MINI Cooper. The MINI Cooper S was presented to the international press in March 2002. With its 163 h.p. engine, this model is the most powerful MINI and completes the range as a particularly sporty version. The international launch will take place during the next few months. The start has already been made in the USA where it has been available since March 2002.

Production volumes increased

In the first three months of 2002, the BMW Group manufactured a total of 274,705 automobiles, comprising 238,259 BMW brand cars and 36,446 MINI brand cars. This is a 15.6% increase in production compared to the first quarter 2001.

Revenues of the Automobiles segment totalled Euro 9,485 million, an increase of euro 1,422 million (+17.6%) compared to the first quarter 2001.

The Automobiles segment recorded an operating profit of euro 914 million (1st quarter 2001: euro 985 million), a reduction of 7.2% compared to the previous year. In the previous year however, the first quarter included a one-off gain of euro 75 million on the sale of land no longer required for operational purposes.

The workforce of the Automobiles segment increased to 90,115 employees at 31 March 2002, an 8% increase compared to the same quarter last year. It should be noted that in the previous year, employees at the Oxford plant and supplier plant Midland Gears were not included in this segment until the third quarter. On a comparable basis, the adjusted workforce of the Automobiles segment at the end of the first quarter 2001 would have been 86,128 employees and the increase 4.6%.

Motorcycles segment remains focussed on growth

In the first quarter 2002, the Motorcycles segment recorded pleasing increases in sales volumes, revenues and earnings.

The Motorcycles segment increased sales volume in the first three months of 2002 by 20.8% to 23,251 units compared to the same period last year. A total of 7,540 units were sold in Germany in the first quarter 2002, an increase of 24.8%.

On the European markets, sales increased particularly strongly in the first quarter 2002 in France (1,978 units, +34.6%), Great Britain (873 units, +37.0%) and the Netherlands (618 units, +53.3%).

Sales in the USA fell slightly by 3.8% to 2,439 units. This decrease was, however, more than compensated by the high growth rates achieved in other non-European markets.

The best-selling motorcycle in the first quarter 2002, with 3,937 units, was the long-distance tourer R 1150 RT. It was particularly pleasing to see that the new models launched in 2001 have established themselves well on the market. During the first quarter 2002, for example, 1,876 units of the single cylinder model F 650 CS Scarver were sold. The new long-distance enduro R 1150 GS Adventure, launched in March 2002, has also made an excellent start with 444 units already sold by the end of the quarter.

A new model, the K 1200 P, has been launched for police operations. During the first quarter 2002,

the police forces in Sweden and Australia acquired 80 of these four-cylinder motorcycles for their fleets.

Production at the plant in Berlin remains at a high level. A total of 29,107 motorcycles were manufactured there in the first quarter 2002, up 24.6% compared to the same period last year. Including the 1,260 BMW C1 manufactured by BMW's Italian cooperation partner Bertone, the total production volume of the Motorcycles segment during the first quarter 2002 was 30,367 units and thus 10.7% higher than in the first quarter 2001.

Production capacity at the Berlin plant is being expanded to satisfy the growing demand for BMW motorcycles. The erection of the roof structure for the new production hall was celebrated in mid-February 2002 ("Richtfest"). This new building will help to ensure that production is more flexible and that customers' wishes can be satisfied more quickly.

Revenues of the Motorcycles segment rose to euro 302 million in the first quarter 2002, a 19.8% increase over the same period last year.

The profit from ordinary activities of the BMW Motorcycles segment for the first quarter 2002 improved by 7.1% to euro 30 million.

At 31 March 2001, a total of 2,785 staff were employed in the BMW Motorcycles segment, 257 more than at 31 March 2001 (+10.2%).

Motorcycles		1st quarter 2002	1st quarter 2001	Change in %
Production ¹⁾	units	30,367	27,441	10.7
Deliveries to customers ²⁾	units	23,251	19,249	20.8
Revenues	euro million	302	252	19.8
Profit from ordinary activities	euro million	30	28	7.1
Workforce at the end of the quarter		2,785	2,528	10.2

1) including 1,260 C1 (1st quarter 2001: 4,087)

2) including 1,515 C1 (1st quarter 2001: 1,395)

Financial Services segment successful again

In the first quarter 2002, the Financial Services segment experienced its best ever first quarter in its core business, the financing of BMW and MINI brand vehicles. One in three vehicles sold by the BMW Group is financed by the BMW Financial Services segment.

A total of 340,353 financing contracts were signed between January and March 2002, an increase of 14.6% over the first quarter 2001. 42.1% of new contracts related to customer business and 57.9% to dealer financing.

Overall, the contract portfolio at 31 March 2002 fell by 1.1% to 1,325,863 compared to the first quarter 2001.

The average volume of customer deposits (banking) held, increased during the first quarter 2002 to euro 2,381 million, a growth of 24.9% compared to the first quarter 2001.

The business volume went up by 0.3% to euro 26,368 million during the first quarter 2002. The equivalent figure for the first quarter 2001 was euro 26,296 million.

Revenues of the Financial Services segment in the first quarter increased to euro 2,128 million, or by 17.6% compared to the corresponding period in 2001.

The Financial Services segment recorded a profit from ordinary activities of euro 80 million, a rise of euro 27 million or 50.9% over the same period in 2001.

At the end of the first quarter 2002, the Financial Services segment had 2,114 employees, an increase of 20.3% compared to the end of March 2001. The sharp increase in the workforce of the segment is mainly attributable to the further expansion of the business and the setting up of new companies.

Financial Services		1st quarter 2002	1st quarter 2001	Change in %
New contracts signed		340,353	296,917	14.6
Business volume *	euro million	26,368	26,296	0.3
Revenues	euro million	2,128	1,810	17.6
Profit from ordinary activities	euro million	80	53	50.9
Workforce at the end of the quarter		2,114	1,758	20.3

* leased products plus receivables from sales financing (per Group balance sheet)

BMW stock gains 15% during the first quarter 2002

The international stock exchanges were strongly influenced in the first weeks of the first quarter 2002 by continuing uncertainty about global economic trends. Towards the end of February however, the markets began to recover following improving economic data from the USA.

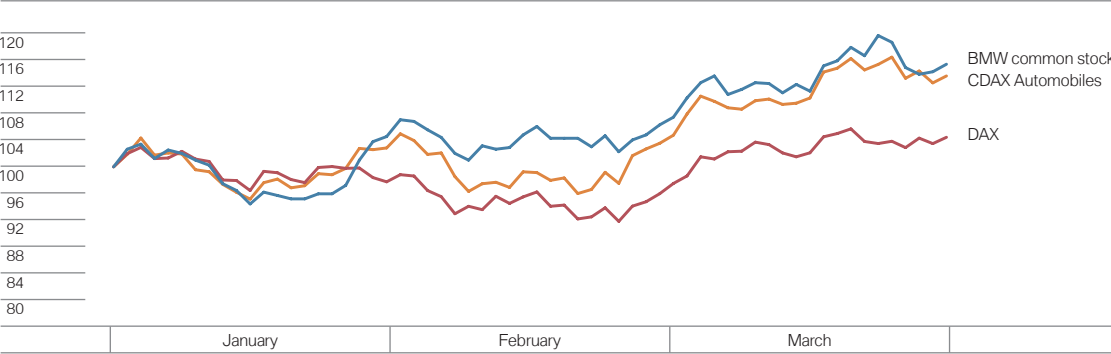
In early 2002, the DAX stagnated between 5,000 and 5,300 points. Following the developments of the international stock exchanges, it remained under the psychologically important level of 5,000 points for most of February, before gaining more than 10% within two weeks. The main factor behind this was a growing optimism about the global economic recovery. The DAX closed on 28 March 2002 at 5,397 points. This was 4.6% higher than at the end of 2001 and 7.4% lower than at the end of the first quarter 2001.

The CDAX Automobiles stock index largely mirrored the DAX until the middle of February. Following the announcement of the annual results of a number of automobile companies, and the

increasingly positive evaluation of the US sales market for 2002, the CDAX Automobiles stock index rose by more than 15%, reaching a peak of 441.64 points. The index closed on 28 March 2002 at 430.93 points, 13.5% higher than at the end of 2001 and 20.9% higher than at the end of the first quarter 2001.

The price of BMW common stock moved more or less moved sideways at the start of the year. It then climbed however to remain consistently at over euro 40 following the publication of the Shareholders' Letter on 28 January. Boosted by the announcement of the results for the 2001 financial year in the second week of March and numerous upgrades by analysts, the stock reached a new record high of euro 47.40 on 21 March. Following moderate profit-taking, the stock closed on 28 March at euro 45.70. The price of BMW common stock was thus 15.6% higher than the closing price at the end of 2001 and 30.6% higher than the closing price at the end of the first quarter 2001.

Development of BMW stock compared to stock exchange indices
(Index: 2 January 2002 = 100)



BMW Group
Group and sub-group Income Statements
for the 1st quarter

in euro million	Group		Industrial operations*		Financial operations*	
	2002	2001	2002	2001	2002	2001
Revenues	10,768	9,447	9,906	8,566	2,188	1,996
Cost of sales	-8,065	-7,083	-7,471	-6,472	-1,824	-1,756
Gross profit	2,703	2,364	2,435	2,094	364	240
Sales and administrative costs	-1,199	-1,030	-1,098	-955	-129	-115
Research and development costs	-348	-223	-348	-223	-	-
Other operating income and expenses	-131	80	-30	95	-115	-24
Profit before financial result	1,025	1,191	959	1,011	120	101
Financial result	-14	-161	1	-39	-13	-88
Profit from ordinary activities	1,011	1,030	960	972	107	13
Income taxes	-379	-421	-362	-396	-40	-5
Minority interest	0	0	-	-	0	0
Net profit	632	609	598	576	67	8
Earnings per share of common stock in euro	0.94	0.91				
Earnings per share of preferred stock in euro	0.96	0.93				

* before consolidation of transactions between the sub-groups

BMW Group

Notes to the Interim Financial Statements for the 1st quarter 2002

Principles

The BMW Group annual financial statements at 31 December 2001 were drawn up for the first time in accordance with the standards, valid on the balance sheet date, issued by the International Accounting Standards Board (IASB), London. The interim financial statements at 31 March 2002, prepared for the first time in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, were drawn up using the same accounting methods as in the Group annual financial statements for 2001. All International Accounting Standards (IAS) and Interpretations of the Standing Interpretations Committee (SIC) which were mandatory at 31 March 2002 were applied. The interim report also complies with German Accounting Standard No. 6 (GAS 6) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

Further information is contained in the BMW Group financial statements at 31 December 2001.

Consolidated companies

BMW Group financial statements for the first quarter 2002 include, besides BMW AG, 29 German and 112 foreign subsidiaries, including 13 special securities funds and 15 trusts for asset backed financing transactions. BMW Financial Services Scandinavia AB, Solna, BMW (Thailand) Co., Ltd., Bangkok, BMW Manufacturing Thailand Co., Ltd., Bangkok, BMW Norge AS, Oslo and Oy BMW Suomi AB, Helsinki have been consolidated for the first time. In Spain, the lease business of BMW Financial Services Iberica, E.F.C., S.A., Madrid, was transferred to the newly incorporated company BMW Renting Iberica S.L., Madrid. In Mexico, the financing business of the sales company BMW de Mexico, S.A. de C.V., Mexico City, was transferred to the newly incorporated company BMW Financial Services de Mexico S.A. de C.V., Mexico City. These two new companies have also been included in the BMW Group financial statements. These changes did not have a material influence on the assets, liabilities, financial position and earnings of the Group.

Revenues by segment in the first quarter in euro million	Revenues with third parties		Revenues with other segments		Total revenues	
	2002	2001	2002	2001	2002	2001
Automobiles	8,321	7,242	1,164	821	9,485	8,063
Motorcycles	302	251	0	1	302	252
Financial Services	2,025	1,702	103	108	2,128	1,810
Reconciliations	120	252	- 1,267	- 930	- 1,147	- 678
BMW Group	10,768	9,447	-	-	10,768	9,447

First quarter profit on adjusted basis ahead of high level achieved last year

Group revenues in the first quarter 2002 increased by 14.0% to euro 10,768 million as a result of the excellent sales volume. Revenues of the Automobiles, Motorcycles and Financial Services segments with third parties increased by 14.9%, 20.3% and 19.0% respectively. Revenues of other group companies, included in the Reconciliations segment, fell by 52.4%, as the previous year still included the revenues of the supplier plant Powertrain Ltd., Bracknell, which is no longer part of the BMW Group. Industrial operations increased its revenues by 15.6%.

Cost of sales increased by 13.9% to euro 8,065 million. The gross profit for the first quarter thus improved by euro 339 million or 14.3%. The gross profit margin is 25.1% (first quarter 2001: 25.0%). The gross profit of industrial operations improved by 16.3%.

Sales and administrative costs went up by 16.4% to euro 1,199 million. This increase was attributable mainly to business expansion measures and the launches of the MINI and the BMW 7 Series.

Research and development costs rose by 56.1% to euro 348 million (first quarter 2001: euro 223 million). This is the result of the product offensive, launched in the previous year. This led, particularly in the second half of 2001, to a significant increase in research and development costs. Research and development costs comprise research costs, development costs not recognised as assets and the amortisation of capitalised development costs of euro 128 million (first quarter 2001: euro 73 million). Of the total development costs incurred in the first quarter 2002, euro 185 million (first quarter 2001: euro 172 million) were recognised as assets.

Other operating income and expenses during the first quarter 2002 gave rise to net expenses of euro 131 million, compared to net income in the same period last year of euro 80 million. In the previous year, this line included the one-off gain on the sale of land, income from subsidies and a higher level of exchange gains.

The net expense from other operating income and expenses is almost fully compensated by the significant improvement in the net financial result. The net financial expense for the first quarter im-

Profit from ordinary activities by segment in euro million

1st quarter 2002 1st quarter 2001

Automobiles	914	985
Motorcycles	30	28
Financial Services	80	53
Reconciliations	- 13	- 36
Profit from ordinary activities	1,011	1,030
Income taxes	- 379	- 421
Net profit	632	609

proved from euro 161 million to euro 14 million. This was mainly attributable to the settlement of derivative financial instruments which were still open at 31 March 2001.

At euro 1,011 million, the group profit from ordinary activities for the first quarter 2002 is on the high level recorded in the first quarter 2001 (euro 1,030 million). The profit from ordinary activities for the first quarter 2001 however, included a one-off gain of euro 75 million from the sale of land. Excluding this gain, the comparable profit from ordinary activities in the first quarter 2001 was euro 955 million and the improvement in the first quarter 2002 is 5.9%. The improvement for industrial operations on an adjusted basis is 7.0%.

After an income tax expense of euro 379 million (first quarter 2001: euro 421 million), the net profit for the first quarter 2002 is euro 632 million (first quarter 2001: euro 609 million). This represents an increase of 3.8%.

Adjusted profit of Automobiles segment above previous year on comparable basis

The Automobiles segment recorded a profit from ordinary activities of euro 914 million for the first quarter 2002, 7.2% below the profit of euro 985 million recorded in the same period last year. Adjusting the first quarter 2001 figure for the one-off gain of euro 75 million arising on the sale of land, the profit from ordinary activities for the first quarter 2002 was above that of the previous year despite the substantially higher level of expenses incurred for the product and market offensive.

Motorcycles segment achieves a record first quarter profit

The Motorcycles segment generates the bulk of its sales in the first half of the year. Profits are therefore also generated mainly during this period, while

losses are incurred generally in the fourth quarter due to low volumes. The Motorcycles segment continues to achieve a steady growth in sales volume and production which is also reflected in the profit from ordinary activities. For the first quarter 2002, this improved by 7.1% compared to the same period last year.

Successful first quarter for the Financial Services segment

The Financial Services segment recorded a profit from ordinary activities for the first quarter 2002 of euro 80 million, which is euro 27 million or 50.9% higher than the result in the equivalent period last year. The segment result for the first quarter 2001 was affected by losses on derivative financial instruments and higher refinancing expenses.

Increased inter-company profit eliminations as a result of expansion of lease business

The Reconciliations segment includes the results of group companies not allocated to one of the other segments and the net effect of consolidations. In the first quarter 2001, losses on the restructuring of the Oxford plant were also included in this segment. The results of the Oxford plant have been included in the Automobiles segment since the start of series production of the MINI in July 2001. In the first quarter 2002, the growth of the lease business accounted for by the Financial Services segment resulted in an increase in inter-company profit eliminations. Overall, the loss from ordinary activities in the Reconciliations segment improved by euro 23 million or 63.9%.

Earnings per share increase against the corresponding period last year

Earnings per share of common stock is euro 0.94 (first quarter 2001: euro 0.91). Earnings per share of preferred stock is euro 0.96 euro (first quarter 2001: euro 0.93). The computation of earnings per share is based on the following figures:

		1st quarter 2002	1st quarter 2001
Net profit	euro million	632	609
Profit attributable to common stock	euro million	583.5	563.1
Profit attributable to preferred stock	euro million	48.5	45.9
Average number of outstanding shares common stock		622,227,918	622,227,918
Average number of outstanding shares preferred stock		50,638,232	49,597,812

BMW Group Group and sub-group Balance Sheets

Assets in euro million	Group		Industrial operations*		Financial operations*	
	31.3.2002	31.12.2001	31.3.2002	31.12.2001	31.3.2002	31.12.2001
Intangible assets	2,469	2,419	2,455	2,397	10	18
Property, plant and equipment	7,442	7,355	7,414	7,327	28	28
Financial assets	829	786	797	752	32	34
Leased products	8,233	7,908	171	145	9,887	9,521
Non-current assets	18,973	18,468	10,837	10,621	9,957	9,601
Inventories	4,840	4,501	4,836	4,497	4	4
Trade receivables	2,490	2,135	2,239	1,868	251	267
Receivables from sales financing	18,135	17,398	–	–	18,135	17,398
Other receivables	3,843	4,208	2,853	2,871	3,320	4,011
Marketable securities	910	907	885	882	25	25
Cash and cash equivalents	3,221	2,437	2,480	2,373	741	64
Current assets	33,439	31,586	13,293	12,491	22,476	21,769
Deferred tax assets	659	825	1,493	1,651	– 1,557	– 1,524
Prepayments	374	380	50	38	324	342
Total assets	53,445	51,259	25,673	24,801	31,200	30,188
Balance sheet total adjusted for asset backed financing transactions	47,905	44,861	–	–	25,660	23,790

* before consolidated of transactions between the sub-groups

Equity and liabilities in euro million	Group		Industrial operations*		Financial operations*	
	31.3.2002	31.12.2001	31.3.2002	31.12.2001	31.3.2002	31.12.2001
Subscribed capital	673	673				
Capital reserves	1,937	1,937				
Revenue reserves	10,037	9,405				
Accumulated other equity	-1,172	-1,245				
Equity	11,475	10,770	9,826	9,179	2,625	2,526
Minority interest	0	0	-	-	0	0
Pension provisions	2,093	2,046	2,081	2,034	12	12
Other provisions	5,002	4,778	4,678	4,466	358	346
Provisions	7,095	6,824	6,759	6,500	370	358
Debt	26,159	25,665	1,361	1,739	24,798	23,926
Trade payables	3,393	3,015	3,140	2,744	253	271
Other liabilities	4,301	4,068	4,283	4,396	2,348	2,346
Liabilities	33,853	32,748	8,784	8,879	27,399	26,543
Deferred tax liabilities	397	340	147	123	171	138
Deferred income	625	577	157	120	635	623
Total equity and liabilities	53,445	51,259	25,673	24,801	31,200	30,188
Balance sheet total adjusted for asset backed financing transactions	47,905	44,861	-	-	25,660	23,790

BMW Group Statement of Changes in Equity

in euro million	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity	Total
Balance at 31 December 2000	672	1,914	7,849	– 1,003	9,432
Translation differences	–	–	–	– 18	– 18
Financial instruments	–	–	–	– 87	– 87
Net profit 1st quarter 2001	–	–	609	–	609
Balance at 31 March 2001	672	1,914	8,458	– 1,108	9,936
Balance at 31 December 2001	673	1,937	9,405	– 1,245	10,770
Translation differences	–	–	–	39	39
Financial instruments	–	–	–	34	34
Net profit 1st quarter 2002	–	–	632	–	632
Balance at 31 March 2002	673	1,937	10,037	– 1,172	11,475

BMW Group **Group Cash Flow Statement**

in euro million	1st quarter 2002	1st quarter 2001
Net profit	632	609
Depreciation of leased products	569	397
Depreciation and amortisation of other non-current assets	514	471
Increase in provisions*	240	245
Change in deferred taxes	236	222
Change in current assets and other items	8	-174
Cash inflow from operating activities	2,199	1,770
Capital expenditure on property, plant and equipment and intangible assets	-632	-851
Payments relating to the Rover disengagement	-45	-49
Net investment in leased products and receivables from sales financing	-1,224	-1,385
Other	-10	64
Cash outflow from investing activities	-1,911	-2,221
Cash inflow from financing activities	477	2,079
Effect of exchange rate and changes in composition of group on cash and cash equivalents	19	-7
Change in cash and cash equivalents	784	1,621
Cash and cash equivalents at 1 January	2,437	2,927
Cash and cash equivalents at 31 March	3,221	4,548

* thereof increase in pension provisions of euro 47 million (first quarter 2001: euro 23 million)

Significant increase in cash flow from operating activities

The cash inflow from operating activities in the first quarter of 2002 increased by euro 429 million to euro 2,199 million compared to the corresponding period of the previous year. This was due to the higher level of depreciation on leased products and changes in working capital.

The reduction of capital expenditure on property, plant and equipment and intangible assets compared to the previous year is due to the fact that the first quarter 2001 saw a high level of investment in the Oxford plant prior to the start of MINI series production. Cash outflow for capital expenditure on property, plant and equipment and intangible assets includes development expenditure of euro 185 million (first quarter 2001: euro 172 million). Overall, the cash outflow from investing activities fell by euro 310 million compared to the first quarter 2001. The cash outflow from investing activities was fully covered by the cash inflow from operating activities.

Cash inflow from financing activities in the first quarter 2002 was euro 1,602 million lower than in the first quarter 2001. This was caused by the lower level of refinancing funds required for the sales financing business following the discontinuation of Rover and Land Rover financing in the fourth quarter 2001 and the repayment of debt relating to industrial operations. Cash inflow from financing activities in the first quarter 2002 includes inflows of euro 1,324 million from bond issues (first quarter 2001: euro 1,431 million) and outflows from repayments of euro 895 million (first quarter 2001: euro 1,013 million).

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the Group, the various cash flows resulted in an increase in cash and cash equivalents of euro 784 million (first quarter 2001: euro 1,621 million) to euro 3,221 million (31 March 2001: euro 4,548 million). Net interest-bearing financial assets (cash and cash equivalents and marketable securities less debt) in the industrial operations increased by euro 488 million to euro 2,004 million during the first quarter 2002.

Group equity strengthened again

The balance sheet total increased by euro 2,186 million or 4.3%. The main reasons for the increase on the assets side were the higher level of lease and sales financing business and higher cash and cash equivalents and marketable securities. On the liabilities side, the increase was attributable to the higher level of debt relating to financial operations. Group equity rose by euro 705 million, mainly as a result of the Group net profit. The equity ratio thus improved from 21.0% at 31 December 2001 to 21.5% at 31 March 2002. The equity ratio of the industrial operations is 38.3% (31 December 2001: 37.0%) and that of the financial operations is unchanged at 8.4%.

Financial calendar

Annual General Meeting	16 May 2002
Interim Report to 30 June 2002	August 2002
Interim Report to 30 September 2002	November 2002
Letter to Shareholders	Januar 2003

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Published by
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