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BMW Group

Börsenzulassungsprospekt gemäß § 44 BörsZulV
für die Zulassung von unter dem Programm
zu begebenden Schuldverschreibungen zum
Handel mit amtlicher Notierung an der
Frankfurter Wertpapierbörse vom 31. Mai, 2001

Bayerische Motoren Werke Aktiengesellschaft

München, Federal Republic of Germany

BMW Finance N.V.

The Hague, The Netherlands

BMW US Capital, LLC

Wilmington, Delaware, USA

BMW Coordination Center N.V.

Mechelen, Belgium

BMW (UK) Capital plc ✓

Bracknell, England

USD 10,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Bayerische Motoren Werke Aktiengesellschaft

München, Federal Republic of Germany

Arranger

Dresdner Kleinwort Wasserstein

Co-Arranger

Merrill Lynch International

Dealers

Barclays Capital

HypoVereinsbank

**Commerzbank
Securities**

Credit Suisse First Boston

Deutsche Bank

Dresdner Kleinwort Wasserstein

Goldman Sachs International

JPMorgan

Lehman Brothers

Merrill Lynch International

Morgan Stanley Dean Witter

Schroder Salomon Smith Barney

UBS Warburg

Programme Agent

Dresdner Kleinwort Wasserstein

Paying Agents

Dresdner Kleinwort Wasserstein

Citibank N.A.



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The Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

1. Important Notice

On 6 May, 1994, the Issuers (as defined below) entered into a USD 1,000,000,000 Euro Medium Term Note Programme (the "Programme") and issued an information memorandum on that date describing the Programme. On 21 May, 1996 the aggregate principal amount was increased from USD 1,000,000,000 to USD 3,000,000,000, on 19 May, 1999 the aggregate principal amount was increased by USD 2,000,000,000 to USD 5,000,000,000, and on 24 May, 2000, the aggregate principal amount was increased by USD 5,000,000,000 to USD 10,000,000,000. The Programme was updated on the respective dates. This Information Memorandum/Listing Prospectus (hereinafter referred to as "Information Memorandum") supersedes all previous information memoranda and listing prospectuses (and supplements thereto). Any Notes (as defined below) to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Responsibility of the Issuers

Bayerische Motoren Werke Aktiengesellschaft, BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc (each an "Issuer" and together the "Issuers") and Bayerische Motoren Werke Aktiengesellschaft in its capacity as guarantor for Notes issued by any of the Issuers other than Bayerische Motoren Werke Aktiengesellschaft (the "Guarantor") accept responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuers and the Guarantor (who have taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The Issuers and the Guarantor have confirmed to the Dealers (as defined below) that the information contained in this Information Memorandum is true and accurate in all material respects and not misleading; that the opinions and intentions expressed herein are honestly held and there are no other facts in relation to the information contained or incorporated by reference herein the omission of which would, in the context of the issue of the Notes contemplated herein, make any statement herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

Requirements

This Information Memorandum contains at the date hereof all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuers and the Guarantor and of the rights attached to the relevant Notes.

Responsibility of the Dealers

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, whether expressed or implied, is made, and no responsibility is accepted, by the Dealers with respect to the accuracy or completeness of this Information Memorandum or any further information supplied in connection with the Programme. The Dealers accept no liability in relation to this Information Memorandum or its distribution or with regard to other information supplied by the Issuers or the Guarantor herein.

Exclusiveness

The Issuers and the Guarantor have not authorised the making or provision of any representation or information regarding the Issuers or the Notes other than as contained or incorporated by reference in this Information Memorandum, or any pricing supplement the form of which is described in Section 5 of this Information Memorandum (each a "Pricing Supplement") or as approved for such purpose by the Issuers. Any such representation or information should not be relied upon as having been authorised by any Issuer or Dealer or the Guarantor.

Significance of Delivery

Neither the delivery of this Information Memorandum and any Pricing Supplement nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change in the financial situation of any Issuer or the Guarantor since the date hereof.

The delivery of this Information Memorandum or any Pricing Supplement or the offering, sale or delivery of any Note does not at any time imply that the information contained herein concerning the Issuers, the Guarantor is correct at any time subsequent to the date thereof or that any other written information delivered in connection therewith is correct as at any time subsequent to the date indicated in the document containing the same.

Restriction on Distribution

The distribution of this Information Memorandum and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuers, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Information Memorandum and other offering material relating to the Notes please refer to Section 11 of this Information Memorandum. In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 and may include Notes in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

Admission of the Programme

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services Act (the "UK Listing Authority") for Euro Medium Term Notes (the "Notes") to be issued under the Programme to be admitted to the official list of the UK Listing Authority for a period of 12 months from the date hereof (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to trading on the London Stock Exchange's market for listed securities constitute official listing on a stock exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Notes will be set forth in a Pricing Supplement which, with respect to Notes to be admitted to the Official List, will be delivered to the London Stock Exchange and the UK Listing Authority on or before the date of issue of the Notes of such Tranche. Copies of this Information Memorandum, which comprises the listing particulars (the "Listing Particulars"), in relation to Listed Notes (as defined below) issued under the Programme during the period of twelve months from the date of this Information Memorandum, approved as such by the UK Listing Authority as required by the Financial Services Act 1986, have been delivered for registration to the Registrar of Companies in England and Wales. Copies of each Pricing Supplement (in the case of Notes to be admitted to the Official List ("Listed Notes")) will be available from FT Business Research Centre, operated by FT Electronic Publishing at Fitzroy House, 13-17 Epworth Street, London EC2A 4DY, and from the specified office of Citibank N.A. as agent ("the Agent").

Application has also been made to the Frankfurter Wertpapierbörse (the "Frankfurt Stock Exchange") for Notes to be issued under the Programme in bearer form to be admitted to the Amtlicher Handel ("Official List").

For this purpose this Information Memorandum has been accepted as the Listing Prospectus ("Börsenzulassungsprospekt") in compliance with the listing rules under Section 44 of the German Stock Exchange Admission Regulation ("Börsenzulassungs-Verordnung").

If a Tranche (as defined below) of Notes is to be admitted to the Official List of the Frankfurt Stock Exchange, the terms and conditions not contained in this Börsenzulassungsprospekt which are applicable, will be set forth in a Pricing Supplement. Such Pricing Supplement will be delivered to the Frankfurt Stock Exchange and will be publicly available in accordance with the listing rules under Section 44 Sentence 2 of the Börsenzulassungsverordnung.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes.

In connection with the listing of the Notes on the Official List, each Issuer confirms that, if at any time after preparation of the Listing Particulars for submission to the UK Listing Authority and before the commencement of dealings in any Notes following their admission to the Official List:—

- (a) there is a significant change affecting any matter contained in the Listing Particulars whose inclusion was required by section 146 of the Financial Services Act 1986 or by the listing rules made by the UK Listing Authority under that Act (the "Listing Rules") or by the London Stock Exchange; or
- (b) a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when the Listing Particulars were prepared;

the relevant Issuer shall give to Merrill Lynch International in its capacity as listing agent (the "Listing Agent") for the Listed Notes and each Dealer full information about such change or matter and shall publish such supplementary listing particulars as may be required by the UK Listing Authority (in a form approved by the Listing Agent), and shall otherwise comply with sections 147 and 159 of the Financial Services Act 1986 and the Listing Rules in that regard.

The relevant Issuer will also notify the Noteholders of any material adverse change in its financial condition and will publish details thereof in accordance with Condition 19 of the Terms and Conditions of the Notes. If the terms of the Programme are modified or amended in a manner which would make the Information Memorandum, as supplemented, inaccurate or misleading, a new Information Memorandum will be prepared.

Exclusion

This Information Memorandum does not constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by any Issuer, the Guarantor or any Dealer that any recipient of this Information Memorandum should subscribe for or purchase any Notes. Each recipient shall be taken to have made its own investigation and appraisal of the financial condition and affairs as well as of the creditworthiness of any Issuer and of the Guarantor. This Information Memorandum may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Information Memorandum is not intended to provide the basis of any credit or other evaluation.

Stabilisation

In connection with the issue of Notes under the Programme, the Dealer who is specified in the Pricing Supplement in relation to the relevant Tranche of Notes may over-allot or effect transactions which stabilise or maintain the market price of the Notes of such Tranche at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. All such transactions will be carried out in accordance with all applicable laws and regulations.

2. Documents Incorporated by Reference

Any Pricing Supplement prepared in respect of the Programme for Notes which are listed on the Frankfurt Stock Exchange, the Official List or any other stock exchange shall be deemed to be incorporated in, and to form part of, this document (provided, however, that such Pricing Supplement does not form part of the Listing Particulars given in compliance with the Listing Rules made under Section 142 of the Financial Services Act 1986) save that any statement contained herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum but not the listing particulars to the extent that a statement contained in the most recently published annual accounts of any Issuer and of the Guarantor modifies or supersedes such statement.

Such Pricing Supplements in relation to listed Notes will be available from the principal offices in London and Frankfurt of the respective Listing Agents (see "Address List").

This Information Memorandum and any supplement will only be valid for listing Notes on the Frankfurt Stock Exchange and the Official List in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed USD 10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the US dollar equivalent of the aggregate amount of Notes issued under the Programme from time to time:

- (a) the US dollar equivalent of Notes denominated in another issue currency shall be determined by the relevant Issuer on the trade date specified in the Pricing Supplement of such Notes (the "Trade Date") according to the reference rate determined by the European System of Central Banks on 2:15 p.m. (central European time) and published by the European Central Bank in Frankfurt am Main on such date.
- (b) the US dollar equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as defined in the Terms and Conditions of the Notes) shall be calculated in the manner specified above by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid); and
- (c) the US dollar equivalent of Zero Coupon Notes (as defined in the Terms and Conditions of the Notes) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

3. Summary of the Programme

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuers

Bayerische Motoren Werke Aktiengesellschaft ("BMW AG")
BMW Finance N.V. ("Finance")
BMW US Capital, LLC ("BMW US")
BMW Coordination Center N.V. ("Coordination Center")
BMW (UK) Capital plc ("BMW UK")

The above mentioned companies together with all other BMW group companies shall be referred to in this document as "BMW Group" or "BMW".

Guarantor

Bayerische Motoren Werke Aktiengesellschaft

Description

Euro Medium Term Note Programme

Arranger

Dresdner Bank Aktiengesellschaft

Co-Arranger

Merrill Lynch International

Dealers

Barclays Bank PLC
Bayerische Hypo- und Vereinsbank AG
Commerzbank Aktiengesellschaft
Credit Suisse First Boston (Europe) Limited
Deutsche Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
Goldman Sachs International
J.P. Morgan Securities Ltd.
Lehman Brothers International (Europe)
Merrill Lynch International
Morgan Stanley & Co. International Limited
Salomon Brothers International Limited
UBS AG, acting through its business group UBS Warburg

The Notes may be issued from time to time to one or more of the Dealers specified above (the "Dealers"), which expression shall include any additional Dealer appointed under the Programme and which appointment may be for a specific issue or on an ongoing basis.

Schroder is a trademark of Schroders Holdings plc and is used under licence by Salomon Brothers International Limited.

Restrictions

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Selling Restrictions" below).

Each issue of Notes denominated in Pound Sterling shall comply with all applicable laws and regulations (as amended from time to time) of the United Kingdom authorities (see "Banking Act 1987 (Exempt Transactions) Regulations 1997" under "General Information" below).

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "Swiss Dealer") must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the issue date of the relevant Notes.

Notes will only be issued by BMW (UK) Capital plc in bearer form and if approval has been given for the listing of such Notes on a recognised stock exchange (as defined in section 841 of the Income and Corporation Taxes Act 1988) and arrangements satisfactory to BMW (UK) Capital plc for such Notes to be held in a recognised clearing system (as defined in section 124(6) of such Act) have been made.

Programme Amount

The aggregate principal amount of all outstanding Notes or the USD equivalent in the relevant foreign currency on the respective Trade Dates thereof at any one time shall not exceed USD 10,000,000,000 or such increased amount as may be agreed by the Dealers, the Issuers and the Guarantor (the "Programme Amount").

Subject to the provisions of a dealers agreement dated 6 May, 1994 which has been amended and restated by a dealers agreement dated 21 May, 1996, 19 May, 1999, 24 May, 2000 and 23 May, 2001, respectively (the "Dealers Agreement") and to the Programme Amount not being exceeded the Issuers are entitled to issue Notes up to an aggregate principal amount of USD 10,000,000,000 outstanding, or such increased amount as may be agreed by the Dealers, the Issuers and the Guarantor.

Distribution

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies

Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s), including, without limitation, Australian dollars, Austrian Schillings, Canadian dollars, Danish kroner, Deutsche Mark, Dutch guilders, Euro, Finnish markkas, French francs, Hong Kong dollars, Irish punts, Italian lire, New Zealand dollars, Portuguese escudos, Pound Sterling, Swedish kronor, Swiss francs, United States dollars and Japanese Yen (as indicated in the applicable Pricing Supplement). Austrian Schillings, Deutsche Mark, Dutch guilders, Finnish markkas, French francs, Irish punts, Italian lire and Portuguese escudos each denote denominations of the Euro as defined by the conversion rate irrevocably fixed in accordance with article 123(4) of the Treaty establishing the European Community, as amended from time to time.

Maturities

Any maturity, subject to a minimum maturity of 30 days, as indicated in the applicable Pricing Supplement (except in any case, such other minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency (as defined in the Terms and Conditions of the Notes)). Save as provided above, the Notes are subject to a maximum maturity of 30 years.

On the final maturity date specified in the relevant Pricing Supplement the outstanding Notes will be redeemed in the case of Fixed Rate Notes, Floating Rate Notes, Indexed Notes and Dual Currency Notes (as defined in the Terms and Conditions of the Notes) at par (or such other amount as may be specified

in the Pricing Supplement) and in the case of Zero Coupon Notes at the amortised face amount specified in the relevant Pricing Supplement.

Series and Tranches

Notes will be issued in Tranches, one or more of which shall comprise a Series. The Notes of each Tranche shall have identical Terms and Conditions and identical features. The Notes of each Series shall also have identical Terms and Conditions and identical features except (in the case of more than one Tranche) for the issue date, the interest commencement date and the issue price.

Denominations

The Notes will be issued in denominations as agreed between the relevant Issuer and the relevant Dealers, save that the minimum denomination of each Note will be such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) and, in each case, subject to compliance with all applicable legal or regulatory requirements.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom will have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their issue date and are to be listed on the London Stock Exchange or another EEA stock exchange.

Types

Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes, Partly Paid Notes, Dual Currency Notes or any appropriate combination thereof depending upon the interest basis, if any, specified in the Pricing Supplement.

Indexed Notes

Payments in respect of interest on Indexed Interest Notes or in respect of principal on indexed redemption amount Notes will be calculated by reference to such index and/or formula as the relevant Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

Registered Notes

If Notes are specified as "Registered Notes" in the Pricing Supplement such Registered Notes will bear the name of the Noteholder (or the name of a nominee who holds such Note on behalf of the Noteholder) and will be registered under the name of the Noteholder with Dresdner Bank Aktiengesellschaft ("German Registrar") or with Citibank N.A. ("London Registrar") (each a "Registrar"). It is not contemplated by the Issuers to list Registered Notes on any stock exchange.

Form of the Notes

Each Tranche of Notes with a maturity of more than 365 days will initially be represented by one or more temporary Global Notes (unless the relevant agent is notified to the contrary by the relevant Issuer), and each Tranche of Notes with a maturity of 365 days or less and/or represented by one or more Global Notes held on behalf of Clearstream Banking AG, ("Clearstream Frankfurt") or in relation to which the relevant Issuer so notifies the relevant Agent will initially be represented by one or more permanent Global Notes, which will be deposited (a) in the case of a Tranche intended to be cleared through Clearstream Banking, société anonyme, Luxembourg, ("Clearstream Luxembourg") and/or Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"), on the issue date with a common depositary on behalf of Euroclear and Clearstream Luxembourg, or (b) in the case of a Tranche intended to be cleared through Clearstream Frankfurt, on the issue date with Clearstream Frankfurt, or (c) in the case of a Tranche intended to be cleared through a clearing system other than Euroclear or Clearstream Luxembourg or delivered outside a clearing system, as agreed between the relevant Issuer, the relevant agent and the relevant Dealer(s). Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Pricing Supplement, for definitive Notes in bearer form, in the case of Notes in bearer form, which are intended to be cleared through Euroclear and/or Clearstream Luxembourg and/or Clearstream Frankfurt after the date falling 40 days after the issue date upon certification as to non-US beneficial ownership. Interests in permanent Global Notes will

be exchangeable for definitive Notes in bearer form in accordance with the terms of the relevant Global Note.

Settlement

Transactions will normally be effected for settlement within five banking days, but in any case not earlier than three banking days (in case of settlement through Clearstream Frankfurt not earlier than two banking days) after the date of the transaction. Settlement arrangements will be agreed between the relevant Issuer, the relevant Dealer and the relevant agent.

Delivery

Purchasers of the Notes will acquire co-ownership shares in the Global Note issued for the respective Tranches of Notes which are intended to be lodged, in the case of Notes denominated in DEM and Euro and to be cleared through Clearstream Frankfurt, with Clearstream Frankfurt, and, in case of Notes denominated in any other currencies, (including Euro) and to be cleared through Clearstream Luxembourg and / or Euroclear with any common depositary for Clearstream Luxembourg and Euroclear.

Interest

Notes may be interest-bearing or non-interest-bearing or a combination of both as specified in the relevant Pricing Supplement.

Taxation

Principal and interest (including accrued interest), if any, are to be paid without withholding at source or deduction at source of any present or future taxes, fees or duties of whatsoever nature which are imposed by or in the country of incorporation of the relevant Issuer or the Guarantor. Any taxes, fees or duties levied by means of withholding at source or deduction at source by or in the country of incorporation of the relevant Issuer or the Guarantor are to be borne by the relevant Issuer or the Guarantor subject to the provisions of Condition 11 paragraph 1 of the Terms and Conditions of the Notes and with the exceptions of Condition 11 paragraph 2 of the Terms and Conditions of the Notes.

Early Redemption/Optional Put Right

The relevant Pricing Supplement of each Note will specify whether an early redemption of the relevant Note may be possible. Any minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank or any laws or regulations applicable to Notes denominated in any other currency are to be observed.

Upon the holder of Notes (the "Noteholder") giving to the Issuer not less than 30 nor more than 60 days' notice, the Issuer will, upon the expiry of such notice, redeem a Note at any time if so provided in the relevant Pricing Supplement.

Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their Issue Date and are to be listed on the Official List or another EEA stock exchange.

Redemption for Tax Reasons or Reporting Requirements

If as a result of (a) the introduction of Reporting Requirements in respect of Bearer Notes issued by BMW US Capital, LLC (as defined and specified in paragraph 2 of Condition 5 of the Terms and Conditions of the Notes) or (b) the enactment of any legal provision of whatsoever nature by or in the country of incorporation of the relevant Issuer or the Guarantor or (c) a change of application or interpretation of legal provisions in the country of incorporation of the relevant Issuer or the Guarantor, the relevant Issuer or the Guarantor has been or will be required to pay additional amounts pursuant to Condition 11 paragraph 1 of the Terms and Conditions of the Notes, the relevant Issuer is entitled upon not less than 30 days' notice to redeem (a) those Notes as described in paragraph 2 of Condition 5 of the Terms and Conditions of the Notes or (b) all, but not part only, of the Notes at their Early Redemption Amount (as defined in Condition 7 of the Terms and Conditions of the Notes) or at the price specified in the Pricing Supplement.

Negative Pledge of the Issuers and the Guarantor

The Issuers and the Guarantor will undertake to Dresdner Bank Aktiengesellschaft as trustee for the holders of Notes (the "Trustee") to observe certain restrictions regarding the granting of security in relation to present or future "International Capital Market indebtedness" (as defined in Condition 13 and 14 of the Terms and Conditions of the Notes), including any guarantee or indemnity assumed therefor (the "Declaration of the Undertaking").

Status

The Notes will constitute direct, unconditional and unsecured obligations of the relevant Issuer without any preference among themselves; they will rank at least equally with all other unsecured and unsubordinated obligations of that Issuer.

Guarantee

Bayerische Motoren Werke Aktiengesellschaft has given its unconditional and irrevocable guarantee, governed by the laws of the Federal Republic of Germany, for the due payment of all obligations of BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc arising under the Notes issued by them (the "Guarantee"). The intent and purpose of the Guarantee is to ensure that the Noteholders under all circumstances, whether factual or legal, and regardless of the motives or considerations by reason of which BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc may fail to effect payment, shall receive the relevant amounts on the due dates.

Trustee, Programme and Paying Agent, German Registrar

Dresdner Bank Aktiengesellschaft

Paying Agent, London Registrar

Citibank N.A.

Trusteeship

The rights arising under the Guarantee and the Declaration of Undertaking as well as under any security which may be granted by the relevant Issuer or by the Guarantor shall be held and exercised exclusively by the Trustee.

The rights and obligations of the Trustee are set out in a trust agreement dated 6 May, 1994 as amended and restated by a trust agreement dated 21 May, 1996, 19 May, 1999, 24 May, 2000, and 23 May, 2001, respectively (the "Trust Agreement") between the Issuers, the Guarantor and the Trustee.

Announcements

Subject to the provisions of Condition 19 of the Terms and Conditions of the Notes all notices concerning the Notes shall be published in (i) a national newspaper recognised by the Frankfurt Stock Exchange (which is expected to be the *Börsen-Zeitung*) in respect of any Notes listed on the Frankfurt Stock Exchange and (ii) in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) in respect of Notes listed on the official list of the UK Listing Authority and admitted for trading on the London Stock Exchange.

Substitution of Issuer

The relevant Issuer shall be entitled at any time without the consent of the Noteholders to be substituted as Issuer under the Notes. The New Issuer as defined in Condition 18 of the Terms and Conditions of the Notes will assume all obligations of the relevant Issuer arising under or in connection with the Notes. The Guarantor will give an unconditional and irrevocable guarantee of the obligations of the New Issuer.

Applicable Law, Place of Performance, Jurisdiction

The form and content of the Notes including the Global Notes, all the rights and duties arising therefrom, the Guarantee and the Declaration of Undertaking shall be governed exclusively by the laws of the Federal Republic of Germany.

Place of performance and exclusive court of venue for all litigation with the Guarantor arising from legal relations established in the Guarantee or the Declaration of Undertaking is München, Federal Republic of Germany.

For all litigation with the Issuers arising from legal relations established in the Terms and Conditions of the Notes, the Noteholders are entitled to assert their claims, to the exclusion of all other venues, at their discretion either before the competent courts in the relevant country of incorporation of the relevant Issuer or before the competent courts in München, Federal Republic of Germany. It is agreed that such courts shall apply exclusively the laws of the Federal Republic of Germany.

Listing

Application has been made for the bearer Notes to be issued under the Programme to be admitted to the official list of the UK Listing Authority. The bearer Notes may also be listed at the Frankfurt Stock Exchange (if denominated in Euro or DEM) on the Official List ("Amtlicher Handel") or on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer(s) in relation to each issue. Unlisted Notes may also be issued. The Pricing Supplement relating to each issue will state whether or not the Notes are to be listed.

Use of Net Proceeds

The net proceeds of the Notes will be used to assist in the general business of BMW Group.

Variation of Terms and Conditions

The relevant Issuer may agree with any Dealer that any specific Notes may be issued in a form not contemplated under the Terms and Conditions of the Notes. The relevant Pricing Supplement will describe the effect of the agreement reached in relation to such Notes, provided however, if necessary, supplementary Listing Particulars will be prepared describing such Terms and Conditions.

Foreign Exchange Rates

On 30 May, 2001 the official rate of exchange quoted by the European Central Bank at approximately 12:32 p.m. central European time was as follows:

1 EUR	=	0.8558	USD
1 EUR	=	0.60240	GBP

The irrevocable exchange rates of selected currencies being denominations of the Euro are as follows:

1 EUR	=	40.3399	BEF
1 EUR	=	1.95583	DEM
1 EUR	=	2.20371	NLG

4. Bedingungen der Teilschuldverschreibungen

Für Teilschuldverschreibungen (wie in §1 unten definiert), die an der Frankfurter Wertpapierbörse notiert werden und/oder über Clearstream Banking AG Frankfurt am Main abgewickelt werden, wird der deutsche Text dieser Bedingungen der Teilschuldverschreibungen (die "Bedingungen") rechtlich maßgebend sein. Für Teilschuldverschreibungen, die zur "Official List" der "UK Listing Authority" zugelassen sind und bei der London Stock Exchange plc ("London Stock Exchange") zur Zulassung zum Handel an der London Stock Exchange vorgesehen sind und/oder über Euroclear Bank S.A./N.V. als Betreiberin des Euroclear Systems ("Euroclear")/Clearstream Banking, société anonyme, Luxembourg abgewickelt werden, wird der englische Text der Bedingungen rechtlich maßgebend sein.

Die nachfolgenden Bedingungen gelten für Teilschuldverschreibungen der jeweiligen Emittentin (Bayerische Motoren Werke Aktiengesellschaft, BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. oder BMW (UK) Capital plc) (gemeinsam die "Emittenten" oder einzeln die "Emittentin") wie in der entsprechenden Sammelverschreibung (die "Sammelurkunde") beschrieben, und gegebenenfalls durch ein pricing supplement die "Konditionenbeschreibung" oder das "Pricing Supplement" ergänzt, und werden als ein Bestandteil jeder einzelnen Schuldverschreibung beigelegt. Teilschuldverschreibungen, die von der BMW Finance N.V., der BMW US Capital, LLC ("BMW US"), dem BMW Coordination Center N.V. oder der BMW (UK) Capital plc begeben werden, sind mit einer unbedingten und unwiderruflichen Garantie der Bayerische Motoren Werke Aktiengesellschaft (wie in § 14 beschrieben) ausgestattet. Wenn die Bayerische Motoren Werke Aktiengesellschaft selbst Emittentin ist, gelten alle Hinweise auf die "Garantin" und die "Garantie" (die beide nachfolgend definiert werden) als nicht anwendbar. Das entsprechende Pricing Supplement jeder Schuldverschreibung kann andere Bedingungen enthalten, die spezifizierte Regelungen zu und Abweichungen von den folgenden Bedingungen beinhalten und die folgenden Bedingungen entsprechend dem Zweck der Emission einer solchen Schuldverschreibung ersetzen oder verändern.

Worte und Begriffe, die in diesen Bedingungen definiert oder enthalten sind, haben im Pricing Supplement dieselbe Bedeutung wie in diesen Bedingungen, soweit dort nicht anders beschrieben. Kopien des Agency Agreements (wie in §1 Absatz 3 der Bedingungen definiert) (das ein Muster des Pricing Supplement beinhaltet) sowie Kopien des Pricing Supplements für die Teilschuldverschreibungen einer jeden Tranche und eine Kopie der Garantie stehen bei den Hauptgeschäftsstellen des Programme Agent und der Zahlstellen (wie in § 8 genannt) zur Einsicht zur Verfügung. Pricing Supplements, die zu einer nicht-börsennotierten Teilschuldverschreibung gehören, sind für die Inhaber von Teilschuldverschreibungen nur einsehbar, wenn der jeweiligen Zahlstelle ein ausreichendes Interesse bezüglich dieser Teilschuldverschreibung nachgewiesen wird. Die Inhaber der Teilschuldverschreibungen, die Inhaber der Abschnitte, die Inhaber der Zinsscheine und die Inhaber von Talons (wie nachstehend definiert) sind anspruchsberechtigt aus und gebunden an alle(n) Regelungen des Agency Agreements und des jeweiligen Pricing Supplements; diese Regelungen gelten als bekannt.

4. Terms and Conditions of the Notes

For Notes (as defined in Condition 1 below) which are listed on the Frankfurt Stock Exchange and/or which are cleared by Clearstream Banking AG Frankfurt am Main the German text of these Terms and Conditions of the Notes (the "Terms and Conditions") is the exclusively legally binding one and the English translation is for convenience only. For Notes which are admitted to the Official List of the UK Listing Authority (the "Official List") and are admitted to trading on the market for listed securities on the London Stock Exchange plc (the "London Stock Exchange") and/or which are cleared by Euroclear Bank S.A./N.V. as Operator of the Euroclear system ("Euroclear")/Clearstream Banking, société anonyme, Luxembourg the English text of these Terms and Conditions is the exclusively legally binding one.

The following are the Terms and Conditions for Notes issued by the relevant Issuer (Bayerische Motoren Werke Aktiengesellschaft, BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. or BMW (UK) Capital plc) (together the "Issuers" and each an "Issuer") as set out in the relevant global note (the "Global Note") and, as the case may be, completed by a pricing supplement (the "Pricing Supplement"), which will be attached to each Note. Notes issued by BMW Finance N.V., BMW US Capital, LLC ("BMW US"), BMW Coordination Center N.V. or BMW (UK) Capital plc will have the benefit of an unconditional and irrevocable guarantee of Bayerische Motoren Werke Aktiengesellschaft (as described in Condition 14). If Bayerische Motoren Werke Aktiengesellschaft acts as Issuer itself all references to "Guarantor" and "Guarantee" (both as defined below) shall be deemed to be not applicable. The applicable Pricing Supplement in relation to any Note may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Note.

Words and expressions defined or set out in these Terms and Conditions shall have the same meaning when used in the Pricing Supplement unless otherwise stated therein. Copies of the Agency Agreement (as defined in Condition 1 Section 3) (which contains the form of the Pricing Supplement) and the Pricing Supplement applicable to any Note and the Guarantee are available for inspection at the specified offices of each of the Programme Agent and the Paying Agents (as set out in Condition 8) save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a Noteholder upon proof satisfactory to the relevant Paying Agent as to interest in the Note. The Noteholders, the Receiptholders, the Couponholders and the Talonholders (as defined below) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement, which are binding on them.

Teilschuldverschreibungen werden in "Tranchen" begeben, die jede für sich oder mit mehreren gemeinsam eine "Serie" bilden. Die Teilschuldverschreibungen jeder Tranche haben identische Bedingungen und Ausstattungsmerkmale. Die Teilschuldverschreibungen einer Serie haben ebenfalls identische Bedingungen und Ausstattungsmerkmale, mit Ausnahme (im Fall von mehr als einer Tranche) des Begebungstags, des Beginns der Verzinsung und des Emissionspreises. Bezugnahmen auf Teilschuldverschreibungen gelten gleichermaßen als Bezugnahmen auf solche Tranchen oder Serien.

§ 1

(Form, Eigentum und Folgeemissionen)

(A) Form

1. Die Emittentin begibt auf den Inhaber lautende Teilschuldverschreibungen ("Inhaberschuldverschreibungen") oder auf den Namen lautende Teilschuldverschreibungen ("Namenschuldverschreibungen") in Höhe des Gesamtnennbetrags und auf die Währung lautend (in der Sammelurkunde, im Pricing Supplement und nachstehend auch "Emissionswährung" genannt) wie in der Sammelurkunde und/oder im Pricing Supplement bestimmt ist. Solche Teilschuldverschreibungen können in Form einer Sammelurkunde oder in Einzelurkunden verbrieft sein und werden dementsprechend als Sammelurkunde oder effektive Teilschuldverschreibungen bezeichnet. Sie sind eingeteilt in untereinander gleichberechtigte Teilschuldverschreibungen in dem in der Sammelurkunde genannten Nennbetrag (die "Teilschuldverschreibungen").
2. Diese Teilschuldverschreibungen sind festverzinsliche, variabel verzinsliche, Nullkupon-, Index-, Doppelwährungs- oder Teileingezahlte Teilschuldverschreibungen oder jede andere Art von Teilschuldverschreibungen oder eine mögliche Kombination der vorgenannten Teilschuldverschreibungen, jeweils entsprechend der im Pricing Supplement dargestellten Zins/Zahlungsmodalitäten.
3. Die Teilschuldverschreibungen werden aufgrund eines Agency Agreements vom 6. Mai 1994, ergänzt und neu gefaßt durch die Fassung vom 23. Mai 2001 (Emissions- und Zahlstellenvereinbarung) (das "Agency Agreement"), in der jeweils gültigen Fassung, die zwischen den Emittenten und den in § 8 Absatz 1 genannten Zahlstellen abgeschlossen wurde, ausgegeben.
4. Soweit im Pricing Supplement nicht anders festgelegt, werden die Teilschuldverschreibungen durch eine Inhabersammelurkunde verbrieft, die bei der Clearstream Banking AG, Frankfurt am Main, ("Clearstream Frankfurt") oder einem gemeinsamen Verwahrer für Clearstream Banking, société anonyme, Luxembourg, ("Clearstream Luxembourg") und der Euroclear Bank S.A./N.V., als Betreiberin des Euroclear Systems ("Euroclear"), hinterlegt ist. Für die jeweils fälligen Zinsen ist kein Globalzinsschein beigelegt. Der etwaige Anspruch auf Zahlung von Zinsen ist durch die Sammelurkunde mit verbrieft.

Jeder Bezug auf "Euroclear" und/oder "Clearstream Luxembourg" beinhaltet, sofern der Zusammenhang es erlaubt, auch eine Bezugnahme auf jedes weitere oder alternative Clearing System, das von der Emittentin und der jeweiligen Zahlstelle genehmigt worden ist.
5. Wenn die Begebung von Teilschuldverschreibungen gemäß Pricing Supplement in Form effektiver Inhaber-Teilschuldverschreibungen erfolgt, dann werden die Teilschuldverschreibungen mit einer Seriennummer versehen. Sie können mit

Notes will be issued in tranches ("Tranches"), one or more of which shall comprise a series ("Series"). The Notes of each Tranche shall have identical Terms and Conditions and identical features. The Notes of each Series shall also have identical Terms and Conditions and identical features, except (in the case of more than one Tranche) for the Issue Date, the Interest Commencement Date and the Issue Price. References to Notes shall be construed as references to such Tranches or Series.

Condition 1

(Form, Title and Further Issues)

(A) Form

1. The Issuer issues notes in bearer form ("Bearer Notes") or in registered form ("Registered Notes") (in each case "Notes") in the aggregate principal amount and denominated in the respective currency (in the Global Note, the Pricing Supplement and hereinafter also referred to as the "Issue Currency") as specified in the Global Note and/or the Pricing Supplement. Such Notes may be represented by global or definitive certificate(s) and shall be referred to as Global Notes or Definitive Notes, accordingly. The Notes are in denominations as specified in the Global Note and/or the Pricing Supplement and rank *pari passu* with each other.
2. The Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes, Dual Currency Notes or Partly Paid Notes, or any other type of Notes, or an appropriate combination of any of the foregoing, depending upon the interest/payment basis as specified in the Pricing Supplement.
3. The Notes are issued pursuant to an agency agreement dated 6 May, 1994 as amended and restated by the amended and restated agency agreement dated 23 May, 2001 (the "Agency Agreement") and made between the Issuers and the Agents mentioned in Condition 8 paragraph 1, as amended from time to time.
4. Unless otherwise specified in the Pricing Supplement, the Notes shall be represented by a Global Bearer Note deposited with the Clearstream Banking AG, Frankfurt am Main ("Clearstream Frankfurt") or a common depository for Clearstream Banking, société anonyme, Luxembourg ("Clearstream Luxembourg") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"). No global bearer coupon will be attached to the Global Note for any interest due. The right to receive interest, if any, is also represented by the Global Note.

Any reference to "Euroclear" and/or "Clearstream Luxembourg" shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the relevant Paying Agent.

5. If Notes are specified as Definitive Bearer Notes in the Pricing Supplement, such Notes will be serially numbered and may be issued with interest coupons for the payment of interest ("Coupons") attached, and if applicable, talons for

beigefügten Zinsscheinen für die Zahlung von Zinsen (die "Zinsscheine") begeben werden. Falls erforderlich werden Talons für weitere Zinsscheine (die "Talons") beigefügt, soweit es sich nicht um Nullkupon-Teilschuldverschreibungen handelt. In diesem Falle finden Verweise auf Zinsen (sofern es sich nicht um nach dem Endfälligkeitstag (wie im maßgeblichen Pricing Supplement definiert) fällige Zinsen handelt) und Zinsscheine in diesen Bedingungen keine Anwendung. Effektive Teilschuldverschreibungen, die in Raten getilgt werden, sind mit Abschnitten (die "Abschnitte" oder "Empfangsbescheinigungen") für die Zahlung von Tilgungen vor der jeweiligen Endfälligkeit ausgestattet. Das Pricing Supplement kann andere Regelungen für die Durchführung von Zahlungen von Zinsen oder Tilgungsraten bei effektiven Teilschuldverschreibungen anstelle von Zinsscheinen oder Abschnitten vorsehen. Wenn Doppelwährungs-, Teileingezahlte — oder Index-Teilschuldverschreibungen begeben werden, die mit einem festen oder variablen Zinssatz oder ohne laufende Verzinsung ausgestattet sind, werden die Bestimmungen dieser Bedingungen, die sich auf die vorstehenden Arten der Verzinsung beziehen, sinngemäß auf die Doppelwährungs-, Teileingezahlte oder Index-Teilschuldverschreibungen angewandt. Jeder Bezug in den vorliegenden Bedingungen auf Zinsschein(e) und Inhaber von Zinsscheinen stellt, soweit der Zusammenhang nichts anderes erfordert, in gleicher Weise einen Hinweis auf Talon(s) und Inhaber von Talons dar.

6. Wenn die Begebung von Teilschuldverschreibungen gemäß Pricing Supplement in Form von auf den Namen lautenden Schuldverschreibungen erfolgt ("Namensschuldverschreibungen"), dann wird der Name des Anteilhegläubigers (oder eines Beauftragten des Anteilhegläubigers, der diese Schuldverschreibung im Namen des Anteilhegläubigers hält) auf der Schuldverschreibung sowie in einem Register eingetragen, das bei der Dresdner Bank Aktiengesellschaft ("deutsche Registerstelle") oder bei der Citibank N.A. ("London-Registerstelle") (jeweils die "Registerstelle") geführt wird.
7. Jede Sammelurkunde, jede effektive Teilschuldverschreibung, jeder Abschnitt und jeder Zinsschein — soweit vorhanden — trägt die Unterschriften von zwei durch die Emittentin für diesen Zweck bevollmächtigten Personen (deren Unterschriften gemäß § 793 Abs. 2 BGB Faksimile-Unterschriften sein können) und jede Sammelurkunde sowie jede effektive Teilschuldverschreibung — soweit vorhanden — trägt zudem die eigenhändige Unterschrift eines Kontrollbeauftragten. Jede effektive Teilschuldverschreibung, jeder Abschnitt und jeder Zinsschein — soweit vorhanden — soll einen Prägestempel der Emittentin oder ein geprägtes Faksimile hiervon tragen.

(B) Eigentum

1. Der Inhaber von Teilschuldverschreibungen, Zinsscheinen, Abschnitten oder Talons gilt (soweit nicht zwingende Gesetzes — oder Verwaltungsbestimmungen entgegenstehen) in jeder Hinsicht als Alleineigentümer (ob fällig oder nicht fällig, und unabhängig von irgendwelchen Mitteilungen bezüglich des Eigentums, möglichen Treuhandschaften oder anderen Ansprüchen hieran oder hieraus, etwaigen Vermerken auf der Urkunde oder einem Diebstahl oder Verlust) und niemand kann dafür verantwortlich gemacht werden, daß er den Inhaber als Alleineigentümer angesehen hat.
2. Die Übertragung des Eigentums an Inhaber-Teilschuldverschreibungen, Empfangsbescheinigungen, Zinsscheinen oder Talons geschieht durch Einigung der beteiligten Parteien über den Eigentumsübergang und durch die Übergabe oder auf andere Weise in Übereinstimmung mit den jeweils

further Coupons ("Talons") attached, unless they are Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date (as defined in the relevant Pricing Supplement)) and Coupons in these Terms and Conditions are not applicable. Definitive Notes redeemable in instalments will be issued with receipts ("Receipts") for the payment of instalments of principal prior to the stated maturity attached. The Pricing Supplement may specify alternative arrangements for the payment of interest or instalments of principal in respect of Definitive Notes in place of Coupons or Receipts, respectively. Wherever Dual Currency Notes, Partly Paid Notes or Indexed Notes are issued to bear interest on a fixed or floating rate basis or on a non interest-bearing basis, the provisions in these Terms and Conditions relating to Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes respectively shall, where the context so admits, apply to such Dual Currency Notes, Partly Paid Notes or Indexed Notes. Any reference in these Terms and Conditions to Coupon(s) or Couponholder(s) shall be deemed to include a reference to Talon(s) or Talonholder(s).

6. If Notes are specified as Registered Notes in the Pricing Supplement, such Registered Notes will bear the name of the Noteholder (or the name of a nominee who holds such Note on behalf of the Noteholder) and will be registered under the name of the Noteholder with Dresdner Bank Aktiengesellschaft ("German Registrar") or with Citibank N.A. ("London Registrar") (each a "Registrar").
7. Each Global Note, Definitive Note, Receipt and Coupon, if any, bears the signatures of two persons authorised by the Issuer for that purpose (which signatures may be facsimile signatures pursuant to Section 793 paragraph 2 BGB (German Civil Code)) and each Global Note, and Definitive Note, if any, bears the manual signature of an authentication officer. Each Definitive Note and each Receipt and each Coupon attached, if any, shall bear the embossed seal of the Issuer or an embossed facsimile thereof.

(B) Title

1. The Holder of any Note, Coupon ("Couponholder"), Receipt ("Receiptholder") or Talon ("Talonholder") will (except as otherwise required by applicable laws or regulatory requirements) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.
2. The transfer of title to Bearer Notes, Receipts, Coupons or Talons is effected by agreement on the transfer among the relevant parties and by delivery or otherwise in accordance with any applicable laws and regulations including the rules of any relevant clearing system. References herein to the

anzuwendenden Gesetzen und Vorschriften einschließlich der Regeln beteiligter Clearing Systeme, Bezugnahmen in den Bedingungen auf "Inhaber" oder auf "Anleihegläubiger" von Inhaber-Teilschuldverschreibungen oder von Empfangsbescheinigungen oder Zinsscheinen oder Talons sind Bezugnahmen auf die Inhaber solcher Inhaber-Teilschuldverschreibungen oder Empfangsbescheinigungen, Zinsscheine oder Talons.

3. Die Übertragung des Eigentums an Namensschuldverschreibungen geschieht in Übereinstimmung mit den nachstehenden Bestimmungen durch Umschreibung und Eintragung in das Register, das auf Veranlassung der jeweiligen Anleiheschuldnerin bei der jeweiligen Registerstelle zu führen ist. Bezugnahmen auf "Inhaber" oder "Anleihegläubiger" von Namensschuldverschreibungen sind Bezugnahmen auf Personen, auf deren Namen solche Schuldverschreibungen im Register eingetragen sind.

- a) Eine Namensschuldverschreibung kann gemäß dem Agency Agreement ganz oder teilweise (sofern dieser Teil dem im Pricing Supplement bestimmten kleinsten Nennbetrag oder einem vielfachen Ganzen davon entspricht) gegen Einreichung dieser Namensschuldverschreibung und mit einem ordnungsgemäßen Übertragungsvermerk bei der benannten Geschäftsstelle der maßgeblichen Registerstelle übertragen werden. Dem Erwerber wird dann eine neue Namensschuldverschreibung ausgestellt und im Falle einer teilweisen Übertragung einer Namensschuldverschreibung wird dem Veräußerer zusätzlich in Höhe des nicht übertragenen Betrags eine neue Namensschuldverschreibung ausgestellt.
- b) Auf Antrag eines Anleihegläubigers einer Inhaber-Teilschuldverschreibung wird die Registerstelle im Auftrag der Emittentin eine Umschreibung in eine Namensschuldverschreibung gemäß § 806 BGB bewirken. Namensschuldverschreibungen können jedoch, vorbehaltlich einer vorher erteilten Zustimmung der Emittentin, nicht in Inhaberschuldverschreibungen umgeschrieben werden. Um eine Inhaberschuldverschreibung in eine Namensschuldverschreibung umzuschreiben, ist die Inhaberschuldverschreibung zusammen mit einem schriftlichen Verlangen auf Umschreibung vom Anleihegläubiger bei der benannten Geschäftsstelle der Registerstelle einzureichen. Jeder so eingereichten Inhaberschuldverschreibung müssen alle zugehörigen noch nicht fälligen Empfangsbestätigungen, Zinsscheine und Talons beigelegt sein. Die Registerstelle kann die Umschreibung entweder durch Anbringen eines Umschreibungsvermerks auf der eingereichten Schuldverschreibung oder durch Ausgabe einer neuen Schuldverschreibung an den Anleihegläubiger bewirken.
- c) Jede nach der Übertragung einer Namensschuldverschreibung oder der Umschreibung einer Inhaberschuldverschreibung in eine Namensschuldverschreibung neu ausgestellte Namensschuldverschreibung wird innerhalb von drei Geschäftstagen (wie in § 2 (F) definiert) nach dem Übertragungs- oder gegebenenfalls dem Umschreibungstag bei der hierfür benannten Geschäftsstelle der Registerstelle zur Auslieferung bereitgehalten oder, nach Wahl des die Umschreibung oder die Übertragung verlangenden Anleihegläubigers per Post (auf Gefahr des Anleihegläubigers), an die von diesem (oder diesen) Anleihegläubiger(n) angegebene(n) Adresse(n) versandt. Geht ein Übertragungs- oder Umschreibungsverlangen nach dem in § 8.7 bestimmten Tag betreffend die Fälligkeit einer Zahlung aus Namensschuldverschreibungen bei

"Holders" or the "Noteholders" of Bearer Notes or Receipts or Coupons or Talons are to the bearers of such Bearer Notes or such Receipts, Coupons or Talons.

3. The transfer of title to the Registered Notes is effected in accordance with the following provisions by transcription (Umschreibung) and registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the "Holders" or the "Noteholders" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

- a) A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Pricing Supplement) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the relevant Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.
- b) Upon request by the holder of a Bearer Note, the Registrar, acting on behalf of the Issuer, shall effect a transcription (Umschreibung) into a Registered Note in accordance with Section 806 of the German Civil Code. Except with the prior consent of the Issuer, Registered Notes will, however, not be transcribable into Bearer Notes. In order to transcribe a Bearer Note into a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office of the Registrar together with a written request for the transcription. Each Bearer Note so surrendered must be accompanied by all unmatured Receipts, Coupons and Talons appertaining thereto. The Registrar may effect such transcription by either placing a transcription legend (Umschreibungsvermerk) on the surrendered Note or by issuing a new Note to the Noteholder.
- c) Each new Registered Note to be issued upon the transfer of a Registered Note or the transcription of a Bearer Note into a Registered Note will, within three Business Days (as defined in Condition 2 (F)) of the transfer date or, as the case may be, the transcription date be available for delivery at the specified office of the Registrar or, at the option of the Holder requesting such transcription or transfer, be mailed (at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for transcription received by the Registrar after the date specified in Condition 8.7, in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment.

der Registerstelle ein, so gilt dieses als am Tag nach dem Fälligkeitstag einer solchen Zahlung wirksam zugegangen.

In diesen Absätzen (b) und (c) ist:

- (i) der "Umschreibungstag" der Geschäftstag, der dem Tag der Einreichung der entsprechenden Inhaberschuldverschreibung zur Umschreibung gemäß Absatz (b) folgt und
 - (ii) der "Übertragungstag" der Geschäftstag der auf den Tag der Einreichung der entsprechenden Namensschuldverschreibung zur Übertragung gemäß Absatz (a) folgt.
- d) Die Ausstellung neuer Namensschuldverschreibungen nach einer Übertragung oder einer Umschreibung von Inhaberschuldverschreibungen in Namensschuldverschreibungen wird von der Anleihegläubigerin oder in deren Namen von der Registerstelle auf Kosten des Anleihegläubigers und nach Zahlung (oder nachdem der Anleihegläubiger eine Kostenfreistellung in dem von der Anleihegläubigerin oder dem Registrator diesbezüglich verlangten Umfang erklärt hat) der Steuern, Gebühren oder sonstiger staatlicher Abgaben durch den Anleihegläubiger, die im Zusammenhang mit dieser Ausstellung erhoben werden, vorgenommen.

(C) Folgeemissionen

Die Emittentin behält sich vor, ohne Zustimmung der Inhaber von Teilschuldverschreibungen weitere Teilschuldverschreibungen mit gleicher Ausstattung zu begeben in der Weise, daß sie mit den Teilschuldverschreibungen zusammengefaßt werden, eine einheitliche Emission mit ihnen bilden und ihren Gesamtnennbetrag erhöhen. Der Begriff "Teilschuldverschreibungen" umfaßt im Falle einer solchen Erhöhung auch solche zusätzlich begebenen Teilschuldverschreibungen.

§ 2 (Verzinsung, Verzugszinsen)

(A) Verzinsung von festverzinslichen Teilschuldverschreibungen

1. Jede festverzinsliche Teilschuldverschreibung ist auf der Grundlage ihres ausstehenden Nennbetrages (oder, wenn es sich um eine Teileingezahlte Teilschuldverschreibung handelt, auf der Grundlage des teileingezahlten Betrages) zu verzinsen, und zwar ab dem im Pricing Supplement genannten Datum des Beginns der Verzinsung (der "Beginn der Verzinsung") einschließlich (der dem Begebungstag entspricht, soweit nicht anderweitig im Pricing Supplement bestimmt) mit einer Jahresrate entsprechend dem Nominalzinssatz für eine Laufzeit bis zu, aber ausschließlich, dem Endfälligkeitstag, zahlbar nachträglich an den im Pricing Supplement genannten Zinsterminen für festverzinsliche Teilschuldverschreibungen eines jeden Jahres (die "Zinszahlungstage") und am Endfälligkeitstag der Teilschuldverschreibung, wenn dieser nicht auf einen Zinszahlungstag fällt.
2. Die erste Zinszahlung erfolgt am dem dem Beginn der Verzinsung folgenden nächsten Zinszahlungstag und, sofern der Zeitraum vom Beginn der Verzinsung bis zum ersten Zinszahlungstag von dem Zeitraum zwischen den nachfolgenden Zinszahlungstagen abweicht, in Höhe eines zeitanteiligen Bruchteils (wie im Pricing Supplement definiert) der folgenden Zinszahlungen. Wenn der Endfälligkeitstag nicht mit einem Zinszahlungstag zusammenfällt, erfolgt die letzte Zinszahlung am Endfälligkeitstag in Höhe eines zeitanteiligen Bruchteils (wie im Pricing Sup-

For the purposes of paragraph (b) and (c):

- (i) "transcription date" shall be the Business Day following the day on which the relevant Bearer Note shall have been surrendered for transcription in accordance with paragraph (b); and
 - (ii) "transfer date" shall be the Business Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with paragraph (a).
- d) The issue of new Registered Notes on transfer or on the transcription of Bearer Notes into Registered Notes will be effected by or on behalf of the Issuer or the Registrar, at the expense of the Noteholder and upon payment by the Noteholder of (or the giving by the Noteholder of such indemnity as the Issuer or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

(C) Further Issues

The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional notes with identical terms, so that the same shall be consolidated, form a single Tranche of Notes with and increase the aggregate principal amount of the Notes. The term "Notes" shall, in the event of such increase, also comprise such additionally issued notes.

Condition 2 (Interest, Overdue Interest)

(A) Interest on Fixed Rate Notes

1. Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date as set out in the Pricing Supplement (the "Interest Commencement Date") (which will be the Issue Date, unless otherwise specified in the Pricing Supplement) at the rate(s) per annum equal to the Fixed Rate(s) of Interest to, but excluding, the Maturity Date, payable in arrear on the interest date(s) for Fixed Rate Notes set out in the Pricing Supplement ("Interest Payment Date(s)") in each year and on the Maturity Date if that does not fall on an Interest Payment Date.
2. The first payment of Interest will be made on the Interest Payment Date next following the Interest Commencement Date and, if the period from the Interest Commencement Date to the first Interest Payment Date differs from the period between subsequent Interest Payment Dates, will amount to the Initial Broken Amount (as defined in the Pricing Supplement). If the Maturity Date is not a Interest Payment Date, interest from and including the preceding Interest Payment Date (or the Interest Commencement Date) to but excluding the Maturity Date will amount to the

plement definiert) für den Zeitraum vom letzten Zinszahlungstag (oder dem Beginn der Verzinsung) (einschließlich) bis zum Endfälligkeitstag (ausschließlich). Zinszahlungen erfolgen ausschließlich gemäß den Bestimmungen in § 8.

3. Die Verzinsung jeder Festzins-Teilschuldverschreibung endet mit Ablauf des Tages, der dem Fälligkeitstag (oder — im Fall einer nur teilweise zurückgezahlten Teilschuldverschreibung — für diesen Teil dieser Teilschuldverschreibung dem Rückzahlungstag) vorausgeht, es sei denn, daß die Rückzahlung der Teilschuldverschreibung vertragswidrig aufgeschoben oder verweigert worden ist. Letzterenfalls verlängert sich der Zinslauf (sowohl bis zu als auch nach einem Gerichtsurteil) bis zu dem früheren der beiden folgenden Termine:
 - a) dem Tag, an dem alle bis zu diesem Tag ausstehenden Beträge im Zusammenhang mit der Teilschuldverschreibung dem Inhaber der Teilschuldverschreibung zugeflossen sind; oder
 - b) dem Tag, an dem die jeweilige Zahlstelle den Inhaber der Teilschuldverschreibung darüber unterrichtet hat (entsprechend § 19 oder individuell), daß alle bis zu diesem Tag fälligen Beträge bei ihr eingegangen sind.
4. Wenn Zinsen für einen Zeitraum von weniger als einem vollen Kalenderjahr zu berechnen sind, dann erfolgt die Berechnung:
 - a) wenn in der betreffenden Konditionenbeschreibung die "Actual/Actual (ISMA)" Methode bestimmt ist und die betreffende Zinsperiode in eine Reguläre Zinsperiode (wie unten definiert) fällt, auf der Basis der Anzahl von Tagen in der betreffenden Zinsperiode geteilt durch das Produkt aus (A) der tatsächlichen Anzahl von Tagen in der Regulären Zinsperiode, in welche die betreffende Zinsperiode fällt, und (B) der Anzahl der Regulären Zinsperioden in einem beliebigen Zeitraum innerhalb eines Jahres; oder
 - b) wenn in der betreffenden Konditionenbeschreibung die "Actual/Actual (ISMA)" Methode bestimmt ist und die betreffende Zinsperiode in einer Regulären Zinsperiode beginnt und in der nächsten Regulären Zinsperiode endet, erfolgt die Berechnung auf folgender Basis:
 - (i) der Anzahl der Tage in der betreffenden Zinsperiode, die innerhalb der ersten Regulären Zinsperiode liegen, geteilt durch das Produkt aus (1) der Anzahl der Tage in der ersten Regulären Zinsperiode und (2) der Anzahl der Regulären Zinsperioden in einem beliebigen Zeitraum innerhalb eines Jahres; und
 - (ii) der Anzahl der Tage in der betreffenden Zinsperiode, die innerhalb der zweiten Regulären Zinsperiode liegen, geteilt durch das Produkt aus (1) der Anzahl der Tage in der zweiten Regulären Zinsperiode und (2) der Anzahl der Regulären Zinsperioden innerhalb eines Jahres; oder
 - c) wenn in der betreffenden Konditionenbeschreibung die "30/360" Methode bestimmt ist, auf der Basis der Anzahl von Tagen in dem Zeitraum von (einschließlich) dem letzten vorangegangenen Zinszahlungstag (oder gegebenenfalls vom Beginn der Verzinsung) bis zu (ausschließlich) dem Tag, an dem Zinsen fällig werden (wobei diese Anzahl der Tage auf der Basis von 12 Monaten zu je 30 Tagen bestimmt wird), geteilt durch 360; oder

Final Broken Amount (as defined in the Pricing Supplement). Interest will be paid subject to and in accordance with the provisions of Condition 8.

3. Interest will cease to accrue on each Fixed Rate Note (or, in the case of the redemption of part only of a Note, that part only of such Note), as from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (before as well as after any judgment) until whichever is the earlier of:
 - a) the day on which all sums due in respect of such Note up to that day are received by the holder of such Note; and
 - b) the day on which the relevant Paying Agent has notified the holder thereof (either in accordance with Condition 19 or individually) of receipt of all sums due in respect thereof up to that date.
4. If interest is to be calculated for a period of less than one year, it shall be calculated:
 - a) if "Actual/Actual (ISMA)" is specified in the Pricing Supplement and the relevant period falls during a Regular Period (as defined below), on the basis of the number of days in the relevant period divided by the product of (A) the number of days in the Regular Period in which the relevant period falls and (B) the number of Regular Periods in any period of one year; or
 - b) if "Actual/Actual (ISMA)" is specified in the applicable Pricing Supplement and the relevant period begins in one Regular Period and ends in the next succeeding Regular Period, interest will be calculated on the basis of the sum of:
 - (i) the number of days in the relevant period falling within the first such Regular Period divided by the product of (1) the number of days in the first such Regular Period and (2) the number of Regular Periods in any period of one year; and
 - (ii) the number of days in the relevant period falling within the second such Regular Period divided by the product of (1) the number of days in the second such Regular Period and (2) the number of Regular Periods in any period of one year; or
 - c) if "30/360" is specified in the applicable Pricing Supplement on the basis of the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; or

- d) auf einer anderen in der betreffenden Konditionenbeschreibung bestimmten Basis.

Für Zwecke dieser Bedingung (A) ist

- (i) der Tag und Monat (aber nicht das Jahr), auf welchen ein Zinszahlungstag fällt, ein "Regulärer Tag"; und
- (ii) jede Periode vom und einschließlich eines Regulären Tages, welche in ein beliebiges Jahr fällt, bis zu (ausschließlich) dem nächsten Regulären Tag eine "Reguläre Zinsperiode".

(B) Verzinsung von variabel verzinslichen Teilschuldverschreibungen

1. Jede variabel verzinsliche Teilschuldverschreibung ist auf der Grundlage ihres ausstehenden Nennbetrages (oder, wenn es sich um eine Teileingezahlte Teilschuldverschreibung handelt, auf der Grundlage des teileingezahlten Betrages) ab dem Datum des Beginns der Verzinsung einschließlich zu verzinsen. Die Zinsen sind nachträglich an jedem Zinstermin (jeder ein "Zinszahlungstag") zahlbar, der (soweit in diesen Bedingungen oder im jeweiligen Pricing Supplement nichts anderes bestimmt ist) nach einer Anzahl von Monaten (oder solche(r) Periode(n)), die als Zinsperiode(n) im Pricing Supplement festgelegt wurde(n) (die "Monatslaufzeit") dem vorhergehenden Zinstermin oder, im Falle des ersten Zinstermins, dem Beginn der Verzinsung, folgt. Die Verzinsung für die jeweilige Zinsperiode endet jeweils einen Tag vor dem jeweiligen Zinszahlungstag.
2. Wenn irgendein Zinszahlungstag, für den eine Anpassung in Übereinstimmung mit einer Geschäftstagerregelung vorgesehen ist, auf einen Tag fällt, der kein Geschäftstag (wie in § 2(F) definiert) ist, dann gilt je nach Art der betreffenden Geschäftstagerregelung folgendes: (A) im Fall der "Floating Rate Business Day Convention" erfolgt die Zahlung am nächstfolgenden Geschäftstag, sofern dieser Tag nicht in den nächsten Monat fällt; in diesem Fall wird der Zahltag auf den unmittelbar vorhergehenden Geschäftstag vorverlegt und (y) für jeden darauffolgenden Zinszahlungstag der letzte Geschäftstag desjenigen Monats bestimmt, in den der Zinszahlungstag gefallen wäre, wenn er nicht angepaßt worden wäre, (B) im Fall der "Following Business Day Convention" erfolgt die Zinszahlung am nächstfolgenden Geschäftstag, (C) im Fall der "Modified Following Business Day Convention" erfolgt die Zahlung am nächstfolgenden Geschäftstag, sofern dieser Tag nicht in den nächsten Monat fällt; in diesem Fall wird der Zahltag auf den unmittelbar vorhergehenden Geschäftstag vorverlegt, oder (D) im Fall der "Preceding Business Day Convention" wird der Zahltag auf den unmittelbar vorhergehenden Geschäftstag vorverlegt.
3. Zinszahlungen erfolgen gemäß den Bestimmungen in § 8. Die Verzinsung jeder variabel verzinslichen Teilschuldverschreibung (oder — im Fall einer nur teilweise zurückgezahlten Teilschuldverschreibung — für diesen Teil dieser Teilschuldverschreibung) endet mit Ablauf des Tages, der dem Fälligkeitstag unmittelbar vorausgeht, es sei denn, daß die Rückzahlung der Teilschuldverschreibung vertragswidrig aufgeschoben oder verweigert worden ist. Letzterenfalls verlängert sich die Zinslaufzeit (sowohl bis zu als auch bis nach einem Gerichtsurteil) bis zu dem früheren der beiden folgenden Termine:
 - a) dem Tag, an dem alle bis zu diesem Tag ausstehenden Beträge im Zusammenhang mit der Teilschuldverschreibung dem Inhaber der Teilschuldverschreibung zugeflossen sind; oder

- d) on such other basis as may be provided in the applicable Pricing Supplement.

For purposes of this Condition (A):

- (i) the day and month (but not the year) on which any Interest Payment Date falls shall be a "Regular Date"; and
- (ii) each period from and including a Regular Date falling in any year to but excluding the next succeeding Regular Date shall be a "Regular Period".

(B) Interest on Floating Rate Notes

1. Each Floating Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date and such interest will be payable in arrear on each interest payment date (each an "Interest Payment Date") which (save as otherwise mentioned in these Terms and Conditions or in the applicable Pricing Supplement) falls the number of months (or such other period(s)) specified as the Interest Period(s) in the Pricing Supplement (the "Specified Number of Months") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date. The interest calculation for each Interest Period ceases one day prior to each Interest Payment Date.
2. If any Interest Payment Date that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment; (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day; (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
3. Interest will be paid subject to and in accordance with the provisions of Condition 8. Interest will cease to accrue on each Floating Rate Note (or, in the case of the redemption of part of a Note, that part only of such Note) as from the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event interest will continue to accrue (before as well as after any judgment) until whichever is the earlier of:
 - a) the day on which all sums due in respect of such Note up to that day are received by the holder of such Note; and

- b) dem Tag, an dem die jeweilige Zahlstelle den Inhaber der Teilschuldverschreibung darüber unterrichtet hat (entsprechend § 19 oder individuell), daß alle bis zu diesem Tag fälligen Beträge bei ihr eingegangen sind.
4. Der Zinssatz ("Zinssatz"), der für die Teilschuldverschreibung regelmäßig auszuzahlen ist, wird, wenn es sich dabei um eine variabel verzinsliche Teilschuldverschreibung handelt, nach der im Pricing Supplement festgelegten Weise bestimmt.
5. Wenn als die Art und Weise der Zinsbestimmung im Pricing Supplement das gemäß der International Swaps and Derivatives Association, Inc. ("ISDA") gültige Verfahren (2000 ISDA Definitions) bestimmt ist, handelt es sich bei dem Zinssatz für jede Zinsperiode um den jeweiligen ISDA-Satz plus oder minus (wie in dem Pricing Supplement angegeben) der Marge (soweit eine solche vorgesehen ist). Im Sinne von diesem Absatz 5 entspricht der "ISDA-Satz" für eine Zinsperiode dem variablen Zinssatz, der von der Zahlstelle oder einer anderen in dem Pricing Supplement angegebenen Stelle festgesetzt wird, wenn die Zahlstelle bzw. die jeweilige andere Stelle als Berechnungsstelle für einen Zins-Swap auf Grundlage eines Vertrages unter Einbeziehung der ISDA-Definitionen (wie nachstehend definiert) fungieren würde und nach dem:
- a) die Floating Rate Option den Angaben in dem Pricing Supplement entspricht;
 - b) es sich bei der vorgesehenen Fälligkeit (Designated Maturity) um eine Frist handelt, die der Zinsperiode entspricht; und
 - c) es sich bei dem betreffenden Neufestsetzungstermin (Reset Date) (i) entweder um den ersten Tag der jeweiligen Zinsperiode, wenn die betreffende Floating Rate Option auf dem Londoner Interbanken-Angebotsatz (LIBOR) für eine Währung oder dem Interbanken-Angebotsatz der Euro-Zone für EUR (EURIBOR) basiert, oder (ii) in allen anderen Fällen um den in dem maßgeblichen Pricing Supplement angegebenen Termin handelt.
- Im Sinne von § 2 (B) Absatz 5 haben die Begriffe "variabler Zinssatz" (Floating Rate), "Berechnungsstelle" (Calculation Agent), "Floating Rate Option", "vorgesehene Fälligkeit" (Designated Maturity) und "Neufestsetzungstermin" (Reset Date) die in den ISDA-Definitionen (in der jeweils gültigen Fassung) angegebenen Bedeutungen.
- Wenn § 2 (B) Absatz 5 Anwendung findet, gilt in Bezug auf jede Zinsperiode folgendes:
- a) es handelt sich bei dem Zinssatz für die betreffende Zinsperiode um den von der Berechnungsstelle gemäß § 2 (B) Absatz 5 festgesetzten variablen Zinssatz; und
 - b) die Berechnungsstelle gilt hinsichtlich der betreffenden Zinsperiode als von ihren Verpflichtungen zur Festsetzung des Zinssatzes gemäß den ersten beiden Sätzen in § 2 (B) Absatz 7 entbunden, wenn sie den Zinssatz für die betreffende Zinsperiode in der in § 2 (B) Absatz 5 dargelegten Form festgesetzt hat.
6. Wenn die Festsetzung des Zinssatzes nach dem Pricing Supplement auf der Basis einer Bildschirm-Notierung erfolgt, bestimmt es weiterhin, auf welche Bildschirmseite ("Maßgebliche Bildschirmseite", wobei dieser Begriff auch jede Ersatzseite umfaßt) von Reuters-Monitor oder Bridge Telerate oder einem anderen Informationsanbieter Bezug genommen wird. Hierbei steht "Reuters-Monitor" für Reuter Money Market Rates Services, und "Bridge Telerate" für die Telerate Services der Bridge Information Services (oder
- b) the day on which the relevant Paying Agent has notified the holder thereof (either in accordance with Condition 19 or individually) of receipt of all sums due in respect thereof up to that date.
4. The rate of interest (the "Rate of Interest") payable from time to time in respect of this Note if it is a Floating Rate Note will be determined in the manner specified in the Pricing Supplement.
5. Where the manner in which the Rate of Interest is to be determined is specified in the applicable Pricing Supplement as being according to the International Swaps and Derivatives Association, Inc. ("ISDA") determination (2000 ISDA Definitions), the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this paragraph 5, "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions (as defined below) and under which:
- a) the Floating Rate Option is as specified in the applicable Pricing Supplement;
 - b) the Designated Maturity is a period equal to that Interest Period; and
 - c) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, or the Euro-zone interbank offered rate for EUR (EURIBOR), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.
- For the purposes of this paragraph 5, "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions (as amended from time to time).
- When this paragraph 5 applies, in respect of each relevant Interest Period:
- a) the Rate of Interest for such Interest Period will be the Floating Rate determined by the Agent in accordance with this paragraph 5; and
 - b) the Calculation Agent will be deemed to have discharged its obligations under the first two sentences of Condition 2 (B) paragraph 7 in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this paragraph 5.
6. Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Pricing Supplement shall specify which page (the "Relevant Screen Page", which expression shall include any replacement page), on the Reuters Screen or Bridge Telerate or any other information vending service, shall be applicable. For these purposes, "Reuters Screen" means the Reuter Money Market Rates Services and "Bridge Telerate" means the

jeder andere Informationsanbieter, der zur Veröffentlichung vergleichbarer Sätze von der betreffenden Emitentin als Nachfolger gewählt wird). Bei dem Zinssatz handelt es sich für jede Zinsperiode, vorbehaltlich der nachstehend genannten Bestimmungen, entweder um:

- a) den Angebotssatz (wenn nur ein Angebotssatz angezeigt ist); oder
- b) das arithmetische Mittel (falls erforderlich, auf — oder abgerundet (i) im Fall von LIBOR auf die fünfte Dezimalstelle, wobei 0,000005 aufgerundet wird oder (ii) im Fall von EURIBOR auf die dritte Dezimalstelle, wobei 0,0005 aufgerundet wird) der Angebotssätze,

(ausgedrückt in Prozent per annum) für den Referenzzinssatz (wie im Pricing Supplement bestimmt), der bzw. die auf der betreffenden Bildschirmseite (wie im Pricing Supplement bestimmt) um 11.00 Uhr (LIBOR: Londoner Zeit/EURIBOR: Brüsseler Zeit) an dem fraglichen Zinsfestsetzungstag (wie im Pricing Supplement bestimmt), angezeigt wird bzw. werden, plus oder minus (wie im Pricing Supplement angegeben) der Marge (falls eine solche vorgesehen ist), wobei sämtliche Sätze von der Berechnungsstelle festgesetzt werden. Wenn auf der betreffenden Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, ist der höchste (oder, wenn mehr als ein Höchstsatz erscheint, einer dieser Sätze) und der niedrigste Satz (oder, wenn mehr als ein niedrigster Satz erscheint, einer dieser Sätze) von der Berechnungsstelle bei der Bestimmung des arithmetischen Mittels (auf — oder abgerundet, wie weiter oben angegeben) dieser Angebotssätze außer acht zu lassen.

Für den Fall, daß jeweils zu dem im vorstehenden Absatz genannten Zeitpunkt die betreffende Bildschirmseite nicht verfügbar ist, oder wenn, wie in Fall a) oben, kein Satz angezeigt wird, oder wenn, wie in Fall b) oben, weniger als drei Angebotssätze angezeigt werden, wird die Berechnungsstelle (a) im Fall von LIBOR jeweils von der Hauptgeschäftsstelle von vier führenden Banken im Londoner Interbankenmarkt, oder (b) im Fall von EURIBOR jeweils von der betreffenden Hauptgeschäftsstelle von vier führenden Banken im Bereich des Eurogebiet-Interbankenmarktes, wobei die Auswahl der Banken jeweils durch die Berechnungsstelle erfolgt oder im Pricing Supplement bestimmt ist ("Referenzbanken"), Nennungen von Angebotssätzen (ausgedrückt als Prozentsatz per annum) einholen, die am Zinsfeststellungstag gegen 11.00 Uhr (im Fall von LIBOR: Londoner Zeit/im Fall von EURIBOR: Brüsseler Zeit) gelten. Wenn zwei oder mehr Referenzbanken gegenüber der Berechnungsstelle solche Sätze nennen, ist der Zinssatz für die betreffende Zinsperiode das von der Berechnungsstelle zu bestimmende arithmetische Mittel dieser Sätze (im Fall von LIBOR erfolgt die Berechnung auf die fünfte Nachkommastelle und 0,000005 wird aufgerundet; im Fall von EURIBOR erfolgt die Berechnung auf die dritte Nachkommastelle und 0,0005 wird aufgerundet) gegebenfalls zuzüglich oder abzüglich einer Marge.

Wenn der jeweilige für die Floating Rate Notes geltende Referenzzinssatz in dem maßgeblichen Pricing Supplement als von LIBOR oder EURIBOR abweichend angegeben wird, erfolgt die Festsetzung des Zinssatzes für diese Teilschuldverschreibungen wie in dem maßgeblichen Pricing Supplement angegeben.

7. Die Berechnungsstelle wird an jedem Zinsfestsetzungstag baldmöglichst und in dem üblichen Zeitraum den Zinssatz bestimmen und den zahlbaren Zinsbetrag in bezug auf den Nennbetrag jeder Stückelung für die entsprechende Zinsperiode (der "Zinsbetrag") berechnen. Wenn der Zinssatz

Telerate Services of Bridge Information Services (or such other service as may be selected by the relevant issuer as the information vendor for the purposes of displaying comparable rates in succession thereto). The Rate of Interest for each Interest Period will, subject as provided below, be either:

- a) the offered quotation (if there is only one offered quotation indicated); or
- b) the arithmetic mean (rounded if necessary (i) in case of LIBOR to the fifth decimal place, with 0.000005 being rounded upwards or (ii) in case of EURIBOR to the third decimal place, with 0.0005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the Pricing Supplement) as at 11.00 a.m. (LIBOR: London time/EURIBOR: Brussels time) on the Interest Determination Date (as specified in the Pricing Supplement) in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of a) above, no such quotation appears or, in the case of b) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request (i) in the case of the determination of LIBOR the principal London office of four major banks in the London inter-bank market, or (ii) in the case of the determination of EURIBOR the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Pricing Supplement (the "Reference Banks") to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) at approximately 11.00 a.m. (LIBOR: London time / EURIBOR: Brussels time) on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded, if necessary, in the case of LIBOR to the fifth decimal place with 0.000005 being rounded upwards or in the case of EURIBOR to the third decimal place with 0.0005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

7. The Calculation Agent will, as soon as practicable after the customary time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable in respect of each specified denomination (each, an "Interest Amount") for the relevant Interest

entsprechend § 2 (B) Absatz 5 festgelegt wird, ist der Zinsfestsetzungstag der Tag oder der Zeitpunkt, der in dem zugehörigen befristeten Kaufangebot mit variablem Zinssatz (die "Floating Rate Option") gemäß den ISDA-Definitionen (aufgrund derer es üblich ist, in Übereinstimmung mit den Bedingungen der zugehörigen Floating Rate Option den Zinssatz festzulegen) festgelegt ist. Wenn der Zinssatz in Übereinstimmung mit § 2 (B) Absatz 4 und entweder 5 oder 6 festgelegt wird, wird der Zinsfestsetzungstag im Pricing Supplement angegeben.

Der Zinsbetrag für jede Teilschuldverschreibung wird ermittelt durch Multiplikation des auf eine Zinsperiode anzuwendenden Zinssatzes mit dem jeweiligen Nennbetrag, wobei das Produkt mit einem Quotienten ("Zinstagequotient") multipliziert wird, der in der maßgeblichen Konditionenbeschreibung bestimmt ist. Der so errechnete Betrag wird auf die kleinste Einheit der Währung, auf die die Schuldverschreibungen lauten oder in der Zinsen zu zahlen sind, auf- oder abgerundet (wobei ab 0,5 aufzurunden ist).

Der "Zinstagequotient" besteht in bezug auf die Berechnung eines Zinsbetrages für eine Schuldverschreibung für jedweden Zeitraum (der eine Zinsperiode umfassen kann ("Zinsperiode", aber nicht muß) aus:

- a) wenn in der betreffenden Konditionenbeschreibung die "Actual/365" oder "Actual/Actual (ISDA)" Methode bestimmt ist, der tatsächlichen Anzahl von Tagen im Berechnungszeitraum, geteilt durch 365 (oder, falls ein Teil des Berechnungszeitraums in ein Schaltjahr fällt, geteilt durch die Summe (A) der tatsächlichen Anzahl von Tagen in dem Teil des Berechnungszeitraums, der in ein Schaltjahr fällt, geteilt durch 366, und (B) der tatsächlichen Anzahl von Tagen in dem Teil der Berechnungsperiode, die nicht in ein Schaltjahr fällt, geteilt durch 365);
- b) wenn in der betreffenden Konditionenbeschreibung die "Actual/365 (fixed)" Methode bestimmt ist, der tatsächlichen Anzahl von Tagen im Berechnungszeitraum, geteilt durch 365;
- c) wenn in der betreffenden Konditionenbeschreibung die "Actual/360" Methode bestimmt ist, der tatsächlichen Anzahl von Tagen im Berechnungszeitraum, geteilt durch 360;
- d) wenn in der betreffenden Konditionenbeschreibung die "30/360", "360/360" oder "Bond Basis" Methode bestimmt ist, der Anzahl von Tagen im Berechnungszeitraum, geteilt durch 360 (wobei diese Anzahl der Tage auf Basis eines Jahres mit 360 Tagen in 12 Monaten zu je 30 Tagen zu berechnen ist (für den Fall, daß (a) der letzte Tag des Berechnungszeitraums der 31. eines Monats ist, aber der erste Tag der Berechnungsperiode ein anderer als der 30. oder 31. Tag eines Monats ist, soll der Monat, in den dieser letzte Tag fällt, nicht auf einen Monat zu 30 Tagen verkürzt werden, oder (b) der letzte Tag der Berechnungsperiode der letzte Tag des Monats Februar ist, soll der Monat Februar nicht auf einen Monat zu 30 Tagen verlängert werden));
- e) wenn in der betreffenden Konditionenbeschreibung die "30E/360" oder "Eurobond Basis" Methode bestimmt ist, der Anzahl von Tagen im Berechnungszeitraum, geteilt durch 360 (wobei diese Anzahl der Tage auf Basis eines Jahres mit 360 Tagen in 12 Monaten zu je 30 Tagen zu berechnen ist, ohne Berücksichtigung des Datums, auf das der erste oder der letzte Tag des Berechnungszeitraums fällt; wenn allerdings der Be-

period. The Interest Determination Date means, if the Rate of Interest is being determined in accordance with Condition 2 (B) paragraph 5, the day or date as set out in the appropriate floating rate option set out in the ISDA-Definitions (upon which it is customary, in accordance with the terms of the appropriate floating rate option which is being used to determine the Rate of Interest), to determine the Rate of Interest. If the Rate of Interest is being determined in accordance with Condition 2 (B) paragraphs 4 and either 5 or 6, the Interest Determination Date shall be set out in the Pricing Supplement.

Each Interest Amount shall be calculated by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by the Day Count Fraction specified in the relevant Pricing Supplement and rounding the resulting figure to the nearest sub-unit of the currency in which such Notes are denominated or, as the case may be, in which such interest is payable (with 0.5 being rounded upwards).

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "Calculation Period"):

- a) if "Actual/365" or "Actual/Actual — ISDA" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- b) if "Actual/365 (Fixed)" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- c) if "Actual/360" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- d) if "30/360", "360/360" or "Bonds Basis" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- e) if "30E/360" or "Eurobond Basis" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of

rechnungszeitraum mit dem Fälligkeitstag endet und der Fälligkeitstag der letzte Tag des Monats Februar ist, soll der Monat Februar nicht auf einen Monat zu 30 Tagen verlängert werden);

"Zinslaufzeitraum" für Zwecke der Berechnung des Zinstagequotienten ist die tatsächliche Anzahl von Tagen in der betreffenden Periode, von (einschließlich) dem Tag, an dem der Zinslauf für die betreffende Periode beginnt, bis zu (ausschließlich) dem Tag, an dem Zinsen für die betreffende Periode fällig werden.

"Tatsächlicher Berechnungszeitraum" für Zwecke der Berechnung des Zinstagequotienten ist die tatsächliche Anzahl von Tagen von (einschließlich) einem Zinszahltag bis zu (ausschließlich) dem nächsten Zinszahltag.

Der resultierende Betrag wird auf die nächstkleinste Einheit der Emissionswährung auf — oder abgerundet (wobei ab 0,5 aufzurunden ist). Die Bestimmung des Zinssatzes und die Berechnung jedes Zinsbetrages durch die Berechnungsstelle ist (von offensichtlichem Irrtum abgesehen) endgültig und für alle Vertragsparteien bindend.

8. Die Berechnungsstelle wird den für die jeweils folgende Zinsperiode festgelegten Zinssatz, den zahlbaren Zinsbetrag sowie den Zinstermin unverzüglich der Emittentin und (soweit die variabel verzinslichen Teilschuldverschreibungen an einer Börse notiert werden) dieser Börse mitteilen und in Übereinstimmung mit § 19 baldmöglichst, aber keinesfalls später als vier Banktage (ein Banktag in diesem Zusammenhang ist ein Tag, an dem Geschäftsbanken und Devisenmärkte in der Stadt, in der die Berechnungsstelle ihren Sitz hat, Zahlungen abwickeln) nach der Festlegung, veröffentlichen. Im Fall einer Verlängerung oder Verkürzung der Zinsperiode werden von der Berechnungsstelle der bekanntgegebene Zinsbetrag und der Zinstermin ohne erneute Veröffentlichung nachträglich angepaßt (oder im Wege der Anpassung geeignete andere Maßnahmen getroffen). Jede solche Anpassung wird umgehend allen Börsen mitgeteilt, an denen die Teilschuldverschreibungen zum Zeitpunkt der Anpassung notiert werden, wenn es sich dabei um variabel verzinsliche Teilschuldverschreibungen handelt.
9. Wenn das Pricing Supplement einen Mindestzinssatz bestimmt, darf der Zinssatz in keinem Fall weniger als dieses Minimum betragen, und wenn dort ein Höchstzinssatz aufgeführt ist, darf der Zinssatz in keinem Fall dieses Maximum überschreiten.
10. Ein Exemplar der ISDA-Definitionen in der jeweils gültigen Fassung und das Vertragsformular der ISDA-Vereinbarung sind am Sitz der jeweils ernannten Zahlstellen erhältlich.

(C) Verzinsung von Nullkupon-Teilschuldverschreibungen

Periodische Zinszahlungen werden auf Nullkupon-Teilschuldverschreibungen nicht geleistet. Wenn eine Nullkupon-Teilschuldverschreibung vor dem Endfälligkeitstag fällig und zahlbar wird und dann nicht zurückgezahlt wird, ist der fällige und zahlbare Betrag der abgezinsten Nennbetrag der Teilschuldverschreibung gemäß § 7 (B) (2). Ab dem Endfälligkeitstag wird jeder in Verzug befindliche Rückzahlungsbetrag der Teilschuldverschreibung mit einem Jahreszinssatz verzinst, der ihrem vorherigen Satz der Abdiskontierung entspricht oder einem anderen Satz, der im Pricing Supplement festgelegt ist. Die Zinslaufzeit dauert in diesem Fall (sowohl bis zu als auch nach einem Gerichtsurteil) bis zu dem früheren der beiden folgenden Termine:

- a) dem Tag, an dem alle bis zu diesem Tag ausstehenden Beträge im Zusammenhang mit der Teilschuldverschreibung dem Inhaber der Teilschuldverschreibung zugeflossen sind; oder

February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and

"Accrual Period" means, in relation to Day Count Fraction, the actual number of days in the relevant period from and including the date from which interest for the relevant period begins to accrue to but excluding the date on which interest for the relevant period falls due.

"Actual Calculation Period" means, in relation to Day Count Fraction, the actual number of days from and including one Interest Payment Date to but excluding the next Interest Payment Date.

The resultant figure will be rounded to the nearest unit of the issue Currency, with 0.5 being rounded upwards. The determination of the Rate of Interest and calculation of each Interest Amount by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

8. The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the issuer and in the case of Floating Rate Notes which are listed on any stock exchange, such stock exchange, and to be published in accordance with the provisions of Condition 19 as soon as possible but in any event not later than the fourth banking day (being in this context a day on which commercial banks and foreign exchange markets settle payments in the city where the Calculation Agent is located) after their determination. Each Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without publication as aforesaid in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which this Note, if it is a Floating Rate Note, is for the time being listed.
9. If the Pricing Supplement specifies a Minimum Interest Rate, then the Rate of Interest shall in no event be less than such minimum, and if there is so shown a Maximum Interest Rate then the Rate of Interest shall in no event exceed such maximum.
10. A copy of the ISDA Definitions as amended from time to time and the form of ISDA Agreement are available from the office of each of the Paying Agents appointed from time to time.

(C) Zero Coupon Notes

There will be no periodic payment of interest on Zero Coupon Notes. Where a Zero Coupon Note becomes due and payable prior to the Maturity Date and is not paid when due, the amount due and payable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 7 (B) 2. As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Amortisation Yield or such other rate as is specified in the Pricing Supplement. Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of:

- a) the day on which all sums due in respect of such Note up to that day are received by the holder of such Note; or

- b) dem Tag, an dem die jeweilige Zahlstelle den Inhaber der Teilschuldverschreibung darüber unterrichtet hat (entsprechend § 19 oder individuell), daß alle bis zu diesem Tag fälligen Beträge bei ihr eingegangen sind.

Wenn Zinsen für einen Zeitraum von weniger als einem vollen Kalenderjahr zu berechnen sind, erfolgt die Berechnung (a) bei einer auf EUR oder auf die nationale Währung eines der an der dritten Stufe der Europäischen Wirtschafts- und Währungsunion teilnehmenden Länder oder auf GBP lautenden Teilschuldverschreibungen auf Basis der tatsächlich verstrichenen Tage, geteilt durch die Anzahl der Tage (365 oder 366) in dem jeweiligen Zinsjahr, und (b) bei auf andere Währungen lautenden Teilschuldverschreibungen auf der Basis eines Jahres mit 360 Tagen, eingeteilt in 12 Monate zu je 30 Tagen (oder gemäß einer anderen im Pricing Supplement festgelegten Regelung), und im Falle eines verkürzten Monats anhand der Anzahl der verstrichenen Tage.

(D) Verzinsung von Index-Teilschuldverschreibungen und Doppelwährungs-Teilschuldverschreibungen

Im Fall von Index-Teilschuldverschreibungen oder Doppelwährungs-Teilschuldverschreibungen, bei denen die Zinsen (zu einem Zinszahlungstermin, zu einem Festzinstermine, zur vorzeitigen Rückzahlung, zur Endfälligkeit oder zu jedem anderen Termin) in Bezug auf einen Index und/oder eine Formel oder gegebenenfalls in Bezug auf einen Wechselkurs ermittelt werden, wird der zu zahlende Zinssatz oder Zinsbetrag gemäß dem im Pricing Supplement festgelegten Verfahren ermittelt.

(E) Zinsen auf Teileingezahlte Teilschuldverschreibungen

Im Fall von Teileingezahlten Teilschuldverschreibungen (außer solchen, die Nullkupon-Teilschuldverschreibungen darstellen) erfolgt die Verzinsung wie vorstehend auf den für diese Teilschuldverschreibungen gezahlten Betrag in Übereinstimmung mit § 2 (A) oder § 2 (B), oder im übrigen wie im Pricing Supplement festgelegt.

(F) Geschäftstag

In diesem § 2 bedeutet "Geschäftstag" in Bezug auf Teilschuldverschreibungen, die auf eine andere Emissionswährung als EUR lauten, einen Tag, an dem Geschäftsbanken und Devisenmärkte Zahlungen in dem Hauptfinanzzentrum des Landes der Währung, auf die die Teilschuldverschreibungen lauten, abwickeln (im Falle, daß die Teilschuldverschreibungen auf Australische Dollar lauten, ist das Melbourne oder Sydney nach Maßgabe des Pricing Supplements), und in Bezug auf Teilschuldverschreibungen, die auf EUR lauten, ein Tag, der ein "TARGET-Tag" ist und an dem Geschäftsbanken und Devisenmärkte in London oder Frankfurt Zahlungen abwickeln ("TARGET-Tag" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem alle betroffenen Bereiche des Trans-European Automated Real-Time Gross Settlement Express Transfer Systems ("TARGET-System") betriebsbereit sind, um die betreffenden Zahlungen auszuführen).

§ 3

(Rückzahlung bei Endfälligkeit und Rückkauf durch die Emittentin)

(A) Rückzahlung bei Endfälligkeit

Soweit nicht vorzeitig zurückgezahlt oder zurückgekauft und annulliert gemäß nachfolgenden Ausführungen, wird jede Teilschuldverschreibung zu ihrem Nennbetrag (oder einem anderen im Pricing Supplement festgelegten Betrag) in der Emissionswährung am Endfälligkeitstag (wenn es sich nicht um eine variabel verzinstliche Teilschuldverschreibung handelt)

- b) the day on which the relevant Paying Agent has notified the holder thereof (either in accordance with Condition 19 or individually) of receipt of all sums due in respect thereof up to that date.

If interest is to be calculated for a period of less than one year, it shall be calculated (a) in case of Notes denominated in EUR or in the national currency of one of the Member States participating in stage three of European Economic and Monetary Union or in GBP on the basis of actual number of days elapsed, divided by the number of days (365 or 366) relating to the respective interest year and (b) in case of Notes denominated in any other currency on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed (or in such other manner as specified in the Pricing Supplement).

(D) Interest on Indexed Notes and Dual Currency Notes

In the case of Indexed Notes or Dual Currency Notes where the rate or amount of interest (whether on any Interest Payment Date, Fixed Interest Date, early redemption, maturity or otherwise) is to be determined by reference to an Index and/or a Formula, or, as the case may be, an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.

(E) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) interest will accrue on the paid-up nominal amount of such Notes in accordance with Condition 2 (A) or Condition 2 (B), as appropriate, or otherwise as specified in the Pricing Supplement.

(F) Business Day

In this Condition 2 "Business Day" means, in relation to Notes denominated in an Issue Currency other than EUR a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Issue Currency (which, if the Issue Currency of this Note is Australian dollars, shall be Melbourne or Sydney as specified in the Pricing Supplement) and in relation to Notes denominated in EUR, a day which is TARGET Day and a day on which banks and foreign exchange markets in London or Frankfurt settle payments ("TARGET Day" is a day (other than Saturday or Sunday) on which all relevant areas of the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("TARGET System") are open to execute the relevant payments).

Condition 3

(Final Redemption and Purchase by the Issuer)

(A) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its nominal amount (or such other amount as may be specified in the Pricing Supplement) in the Issue Currency on the Maturity Date (if this Note is not a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month (if this Note is a

oder zum Zinszahlungstag, der in den Rückzahlungsmonat fällt (wenn es sich um eine variabel verzinsliche Teilschuldverschreibung handelt), zurückgezahlt.

(B) Rückkauf

Der Emittentin, jeder ihrer Tochtergesellschaften und der Garantin ist es erlaubt, Teilschuldverschreibungen im Markt oder auf andere Weise zurückzukaufen. Zurückgekaufte oder auf andere Weise von der Emittentin erworbene Teilschuldverschreibungen können gehalten, wiederverkauft oder nach Wahl der Emittentin der jeweiligen Zahlstelle zur Entwertung überlassen werden (im Falle von effektiven Teilschuldverschreibungen zusammen mit noch nicht fälligen beigefügten oder erworbenen Zinsscheinen oder Abschnitten).

§ 4 (Rückzahlung nach Wahl der Emittentin)

Wenn in dem Pricing Supplement festgelegt ist, daß die Rückzahlung nach Wahl der Emittentin erfolgt, kann diese:

- a) nach Erklärung einer Kündigung unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen (oder eine andere Kündigungsfrist wie im Pricing Supplement festgelegt) gegenüber den Inhabern der Teilschuldverschreibungen gemäß § 19; und
- b) nach einer Ankündigung durch Erklärung gegenüber der Zahlstelle spätestens 15 Tage vor der in Punkt a) genannten Kündigung;

(wobei die Erklärung in beiden Fällen unwiderruflich ist) alle zu dem betreffenden Zeitpunkt nicht zurückgezahlten Teilschuldverschreibungen an dem/den vorgesehenen Rückzahlungstermin(en) und zu dem/den vorgesehenen Rückzahlungsbetrag bzw. -beträgen, der/die in dem Pricing Supplement angegeben ist/sind oder in der dort angegebenen Form festgesetzt wird/werden, falls erforderlich, zusammen mit den bis zu dem/den vorgesehenen Rückzahlungstermin(en) (jedoch ausschließlich dieses Termins bzw. dieser Termine) aufgelaufenen Zinsen zurückzahlen. Eine solche Rückzahlung muß in Höhe eines Nennbetrages erfolgen, der dem Mindestrückzahlungsbetrag oder einem höheren Rückzahlungsbetrag gemäß den Angaben in dem Pricing Supplement entspricht.

§ 5 (Rückzahlung aus Steuergründen oder Meldepflichten)

1. Falls (a) aufgrund der Einführung von Meldepflichten wie im Absatz 2 dieses § 5 beschrieben und definiert oder (b) aufgrund des Erlasses einer Rechtsvorschrift gleich welcher Art durch das oder in dem Land, in dem die Emittentin oder Garantin ihren Sitz hat, oder aufgrund einer Änderung der Anwendung oder Auslegung von Rechtsvorschriften in dem Land, in dem die Emittentin oder die Garantin ihren Sitz hat, die Emittentin oder die Garantin gemäß § 11 Absatz 1 zusätzliche Beträge zu zahlen oder im Abzugswege einzuhalten hat oder hätte, ist die Emittentin berechtigt, (a) diejenigen Teilschuldverschreibungen wie in Absatz 2 beschrieben oder (b) sämtliche Teilschuldverschreibungen, und nicht nur einen Teil davon, mit einer Frist von wenigstens 30 Tagen zu dem bei vorzeitiger Rückzahlung vorgesehenen Preis oder zu dem im Pricing Supplement festgelegten Preis zu kündigen.

Die folgenden Absätze 2 bis 6 finden nur dann Verwendung, wenn die Emittentin die BMW US Capital, LLC (die "BMW US") ist.

2. Wenn die BMW US feststellt, daß bei außerhalb der USA durch sie selbst oder eine Zahlstelle erfolgenden Zahlungen von Kapital (wobei dieser Begriff ein eventuelles Aufgeld

Floating Rate Note).

(B) Purchase

The Issuer, any of its subsidiaries and the Guarantor are entitled to purchase Notes in the market or otherwise. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to the relevant Paying Agent for cancellation (in the case of Definitive Notes, together with any unmatured Coupons or Receipts attached thereto or purchased therewith).

Condition 4 (Redemption at Issuer's Option)

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem, the Issuer may, having given:

- a) not less than 30 and not more than 60 days' notice (or such other period of notice as specified in the Pricing Supplement) in accordance with Condition 19 to the Noteholders; and
- b) not less than 15 days before the giving of the notice referred to in a), notice to the Paying Agent;

(both of which notices shall be irrevocable), redeem all of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the applicable Pricing Supplement.

Condition 5 (Redemption for Taxation Reasons or Reporting Requirements)

1. If as a result of (a) the introduction of Reporting Requirements as defined and specified in paragraph 2 of this Condition 5, or (b) the enactment of any legal provision of whatsoever nature by or in the country of incorporation of the Issuer or the Guarantor or (c) a change of application or interpretation of legal provisions in the country of incorporation of the Issuer or the Guarantor, the Issuer or the Guarantor has been or will be required to pay additional amounts pursuant to Condition 11 paragraph 1, then the Issuer is entitled upon not less than 30 days' notice to redeem (a) those Notes as described in paragraph 2 or (b) all, but not part only, of the Notes at their Early Redemption Amount or at the price specified in the Pricing Supplement.

The following paragraphs 2 to 6 shall only apply if the Issuer is BMW US Capital, LLC ("BMW US").

2. If BMW US shall determine that any payment made outside the USA by BMW US or any of the Paying Agents of the full amount of the next scheduled payment of principal (which

beinhaltet: "Kapital") oder Zinsen aufgrund von Teilschuldverschreibungen oder Zinsscheinen die Leistung des vollen Betrages zum nächsten anstehenden Zahlungstermin aufgrund gegenwärtiger oder künftiger Gesetze oder Verordnungen der USA die Erfüllung einer Bescheinigungs-, Informations- oder sonstigen Berichtspflicht ("Meldepflicht") voraussetzt, und diese Meldepflicht dazu führt, daß der BMW US, einer Zahlstelle oder einer Behörde die Nationalität, der Wohnsitz oder die Identität eines wirtschaftlichen Eigentümers dieser Teilschuldverschreibungen oder Zinsscheine, der US-Steuerbürger (wie nachstehend definiert) ist, offenzulegen ist, verpflichtet sich die BMW US, diejenigen Teilschuldverschreibungen vorzeitig zu tilgen, die von Personen gehalten werden, welche von der Meldepflicht betroffen sind, es sei denn, die BMW US wählt das Verfahren nach Absatz 5 dieses § 5. Als Meldepflicht in diesem Sinn gilt nicht ein Erfordernis, das (i) auf Zahlungen an einen Verwahrer, Treuhänder oder sonstigen Beauftragten ("Beauftragter") des wirtschaftlichen Eigentümers keine Anwendung findet oder das dadurch erfüllt werden kann, daß der Beauftragte bestätigt, daß der wirtschaftliche Eigentümer nicht seinerseits einer Nachweispflicht unterliegt, (ii) nur für Zahlungen eines Beauftragten des wirtschaftlichen Eigentümers an diesen letzteren gilt, (iii) bei Zahlungen durch eine andere Zahlstelle keine Anwendung finden würde oder (iv) auf Zahlungen an einen Beauftragten des wirtschaftlichen Eigentümers deshalb Anwendung findet, weil der Beauftragte seinerseits US-Person ist oder sonstige Verbindungen zu den USA hat. Die Tilgung der Teilschuldverschreibungen muß innerhalb eines Jahres nach Mitteilung der Feststellung der BMW US gemäß Absatz 3 Satz 1 zum Nennbetrag zuzüglich aufgelaufener Zinsen erfolgen.

3. Wenn die BMW US eine schriftliche Mitteilung einer Zahlstelle oder irgendeiner anderen Stelle erhält, daß eine Meldepflicht besteht, hat die BMW US dies umgehend entsprechend § 19 bekanntzumachen, und zwar ohne eine selbständige Nachprüfung der Richtigkeit der Feststellung der Meldepflicht durch die Zahlstelle oder der anderen Stelle. Eine Tilgung gemäß Absatz 2 erfolgt nach Kündigung unter Einhaltung einer Frist von wenigstens 60 Tagen zum ersten Tag eines Kalendermonats. Die Kündigung erfolgt durch Bekanntmachung gemäß § 19. Sie muß den Tilgungstermin angeben und ist, vorbehaltlich Absatz 4, unwiderruflich.
4. Falls die BMW US spätestens 30 Tage vor dem vorgesehenen Tilgungstermin feststellt, daß für die in Absatz 2 genannten Zahlungen eine Meldepflicht nicht gilt und somit eine Kündigung mangels eines Kündigungsgrundes nicht wirksam erfolgen konnte, wird die BMW US eine solche Feststellung unverzüglich gemäß § 19 öffentlich mitteilen. In dieser Mitteilung ist seitens der BMW US auf das Fortbestehen der Rechte und Pflichten aus den Teilschuldverschreibungen hinzuweisen. Die zuvor erfolgte Kündigung gilt mit der Bekanntmachung dieser Feststellung als widerrufen und wirkungslos.
5. Soweit und solange einer Meldepflicht in vollem Umfang durch Zahlung einer Quellensteuer oder ähnlichen Abgabe, ohne Offenlegung von Staatsangehörigkeit, Wohnsitz oder Identität des wirtschaftlichen Eigentümers von Teilschuldverschreibungen oder Zinsscheinen, Genüge getan werden kann, ist die BMW US nach ihrer Wahl berechtigt, sofern die Mitteilung der Feststellung gemäß Absatz 3 Satz 1 noch nicht erfolgt ist, von einer vorzeitigen Tilgung der Teilschuldverschreibungen abzusehen und stattdessen, vorbehaltlich nachstehendem Satz 2 dieses Absatzes 5, die zusätzlichen Beträge zu zahlen, die dazu erforderlich sind, daß Zahlungen außerhalb der USA durch die BMW US oder eine Zahlstelle an die Inhaber von Teilschuldverschreibungen, die US-Steuerbürger sind, in der Höhe erfolgen, daß der

expressions shall include agio, if any, "Principal") or interest in respect of any Note or Coupon would, under any present or future laws or regulations of the USA be subject to any certification, information or other reporting requirement of any kind ("Reporting Requirement"), the effect of which Reporting Requirement is the disclosure to BMW US, a Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Note or Coupon who is a US Alien (as defined below). BMW US shall be obliged to prematurely redeem only those Notes held by persons affected by the Reporting Requirements, unless the Issuer otherwise chooses to follow the procedure in paragraph 5 of this Condition 5. A Reporting Requirement within the meaning of these Terms and Conditions of the Issue is not such a requirement which (i) would not be applicable to a payment made to a custodian, nominee or other agent ("Agent") of the beneficial owner or which can be satisfied by such Agent certifying to the effect that such beneficial owner is a US Alien (provided, however, that in each case the payment by an Agent of the beneficial owner is not otherwise subject to a Reporting Requirement), (ii) is applicable only to a payment by an Agent of such beneficial owner to the beneficial owner, (iii) would not be applicable to a payment made by any other Paying Agent, or, (iv) is applicable to a payment to an Agent of such beneficial owner because such Agent is a US Person or otherwise related to the USA. The redemption of the Notes shall take place within one year after the publication of notice of the determination by BMW US pursuant to paragraph 3, sentence 1 at par plus accrued interest.

3. Upon receipt by the Issuer of an actual written notice from a Paying Agent or any other entity that a Reporting Requirement is applicable, then, and without any further verification of the correctness of the determination made by the Paying Agent or such entity, BMW US shall give prompt notice thereof in accordance with Condition 19. A redemption pursuant to paragraph 2. shall be effective on the first day of a calendar month upon at least 60 days' notice. The notice of redemption shall be given by publication in accordance with Condition 19. It shall specify the date fixed for redemption and shall, subject to paragraph 4, be irrevocable.
4. If BMW US shall not less than 30 days prior to the date fixed for redemption determine that no payment pursuant to paragraph 2 would be subject to a Reporting Requirement, and, therefore, a notice of redemption could not be validly given due to a lack of grounds, BMW US shall give prompt notice of such determination pursuant to Condition 19. In this notice BMW US shall state explicitly the continuation of all rights and obligations arising under the Notes. The notice of redemption given previously shall with the publication of such determination be revoked and of no further effect.
5. If and so long as a Reporting Requirement would be fully satisfied by payment of a withholding tax or similar charge, without disclosure of the nationality, residence or identity of any beneficial owner of Notes or Coupons, BMW US may elect, prior to publication of the notice of determination referred to in the first sentence of paragraph 3, not to redeem the Notes and, in lieu of such redemption of the Notes, to pay (subject to the provisions of the following sentence 2 of this paragraph 5) such additional amounts as may be necessary in order that payments outside the USA by BMW US or any Paying Agent to Noteholders who are US Aliens shall be in such amount that the net amounts after such deduction of a withholding tax or similar charge shall equal the respective amounts of interest and principal

nach Abzug einer solchen Quellensteuer oder ähnlichen Abgabe verbleibende Nettobetrag denjenigen Beträgen von Zinsen und Kapital, die auf den Zinsscheinen bzw. den Teilschuldverschreibungen angegeben sind, entspricht. In einem solchen Fall ist die BMW US nicht verpflichtet, Zahlungen auf oder wegen Quellensteuer oder ähnlicher Abgaben zu zahlen, die (i) analog der Regelung in Absatz 2 Satz 2 in einem der dort genannten Fälle nicht oder nur mit den dort bezeichneten Einschränkungen anfallen würden oder (ii) dann nicht angefallen wären, wenn der Inhaber von Teilschuldverschreibungen binnen 15 Tagen (a) nach Fälligkeit bzw., wenn dies später sein sollte, (b) nach dem Tag, an dem der Hauptzahlstelle alle dann fälligen Beträge zur Verfügung gestellt wurden und dies gemäß § 19 bekanntgemacht wurde, die Teilschuldverschreibungen bzw. Zinsscheine zur Zahlung vorgelegt hätte oder (iii) die nur deshalb anfallen, weil BMW US oder eine der Zahlstellen davon Kenntnis haben, daß der wirtschaftliche Eigentümer der Teilschuldverschreibung oder des Zinsscheins eine Person wie in § 11 Absatz 2 a) oder h) ist.

Falls die BMW US gemäß diesem Absatz 5 irgendwelche zusätzlichen Beträge aufgrund von Quellensteuer oder ähnlichen Abgaben bezahlt, kann sie die Teilschuldverschreibungen dennoch gemäß Absatz 3 Satz 2 und 3 kündigen, wenn aufgrund einer Änderung von Gesetzen oder Verordnungen der USA diese Quellensteuer oder ähnliche Abgabe erhöht wird.

6. Im Sinne dieser Bedingungen sind unter den "USA" die Vereinigten Staaten von Amerika (einschließlich der Staaten und des Districts von Columbia), ihre Territorien und Besitzungen und sonstigen ihrer Jurisdiktion unterliegenden Gebiete zu verstehen, unter "US-Personen" alle Staatsangehörigen oder Gebietsansässigen der Vereinigten Staaten von Amerika, einschließlich Kapital- und Personengesellschaften oder anderen Rechtsgebilden, die in den USA oder einer ihrer Gebietskörperschaften oder nach deren Recht gegründet oder organisiert sind, Erbmassen, deren Einkünfte unabhängig von der Quelle ihrer Einkünfte der Bundes-Einkommensteuer der USA unterliegen und Treuhandvermögen (Trust), wenn ein Gericht der USA imstande ist, die primäre Aufsicht über die Verwaltung des Treuhandvermögens auszuüben und eine oder mehrere US-Personen die Befugnis haben, alle wesentlichen Entscheidungen des Treuhandvermögens zu kontrollieren; unter "US-Steuer ausländern" sind alle Personen oder Rechtsgebilde zu verstehen, die im Sinne der Bundes-Einkommensteuer der USA ausländische Kapitalgesellschaften, gebietsfremde ausländische natürliche Personen, ausländische Erbmassen oder Treuhandvermögen, die der Besteuerung gem. Section 1441 oder 1442 des Internal Revenue Code von 1986, in der jeweils gültigen Fassung unterliegen oder ausländische Personengesellschaften sind, letztere unter der Voraussetzung, daß einer oder mehrere Gesellschafter im Sinne der Bundes-Einkommensteuer der USA ausländische Kapitalgesellschaften, gebietsfremde ausländische natürliche Personen oder gebietsfremde ausländische Verwalter bzw. Treuhänder von ausländischen Erbmassen oder Treuhandvermögen sind.

§ 6 (Rückzahlung der Teilschuldverschreibungen nach Wahl der Inhaber)

Die Emittentin verpflichtet sich (sofern im Pricing Supplement vorgesehen), die Teilschuldverschreibungen ganz, aber nicht teilweise, jederzeit (wenn es sich nicht um eine variabel verzinsliche Teilschuldverschreibung handelt) oder zu jedem Zinszahltag (wenn es sich um eine variabel verzinsliche Teilschuldverschreibung handelt) an einem oder an mehreren (vor dem im Pricing Supplement festgelegten Endfälligkeitstag der

stated on the Coupons or Notes. In such event, BMW US shall not be obliged to effect any payment for or on account of any withholding tax or similar charge which (i) by analogous application of the provisions of the second sentence of paragraph 2 above and under circumstances referred to in such sentence, would not be applicable or only be applicable with the restrictions referred to in such sentence, or (ii) would not be applicable if the Noteholder had made presentation of the Notes or Coupons, as the case may be, for payment within 15 days after (a) the date on which payment became due or (b) the date on which the relevant Paying Agent has been provided with all monies due on such date and a notice to that effect has been published in accordance with Condition 19, whichever occurs later, or (iii) is applicable because of the fact that BMW US or any Paying Agent has actual knowledge that the beneficial owner of the Notes or Coupons is a person described in subparagraphs (a) or (h) of paragraph 2 of Condition 11.

If BMW US is paying any additional amounts because of withholding tax or a similar charge pursuant to this paragraph 5, it may nevertheless redeem the Notes in accordance with paragraph 3 sentences 2 and 3 if, following a change of laws or regulations of the USA, the amount of such withholding tax or similar charge is increased.

6. For the purposes of these Terms and Conditions of the Issue, "USA" means the United States of America (including the States and the District of Columbia), its territories and possessions and other areas subject to its jurisdiction; "US Person" means any citizen or resident of the USA, including any corporation, partnership or other entity created or organized in or under the laws of the USA or any political subdivision thereof, any estate the income of which is subject to USA Federal income taxation regardless of the source, and a trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more US Persons have the authority to control all substantial decisions of the trust; and the term "US Alien" means any person who, or any entity which, for USA Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a foreign estate or trust subject to withholding under Sections 1441 or 1442 of the US Internal Revenue Code of 1986, as amended, or a foreign partnership one or more of the members of which is, for USA Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Condition 6 (Redemption at Noteholder's Option)

If specified in the Pricing Supplement, upon the Noteholder giving to the Issuer in accordance with Condition 19 not less than 30 and not more than 60 days' notice or such other period of notice as is specified in the Pricing Supplement (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem in whole (but not in part) this Note at any time (if this Note is not a Floating Rate Note) or on any Interest

Teilschuldverschreibung liegenden) Termin / Terminen (mit den vorstehenden Einschränkungen), und zu einem für vorzeitige Rückzahlung vorgesehenen Preis oder dem im Pricing Supplement festgelegten Preis zurückzahlen, und zwar durch Erklärung einer Kündigung (die unwiderruflich sein muß) des Inhabers der Teilschuldverschreibung gegenüber der Emittentin gemäß § 19 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen oder jeder anderen Frist, die im Pricing Supplement festgelegt wurde, nach erfolgter Ankündigung. Um das Recht auf Rückzahlung von Teilschuldverschreibungen in effektiver Form auszuüben, muß der Inhaber von Teilschuldverschreibungen diese Teilschuldverschreibungen einschließlich aller noch nicht fälligen Zinsscheine und Abschnitte bei einer Zahlstelle einreichen, unter Beifügung einer rechtswirksam unterzeichneten und ausgefüllten Erklärung über die Ausübung des Rechts auf vorzeitige Rückzahlung ("Ausübungserklärung"), die in der jeweils gültigen Form bei jeder Zahlstelle erhältlich ist und in der der Inhaber ein Bankkonto (oder eine Adresse, falls Scheckzahlung gewünscht wird) nennen muß, auf das (bzw. an die) die Zahlung gemäß diesem § 6 geleistet werden soll. Die Einreichung muß jeweils an einem Geschäftstag am Ort der Einreichung innerhalb der vorstehenden Kündigungsfrist durchgeführt werden.

§ 7

(Rückzahlungsbeträge bei vorzeitiger Rückzahlung)

(A) Rückzahlungsbeträge bei vorzeitiger Rückzahlung

Für Zwecke der §§ 4, 5, 6 und 15 bedeutet Rückzahlungsbetrag bei vorzeitiger Rückzahlung von Teilschuldverschreibungen:

1. im Fall von Teilschuldverschreibungen (außer Nullkupon-, Index-, Doppelwährungs- und Teileingezahlte Teilschuldverschreibungen und bei Rückzahlung in Raten) Rückzahlung zum Nennbetrag in der Emissionswährung einschließlich bis zum Zahltag aufgelaufener Zinsen; oder
2. im Fall von Nullkupon-Teilschuldverschreibungen Rückzahlung zum gemäß § 7 (B) abgezinsten Nennbetrag dieser Teilschuldverschreibungen; oder
3. im Fall von Index- und Doppelwährungs-Teilschuldverschreibungen Rückzahlung zum gemäß § 7 (C) ermittelten Wert.

(B) Nullkupon-Teilschuldverschreibungen

1. Der Rückzahlungsbetrag für jede Nullkupon-Teilschuldverschreibung, die gemäß den §§ 4, 5 oder 6 fällig wird, oder gemäß § 15 fällig gestellt und zahlbar wird, ist der abgezinsten Nennbetrag (errechnet wie im nachfolgenden Absatz 2) dieser Teilschuldverschreibung.
2. Unter Berücksichtigung der Regelungen im nachstehenden Absatz 3 setzt sich der abgezinsten Nennbetrag jeder Nullkupon-Teilschuldverschreibung zusammen aus:
 - a) dem Referenzpreis; und
 - b) der Differenz zwischen dem Referenzpreis und dem Nennbetrag dieser Teilschuldverschreibung, die vom Begebungstag (einschließlich) bis zu dem Tag, an dem die Teilschuldverschreibung fällig und zahlbar gestellt wird (ausschließlich) mit einer Jahresrate (ausgedrückt in Prozent) entsprechend dem im Pricing Supplement festgelegten jährlichen Abzinsungssatz abgezinst wurde.

Wenn diese Berechnung für einen anderen Zeitraum als ein volles Kalenderjahr durchgeführt wird, geschieht dies (a) bei einer auf EUR oder auf die nationale Währung eines der an der dritten Stufe der Europäischen Wirtschafts- und Währungsunion teilnehmenden Länder oder auf GBP lautenden Teilschuldverschreibungen auf Basis der tatsächlich

Payment Date (if this Note is a Floating Rate Note) on a date or dates (subject as provided above) prior to the stated maturity of this Note as specified in the Pricing Supplement, and at the Early Redemption Amount or at the price specified in the Pricing Supplement. To exercise the right to require redemption of Notes in definitive form the Noteholder must deliver such Notes including all unmatured Coupons and Receipts to the office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 6. Delivery must in each case be effected on any business day in the place of delivery falling within the notice period.

Condition 7

(Early Redemption Amount)

(A) Early Redemption Amount

For the purposes of Conditions 4, 5, 6 and 15, the Early Redemption Amount of Notes means:

1. in the case of Notes other than Zero Coupon Notes, Indexed Notes, Dual Currency Notes, Partly Paid Notes and Instalments, the nominal amount of such Notes in the Issue Currency together with interest accrued to the date of payment; or
2. in the case of Zero Coupon Notes, the Amortised Face Amount of such Notes determined in accordance with Condition 7 (B); or
3. in the case of Indexed Notes and Dual Currency Notes, the amounts determined in accordance with Condition 7 (C).

(B) Zero Coupon Notes

1. The amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 4, 5 or 6 or upon its becoming due and repayable as provided in Condition 15, shall be the Amortised Face Amount (calculated as provided in paragraph 2 below) of such Note.
2. Subject to the provisions of paragraph 3 below, the Amortised Face Amount of any Zero Coupon Note shall be the sum of:
 - a) the Reference Price; and
 - b) the aggregate amortisation of the difference between the Reference Price and the nominal amount of such Note from (and including) the Issue Date to (but excluding) the date on which such Note becomes due and repayable at a rate per annum (expressed as a percentage) equal to the Amortisation Yield compounded annually as shown in the relevant Pricing Supplement.

Where such calculation is to be made for a period other than a full year, it shall be made (a) in case of Notes denominated in EUR or in the national currency of one of the Member States participating in stage three of European Economic and Monetary Union or in GBP on the basis of actual number of days elapsed, divided by the number of

verstrichenen Tage, geteilt durch die Anzahl der Tage (365 oder 366) in dem jeweiligen Zinsjahr, und (b) bei auf andere Währungen lautenden Teilschuldverschreibungen auf der Grundlage eines Jahres mit 360 Tagen, eingeteilt in 12 Monate zu je 30 Tagen (oder gemäß einer anderen im Pricing Supplement festgelegten Regelung), und im Falle eines nicht vollständigen Monats anhand der Anzahl der verstrichenen Tage.

3. Wenn der zu zahlende Betrag für jede Nullkupon-Teilschuldverschreibung, der gemäß den §§ 4, 5 oder 6 fällig oder gemäß § 15 fällig gestellt und zahlbar wird, bei Fälligkeit nicht gezahlt wird, dann wird der Betrag für diese Teilschuldverschreibung fällig und zahlbar, der dem abgezinsten Nennbetrag dieser Teilschuldverschreibung, berechnet wie im vorstehenden Absatz 2, entspricht, außer daß dieser vorstehende Absatz so anzuwenden ist, als ob der darin enthaltene Bezug auf das Datum der Fälligkeit und Zahlbarkeit der Teilschuldverschreibung durch einen Bezug auf das Datum der Laufzeit (das "Referenzdatum") ersetzt wird, das das frühere der beiden folgenden Daten ist:

- a) der Tag, an dem alle bis zu diesem Tag ausstehenden Beträge im Zusammenhang mit den Teilschuldverschreibungen dem Inhaber der Teilschuldverschreibungen zugeflossen sind; oder
- b) der Tag, an dem die jeweilige Zahlstelle den Inhaber der Teilschuldverschreibung darüber unterrichtet hat (entsprechend § 19 oder individuell), daß alle bis zu diesem Tag fälligen Beträge bei ihr eingegangen sind.

Die Berechnung des abgezinsten Nennbetrages in Übereinstimmung mit diesem Absatz erfolgt sowohl nach als auch vor einem Gerichtsurteil bis zum Referenzdatum, soweit nicht das Referenzdatum mit dem Endfälligkeitstag zusammenfällt oder später liegt. Letzterenfalls ist der fällige und zahlbare Betrag der Nennbetrag der Teilschuldverschreibung zusammen mit eventuellen Zinsbeträgen, die gemäß § 2 (C) auflaufen.

(C) Index- und Doppelwährungs-Teilschuldverschreibungen

Für eine Index-Teilschuldverschreibung, bei der der zu zahlende Betrag im Fall einer vorzeitigen Rückzahlung des Kapitalbetrags, des Kapitalbetrags plus Zinsen oder nur der Zinsen (der "vorzeitige Rückzahlungsbetrag") ganz oder teilweise gemäß dem/der Index/Formel ermittelt werden soll, enthält das Pricing Supplement Angaben für eine Berechnung des vorzeitigen Rückzahlungsbetrages. Doppelwährungs-Teilschuldverschreibungen, bei denen der Rückzahlungsbetrag unter Bezug auf den Devisenkurs ermittelt werden soll, werden mit dem Betrag zurückgezahlt, der unter Bezug auf diesen Devisenkurs errechnet wurde, gegebenenfalls zusammen mit den bis zum Fälligkeitstermin aufgelaufenen Zinsen.

(D) Rückzahlung in Raten

Jede Teilschuldverschreibung, die in effektiven Stücken verbrieft und in Teilbeträgen zurückzuzahlen ist, wird mit den vorgesehenen Beträgen und zu den vorgesehenen Terminen, die im Pricing Supplement festgelegt sind, und jeweils (mit Ausnahme des letzten Teilzahlungsbetrags) gegen Einreichung der jeweiligen Abschnitte (die mit der zugehörigen Teilschuldverschreibung vorgelegt werden müssen) zurückgezahlt.

(E) Teileingezahlte Teilschuldverschreibungen

Teileingezahlte Teilschuldverschreibungen werden sowohl bei Endfälligkeit als auch bei vorzeitiger Rückzahlung oder Rückzahlung aus anderem Grund gemäß diesem § 7, mit ergänzenden oder verändernden Regelungen aus dem Pricing Supplement, zurückgezahlt.

days (365 or 366) relating to the respective interest year and (b) in case of Notes denominated in any other currency on the basis of a 360 day year consisting of 12 months of 30 days each (or in such other manner as specified in the Pricing Supplement) and, in the case of an incomplete month, the actual number of days elapsed.

3. If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 4, 5 or 6 or upon its becoming due and repayable as provided in Condition 15 is not paid when due, the amount due and repayable in respect of such Note shall be the Amortised Face Amount of such Note calculated pursuant to paragraph 2 above, except that that paragraph shall have effect as though the reference therein to the date on which such Note becomes due and repayable were replaced by a reference to the date (the "Reference Date") which is the earlier of:

- a) the date on which all sums due in respect of such Note up to that day are received by the holder thereof; and
- b) the date on which the relevant Paying Agent has notified the holder thereof (either in accordance with Condition 19 or individually) of receipt of all sums due in respect thereof up to that date.

The calculation of the Amortised Face Amount in accordance with this paragraph will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with any interest which may accrue in accordance with Condition 2 (C).

(C) Indexed Notes and Dual Currency Notes

In respect of an Indexed Note where the amount payable on an early redemption in respect of principal only, principal and interest or interest only (the "Early Redemption Amount") is to be determined in whole or in part by reference to the Index and/or Formula, the Pricing Supplement will specify details of the calculation of the Early Redemption Amount. Dual Currency Notes, where the amount payable upon redemption is to be determined by reference to the Rate of Exchange, will be redeemed at the amount calculated by reference to such Rate of Exchange, together (if appropriate) with interest accrued to the date fixed for redemption.

(D) Instalments

Each Note in definitive form which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates as specified in the Pricing Supplement, and in the case of all instalments (other than the final instalment) by surrender of the relevant Receipt (which must be presented with the Note to which it appertains).

(E) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition 7 as amended or varied by the information specified in the Pricing Supplement.

**§ 8
(Zahlungen)**

1. Die Emittentin verpflichtet sich, Kapital und etwaige Zinsen sowie etwa gemäß § 11 Absatz 1 zu zahlende zusätzliche Beträge bei Fälligkeit in der Emissionswährung oder in einer anderen Währung, die im Pricing Supplement festgelegt ist (im Fall von Doppelwährungs-Teilschuldverschreibungen), zu zahlen. Die Kapitalbeträge und die etwaigen Zinsen werden dem Inhaber der Teilschuldverschreibungen, unter Beachtung etwaiger Steuer-, Devisen- und sonstiger Vorschriften des Landes der betreffenden Zahlstelle, gezahlt, ohne daß die Ausfertigung einer eidesstattlichen Versicherung (Affidavit) oder die Erfüllung irgendeiner sonstigen Förmlichkeit verlangt werden darf, es sei denn, das Recht des Landes der betreffenden Zahlstelle schreibt dies zwingend vor. Die Zahlungen erfolgen:

in der Bundesrepublik Deutschland bei der
Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main
— Programm-Agent, Zahlstelle und deutsche Registerstelle —,

und außerhalb der Bundesrepublik Deutschland bei der
Citibank N.A., London, 5, Carmelite Street, London EC4Y 0PA
— Zahlstelle und London-Registerstelle

sowie bei gegebenenfalls gemäß Absatz 2 zusätzlich ernannten Zahlstellen oder Registerstellen außerhalb der Vereinigten Staaten von Amerika ("USA") (jede eine "Zahlstelle" und zusammen die "Zahlstellen"). Zahlung von Kapital und Zinsen erfolgt durch Scheck oder Überweisung auf ein Konto in der entsprechenden Währung durch eine Bank mit Sitz in dem Land dieser Währung oder, im Falle von USD, durch einen auf eine US-amerikanische Bank gezogenen USD Scheck oder durch Gutschrift auf ein außerhalb der USA bestehendes USD Konto. Die Emittentin wird, wenn und solange die Teilschuldverschreibungen an der Frankfurter Wertpapierbörse notiert werden, als Zahlstelle eine Bank mit einer deutschen Geschäftsstelle beauftragen, und sie wird als Zahlstelle eine Bank mit einer Geschäftsstelle außerhalb Deutschlands beauftragen, wobei diese Geschäftsstelle, wenn und solange die Teilschuldverschreibungen an der "official list" der "UK Listing Authority" notiert werden, in London geführt werden muß. Die Emittentin wird, wenn und solange die Teilschuldverschreibungen an irgendeiner anderen Börse notiert werden, eine Zahlstelle mit Geschäftsstelle an dem Ort, der nach den Vorschriften und Anordnungen dieser Börse erforderlich ist, unterhalten. Wenn irgendeine Richtlinie der Europäischen Union über die Besteuerung von Guthaben, in der die Beschlüsse der Sitzung des ECOFIN-Rates vom 26./27. November 2000 umgesetzt werden, oder irgendein Gesetz, das eine solche Richtlinie umsetzt oder deren Anforderungen erfüllt, oder welches erlassen wird, um einer solchen Richtlinie zu entsprechen, erlassen wird, wird die Emittentin sicherstellen, dass eine Zahlstelle in einem EU-Mitgliedstaat die nicht verpflichtet, ist Steuern aufgrund irgendeiner solchen Richtlinie oder eines Gesetzes einzubehalten oder abzuziehen sofern dies in irgendeinem EU-Mitgliedstaat möglich ist.

2. Die Emittentin kann mit Zustimmung der Dresdner Bank Aktiengesellschaft ("Dresdner Bank"), die nicht unbillig verweigert werden darf, durch Veröffentlichung gemäß § 19 zusätzliche Zahlstellen bestellen oder eine der Zahlstellen zum Programm-Agenten bestellen oder die Bestellung von Zahlstellen widerrufen. Die Zahlstellen handeln in ihrer Eigenschaft als solche ausschließlich als Beauftragte der

**Condition 8
(Payments)**

1. The Issuer undertakes to pay, as and when due, principal, interest, if any, and additional amounts which may have to be paid according to Condition 11 paragraph 1 in the Issue Currency or in another currency as may be specified in the Pricing Supplement (in the case of Dual Currency Notes). The principal amount and interest, if any, shall be paid to the Noteholder subject to compliance with any applicable tax, foreign exchange or other laws and regulations of the country where the relevant paying agent is located, without the execution of an affidavit or compliance with any other formality whatsoever, unless such affidavit or formality is prescribed by the laws of the country in which the paying agent is located. Such payments shall be made:

in the Federal Republic of Germany at
Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main
— Programme Agent, Paying Agent and German Registrar —,

and outside the Federal Republic of Germany at
Citibank N.A., London, 5, Carmelite Street, London EC4Y 0PA
— Paying Agent and London Registrar

and at such further paying agents or registrars outside the United States of America ("USA") as may be appointed pursuant to paragraph 2 (each a "Paying Agent" and together the "Paying Agents"). Payment of principal and interest will be made by cheque or by transfer to an account in the relevant currency with a bank domiciled in the country of the relevant currency or, in case of USD, by a USD cheque drawn on a US bank or by credit to a USD account outside the USA. The Issuer will, if and so long as the Notes are listed on the Frankfurt Stock Exchange, maintain a Paying Agent having a specified office in Germany and will maintain a Paying Agent having a specified office outside Germany which, so long as the Notes are admitted to the official list of the UK Listing Authority, will be in London. The Issuer will, if and so long as the Notes are listed on any other stock exchange, maintain a Paying Agent with a specified office in such place as may be required by the rules and regulations of such stock exchange. If any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Issuer will ensure that it maintains a Paying Agent in an EU Member State if any that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.

2. With the consent of Dresdner Bank Aktiengesellschaft ("Dresdner Bank"), which may not be unreasonably withheld, the Issuer may appoint additional Paying Agents or may appoint any Paying Agent as Programme Agent or terminate the appointment of individual Paying Agents and shall give notice thereof in accordance with Condition 19. The Paying Agents, in their capacity as such, are acting

§ 10
(Umstellung von auf nationale Währungen
lautende Teilschuldverschreibungen in Euro)

Die nationalen Währungen der Teilnehmerstaaten der 3. Stufe der Europäischen Wirtschafts- und Währungsunion werden im Rahmen der maßgeblichen gesetzlichen Regelungen auf Euro umgestellt.

§ 11
(Steuern)

1. Alle in bezug auf die Schuldverschreibungen zu zahlenden Beträge (Kapital, Zinsen und zusätzliche Beträge) sind ohne Einbehalt an der Quelle oder Abzug an der Quelle von irgendwelchen gegenwärtigen oder zukünftigen Steuern, Gebühren oder Abgaben gleich welcher Art, die von oder in dem Land, in dem die Anleiheschuldnerin ihren Sitz hat (oder als Steuerinländerin gilt), oder von oder in der Bundesrepublik Deutschland oder irgendeiner ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit erhoben werden ("Quellensteuer"), zu zahlen, es sei denn, die Quellensteuer ist gesetzlich vorgeschrieben. In diesem Fall trägt die Anleiheschuldnerin oder gegebenenfalls die Garantin vorbehaltlich des Absatzes 2 diejenigen zusätzlichen Beträge, die erforderlich sind, daß die von jedem Anleihegläubiger zu empfangenden Nettobeträge nach einem solchen Abzug oder Einbehalt von Quellensteuer den Beträgen entsprechen, die der Anleihegläubiger ohne einen solchen Abzug oder Einbehalt von Quellensteuer erhalten hätte. Die seit dem 1. Januar 1993 in der Bundesrepublik Deutschland geltende Zinsabschlagsteuer und der seit dem 1. Januar 1995 darauf erhobene Solidaritätszuschlag sind keine Quellensteuer im oben genannten Sinn.
2. Die Emittentin oder gegebenenfalls die Garantin ist jedoch zur Zahlung zusätzlicher Beträge wegen solcher Steuern, Gebühren oder Abgaben nicht verpflichtet:
 - a) denen der Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen aus irgendeinem anderen Grund als der bloßen Tatsache unterliegt, daß er Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder Zinsscheinen ist und zwar insbesondere, wenn der Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen aufgrund einer persönlichen unbeschränkten oder beschränkten Steuerpflicht derartigen Steuern, Gebühren oder Abgaben unterliegt; oder
 - b) denen der Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen nicht unterläge, wenn er seine Teilschuldverschreibungen, etwaige Abschnitte oder etwaige Zinsscheine bzw. Zinsansprüche innerhalb von 30 Tagen nach dem jeweiligen Fälligkeitstag oder nach dem maßgeblichen Tag, wie unten definiert, zur Zahlung vorgelegt bzw. geltend gemacht hätte; oder
 - c) die von einer Zahlstelle in einem Land abgezogen oder einbehalten werden, wenn eine andere Zahlstelle in einem anderen Land die Zahlung ohne einen solchen Einbehalt oder Abzug hätte leisten können; oder
 - d) die auf andere Weise als durch Einbehalt an der Quelle oder Abzug an der Quelle aus Zahlungen von Kapital oder etwaigen Zinsen zu entrichten sind; oder
 - e) die nur abgezogen und einbehalten werden, weil die Zinsscheine effektiv zur Einlösung am Schalter vorgelegt werden; oder

Condition 10
(Redenomination in Euro of Notes
denominated in National Currencies)

The national currencies of the Member States participating in the third stage of the European Economic and Monetary Union will be re-denominated in Euro according to the relevant legal regulations.

Condition 11
(Taxation)

1. All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding at source or deduction at source for or on account of any present or future taxes, fees, duties, assessments or governmental charges of whatever nature which are imposed or levied by or on behalf of the country of domicile (or residence for tax purposes) of the Issuer or the Federal Republic of Germany or any political subdivision thereof or any authority or agency therein or thereof having power to tax ("Withholding Tax") (Quellensteuer), unless Withholding Tax is required by law. In such event, the Issuer or the Guarantor, as the case may be, will pay such additional amounts as may be necessary, subject to paragraph 2 below, in order that the net amounts receivable by the Noteholder after the withholding or deduction of such Withholding Tax shall equal the respective amounts which would have been receivable by such Noteholder had no such Withholding Tax been required. The tax on interest payments (Zinsabschlagsteuer) which has been in effect in the Federal Republic of Germany since 1 January, 1993 and the solidarity surcharge (Solidaritätszuschlag) imposed thereon as from 1 January, 1995 do not constitute such a Withholding Tax on interest payments as described above.
2. However, the Issuer or the Guarantor, as the case may be, shall not be obliged to pay any additional amounts on account of any such taxes, fees, duties, assessments or governmental charges:
 - a) which the Noteholder, Receiptholder or Couponholder, if any, is subject to for any reason other than the mere fact of being a Noteholder, Receiptholder or Couponholder, including if the Noteholder, Receiptholder or Couponholder, if any, is subject to such taxes, fees, duties, assessments or governmental charges based on a personal unlimited or limited tax liability; or
 - b) the Noteholder, Receiptholder or Couponholder, if any, would not be subject to, if he had presented, or claimed his rights arising from, his Notes, Receipts or interest claims for payment within 30 days from the Relevant Date, (as defined below); or
 - c) which are deducted or withheld by a Paying Agent in one country from a payment if the payment could have been made by another Paying Agent in another country without such withholding or deduction; or
 - d) which are to be paid on payments of principal and interest, if any, by any means other than withholding at source or deduction at source; or
 - e) which are only deducted or withheld because the relevant Note or Coupon is being presented for payment at the counter; or

- f) denen der Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen deshalb unterliegt, weil er Einwohner des Landes ist, in dem die Emittentin ihren Sitz hat oder der Bundesrepublik Deutschland oder weil er eine andere persönliche oder geschäftliche Verbindung zu diesen Ländern hat und nicht aufgrund der Tatsache, daß Zahlungen gemäß diesen Bedingungen aus dem Land, in dem die Emittentin ihren Sitz hat oder der Bundesrepublik Deutschland stammen oder steuerlich so behandelt werden; oder
- g) wenn irgendwelche Steuern, Gebühren oder Abgaben nur deshalb erhoben oder an der Quelle abgezogen werden, weil der Inhaber der Teilschuldverschreibungen, etwaiger Abschnitte oder etwaiger Zinsscheine oder der aus einer Teilschuldverschreibung, einem Abschnitt oder einem Zinsschein wirtschaftlich Berechtigte es versäumt hat, irgendwelche Anforderungen aus einem Gesetz, einem Vertrag, einer Bestimmung oder einer administrativen Regelung der Steuergesetzgebung, aufgrund dessen er einen Anspruch auf Erlass der gesamten Steuer, Gebühr oder Abgabe oder eines Teils davon gehabt hätte, zu erfüllen; oder
- h) wenn irgendwelche Steuern, Gebühren oder Abgaben der USA deshalb erhoben werden, weil der frühere oder gegenwärtige Status des Inhabers der Teilschuldverschreibungen, etwaiger Abschnitte oder etwaiger Zinsscheine oder des aus einer Teilschuldverschreibung, einem Abschnitt oder einem Zinsschein wirtschaftlich Berechtigten der (i) einer Holding in Form einer Personengesellschaft oder aus Sicht der USA einer ausländischen Holding in Form einer Personengesellschaft; (ii) einer Gesellschaft, die zum Zwecke der Vermeidung von Bundessteuern der USA auf das Einkommen Gewinne einbehält; (iii) einer aus Sicht der USA ausländisch beherrschten Gesellschaft, die mit der Emittentin aufgrund einer Aktienbeteiligung verbunden ist; (iv) einer privaten Stiftung oder einer anderen in den USA steuerbefreiten Organisation; (v) einer Beteiligung von 10 Prozent bezogen auf die Emittentin im Sinne von Paragraph 871(h)(3) oder 881(c)(3)(B) des Internal Revenue Code der USA von 1986 in der jeweils gültigen Fassung (der "Code") oder (vi) einer Zinsen erhaltenden Bank wie in Paragraph 881(c)(3)(A) des Code beschrieben ist; oder
- i) wenn irgendwelche Steuern, Gebühren oder Abgaben auf Zahlungen aus den Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen von einem Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen erhoben werden, der ein Treuhänder oder eine Personengesellschaft ist, oder jemand anders als der wirtschaftlich Berechtigte aus einer solchen Zahlung ist, sofern der Begünstigte oder der die Zahlung Erhaltende in bezug auf eine solche Treuhandgesellschaft oder einen Gesellschafter einer Personengesellschaft oder einen wirtschaftlich Berechtigten keinen Anspruch auf eine Zahlung zusätzlicher Beträge gehabt hätte, wenn der Begünstigte, der die Zahlung Erhaltende, der Gesellschafter oder der wirtschaftlich Berechtigte seinen ihm zustehenden oder ausgeschütteten Anteil direkt erhalten hätte; oder
- j) die auf Grundlage irgendeiner Richtlinie der Europäischen Union über die Besteuerung von Guthaben, in der die Beschlüsse der Sitzung des ECOFIN-Rates vom 26./27. November 2000 umgesetzt werden, oder auf der Grundlage irgendeines Gesetzes, das eine solche Richtlinie umsetzt oder deren Anforderungen erfüllt,
- f) to which a Noteholder, Receiptholder or Couponholder, if any, is liable by reason of being a resident of or having some other personal or business connection with the country of incorporation of the Issuer or with the Federal Republic of Germany and not merely by reason of the fact that payments according to these Terms and Conditions are derived, or for the purpose of taxation are deemed to be derived, from sources in the country of incorporation of the Issuer or the Federal Republic of Germany; or
- g) any tax, fee, duty, assessment, or other governmental charge that is imposed or withheld by reason of the failure by the Noteholder, Receiptholder or Couponholder, if any, or the beneficial owner of a Note, a Receipt or a Coupon to comply with any requirement under a statute, treaty, regulation, or administrative practice of the tax jurisdiction to establish entitlement to exemption from all or part of such tax, fee, duty, assessment, or other governmental charge; or
- h) any tax, fee, duty, assessment, or other governmental charge imposed by the United States as a result of a Noteholder's, Receiptholder's or Couponholder's, if any, or beneficial owner's past or present status as (i) a personal holding company or a foreign personal holding company with respect to the United States; (ii) a corporation which accumulates earnings to avoid United States Federal income tax; (iii) a controlled foreign corporation with respect to the United States that is related to the Issuer through stock ownership; (iv) a private foundation or other tax exempt organization with respect to the United States; (v) a "10 percent shareholder" with respect to the Issuer within the meaning of Section 871(h)(3) or 881(c)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the "Code") or (vi) a bank receiving interest described in Section 881(c)(3)(A) of the Code; or
- i) any tax, fee, duty, assessment, or other governmental charge imposed on any payment on a Note, Receipt or Coupon, if any, to a Noteholder, Receiptholder or Couponholder, if any, that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the payment of additional amounts had such beneficiary settlor, member or beneficial owner directly received its beneficial or distributive share of such payment; or
- j) which are imposed on a payment to an individual and are required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to,

oder das erlassen wird, um einer solchen Richtlinie zu entsprechen, auf eine Zahlung an eine natürliche Person erhoben werden; oder

- k) die einbehalten oder abgezogen werden bei Vorlage zur Zahlung durch oder für einen solchen Inhaber von Teilschuldverschreibungen, etwaigen Abschnitten oder etwaigen Zinsscheinen, der einen solchen Einbehalt oder Abzug durch Vorlage der betreffenden Teilschuldverschreibung, des betreffenden Abschnitts oder des betreffenden Zinsscheins bei einer anderen Zahlstelle in einem Mitgliedstaat der Europäischen Union hätte vermeiden können; oder

- l) jede Kombination der Absätze a), b), c), d), e), f), g), h), i), j) und k).

3. Der "maßgebliche Tag" im Sinne dieser Bedingungen ist der Tag, an dem eine solche Zahlung zuerst fällig wird. Wenn jedoch die betreffende Zahlstelle die volle Summe der zu zahlenden Beträge nicht am oder vor dem jeweiligen Zahltag ordnungsgemäß erhalten hat, dann ist der maßgebliche Tag der Tag, an dem die betreffende Zahlstelle die volle Summe der zu zahlenden Beträge erhalten hat und eine Mitteilung hierüber gemäß § 19 an die Inhaber der Teilschuldverschreibungen ordnungsgemäß übermittelt wurde.

§ 12

(Hinterlegung, Vorlegungsfrist, Verjährungsfrist)

1. Die Emittentin kann die von Inhabern von Teilschuldverschreibungen, Abschnitten oder Zinsscheinen innerhalb von zwölf Monaten nach Fälligkeit nicht geltend gemachten Beträge an Kapital und etwaigen Zinsen auf Gefahr und Kosten dieser Inhaber von Teilschuldverschreibungen, Abschnitten oder Zinsscheinen beim Amtsgericht Frankfurt am Main unter Verzicht auf das Recht der Rücknahme hinterlegen. Mit der Hinterlegung unter Verzicht auf das Recht der Rücknahme erlischt jeglicher Anspruch dieser Inhaber von Teilschuldverschreibungen, Abschnitten oder Zinsscheinen gegen die Emittentin und für die Erfüllung von deren Verbindlichkeiten haftende Dritte.
2. Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für fällige Teilschuldverschreibungen wird auf zehn Jahre verkürzt.
3. Die Vorlegungsfrist für Zinsscheine beträgt vier Jahre von dem Ende des Kalenderjahres an, in dem die betreffenden Zinsscheine fällig werden.
4. Soweit effektive Teilschuldverschreibungen gedruckt und ausgeliefert worden sind, beträgt die Verjährungsfrist für innerhalb der Vorlegungsfrist zur Zahlung vorgelegte Teilschuldverschreibungen und etwaige Zinsscheine zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.
5. Unabhängig von den in den Absätzen 2 und 3 getroffenen Regelungen werden 2 Jahre nach Fälligkeit die fälligen Beträge nicht mehr den Zahlstellen zur Verfügung stehen. Die Zahlstellen werden jedoch die entsprechenden Teilschuldverschreibungen, Abschnitte und/oder Zinsscheine der Emittentin zusenden und die entsprechenden Beträge nach Erhalt durch die Emittentin dem Inhaber von Teilschuldverschreibungen, Abschnitten und/oder Zinsscheinen zahlen.
6. Der Anspruch nach § 804 Abs. 1 Satz 1 BGB wegen abhanden gekommener oder vernichteter Zinsscheine ist ausgeschlossen (§ 804 Abs. 2 BGB).

such Directive; or

- k) which are withheld or deducted on the presentation for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU; or

- l) any combination of items a), b), c), d), e), f), g), h), i), j), and k).

3. As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the relevant Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received by the relevant Agent, notice to that effect is duly given to the Noteholders in accordance with Condition 19.

Condition 12

(Deposit in Court, Period for Presentation, Prescription)

1. The Issuer may deposit with the lower court (Amtsgericht) of Frankfurt am Main principal and interest, if any, not claimed by Noteholders, Receiptholders or Couponholders within twelve months after having become due, together with a waiver of the right to withdraw such deposit; such deposit will be at the risk and cost of such Noteholders, Receiptholders or Couponholders. Upon such deposit, with such waiver of the right to withdraw, all claims of such Noteholders, Receiptholders or Couponholders against the Issuer and against third parties that are liable for its obligations shall cease.
2. The period for presentation of Notes and Receipts due, as established in Section 801 paragraph 1 sentence 1 of the German Civil Code, is reduced to ten years.
3. The period for presentation of Coupons shall be four years beginning at the end of the calendar year in which the respective Coupons fall due.
4. If Definitive Notes have been printed and delivered the period for prescription for Notes, Receipts and Coupons, if any, presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.
5. Notwithstanding anything contained in paragraphs 2 and 3, after a period of two years after an amount becomes due, such amount will no longer be at the disposal of the Paying Agents. The Paying Agents will, however, submit the respective Notes, Receipts and/or Coupons to the Issuer and pay the respective amounts received by the Issuer to the Noteholder, Receiptholder or Couponholder, respectively.
6. The right under Section 804 paragraph 1 sentence 1 of the German Civil Code in respect of lost or destroyed Coupons is excluded (Section 804 paragraph 2 of the German Civil Code).

§ 13
(Gleichrang, Negativerklärung)

1. Die Teilschuldverschreibungen, Abschnitte und Zinsscheine stellen direkte, unbedingte, nicht nachrangige und, (sofern keine in §14 beschriebene Garantie übernommen wurde) nicht besicherte Verbindlichkeiten der Emittentin dar, die gleichen Rang (ausgenommen Verbindlichkeiten aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften) mit allen anderen unbesicherten und nicht nachrangigen Verbindlichkeiten haben.
2. Die Emittentin verpflichtet sich gegenüber der Dresdner Bank (im folgenden "Treuhänderin" genannt) als Treuhänderin für die Inhaber von Teilschuldverschreibungen, solange bis Kapital, etwaige Zinsen und etwaige zusätzliche Beträge gemäß § 11 Absatz 1 im vollen Umfang bei der jeweiligen Zahlstelle oder einer anderen gemäß § 8 ernannten Zahlstelle bereitgestellt worden sind, keine gegenwärtigen oder zukünftigen Verbindlichkeiten (einschließlich Verbindlichkeiten aus Garantien oder Sicherheiten) aus anderen internationalen Kapitalmarktverbindlichkeiten durch irgendwelche Grund- oder Mobiliarpfandrechte an ihrem gegenwärtigen oder zukünftigen Grundbesitz oder Vermögenswerten sicherzustellen oder sicherstellen zu lassen, es sei denn, daß diese Teilschuldverschreibungen zu gleicher Zeit und im gleichen Rang anteilig an dieser Sicherstellung teilnehmen. Ausgenommen hiervon sind Grund- oder Mobiliarpfandrechte und andere Sicherheiten von Verbindlichkeiten aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften.
3. Für die Zwecke dieser Bedingungen bedeutet "internationale Kapitalmarktverbindlichkeit" jede Emission von Schuldverschreibungen mit einer ursprünglichen Laufzeit von mehr als einem Jahr, die außerhalb des Landes des eingetragenen Sitzes der Emittentin oder der Garantin ausgegeben werden.

§ 14
(nur anwendbar, wenn die Emittentin nicht die Bayerische Motoren Werke Aktiengesellschaft selbst ist)
(Garantie, Negativerklärung der Garantin)

1. Die Garantin hat gegenüber der Treuhänderin die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße und pünktliche Zahlung des Kapitals und etwaiger Zinsen einschließlich gegebenenfalls gemäß § 11 Absatz 1 zusätzlich erforderlicher Beträge in Übereinstimmung mit diesen Bedingungen übernommen (die "Garantie").
2. Die Rechte aus der Garantie können ausschließlich von der Treuhänderin gehalten und geltend gemacht werden.
3. Die Garantin hat sich in einer separaten Erklärung (im folgenden die "Verpflichtungserklärung" genannt) gegenüber der Treuhänderin verpflichtet, solange bis Kapital und etwaige Zinsen sowie etwaige zusätzliche Beträge gemäß § 11 Absatz 1 bei der jeweiligen Zahlstelle oder einer anderen gemäß § 8 ernannten Zahlstelle bereitgestellt worden sind, keine gegenwärtigen oder zukünftigen Verbindlichkeiten (einschließlich Verbindlichkeiten aus Garantien oder Sicherheiten) aus anderen internationalen Kapitalmarktverbindlichkeiten durch irgendwelche Grund- oder Mobiliarpfandrechte an ihrem gegenwärtigen oder zukünftigen Grundbesitz oder Vermögenswerten sicherzustellen oder sicherstellen zu lassen, es sei denn, daß diese Teilschuldverschreibungen zu gleicher Zeit und im gleichen Rang anteilig an dieser Sicherstellung teilnehmen. Ausge-

Condition 13
(Pari passu, Negative Pledge)

1. The Notes, the Receipts and the Coupons are direct, unconditional, unsubordinated and (to the extent no guarantee as described in Condition 14 has been assumed) unsecured obligations of the Issuer and, save for obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements rank equally with all its other unsecured and unsubordinated obligations.
2. The Issuer undertakes vis-a-vis Dresdner Bank (the "Trustee") as trustee for the Noteholders until such time as principal and interest, if any, as well as additional amounts pursuant to Condition 11 paragraph 1, if any, have been placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with Condition 8, not to secure or have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from other International Capital Market Indebtedness, unless these Notes at the same time share pari passu and pro rata in such security. Any mortgage, pledge or other charge on obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements shall be excluded.
3. For the purpose of these Terms and Conditions "International Capital Market Indebtedness" means any issue of notes which are issued outside the country of incorporation of the relevant Issuer or the Guarantor with an original maturity of more than one year.

Condition 14
(only applicable if the Issuer is not Bayerische Motoren Werke Aktiengesellschaft itself)
(Guarantee, Negative Pledge of the Guarantor)

1. The Guarantor has assumed vis-à-vis the Trustee the unconditional and irrevocable Guarantee for the due and punctual payment of principal and interest, if any, including additional amounts, if any, pursuant to Condition 11 paragraph 1 (the "Guarantee") in accordance with these Terms and Conditions.
2. The rights arising from the Guarantee are held and will be exercised exclusively by the Trustee.
3. In a separate declaration (the "Declaration of Undertaking") the Guarantor has undertaken vis-à-vis the Trustee, until such time as principal and interest, if any, as well as additional amounts pursuant to Condition 11 paragraph 1, if any, have been completely placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with Condition 8, not to secure or have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from other International Capital Market Indebtedness, unless these Notes at the same time share pari passu and pro rata in such security. Any mortgage, pledge or other charge or pledge on obligations in respect of national and local taxes, other statutory exceptions,

nommen hiervon sind Grund- oder Mobiliarpfandrechte und andere Besicherungen aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften.

§ 15 (Kündigungsgründe)

1. Jeder Inhaber von Teilschuldverschreibungen ist berechtigt, seine sämtlichen Forderungen aus den Teilschuldverschreibungen durch Kündigung gegenüber der Treuhänderin fällig zu stellen und Rückzahlung eines gemäß § 7 errechneten Rückzahlungsbetrages (oder eines etwaigen anderen im Pricing Supplement festgelegten Betrages zu verlangen, wenn
 - a) die Emittentin oder Garantin, gleichgültig aus welchen Gründen, Kapital oder etwaige Aufgelder oder etwaige Zinsen aus den Teilschuldverschreibungen einschließlich etwaiger gemäß § 11 Absatz 1 zu zahlender zusätzlicher Beträge, innerhalb von 30 Tagen nach dem betreffenden Fälligkeitstag nicht zahlt; oder
 - b) die Emittentin, gleichgültig aus welchen Gründen, mit der Erfüllung einer anderen Verpflichtung aus diesen Teilschuldverschreibungen, insbesondere aus § 13 Absatz 2, oder die Garantin mit der Erfüllung von irgendwelchen Verpflichtungen aus der Garantie länger als 90 Tage nach Erhalt einer schriftlichen Mitteilung von der Treuhänderin in Rückstand kommt; oder
 - c) gegen die Emittentin oder Garantin ein Insolvenzverfahren oder ein dem Insolvenzverfahren vergleichbares Verfahren in einer anderen Rechtsordnung eröffnet worden ist, und diese Entscheidung nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt worden ist, oder die Emittentin oder die Garantin von sich aus ein solches Verfahren beantragt oder einen Vergleich mit Gläubigern anbietet oder durchführt; oder
 - d) die Emittentin oder die Garantin aufgelöst oder liquidiert wird oder irgendeine Maßnahme zum Zwecke der Liquidation trifft, es sei denn, daß eine solche Liquidation im Zusammenhang mit einer Verschmelzung, Konsolidierung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft erfolgt und diese Gesellschaft — im Falle der Emittentin — alle Verpflichtungen aus diesen Bedingungen und — im Falle der Garantin — alle Verpflichtungen aus der Garantie und der Verpflichtungserklärung übernimmt; oder
 - e) die Emittentin oder die Garantin die Zahlungen ganz oder ihre Geschäftstätigkeit einstellt.
2. Eine derartige Kündigung zur Rückzahlung ist durch eingeschriebenen Brief an die Treuhänderin unter der in § 8 Absatz 1 genannten Adresse zu richten und wird mit Zugang bei dieser wirksam. Die Fälligkeit tritt ein am 30. Tag nach Zugang der Kündigung, es sei denn, daß im Falle des Absatzes 1 a) oder 1 b) die Verpflichtung vorher erfüllt worden ist.

§ 16 (Treuhandschaft)

1. Im Falle einer Besicherung dieser Teilschuldverschreibungen durch die Emittentin gemäß § 13 Absatz 2 oder durch die Garantin gemäß der Verpflichtungserklärung sind die Sicherheiten der Treuhänderin mit den üblichen Rechten und Pflichten zu bestellen. Nur die Treuhänderin ist berechtigt, einen etwaigen Anspruch auf Sicherstellung gemäß § 13 Absatz 2 oder der Verpflichtungserklärung (sofern zutreffend) sowie die Rechte aus dementsprechend bestellten Sicherheiten oder der Garantie geltend zu machen.

requirements by applicable laws and any governmental requirements shall be excluded.

Condition 15 (Events of Default)

1. Each Noteholder is entitled to declare due and payable by notice to the Trustee his entire claims arising from the Notes and demand payment of the Early Redemption Amount calculated in accordance with Condition 7 (or such other price as may be specified in the Pricing Supplement), if
 - a) the Issuer or the Guarantor, for any reason whatsoever, fails to pay within 30 days after the relevant due date principal, premium, if any, or interest, if any, on the Notes, including additional amounts which may have to be paid according to Condition 11 paragraph 1; or
 - b) the Issuer, for any reason whatsoever, fails to duly perform any other obligation under these Notes, in particular pursuant to Condition 13 paragraph 2, or the Guarantor fails to duly perform any obligation pursuant to the Guarantee and such failure continues for more than 90 days after receipt of a written notice from the Trustee; or
 - c) Insolvenzverfahren (German insolvency proceedings) or similar proceedings in other jurisdictions are commenced by a court in the relevant place of jurisdiction against the Issuer or the Guarantor which shall not have been reversed or stayed within 60 days or the Issuer or the Guarantor itself institutes such proceedings, or offers or makes an arrangement for the benefit of creditors generally; or
 - d) the Issuer or the Guarantor is wound up or dissolved or shall take any action for the purpose of liquidation unless such liquidation is to take place in connection with a merger, consolidation or any other form of combination with another company and such company — in the case of the Issuer — assumes all obligations arising from these Terms and Conditions and — in the case of the Guarantor — assumes all obligations arising from the Guarantee and the Declaration of Undertaking; or
 - e) the Issuer or the Guarantor stops payment completely or ceases to carry on its business.
2. Such notice for repayment shall be sent to the Trustee by registered letter to the address stated in Condition 8 Section 1; such notice will become effective upon receipt by the Trustee. Claims fall due 30 days after receipt of such notice unless, in the case of paragraph 1a) or b), the obligation has been satisfied or performed prior thereto.

Condition 16 (Trusteeship)

1. Security to be furnished for this issue by the Issuer pursuant to Condition 13 paragraph 2 or the Guarantor pursuant to the Declaration of Undertaking, shall be furnished to the Trustee. Only the Trustee is entitled to assert any claim to obtain such security in accordance with Condition 13 paragraph 2 and the Declaration of Undertaking, if applicable, as well as to exercise the rights arising from such security and from the Guarantee.

2. Die Dresdner Bank ist berechtigt, die ihr als Treuhänderin bei der Wahrnehmung der Rechte der Inhaber von Teilschuldverschreibungen etwa entstehenden Kosten auf die Inhaber von Teilschuldverschreibungen im Verhältnis ihrer Forderungen umzulegen und gegebenenfalls einen entsprechenden Kostenvorschuß von ihnen anzufordern.
3. Die Dresdner Bank haftet dafür, daß sie für die Emittentin oder als Treuhänderin oder als Programm-Agent Erklärungen abgibt, nicht abgibt oder entgegennimmt, Maßnahmen trifft oder unterläßt, nur, wenn und soweit sie die Sorgfalt eines ordentlichen Kaufmanns verletzt hat. Von den Beschränkungen des § 181 BGB ist sie befreit. Die Dresdner Bank ist nicht verpflichtet, als Treuhänderin die Erfüllung der Verpflichtungen der Emittentin und der Garantin aus diesen Teilschuldverschreibungen oder der Garantie zu überwachen.
4. Die Treuhänderin kann mit der vorherigen Zustimmung der Emittentin Dritte mit der Ausübung von bestimmten, ihr aufgrund dieser Bedingungen obliegenden Aufgaben beauftragen.
5. Wenn die Treuhänderin oder gegebenenfalls der von ihr beauftragte Dritte nach Eintritt eines der in § 15 aufgeführten Kündigungsgründe, die die Inhaber von Teilschuldverschreibungen zur Kündigung berechtigen, wegen des Kapitals von nicht schon aus anderen Gründen fälligen Teilschuldverschreibungen eine für die Teilschuldverschreibungen gegebene Sicherheit in Anspruch nimmt, gelten die betreffenden Teilschuldverschreibungen in jeder Beziehung als fällig.
2. Dresdner Bank, when exercising the rights of the Noteholders in its capacity as Trustee, is entitled to apportion the expenses thereby incurred, if any, among the Noteholders in proportion to their relative claims and, should it prove necessary, to demand from them a corresponding advance payment.
3. Dresdner Bank will be liable for making, not making or accepting statements and for taking or not taking steps on behalf of the Issuer or the Guarantor or in its capacity as Trustee for the Noteholders or as Programme Agent, only if, and insofar as, it fails to act with the due care of a proper merchant. Dresdner Bank is exempt from the restrictions of Section 181 of the German Civil Code. Dresdner Bank in its capacity as Trustee is not obliged to monitor the fulfilment of the Issuer's and the Guarantor's obligations arising from the Notes or from the Guarantee.
4. The Trustee with the prior consultation of the Issuer may delegate to third parties the exercise of specific functions that are incumbent upon it pursuant to these Terms and Conditions.
5. If, after the occurrence of any of the events specified in Condition 15 which entitle the Noteholders to declare their Notes due, the Trustee or the person appointed by the Trustee, as the case may be, shall with respect to the principal of any Notes not otherwise due, enforce any security given for the Notes, then such Notes shall be deemed to be due for all purposes.

§ 17

(Übertragung der Funktion als Treuhänder und Programm-Agent)

1. Sofern irgendwelche Ereignisse eintreten sollten, die nach Ansicht der Dresdner Bank dazu führen, daß sie nicht in der Lage ist, als Treuhänderin für die Inhaber von Teilschuldverschreibungen oder als Programm-Agent tätig zu werden, wird sie mit vorheriger, schriftlicher Zustimmung der Emittentin oder der Garantin eine andere Bank von internationalem Rang als Treuhänderin bzw. als Programm-Agent bestellen.
2. Sollte die Dresdner Bank außerstande sein, die Übertragung der Stellung als Treuhänderin oder als Programm-Agent vorzunehmen, so ist die Emittentin oder die Garantin verpflichtet, ihrerseits eine andere Bank von internationalem Rang als Treuhänderin bzw. als Programm-Agent zu bestellen.
3. Eine Übertragung der Treuhänderschaft bzw. der Funktion des Programm-Agenten ist von der Dresdner Bank oder gegebenenfalls von der Emittentin unverzüglich gemäß § 19 oder, falls dies nicht möglich sein sollte, in sonstiger Weise öffentlich bekanntzumachen.
4. Kommt die Emittentin oder die Garantin ihrer Verpflichtung zur Bestellung einer Treuhänderin aus Absatz 2 nicht nach, so gehen die der Treuhänderin nach § 16 vorbehaltenen Rechte auf die Inhaber von Teilschuldverschreibungen über.
5. Sofern die Dresdner Bank gemäß § 8 Absatz 1 nicht zum Programm-Agenten bestellt wird, finden die Absätze 1 bis 3 für den an ihrer Stelle bestimmten Programm-Agenten entsprechende Anwendung.

Condition 17

(Assignment of the Function as Trustee or as Programme Agent)

1. Should any event occur which in the opinion of Dresdner Bank would prevent it from acting as Trustee or as Programme Agent, Dresdner Bank will with the prior written consent of the Issuer or the Guarantor appoint another bank of international standing as Trustee or as Programme Agent.
2. Should Dresdner Bank be unable to transfer its function as Trustee or as Programme Agent, the Issuer or the Guarantor will be obliged to appoint another bank of international standing as Trustee or as Programme Agent.
3. A transfer of trusteeship or programme agency must be announced without delay in accordance with Condition 19 or, should this prove to be impossible, in some other way by Dresdner Bank or by the Issuer.
4. Should the Issuer or the Guarantor fail to comply with their obligation to appoint a Trustee according to paragraph 2, the rights reserved to the Trustee under Condition 16 will pass on to the Noteholders.
5. Provided that Dresdner Bank is not appointed as Programme Agent according to Condition 8 paragraph 1, paragraphs 1 to 3 of this Condition 17 shall apply mutatis mutandis to any programme agent appointed instead of Dresdner Bank.

§ 18
(Schuldnerersetzung)

1. Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Inhaber von Teilschuldverschreibungen die Garantin oder eine andere Gesellschaft, die als Emittentin unter diesem Programm ernannt wurde, als Emittentin (die "Neue Emittentin") hinsichtlich aller Verpflichtungen aus oder in Verbindung mit den Teilschuldverschreibungen an die Stelle der Emittentin zu setzen, sofern:
 - a) die Neue Emittentin alle Verpflichtungen der Emittentin aus oder in Verbindung mit den Teilschuldverschreibungen übernimmt;
 - b) die Neue Emittentin alle etwa notwendigen Genehmigungen von den zuständigen Behörden erhalten hat, wonach die Neue Emittentin alle Beträge, die zur Erfüllung der aus oder in Verbindung mit den Teilschuldverschreibungen entstehenden Zahlungsverpflichtungen erforderlich sind, in der Emissionswährung oder einer anderen erforderlichen Währung ohne Einbehalt an der Quelle oder Abzug an der Quelle von irgendwelchen Steuern, Gebühren oder Abgaben in dem Land, in dem die Neue Emittentin ansässig ist, an die jeweilige Zahlstelle transferieren darf;
 - c) die Garantin oder (falls die Emittentin die Bayerische Motoren Werke Aktiengesellschaft ist) die Emittentin in einer nach Form und Inhalt gleichen Art wie in der ursprünglichen Garantie durch die Garantin und mit der Zustimmung der Treuhänder, wobei diese Zustimmung nicht unbillig verweigert werden darf, unbedingt und unwiderruflich die Verpflichtungen der Neuen Emittentin garantiert.
2. Im Falle einer solchen Schuldnerersetzung gilt jede in diesen Bedingungen enthaltene Bezugnahme auf die Emittentin fortan als auf die Neue Emittentin bezogen, und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz hat, gilt fortan als auf das Land, in dem die Neue Emittentin ihren Sitz hat, bezogen, und, soweit hierbei ein Unterschied gemacht werden muß, auf das Land, in dem die Neue Emittentin für steuerliche Zwecke als gebietsansässig betrachtet wird.
3. Eine Schuldnerersetzung gemäß Absatz 1 ist für die Inhaber von Teilschuldverschreibungen bindend und ist ihnen mit einer Frist von mindestens 15 Tagen vor Inkrafttreten der Schuldnerersetzung gemäß § 19 öffentlich bekanntzumachen.

§ 19
(Bekanntmachungen)

1. Alle diese Teilschuldverschreibungen betreffenden Bekanntmachungen werden (i) bei Teilschuldverschreibungen, die an der Frankfurter Wertpapierbörse notiert werden, in einem überregionalen Börsenpflichtblatt der Frankfurter Wertpapierbörse und (ii) bei Teilschuldverschreibungen, die an der "official list" der "UK Listing Authority" notiert werden, in einer führenden, englisch-sprachigen Tageszeitung mit allgemeiner Verbreitung in London veröffentlicht. Voraussichtlich werden diese Bekanntmachungen in London in der Financial Times gemacht.
2. Bis zu dem Zeitpunkt, an dem effektive Teilschuldverschreibungen ausgeliefert werden, und solange alle Globalurkunden dieser Tranche in ihrer Gesamtheit bei Clearstream Frankfurt oder zugunsten Euroclear und Clearstream Luxembourg oder einer anderen Abwicklungsstelle hinterlegt sind, kann die oben erwähnte Veröffentlichung durch eine Meldung an die Clearstream Frankfurt oder an Euroclear und Clearstream Luxembourg oder eine andere

Condition 18
(Substitution of the Issuer)

1. The Issuer shall be entitled at any time without the consent of the Noteholders to be substituted as Issuer by the Guarantor or any other company appointed as Issuer under this programme (the "New Issuer") in respect of all obligations arising from or in connection with the Notes, if:
 - a) the New Issuer assumes all obligations of the Issuer arising from or in connection with the Notes;
 - b) the New Issuer has obtained any necessary authorisation from the competent authorities to the effect that the New Issuer may transfer to the relevant Paying Agent in the Issue Currency or other relevant currency without the withholding at source or deduction at source of any taxes, fees, duties, assessments or other governmental charges in the country of its incorporation and, if different where it is treated as resident for tax purposes, all amounts required for the performance of the payment obligations arising from or in connection with the Notes;
 - c) the Guarantor or (if the Issuer is Bayerische Motoren Werke Aktiengesellschaft) the Issuer irrevocably and unconditionally guarantees such obligations of the New Issuer in the same form and with the same content as the Notes have originally been guaranteed by the Guarantor and as approved by the Trustee, which approval may not be unreasonably withheld.
2. In the event of such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the New Issuer and any reference to the country of incorporation of the Issuer shall from then on be deemed to refer to the country of incorporation of the New Issuer and, if different, to the country where it is treated as resident for tax purposes.
3. Any substitution effected in accordance with paragraph 1 shall be binding on the Noteholders and shall be notified to them in accordance with Condition 19 not less than 15 days before such substitution comes into effect.

Condition 19
(Notices)

1. All notices regarding the Notes shall be published (i) in respect of any Notes quoted on the Frankfurt Stock Exchange, in a national newspaper recognised by the Frankfurt Stock Exchange (überregionales Börsenpflichtblatt) and (ii) in respect of any Notes quoted on the official list of the UK Listing Authority, in a leading English language daily newspaper of general circulation in London (which newspaper is expected to be the Financial Times).
2. Until such time as any Definitive Notes are issued and so long as all the Global Notes are held in their entirety on behalf of the Clearstream Frankfurt or Euroclear and Clearstream Luxembourg or any other Clearing System, the aforesaid publication may be substituted by the delivery of the relevant notice to the Clearstream Frankfurt or to Euroclear and/or Clearstream Luxembourg or any other Clearing System for communication by them to the holders

Abwicklungsstelle mit der Bitte um Weiterleitung an die Inhaber der Teilschuldverschreibungen dieser Tranche ersetzt werden, außer daß, wenn die Teilschuldverschreibungen an der Frankfurter Wertpapierbörse und/oder der Londoner Börse notiert sind und die Vorschriften der betreffenden Börse (oder einer anderen Börsenzulassungsstelle) es erfordern, die Mitteilung in jedem Fall in einer deutschen Tageszeitung, die von der Frankfurter Wertpapierbörse als Börsenpflichtblatt anerkannt ist, und/oder gegebenenfalls in einer nationalen Tageszeitung im Vereinigten Königreich von Großbritannien und Nordirland (vorwiegend in der Financial Times) zu veröffentlichen ist. Am 7. Kalendertag nachdem eine solche Bekanntmachung der Clearstream Frankfurt oder Euroclear und Clearstream Luxembourg oder einer anderen Abwicklungsstelle übermittelt worden ist, gilt diese gegenüber den Inhabern der Teilschuldverschreibungen als ausgeführt.

3. Kündigungen oder Anforderungen, die von Inhabern von Teilschuldverschreibungen gegeben oder gemacht werden, müssen schriftlich erfolgen und zusammen mit der oder den betroffenen Teilschuldverschreibung(en) an die jeweilige Zahlstelle geleitet werden. Solange Teilschuldverschreibungen durch eine Globalurkunde verbrieft sind, kann eine solche Kündigung oder Anforderung von einem Inhaber einer der Teilschuldverschreibungen, die so verbrieft sind, an die jeweilige Zahlstelle durch die Clearstream Frankfurt oder gegebenenfalls durch Euroclear und/oder Clearstream Luxembourg oder einer anderen Abwicklungsstelle erfolgen, und zwar in der von der jeweiligen Zahlstelle und der Clearstream Frankfurt oder Euroclear und/oder Clearstream Luxembourg oder einer anderen Abwicklungsstelle dafür vorgesehenen Weise.
4. Bekanntmachungen für Inhaber von Namensschuldverschreibungen gelten als ordnungsgemäß erfolgt, sofern sie per eingeschriebenen Brief, Kurier oder in gleichwertiger Weise oder (bei Versand ins Ausland) per Luftpost an die jeweilige im Register eingetragene Adresse der Inhaber (oder im Fall von Miteigentümern an die Adresse des im Register zuerst Genannten) versandt werden. Sie gelten am 7. Kalendertag nach Postversand oder, sofern aus dem Ausland verschickt, am 8. Tag nach dem Postversand als wirksam erfolgt.

§ 20

(Anwendbares Recht, Erfüllungsort, Gerichtsstand)

1. Form und Inhalt der Teilschuldverschreibungen sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.
2. Erfüllungsort und ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten mit der Garantin, die sich aus den in der Garantie oder der Verpflichtungserklärung geregelten Rechtsverhältnissen ergeben, ist München, Bundesrepublik Deutschland.
3. Für alle Rechtsstreitigkeiten, die sich aus den in diesen Bedingungen geregelten Rechtsverhältnissen ergeben, sind die Inhaber von Teilschuldverschreibungen berechtigt, ihre Ansprüche nach ihrer Entscheidung entweder vor den zuständigen Gerichten in dem Land des Sitzes der Emittentin oder vor dem zuständigen Gericht in München, Bundesrepublik Deutschland, geltend zu machen. Alle anderen Gerichtsstände sind ausgeschlossen. Es gilt als vereinbart, daß diese Gerichte ausschließlich das Recht der Bundesrepublik Deutschland anwenden sollen.
4. Für Rechtsstreitigkeiten zwischen den Inhabern von Teilschuldverschreibungen und der Emittentin, die gegebenenfalls vor Gerichte in der Bundesrepublik Deutschland gebracht werden, ernennen die BMW Finance N.V., die BMW US Capital, LLC, das BMW Coordination Center N.V. und

of the Notes except that if the Notes are listed on the Frankfurt Stock Exchange and/or the London Stock Exchange and the rules of the relevant stock exchange (or any other Listing Authority) so require, notice will in any event be published in a German newspaper recognised by the Frankfurt Stock Exchange and/or a national newspaper in the United Kingdom (which is expected to be the Financial Times), as the case may be. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh calendar day after the day on which the said Notice was given to the Clearstream Frankfurt or to Euroclear and Clearstream Luxembourg or any other Clearing System.

3. Notices or demands to be given or made by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the relevant Paying Agent. Whilst any Notes are represented by a Global Note, such notice or demand may be given or made by a holder of any of the Notes so represented to the relevant Paying Agent via the Clearstream Frankfurt or Euroclear and/or Clearstream Luxembourg or any other Clearing System, as the case may be, in such manner as the relevant Paying Agent and Clearstream Frankfurt or Euroclear and/or Clearstream Luxembourg or any other Clearing System may approve for this purpose.
4. Notices to holders of Registered Notes will be deemed to be validly given if sent by registered mail, courier or equivalent or (if posted to a foreign address) by air mail to them (or, in the case of joint holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to be validly given on the 7th calendar day after the date of such mailing or, if posted from another country, on the 8th such day.

Condition 20

(Applicable Law, Place of Performance and Jurisdiction)

1. The form and content of the Notes and all the rights and duties arising therefrom shall be governed exclusively by the laws of the Federal Republic of Germany.
2. Place of performance and exclusive venue for all litigation with the Guarantor arising from legal relations established in the Guarantee or the Declaration of Undertaking is Munich, Federal Republic of Germany.
3. For all litigation with the Issuers arising from legal relations established in these Terms and Conditions, the Noteholders are entitled to assert their claims, to the exclusion of all other venues, at their discretion either before the competent courts in the relevant country of incorporation of the Issuer or before the competent courts in Munich, Federal Republic of Germany. It is agreed that such courts shall apply exclusively the laws of the Federal Republic of Germany.
4. For litigation, if any, between the Noteholders and the Issuer which is brought before courts in the Federal Republic of Germany, BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc appoint Bayerische Motoren Werke Aktiengesellschaft,

die BMW (UK) Capital plc die Bayerische Motoren Werke Aktiengesellschaft, Petuelring 130, Bundesrepublik Deutschland, D-80788 München, als Zustellungsbevollmächtigte.

5. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Teilschuldverschreibungen oder Sammelurkunden.

**§ 21
(Teilunwirksamkeit)**

Sollte eine der vorstehenden Bestimmungen dieser Bedingungen unwirksam oder undurchführbar sein oder werden, so bleibt die Wirksamkeit und die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen oder undurchführbaren Bestimmung soll eine, soweit rechtlich möglich, dem Sinn und Zweck dieser Bedingungen zum Zeitpunkt der Begebung der Teilschuldverschreibungen entsprechende Regelung gelten. Unter Umständen, unter denen sich diese Bedingungen als unvollständig erweisen, soll eine ergänzende Auslegung, die dem Sinn und Zweck dieser Bedingungen entspricht, unter angemessener Berücksichtigung der berechtigten Interessen der beteiligten Parteien erfolgen.

Petuelring 130, D-80788 Munich, Federal Republic of Germany, as agent for service of process.

5. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes or Global Notes.

**Condition 21
(Partial Invalidity)**

Should any of the provisions contained in these Terms and Conditions be or become invalid or unenforceable, the validity or enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case, the invalid or unenforceable provision shall be deemed to be replaced by a provision which to the extent legally possible provides for an interpretation in keeping with the meaning and the economic purpose of these Terms and Conditions at the time of the issue of the Notes. Under circumstances in which these Terms and Conditions prove to be incomplete, a supplementary interpretation in accordance with the meaning and the purpose of these Terms and Conditions under due consideration of the legitimate interests of the parties involved shall be applied.

5. Konditionenbeschreibung

The Pricing Supplement for each issue of Notes will contain, *inter alia*, such of the following information as is applicable in respect of the Notes of such issue (all references to numbered Sections in the Terms and Conditions being to the relevant Section in "Terms and Conditions of the Notes" as set out in Chapter 4 of this Information Memorandum) and such information (if any) as is necessary to comply with the Banking Act 1987 (Exempt Transactions) Regulations 1997:

Für Teilschuldverschreibungen, die an der Frankfurter Wertpapierbörse notiert werden und/oder über Clearstream Frankfurt abgewickelt werden, wird die deutsche Version der Konditionenbeschreibung rechtlich maßgebend sein. Für Teilschuldverschreibungen, die zur "Official List" der "UK Listing Authority" zugelassen sind und bei der London Stock Exchange Limited ("London Stock Exchange") zur Zulassung zum Handel an der London Stock Exchange vorgesehen sind und/oder über Euroclear/Clearstream Luxembourg abgewickelt werden, wird die englische Version der Konditionenbeschreibung rechtlich maßgebend sein.

(zur Vervollständigung durch den jeweiligen Dealer)

Konditionenbeschreibung vom []

EMITTENTIN (eine der folgenden:)

[Bayerische Motoren Werke Aktiengesellschaft

BMW Finance N.V.

BMW US Capital, LLC

BMW Coordination Center N.V.

BMW (UK) Capital plc]

Emission von

[Gesamtnennbetrag der Tranche]

[Bezeichnung der Schuldverschreibungen]

emittiert unter dem

USD 10,000,000,000 Euro Medium Term Note Programme

[unbedingt und unwiderruflich garantiert durch

Bayerische Motoren Werke Aktiengesellschaft]

Diese Konditionenbeschreibung bezieht sich auf die Tranche von Schuldverschreibungen wie oben genannt. Die hierin benutzten Begriffe haben die für sie in den Bedingungen der Teilschuldverschreibungen festgelegte Bedeutung wie im *Börsenzulassungsspekt*/Information Memorandum vom 31. Mai 2001 aufgeführt. Diese Konditionenbeschreibung ist in Verbindung mit diesem *Börsenzulassungsspekt*/Information Memorandum zu lesen.

[Anwendbare Bestimmungen einfügen oder als "Nicht anwendbar" (N/A) kennzeichnen. Achtung: Reihenfolge der Numerierung bleibt unverändert, auch wenn einzelne Abschnitte oder Unterabschnitte als "Nicht anwendbar" gekennzeichnet sind. Kursivschrift kennzeichnet Erläuterungen für die Bearbeitung der Konditionenbeschreibung]

5. Pricing Supplement

The Pricing Supplement for each issue of Notes will contain, *inter alia*, such of the following information as is applicable in respect of the Notes of such issue (all references to numbered Sections in the Terms and Conditions being to the relevant Section in "Terms and Conditions of the Notes" as set out in Chapter 4 of this Information Memorandum) and such information (if any) as is necessary to comply with the Banking Act 1987 (Exempt Transactions) Regulations 1997:

For Notes which are listed on the Frankfurt Stock Exchange and/or which are cleared by Clearstream Frankfurt the German version of the Pricing Supplement will be the legally binding one. For Notes which are admitted to the Official List of the UK Listing Authority (the "Official List") and are admitted to trading on the market for listed securities on the London Stock Exchange Limited (the "London Stock Exchange") and/or which are cleared by Euroclear/Clearstream Luxembourg the English version of the Pricing Supplement will be the legally binding one.

(to be completed by the relevant Dealer)

Pricing Supplement dated []

ISSUER (one of the following)

**[Bayerische Motoren Werke Aktiengesellschaft
BMW Finance N.V.
BMW US Capital, LLC
BMW Coordination Center N.V.
BMW (UK) Capital plc]**

Issue of

[Aggregate principal amount of Tranche]
[Description of Notes]

issued under the

USD 10,000,000,000 Euro Medium Term Note Programme

[unconditionally and irrevocably guaranteed by

Bayerische Motoren Werke Aktiengesellschaft]

This document constitutes the Pricing Supplement relating to the Tranche of Notes to be issued under the above Programme described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the *Börsenzulassungsprospekt*/Information Memorandum dated 31 May 2001. This Pricing Supplement must be read in conjunction with such *Börsenzulassungsprospekt*/Information Memorandum.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

ALLGEMEIN

1. Anleiheschuldnerin: []
2. Nummer der Tranche: []
3. Emissionswährung (oder Währungen im Falle von Doppelwährungs-Teilschuldverschreibungen): []
4. Gesamtnennbetrag: []
5. Zusammenfassung der Tranche mit einer bestehenden Serie ist vorgesehen: [Ja/Nein]
- [(a) falls ja, Angaben zur bestehenden Serie machen (einschließlich des Zeitpunkts der Fungibilität mit dieser Serie):] []
- [(b) Gesamtnennbetrag der Serie:] []

BESCHREIBUNG DER EMISSION

6. [(a)] Emissionspreis: [] % des Nennbetrags [zuzüglich aufgelaufener Zinsen ab [Datum einfügen] (nur bei fungiblen Tranchen, falls zutreffend)]
- [(b)] Emissionserlös: [] (nur erforderlich im Falle von börsennotierten Emissionen)
7. Stückelung(en): []
8. [(a)] Begebungstag: []
- [(b)] Beginn der Verzinsung (falls abweichend vom Begebungstag): []
9. Endfälligkeitstag: [genaues Datum oder (für variabel verzinsliche Anleihen) letzter Zinszahltag im betreffenden Monat und Jahr]
10. Zinsmodalität: [] % Festzinssatz
[[festzulegender Referenzzinssatz] + / - [] % Marge]
[variabel verzinslich [Bestimmung nach ISDA oder auf Basis einer Bildschirmnotierung]]
[Nullkupon]
[Indexbezogene Verzinsung]
[Doppelwährungsbezogene Zinsfestlegung]
[andere zu bestimmende Zinsmodalität]
(zusätzliche Einzelheiten unten aufzuführen)
11. Rückzahlungsmodalität: [Rückzahlung zum Nennbetrag]
[Indexbezogene Rückzahlung]
[Rückzahlung in anderer Währung]
[Rückzahlung einzelner Schuldverschreibungen]
[Rückzahlung in Teilbeträgen]
[andere zu bestimmende Rückzahlungsart]
12. Wechsel der Zins- oder Tilgungs- / Rückzahlungsmodalität: [Einzelheiten jedweder Vereinbarung einer Umstellung der Schuldverschreibungen auf eine andere Zins- oder Tilgungs- / Rückzahlungsart]
13. Gläubiger- / Schuldnerkündigungsrechte: [Gläubigerkündigungsrecht (§ 6)]
[Schuldnerkündigungsrecht (§ 4)]
[(zusätzliche Einzelheiten unten aufzuführen)]

GENERAL

1. Issuer: []
2. Tranche Number: []
3. Issue Currency (or Currencies in the case of Dual Currency Notes): []
4. Principal Amount: []
5. Tranche to become part of an existing Series: [Yes/No]
- [(a) If yes, insert details of existing Series (including the date on which the Notes become fungible with such Series):] []
- [(b) Aggregate nominal amount of Series:] []

DESCRIPTION OF THE ISSUE

6. [(a)] Issue Price: [] per cent. of the Principal Amount
[plus accrued interest from [insert date]
(in the case of fungible issues only, if applicable)]
- [(b) Net proceeds:] [] (Required only for listed issues)
7. Specified Denomination(s): []
8. [(a)] Issue Date: []
- [(b) Interest Commencement Date (if different from the Issue Date):] []
9. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]
10. Interest Basis: [% Fixed Rate]
[[specify reference rate] +/- [] % Margin]
[Floating Rate [ISDA determination or Screen Rate Determination (specify)]]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Provisions]
[other interest provision (further particulars specified below)]
11. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency redemption]
[Instalment]
[Partly Paid]
[Other (specify)]
12. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
13. Put/Call Options: [Redemption at Noteholder's Option (Put) (Condition 6)]
[Redemption at Issuer's Option (Call) (Condition 4)]
[(further particulars specified below)]

14. Börsennotierung: [Frankfurter Wertpapierbörse / Official List und Handel an der London Stock Exchange / andere (zu bestimmen) / nicht börsennotiert]
15. Art der Plazierung: [syndiziert / nicht syndiziert]

EINZELHEITEN ZUR VERZINSUNG

16. Festzinsmodalitäten: [anwendbar / nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) Zinssatz (Zinssätze): [] % per annum [zahlbar [jährlich / halbjährlich / vierteljährlich / monatlich] nachträglich]
- (b) Zinszahlungstag(e): [] in jedem Jahr
- (c) Zinstageregelung: [Actual / Actual (ISMA) 30/360 adjusted / unadjusted andere (Einzelheiten angeben)]
- (d) Festsatzbetrag (Festbeträge): [] pro [] Stückelung
- (e) erster Zinsbetrag: [hier Angabe aller anfänglich anfallenden Zinsbeträge, die nicht mit dem (den) Festsatzbeträgen übereinstimmen]
- (f) letzter Zinsbetrag: [hier Angabe aller am Ende anfallenden Zinsbeträge, die nicht mit dem (den) Festsatzbeträgen übereinstimmen]
- (g) sonstige Einzelheiten zur Zinsrechnungsmethode bei festverzinslichen Schuldverschreibungen: [nicht anwendbar / Angabe von Einzelheiten]
17. Modalitäten bei variabler Verzinsung: [anwendbar / nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) festgelegte Zinsperiode(n) in Monaten / festgelegte Zinszahlungstage: []
- (b) Geschäftstageregelung: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / andere Regelung (Angabe von Einzelheiten)]
[Zinszahlungsbeträge werden adjusted / unadjusted]
- (c) zusätzliche(s) Maßgebliche(s) Finanzzentrum(-zentren): [nicht anwendbar / Angabe von Einzelheiten]
(Achtung: dieser Punkt gehört zur Spezifizierung Geschäftstag gemäß § 2(F))
- (d) Art und Weise, in der der Zinssatz bestimmt wird: [Bestimmung vom Bildschirm / Bestimmung gemäß ISDA / andere Art der Bestimmung (Angabe von Einzelheiten)]
- (e) Verantwortlicher für die Bestimmung des Zinssatzes (der Zinssätze) und des Zinsbetrags (der Zinsbeträge): [Berechnungsstelle / anderer Beauftragter (Angabe von Einzelheiten)]
- (f) Zinsbestimmung vom Bildschirm:
- (i) Referenzzinssatz: []
- (ii) Zinsfeststellungstag(e): []
- (iii) Maßgebliche Bildschirmseite: []

14. Listing: [Frankfurt Stock Exchange/
Official List/with trading on the London
Stock Exchange/
other (specify)
None]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. per annum [payable
[annually/semi-annually/quarterly/monthly]
in arrear]
- (b) Interest Payment Date(s): [] in each year
- (c) Day Count Fraction: [Actual/Actual (ISMA)
30/360
adjusted/unadjusted
other (give details)]
- (d) Fixed Coupon Amount(s): [] per [] denomination
- (e) Initial Broken Amount: [Insert particulars of any initial interest
amount which does not correspond with the
Fixed Coupon Amount(s)]
- (f) Final Broken Amount: [Insert particulars of any final interest
amount which does not correspond with the
Fixed Coupon Amount(s)]
- (g) Other terms relating to the method of
calculating interest for Fixed Rate Notes: [Not Applicable/give details]
17. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (a) Interest Period(s) (in number of months) /
Interest Payment Dates: []
- (b) Business Day Convention: [Floating Rate Business Day Convention/
Following Business Day Convention/
Modified Following Business Day
Convention/
Preceding Business Day Convention/
other (give details)]
[Interest amounts shall be adjusted/
unadjusted]
- (c) Additional Financial Centre(s): [Not Applicable/give details] (Note that
this item relates to specification of Business
Days in Condition 2(F))
- (d) Manner in which the Rate(s) of Interest
is/are to be determined: [Screen Rate Determination/
ISDA Determination/
other (give details)]
- (e) Party responsible for calculating the Rate(s)
of Interest and Interest Amount(s): [Calculation Agent/
other (give details)]
- (f) Screen Rate Determination:
- (i) Reference Rate: []
- (ii) Interest Determination Date(s): []
- (iii) Relevant Screen Page: []

- (g) Zinsbestimmung gemäß ISDA:
- (i) Wahlrecht variabel verzinslich: []
 - (ii) vorbestimmte Laufzeit: []
 - (iii) Neufeststellungstag: []
- (h) Aufschlag / Abschlag (Marge): + / - [] % per annum
- (i) Mindestzinssatz: [] % per annum
 - (j) Höchstzinssatz: [] % per annum
 - (k) Zinstageregelung: []
 - (l) Zusatzvereinbarung, Regelungen betreffend Rundungen, Nenner und andere Einzelheiten im Zusammenhang mit der Berechnung von Zinsen bei variabel verzinslichen Schuldverschreibungen, sofern abweichend von den Anleihebedingungen: nicht zutreffend / (Angabe von Einzelheiten)
18. Nullkupon-Modalitäten: [anwendbar / nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) Rendite: [] % per annum
 - (b) Referenzkurs: []
 - (c) Andere Formel / Berechnung des fälligen Betrags: []
19. Indexbezogene Zinsmodalitäten: [anwendbar / nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) Index / Formel: [Angabe von Einzelheiten, ggf. als Anhang]
 - (b) Berechnungsstelle für die Berechnung der fälligen Zinsen: []
 - (c) Vereinbarungen zur Zinsbestimmung für den Fall, daß die Berechnung unter Bezugnahme auf einen Index und / oder eine Formel nicht möglich oder nicht sinnvoll ist: []
 - (d) festgelegte Zinsperiode(n) (in Monaten) / festgelegte Zinszahlungstage: []
 - (e) Geschäftstagerregelung: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention (wie in § 2(B) aufgeführt) / andere Regelung (Angabe von Einzelheiten)]
 - (f) zusätzliche(s) Maßgebliche(s) Finanzzentrum(-zentren): [nicht anwendbar / (Angabe von Einzelheiten) (Achtung: dieser Punkt gehört zur Spezifizierung Geschäftstag gemäß § 2(F))]
 - (g) Mindestzinssatz: [] % per annum
 - (h) Höchstzinssatz: [] % per annum
 - (i) Zinstageregelung: [wie spezifiziert in § 2[A][B] / andere Regelung (Angabe von Einzelheiten)]

- (g) ISDA Determination:
- (i) Floating Rate Option: []
 - (ii) Designated Maturity: []
 - (iii) Reset Date: []
 - (h) Margin(s): [+ / -] [] per cent. per annum
 - (i) Minimum Rate of Interest: [] per cent. per annum
 - (j) Maximum Rate of Interest: [] per cent. per annum
 - (k) Day Count Fraction: []
 - (l) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [Not Applicable / give details]
18. Zero Coupon Note Provisions: [Applicable / Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Amortisation Yield: [] per cent. per annum
 - (b) Reference Price: []
 - (c) Any other formula / basis of determining amount payable: []
19. Index-Linked Interest Note Provisions: [Applicable / Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index / Formula: [give or annex details]
 - (b) Calculation Agent responsible for calculating the interest and / or principal due: []
 - (c) Provisions for determining Coupon where calculation by reference to Index and / or Formula is impossible or impracticable: []
 - (d) Interest Period(s) (in number of months) / Interest Payment Dates: []
 - (e) Business Day Convention: [Floating Rate Business Day Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention (as specified in Condition 2(B)) / other (give details)]
 - (f) Additional Financial Centre(s): [Not Applicable / give details] (Note that this item relates to specification of Business Days in Condition 2(F))
 - (g) Minimum Rate of Interest: [] per cent. per annum
 - (h) Maximum Rate of Interest: [] per cent. per annum
 - (i) Day Count Fraction: [(as specified in Condition 2(A)) (B)] / other (give details)

20. Doppelwährungs-Modalitäten: [anwendbar/nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) Umrechnungskurs/Art der Umrechnung: [Angabe von Einzelheiten, ggf. als Anhang]
- (b) Berechnungsstelle, falls zutreffend, für die Berechnung des fälligen Rückzahlungsbetrages und/oder fälliger Zinsen: []
- (c) anwendbare Bestimmungen für den Fall, daß die Berechnung unter Bezugnahme auf einen Umrechnungskurs nicht möglich oder nicht sinnvoll ist: []
- (d) Person, die die Art der Währung(en) für die Zahlung(en) bestimmt: []

EINZELHEITEN ZUR RÜCKZAHLUNG

21. Vorzeitige Rückzahlung nach Wahl der Anleiheschuldnerin: [anwendbar (§ 4) / nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) Tag(e) der vorzeitigen Rückzahlung: []
- (b) [Betrag bei vorzeitiger Rückzahlung/ Amortisierungsnennbetrag (bzw. Beträge)] und, falls zutreffend, Methode zu deren Berechnung: []
- (c) Bei Rückzahlung in Teilbeträgen:
- (i) Minimum-Rückzahlungsbetrag: []
- (ii) Maximum-Rückzahlungsbetrag: []
- (d) Kündigungsfrist (falls abweichend von den Bedingungen): []
22. Vorzeitige Rückzahlung nach Wahl der Anleihegläubiger: [anwendbar (§ 6) / nicht anwendbar]
(falls nicht anwendbar, entfallen die Unterabschnitte dieses Absatzes)
- (a) Tag(e) der vorzeitigen Rückzahlung: []
- (b) [Betrag bei vorzeitiger Rückzahlung/ Amortisierungsnennbetrag (bzw. Beträge)] und, falls zutreffend, Methode zu deren Berechnung: []
- (c) Kündigungsfrist (falls abweichend von den Bedingungen): []
23. Rückzahlungsbetrag bei Endfälligkeit: [zum Nennbetrag/ anderer Betrag/ gemäß Anhang]
24. Betrag (Beträge) bei vorzeitiger Rückzahlung aus Steuergründen oder bei Vorliegen von Kündigungsgründen für die Anleihegläubiger und Methode zu deren Berechnung (falls erforderlich oder falls abweichend von den Bedingungen): []

20. Dual Currency Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (b) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (d) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. Call Option: [Applicable(Condition 4)/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Early Redemption Date(s): []
- (b) [Early Redemption Amount(s)/Amortised Face Amount(s)] and method, if any, of calculation of such amount(s): []
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Terms and Conditions): []

22. Put Option: [Applicable(Condition 6)/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Early Redemption Date(s): []
- (b) [Early Optional Redemption Amount(s)/Amortised Face Amount(s)] and method, if any, of calculation of such amount(s): []
- (c) Notice period (if other than as set out in the Terms and Conditions): []

23. Final Redemption Amount: [Par/other/see Appendix]

24. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Terms and Conditions): []

ALLGEMEINE ANGABEN ZU DEN SCHULDVERSCHREIBUNGEN

25. Form (Verbriefung):
- [Inhaberschuldverschreibungen:**
- [Vorläufige Globalurkunde, austauschbar gegen eine Dauerglobalurkunde, die gegen effektive Stücke auf Anforderung nach [] Tagen, jederzeit, oder unter bestimmten, in der Globalurkunde festgelegten Umständen austauschbar ist]
- [Vorläufige Globalurkunde, austauschbar gegen effektive Stücke auf Anforderung nach [] Tagen]
- Vorläufige Globalurkunde, austauschbar gegen eine Dauerglobalurkunde, die nicht gegen effektive Stücke ausgetauscht werden kann
- [Dauerglobalurkunde, austauschbar gegen effektive Stücke auf Anforderung nach [] Tagen, jederzeit, oder unter bestimmten in der Dauerglobalurkunde festgelegten Umständen]
- [Dauerglobalurkunde, die nicht gegen effektive Stücke ausgetauscht werden kann]
- Namensschuldverschreibungen:**
[eingeschränkt / uneingeschränkt]
26. Nennbetrag der Globalurkunde (falls nur eine begeben wird): []
27. Nennbetrag jeder Globalurkunde (falls mehrere begeben werden): []
28. Zusätzliches Maßgebliches Finanzzentrum oder andere spezielle Vereinbarungen in bezug auf Zahltag (Bedingung 8.4.1): [nicht anwendbar / Angabe von Einzelheiten]
(Bitte beachten, daß diese Angabe sich auf den Ort der Zahlung bezieht und nicht auf die Länge der Zinsperiode, die in Punkt 17(c) geregelt ist)
29. Beifügung von Talons oder Empfangsbescheinigungen an effektive Stücke (und Verfalldatum der Talons): [ja / Nein (falls Ja, Angabe von Einzelheiten)]
30. Einzelheiten in bezug auf Teileingezahlte Schuldverschreibungen:
Betrag jeder Zahlung unter Angabe des Emissionspreises und dem Tag, an dem die betreffende Einzahlung zu leisten ist, sowie (falls zutreffend) Rechtsfolgen bei Nichteinzahlung, einschließlich jedwedes Recht der Emittentin, bei verspäteter Einzahlung Schuldverschreibungen nicht zu übertragen und Zinsen nicht zu zahlen: [nicht zutreffend / Angabe von Einzelheiten]
31. Einzelheiten in bezug auf in Teilbeträgen rückzahlbare Schuldverschreibungen:
(a) Betrag jeder Teilrückzahlung: []
(b) Tag, an dem die Zahlung zu leisten ist: []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice.]

[Temporary Global Note exchangeable for a Permanent Global Note which is not exchangeable for Definitive Notes.]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

[Permanent Global Note not exchangeable for Definitive Notes].

Registered Notes:

[Restricted/Unrestricted]

26. Nominal amount of Global Note (if only one to be issued):

[]

27. Nominal amount of each Global Note (if more than one to be issued):

[Not Applicable/ (specify nominal amount of each Global Note (distinguishing between Temporary and Permanent Global Notes))]

28. Additional Financial Centre(s) or other special provisions relating to Payments (Condition 8.4.1):

[Not Applicable/give details (Note that this item relates to place of payment and not interest period end dates, to which item 17(c) relates)]

29. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. (If yes, give details)]

30. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]

31. Details relating to Instalment Notes:

[Not Applicable/give details]
(if not applicable delete the remaining sub-paragraphs of this paragraph)

(a) Amount of each Instalment:

[]

(b) Instalment Dates:

[]

- | | | |
|-----|---|--|
| 32. | Währungsumstellung, Nennwertumstellung und Umstellungsbestimmungen: | [nicht zutreffend / die Bestimmung [in Bedingung] im Anhang zum Konditionenschreiben ist gültig] |
| 33. | Konsolidierungsbestimmungen: | [nicht zutreffend / die Bestimmung [in Bedingung] im Anhang zum Konditionenschreiben ist gültig] |
| 34. | Andere Bedingungen oder spezielle Bestimmungen: | [nicht zutreffend / Angabe von Einzelheiten] |

ANGABEN ZUR PLAZIERUNG

- | | | |
|-----|---|--|
| 35. | falls syndiziert: | |
| | (a) Namen der Manager | [nicht zutreffend / Angabe von Einzelheiten] |
| | (b) für Kurspflege verantwortlicher Manager | [nicht zutreffend / Angabe von Einzelheiten] |
| 36. | Falls nicht syndiziert: Name des Dealers: | [nicht zutreffend / Angabe von Einzelheiten] |
| 37. | Anzuwendende TEFRA Regeln: | [C-Rules/D-Rules] |
| 38. | Zusätzliche Verkaufsbeschränkungen: | [nicht zutreffend / Angabe von Einzelheiten] |

32. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition] annexed to this Pricing Supplement apply]
33. Consolidation provisions: [Not Applicable/The provisions [in Condition] annexed to this Pricing Supplement apply]
34. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

35. If syndicated,
(a) names of Managers: [Not Applicable/give names]
(b) Stabilising Manager (if any): [Not Applicable/give name]
36. If non-syndicated, name of Dealer: [Not Applicable/give name]
37. TEFRA: The [C] / [D] Rules are applicable
38. Additional selling restrictions: [Not Applicable/give details]

ANGABEN ZUR ABWICKLUNG

39. ISIN Code: []
40. Common Code: []
41. Wertpapier-Kenn-Nummer/interne Kenn-Nr.: []
42. Anderes Clearing System als Euroclear und Clearstream Luxembourg und Clearstream Frankfurt und betreffende Identitätsnummer: [nicht zutreffend /Angabe von Einzelheiten]
43. Lieferung: [Lieferung gegen Zahlung/frei von Zahlung]
44. Agent und Hauptzahlstelle: [Dresdner Bank AG/Citibank N.A.]
45. Weitere Zahlstelle(n) (falls zutreffend): []
46. Rechtsverbindliche Sprache: [Deutsch/Englisch]
47. Trade Date: []
48. Der Gesamtnennbetrag der Schuldverschreibungen wurde in USD zum Kurs von [Betrag] [Währung] = 1 USD umgerechnet, dies ergibt einen Betrag von: USD []
49. Jüngste Entwicklungen: [nicht zutreffend /Angabe von Einzelheiten]

[Antrag auf Börsenzulassung]

Diese Konditionenbeschreibung enthält die notwendigen Angaben für die Börsenzulassung der hierin beschriebenen Teilschuldverschreibungen vom [Emissionsdatum einfügen] gemäß der Zulassung des USD 10.000.000.000 Euro Medium Term Note Programms.]

Verantwortlichkeit

Die Emittentin übernimmt die Verantwortung für den Inhalt dieser Konditionenbeschreibung.

Unterschrift für die Emittentin:

OPERATIONAL INFORMATION

39. ISIN Code: []
40. Common Code: []
41. Wertpapier-Kenn-Nummer / German Security Code: []
42. Any clearing system(s) other than Euroclear and Clearstream Luxembourg and Clearstream Frankfurt and the relevant identification number(s): [Not Applicable / give name(s) and number(s)]
43. Delivery: Delivery [against/free of] payment
44. Agent and Principal Paying Agent: [Dresdner Bank AG / Citibank N.A.]
45. Additional Paying Agent(s) (if any): [Not Applicable / give name(s)]
46. Legally binding language: [German/English]
47. Trade Date: []
48. The aggregate principal amount of Notes has been translated into USD at the rate of [amount] [currency] = 1 USD determined at the Trade Date as provided by the Issuer according to the ECB reference rate, producing the sum of: USD []
49. Recent Developments: [Not Applicable / give details]

[LISTING APPLICATION]

This Pricing Supplement comprises the details required to list the issue of Notes as of [include issue date] described herein pursuant to the listing of the USD 10,000,000,000 Euro Medium Term Note Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____

Duly authorised

6. Description of Bayerische Motoren Werke Aktiengesellschaft

Incorporation, Domicile and Purpose

The origins of BMW AG date back to 1916, when the "Bayerische Flugzeugwerke Aktiengesellschaft" was founded in München as a manufacturer of aircraft engines. In 1922, Bayerische Flugzeugwerke Aktiengesellschaft acquired all plants and installations, patents and designs and all rights and obligations arising from the engine manufacturing operations of the former "Bayerische Motoren Werke Aktiengesellschaft" under which name it has since been operating.

BMW AG has its registered office at Petuelring 130, D-80788 München and is registered under the Reg. No. HRB 42243 of the Commercial Register in München. Registered branch offices are located in Berlin, Bonn, Bremen, Chemnitz, Dortmund, Dresden, Düsseldorf, Essen, Frankfurt am Main, Hamburg, Hanover, Kassel, Leipzig, Mannheim, München, Nürnberg, Saarbrücken and Stuttgart.

BMW AG is entitled within these limitations to all business and undertakings which appear necessary or useful, for the achievement of the company's aims, in particular to acquire or sell property, to establish subsidiaries in Germany and abroad, to establish or acquire other businesses of the same or similar nature, to participate in such businesses and to conclude contracts of mutual interest or similar contracts.

BMW AG is the parent company of the BMW Group.

The object of BMW AG is the manufacturing and sale of motor engines and all vehicles equipped therewith, their accessories as well as products of the engineering, metals and wood industries.

Share Capital

The authorized share capital of EUR 671,825,730 is divided into 622,227,918 common bearer shares and 49,597,812 non-voting preference bearer shares with a nominal value of 1 EUR each, which are issued and fully paid up. An additional authorised capital for non-voting preference shares amounted to 2.6 million euro at December 31, 2000 (see BMW Group—Notes to the Financial Statements (note 14 on page 83)).

The common shares and part of the preferred shares of BMW AG are listed in the Federal Republic of Germany at the stock exchange of München, Berlin, Düsseldorf, Frankfurt am Main and Hamburg. The common shares are also listed abroad in Austria on the Wiener Börse and Switzerland on the Schweizer Börse.

Consolidated Capitalization and Indebtedness of BMW Group

The following table shows the consolidated capitalization and indebtedness of BMW Group as of December 31, 2000 extracted without material adjustment from the audited financial statements:

	December 31, 2000 (in EUR million)
Subscribed capital (issued and fully paid up)	672
Capital reserve	1,914
Revenue reserves	2,000
Unappropriated profit available for distribution	310
Minority interest	—
Shareholders' equity	<u>4,896</u>
Registered profit-sharing certificates	37
Long-term debt (with a term of more than one year)	
Bonds	4,245
Due to banks	4,162
Short-term debt	
Bonds	5,455
Due to banks	907
Commercial paper	602
Total Debt	<u>15,408</u>
Total capitalization	<u>20,304</u>
Contingent liabilities (including guarantees)	<u>151</u>

Since 1 January 2001, shareholder's equity has risen by EUR 382 million as a result of the group profit of EUR 409 million less currency effects of EUR 27 million.

The total debt of BMW Group is unsecured and unguaranteed. For details of the contingent liabilities and special commitments of the BMW Group as at December 31, 2000, see BMW Group—Notes to the Financial Statements (note 17 on page 84 and 85).

Since 1 January 2001, BMW Group has issued Euro Medium Term Notes totalling EUR 830 million with maturities of up to 5 years, JPY 47 billion with maturities of up to 3 years and USD 350 million with maturities of up to 5 years. In addition BMW Group has repaid Euro Medium Term Notes totalling DEM 19.2 million, EUR 106 million, JPY 64.5 billion, PTE 5 billion, SGD 100 million and USD 565.2 million.

Since 1 January 2001, BMW Group has issued Notes totalling EUR 250 million with maturities of up to 5 years.

Save as disclosed above, there has been no material change in the consolidated total capitalisation, indebtedness, contingent liabilities or guarantees of BMW Group since December 31, 2000.

Board of Management

In accordance with the Articles of Association the Board of Management consists of two or more members. Currently the members are:

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

Chairman

Mandates*

- Royal Dutch Petroleum Company/Shell

* Mandates:

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

Ernst Baumann

Human Resources, Industrial Relations Director

Dr. Michael Ganai

(from 5 October 2000)
Director of BMW Plant

Dr.-Ing. Burkhard Göschel

(from 16 March 2000)
Development

Günter Lorenz

Financial Services and Shareholding Companies

Mandates*

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

Dr. Helmut Panke

Finance and Business Development

Dr.-Ing. Norbert Reithofer

(from 16 March 2000)
Production

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

Member of the Board Management

Mandates*

- BMW Services Ltd.

Supervisory Board

In accordance with the Articles of Association the Supervisory Board consists of twenty members, ten of which are elected by the General Meeting of Shareholders and ten of which are elected in accordance with the German workers participation law. Currently the members are:

Volker Doppelfeld	München, Chairman, Former Member of the Board of Management of BMW AG
Manfred Schoch*	München, Deputy Chairman, Chairman of the Central Works Council
Prof. Dr.-Ing. E.h. Berthold Leibinger	Ditzingen, Deputy Chairman, Managing Partner of TRUMPF GmbH + Co., Maschinenfabrik Stuttgart
Stefan Quandt	Bad Homburg v.d.H., Deputy Chairman, Entrepreneur
Ernst Rehmeier*	Dingolfing, Deputy Chairman, Member of the Works Council, Dingolfing plant
Konrad Gottinger*	Dingolfing, Member of the Works Council, Dingolfing plant
Willibald Löw*	Landshut, Chairman of the Works Council, Landshut plant
Dr. Karin Benz-Overhage*	Frankfurt am Main, Executive Member of the Executive Board of IG Metall

Ulrich Eckelmann*	Frankfurt am Main, Union Secretary, Adviser to the Executive Board of IG Metall
Hans Glas*	Dingolfing, Director Dingolfing Plant
Gerhard Gutsmedt*	München, Deputy Chairman of the Works Council, München plant
Arthur L. Kelly	Chicago, Illinois, Managing Partner of KEL Enterprises L.P.
Susanne Klatten	Bad Homburg v.d.H., BSc., MBA
Prof. Dr. Dr. h. c. mult. Hubert Markl	München, President of Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V.
Werner Neugebauer*	München, Regional Executive IG Metall Bayern
Hans-Günther Niklas*	Regensburg, Human Resources Manager, Regensburg plant
Prof. Dr. Bernd Fahrholz	Frankfurt am Main, Chairman of the Board of Management of Dresdner Bank AG
Dr.-Ing. Dieter Soltmann	München, Chairman of the Supervisory Board of Spaten-Franziskaner-Bräu KGaA
Lodewijk C. van Wachem	The Hague, The Netherlands, Chairman of the Supervisory Board of Royal Dutch Petroleum Company/Shell
Dr. Hans-Dietrich Winkhaus	Düsseldorf, Former Chairman of the Board of Management of Henkel KGaA

* Employees' representative.

BMW AG may legally be represented by two members of the Board of Management or one member of the Board of Management together with one holder of a commercial procuration ("Prokurist"), registered in the Commercial Register.

The business address of the members of the Board of Management and Supervisory Board is Petuelring 130, BMW Haus, D-80788, München.

General Meeting of Shareholders and Voting Rights

The General Meeting of Shareholders, which is called by the Board of Management or, as provided by law, by the Supervisory Board, is held at the domicile of BMW AG or at a branch office or at a subsidiary of BMW AG or at the domicile of a German stock exchange in the Federal Republic of Germany within eight months after the end of the respective fiscal year.

The voting right of each common bearer share gives entitlement to one vote.

Auditors

Independent auditors ("Wirtschaftsprüfer") of BMW AG are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft—Wirtschaftsprüfungsgesellschaft, Elektrastraße 6, D-81925 München, Federal Republic of Germany. They have audited the financial statements of BMW AG as well as the consolidated financial statements of the BMW Group for the fiscal years ended 1997, 1998, 1999 and 2000 in accordance with generally accepted accounting principles and practices in the Federal Republic of Germany and have for each year issued their unqualified opinion.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft—Wirtschaftsprüfungsgesellschaft has given and not withdrawn its written consent to the issue of this Information Memorandum with its report in relation to the Issuer** included in the form and context in which it appears and has authorised the contents of that part of the listing particulars containing its report for the purposes of section 152(1)(e) of the Financial Services Act of 1986.

** BMW AG.

Fiscal Year

The fiscal year of BMW AG is the calendar year.

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.

Recent Developments

Extracted without material adjustment from BMW Group's Interim Report for the period ending 31 March 2001 (page 2, 3 and pages 9 to 15).

The BMW Group: an Overview

(units/euro million)

	First Quarter 2001	First Quarter 2000	Change
Vehicle production			
BMW Automobiles ¹	237,733	203,569	16.9%
BMW Motorcycles ²	23,354	21,642	7.9%
Deliveries to customers			
BMW Automobiles ³	221,777	202,100	9.7%
BMW Motorcycles ⁴	17,854	17,757	0.5%
Workforce at end of quarter⁵	95,259	90,543	5.2%
Cash flow	944	539	75.1%
Sales⁶	9,365	8,736	7.2%
Profit from ordinary activities	853	197	333.0%
thereof:			
BMW Automobiles	813	562	44.7%
BMW Rover Automobiles		-424	
BMW Motorcycles	20	17	17.6%
Financial Services	90	96	-6.3%
Miscellaneous, consolidations	-70	-54	-29.6%
Taxes on profit⁷	444	110	303.6%
Profit	409	87	370.1%
DVFA/SG result per share	0.70	0.18	288.9%

¹ in the first quarter 2000 plus 133,377 Rover/Land Rover vehicles

² in addition 4,087 C1 (first quarter 2000: 2,912)

³ in the first quarter 2000 plus 107,149 Rover/Land Rover vehicles

⁴ in addition 1,395 C1 (first quarter 2000: 18)

⁵ as of 31 March 2000 113,731 employees including Rover/Land Rover

⁶ adjusted for Rover/Land Rover sales in the first quarter 2000 (euro 1,722 million) sales increased 33.5%

⁷ thereof in the first quarter 2001 euro 181 million impact of the tax reform (deferred taxes)

Successful first quarter for the BMW Group

In the first quarter of 2001, the BMW Group set new records for deliveries, sales and profits.

In total, 221,777 BMW brand vehicles were sold — a 9.7% increase over the first quarter 2000. The increase is above the trend in the industry as a whole.

Total sales of the BMW Group reached a level of euro 9.4 billion in the first quarter, an increase of euro 629 million compared with the same period last year. Adjusted by the sales in the first quarter 2000 attributable to Rover/Land Rover (euro 1,722 million), this is an increase of 33.5%.

In the BMW Group, profit from ordinary activities, at euro 853 million, was euro 656 million (333%) higher than in the same period in the previous year. Adjusted for the losses incurred by Rover/Land Rover in the first quarter 2000, the increase was euro 293 million (52.3%).

The tax reform which came into force on 1 January 2001 led to a one-off increase in tax expenditure of euro 181 million to euro 444 million due to the necessary adjustment of deferred taxes.

Profits rose from euro 87 million in the first quarter 2000 to euro 409 million, an increase of 370,1%.

Adjusted for the changes arising from the sale of Rover/Land Rover, the workforce in the BMW Group as at 31 March 2001 has risen by 5.2% to 95,259.

Taking the sale into consideration, the number of employees fell by 18,472.

BMW Group embarks on product offensive

The BMW Group is using its strength in all areas of business to expand its product portfolio consistently. As announced at the Geneva Motor Show, the development of a large coupé and convertible in the tradition of the BMW 6 series has been decided. In addition, the BMW X3 will be supplementing the highly successful X5, and setting new standards in the Sports Activity Vehicle sector. From 2004, the BMW 1 series will be entering the upper segment of the lower middle class as a premium model, where it will be the only vehicle with standard drive providing the ultimate driving experience typical of BMW.

In February, the new BMW 3 series compact was presented at the Geneva Motor Show and will be available to customers from June. In addition, the M3 convertible, the X5 4.6 is and the new BMW 7 series will be launched this year.

In July 2001, the MINI One and the MINI Cooper will be launched in the UK, followed by the market launch in Germany and the rest of Europe from September.

Positive outlook for the 2001 financial year:

After the good start in the year, the BMW Group is convinced that the successful development of deliveries, sales and profits will continue throughout the whole of 2001.

This will however include, particularly in the second half of the year, costs for the expansion of the product portfolio, the new BMW 7 series and the production start of MINI One/ MINI Cooper.

BMW Group Balance Sheet

Assets	31.3.2001	31.12.2000
	euro million	euro million
Intangible and tangible assets.....	5,927	5,813
Financial assets.....	968	950
Fixed assets	6,895	6,763
Inventories	3,303	2,809
Leased products.....	7,529	7,206
Receivables from sales financing	10,707	10,372
Assets from sales financing.....	18,236	17,578
Trade receivables	1,673	1,449
Other receivables	3,385	3,646
Marketable securities and notes.....	764	751
Liquid funds.....	4,408	2,879
Current assets	31,769	29,112
	38,664	35,875

Shareholders' equity and liabilities

	31.3.2001	31.12.2000
	euro million	euro million
Subscribed capital.....	672	672
Capital reserve	1,914	1,914
Other shareholders' equity	2,692	2,310
Shareholders' equity	5,278	4,896
Provisions.....	8,878	8,173
Liabilities to banks.....	2,990	2,316
Trade payables.....	1,826	1,831
Other liabilities.....	2,923	2,489
Liabilities	7,739	6,636
Liabilities from sales financing.....	16,769	16,170
	38,664	35,875

BMW Group Profit and Loss Account

	First quarter	
	2001	2000
	euro million	
Sales.....	9,365	8,736
Cost of sales	-7,486	-7,237
Gross profit.....	1,879	1,499
Sales & marketing costs, general administration costs	-1,013	-1,198
Other operating income and expenses.....	-28	-110
Profit before financial result and taxes	838	191
Financial result.....	15	6
Profit from ordinary activities.....	853	197
Taxes.....	-444	-110
Profit.....	409	87
Result per share according to DVFA/SG	0.70	0.18

BMW Group Consolidated Cash Flow Statement

	First quarter	
	2001	2000
	euro million	
Profit.....	409	87
Depreciation of fixed assets.....	509	423
Write-downs of leased products.....	487	634
Increase in provisions*	722	225
Change in deferred taxes.....	414	-122
Change in net current assets and other items	-429	-687
Cash Inflow from operating activities	2,112	560
Cash Outflow from investing activities	-1,483	-722
Cash Inflow from financing activities	907	89
Effect of exchange rates and changes in the consolidated group on liquid funds	-7	26
Change in liquid funds.....	1,529	-47

* thereof increase in pension provisions: euro 26 million (previous year: euro 29 million)

Profit from ordinary activities by segment

First quarter	2001	2000
	(in euro million)	
BMW Automobiles	813	562
Rover Automobiles	—	—424
BMW Motorcycles	20	17
Financial Services	90	96
Miscellaneous, consolidations	—70	—54
Profit from ordinary activities	853	197
Taxes	—444	—110
Profit	409	87

Group profit from ordinary activities rises dramatically

The profit from ordinary activities in the Group reached euro 853 million, compared with euro 197 million in the same period last year. While the result for the first quarter 2000 showed a loss in the Rover Automobiles segment of euro 363 million after the elimination of internal expenditure totalling euro 61 million, the results for the current quarter include one-off revenues of euro 75 million from the sale of land which is not required in the long-term operating business. Adjusting for these effects, the first quarter 2000 profit from ordinary activities increases by euro 363 million to euro 560 million, the profit from ordinary activities in the first quarter 2001 decreases by euro 75 million to euro 778 million. On the basis of the adjusted results, the increase is 38.9%.

Significant increase in profits in the BMW Automobiles segment

The significant increase in profit from ordinary activities of euro 251 million, or 44.7% was based partly on an increase in deliveries to customers, but also on the higher proportion of higher-powered engines and increased options. In addition, this result also includes the one-off effect of euro 75 million from the sale of land which is not required in the long-term operating business.

Profits in the BMW Motorcycles segment remain at last year's high level

Sales in the motorcycle business are generally achieved in the first half of the year. Profits are therefore also generated mainly during this period, while losses are incurred primarily in the fourth quarter due to low motorcycle sales. Profits in the BMW Motorcycles segment in the first quarter exceeded the high level of the same period last year by around 18%.

Higher expenditure in the Financial Services segment

As a result of increased management and financing costs, profits in the Financial Services segment are below the level of the same period last year.

Varying results for Miscellaneous, consolidations

As opposed to the same period last year, the activities of the former Rover Group which remained in the BMW Group are shown here for the first time. Overall, losses were incurred in the first quarter as a result of the restructuring of the factory in Oxford. Against this, the lower intra-group profit eliminations due to the reduction in sales with the Financial Services segment had a positive effect on results.

Group profits negatively affected by fiscal situation

In the first three months of the year 2001, the tax expenditure, at euro 444 million, reached a very high level. The reasons for this lie in the tax reforms implemented by the new German tax legislation. Since deferred taxes due to intra-group profit eliminations from goods supplied by the BMW AG lead to a significant surplus of deferred tax assets overall, the reduction of the corporate tax rate from 40% to 25% on retained profits from 1 January 2001 created, in the first quarter of the current financial year, a one-off tax expenditure of euro 181 million from the devaluation of this deferred tax asset. This one-off factor creates the relatively high effective tax rate of 52.1% in the first quarter 2001.

Notes on the Financial Statements for the first quarter 2001

Basic principles

The financial statements for the first quarter 2001 were prepared using the same accounting and valuation methods as the financial statements for the 2000 financial year. In addition, this Interim Report complies with the requirements of German Accounting Standard No. 6 (DRS 6) — Preparation of Interim Reports — published by the German Accounting Standards Committee e.V. (DRSC).

Consolidated companies

The consolidated group is the same as in the financial statements for the year ending 31 December 2000. The profit and loss account for the first quarter 2000 contains the business of the former Rover Group in full. In the course of the reorientation of the BMW Group in the 2000 financial year, the development, production and distribution of Rover Cars was taken over by Techtronic (2000) Limited, Birmingham, (Phoenix Consortium), from 9 May 2000. Land Rover operations were acquired on 30 June 2000 by the Ford Motor Company, Dearborn, Mich. As a result, the profit and loss account for the first quarter 2001 only includes those activities of the former Rover Group which remained in the BMW Group.

The profit and loss account for the comparable period in the previous year was affected by the former Rover Group as follows:

	euro million
Gross profit	76
Sales & marketing costs, general administration costs	-345
Other operating income and expenses	-65
Loss before financial result and taxes	-334
Financial result	-29
Loss from ordinary activities	-363
Taxes	-22
Loss	-385

The loss from operating activities in the Rover Automobiles segment in the first quarter 2000 was euro 424 million. This loss contained internal expenditure of euro 61 million.

Thus the effect on the profit from operating activities in the BMW Group was only euro 363 million.

Sales by segment

	External sales		Intra-segment sales		Total sales	
First quarter	2001	2000	2001	2000	2001	2000
	(in euro million)					
BMW Automobiles	7,146	5,335	922	1,335	8,068	6,670
Rover Automobiles	—	1,722	—	350	—	2,072
BMW Motorcycles	254	243	1	1	255	244
Financial Services	1,716	1,410	137	126	1,853	1,536
Miscellaneous, consolidations	249	26	-1,060	-1,812	-811	-1,786
BMW Group	9,365	8,736	—	—	9,365	8,736

Sales in the Group increased by 7.2% compared with the same period last year. Thus the sales made by the former Rover Group were more than compensated. Excluding Rover Automobiles segment external sales in the first quarter 2000 (euro 1,722 million), Group sales increased by euro 2,351 million or 33.5%. In the BMW Automobiles segment, sales with internal group leasing companies fell by 30.9% in favour of sales to external parties. Altogether, sales in the BMW Automobiles segment rose by 21.0%. The increase in sales in the Financial Services segment comes from the leasing business which has continued to grow compared with the same period last year, especially in the USA. External sales for the first quarter 2001 under 'Miscellaneous, consolidations' essentially come from the activities of the former Rover Group, which have been taken over by the newly founded subsidiaries Powertrain Ltd., Oxford, Swindon Pressings Ltd., Oxford, and BMW Services Ltd., Oxford.

Balance sheet structure further improved

The balance sheet total has increased by euro 2,789 million, or 7.8%. This development was caused by the increased volume in the industrial sector. On the asset side, liquid funds increased by 42.5%. The increase in inventories is seasonally based and is the result of stocks held by BMW AG and the sales companies. On the liability side, provisions, liabilities to banks and liabilities, all increased in similar proportions.

The sales financing business has grown at a much lower rate in relation to the balance sheet total due to the volume increase in the industrial business. The proportion of this business in the balance sheet total has fallen by 1.8% points to 47.2% since the end of the previous year.

Shareholders' equity has risen by euro 382 million as a result of the Group profit of euro 409 million less currency effects of euro 27 million. The equity ratio remains at 13.7%.

Material increase in cash flow from operating activities

In the consolidated cash flow statement, the material increase in cash flow from operating activities compared with the first quarter 2000 of euro 1,552 million is due to the fact that the loss-making business of Rover and Land Rover vehicles is no longer included in the first quarter 2001.

The net increase in leased products and receivables from sales financing following the continued expansion in the leasing and sales financing business has caused an increase in the cash outflow from investing activities of euro 761 million.

The increase in the cash inflow from financing activities of euro 818 million is solely due to increased borrowing in connection with the sales financing business.

The level of liquid funds with a term of up to three months rose in the first quarter 2001 by euro 1,529 million to euro 4,408 million. Liquid funds including marketable securities and notes total euro 5,172 million (end of previous year: euro 3,630 million). Net financial assets, which are liquid funds and marketable securities and notes minus liabilities to banks in the industrial business, has risen since the end of the previous year by euro 868 million to euro 2,182 million.

BMW Group Five Year Survey

		1996	1997	1998	1999	2000
Sales	euro million	26,723	30,748	32,280	34,402	35,356
Change	%	+13.3	+15.1	+5.0	+6.6	+2.8
Production-Automobiles						
Automobiles ⁽¹⁾	Units	1,143,558	1,194,704	1,204,000	1,147,420	1,026,755
Motorcycles ⁽²⁾	Units	48,950	54,933	60,152	69,157	74,397
Deliveries to customers-Automobiles						
Automobiles ⁽¹⁾	Units	1,151,364	1,196,096	1,187,115	1,180,429	1,011,874
Motorcycles	Units	50,465	54,014	60,308	65,168	74,614
Workforce at end of year ⁽³⁾		116,112	117,624	118,489 ⁽³⁾	114,952	93,624
Capital expenditure	euro million	1,958	2,311	2,179	2,155	2,138
as % of sales	%	7.3	7.5	6.8	6.3	6.0
Depreciation	euro million	1,535	1,812	1,859	2,042	2,322
Cash flow	euro million	2,092	2,518	2,479	2,807	3,198
as % of investment	%	106.8	109.0	113.8	130.3	149.6
Fixed assets	euro million	6,866	7,789	7,810	8,771	6,763
Assets from sales financing	euro million	8,589	10,862	12,564	16,859	17,578
Other current assets and prepaid expenses	euro million	7,728	8,590	10,265	11,877	11,534
Subscribed capital	euro million	506	506	658	671	672
Reserves	euro million	3,915	4,465	5,487	2,992	3,914
Capital reserves	euro million	825	836	1,876	1,893	1,914
Revenue reserves	euro million	3,090	3,629	3,611	1,099	2,000
Shareholders' equity	euro million	4,636	5,240	6,445	3,932	4,896
in % of fixed assets	%	67.5	67.3	82.5	44.8	72.4
Equity ratio						
Industrial business	%	25.0	25.3	28.7	11.9	19.1
Financial services	%	11.5	10.0	10.0	8.7	8.0
Long-term debt	euro million	6,015	7,772	7,039	10,379	10,375
Long-term capital	euro million	10,651	13,012	13,484	14,311	15,271
in % of fixed assets	%	155.1	167.1	172.7	163.2	225.8
Liabilities from sales financing	euro million	7,603	9,774	11,304	15,385	16,170
Balance sheet total	euro million	23,183	27,241	30,639	37,507	35,875
Personnel costs	euro million	5,033	5,535	5,896	6,177	5,976
per employee	euro	46,122	50,493	51,703 ⁽²⁾	55,710	62,307
Profit from ordinary business activities	euro million	849	1,293	1,061	1,111	1,663
Taxes	euro million	429	655	599	448	637
Profit/loss for the financial year	euro million	420	638	462	-2,487 ⁽⁴⁾	1,026
Unappropriated profit of BMW AG available for distribution	euro million	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 F650 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 results of euro 663 million.

Source: BMW Group Annual Report

units. Overall deliveries of the Z3 roadster and Z3 coupé, finally, amounted to almost 40,000 units (previous year: 51,000).

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 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.

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.

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.

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.

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'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.

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.

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 (KOVPP).

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.

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 Group Consolidated Balance Sheet as of December 31, 2000

	Notes	31.12.2000 euro million	31.12.1999 euro million
Assets			
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
Shareholders' equity and liabilities			
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 the 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

	Notes	2000 euro million	1999 euro million
Consolidated Cash flow Statement			
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 expenditure not affecting cash		-234	-520
Result from the sale of fixed assets and marketable securities		8	-1
Undistributed income of 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 ordinary business activities	(26)	4,778	5,300
Investments in tangible and intangible assets		-2,313	-2,155
Proceeds from the disposals 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
Income from marketable securities and notes		162	112
Cash outflow from investing activities	(27)	-3,045	-7,594
Issuance of new stocks		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

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).

1. Consolidated companies

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.....	<u>20</u>	<u>93</u>	<u>113</u>

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 listed on page 94.

2. Changes in the consolidated group

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 June 2000. Sales of the former Rover Group have therefore decreased by euro 3,927 million 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.

3. Principles of consolidation

Investments in subsidiaries are consolidated using the net book value method. Under this method, the cost of the investments 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.

4. Foreign currency translation

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	31.12.1998	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

5. Principles of accounting and valuation

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.

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	up to 10 years
Other plant, 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 of 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.

Development of BMW Group Fixed Assets

	Acquisition and manufacturing costs						Depreciation/write-downs						Net book value		
	1.1.2000*	Trans- lation difference	Additions	Reclassi- fications	Disposals	Final con- solidation of Rover Group	31.12.2000	1.1.2000*	Trans- lation difference	Current year	Disposals	Final con- solidation of Rover Group	31.12.2000	31.12.2000	31.12.1999
In euro million															
Intangible assets	447	5	98	2	41	116	395	372	4	61	40	105	292	103	75
Land, titles to land and buildings, including buildings on third party land ..	4,964	29	130	66	50	1,058	4,081	1,916	8	296	22	415	1,783	2,298	3,048
Plant and machinery	15,407	116	1,096	461	493	3,749	12,838	12,115	79	1,699	492	2,773	10,628	2,210	3,292
Other facilities, factory and office equipment	2,123	17	248	15	150	575	1,678	1,661	13	258	140	444	1,348	330	460
Advance payments made and construction in progress	1,001	8	566	-544	13	138	880	—	—	8	—	—	8	872	1,001
Tangible assets	23,495	170	2,040	-2	706	5,520	19,477	15,692	100	2,261**	654	3,632	13,767	5,710	7,801
Shares in subsidiaries	117	—	24	—	2	—	139	2	—	2	—	—	4	135	115
Investments in associated companies	186	-2	14	—	6	—	192	1	-1	—	—	—	—	192	185
Investments in other companies	526	-2	12	—	—	—	536	3	-2	—	—	—	1	535	523
Long-term securities	23	1	17	—	—	—	41	—	—	—	—	—	—	41	22
Other long-term loans receivable	58	-4	—	—	6	—	48	8	-7	—	—	—	1	47	50
Financial assets	910	-7	67	—	14	—	956	14	-10	2	—	—	6	950	895
Fixed assets	24,852	168	2,205	—	761	5,636	20,828	16,078	94	2,324	694	3,737	14,085	6,763	8,771

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

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

6. Intangible assets

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

7. Financial assets

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.

with the sale of the Rover Cars and Land Rover
is, loans, deferred interest and corporate shares.

Co KG, Dahlewitz, have been largely repaid.

	31.12.2000	31.12.1999
	euro million	euro million
.....	746	879
.....	5	5
	751	884

urities and shares in investment funds.

Bundesbank and cash in bank accounts.

	31.12.2000	31.12.1999
	euro million	euro million
.....	301	188
.....	541	619
	842	807

	31.12.2000	31.12.1999	Change
	euro million	euro million	euro million
....	622	622	—
....	622,227,918	622,227,918	—
....	50	49	+1
....	49,597,812	48,459,812	+1,138,000
....	672	671	+1
....	1,914	1,893	+21
....	1,560	844	+716
....	354	291	+63
....	86	-36	+122
....	440	255	+185
....	2,000	1,099	+901
....	310	269	+41
	4,896	3,932	+964
....	13.7	10.5	

8. Inventories

Raw materials and supplies.....
Work in progress.....
Finished goods and goods for resale.....
Advance payments made.....

Advance payments received

9. Assets from sales financing

Leased products.....
Receivables from sales financing
Customer loan receivables.....
—thereof with a maturity of more than one y
euro 5,039 million (1999: euro 4,179 milli
Other receivables.....
—thereof with a maturity of more than one y
euro 23 million (1999: euro 26 million) —

Leased products include additions of euro 4,8
euro 2,412 million (1999: euro 2,317 million).
million). The positive result from the transla
euro 437 million (1999: euro 748 million).

10. Receivables and other assets

Trade receivables.....
—thereof with a maturity of more than one
euro 1 million (1999: euro 38 million) —
Other receivables and other assets
Receivables from affiliated companies.....
—thereof with a maturity of more than one
euro 61 million (1999: euro 106 million).
Receivables from associated and other con
investment is held.....
—thereof with a maturity of more than one
euro — million (1999: euro — million) —
Miscellaneous assets.....
—thereof with a maturity of more than one
euro 963 million (1999: euro 104 million)

Receivables from affiliated companies relate

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

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.

15. Provisions

	31.12.2000	31.12.1999
	euro million	euro million
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.

16. Liabilities

	31.12.2000			31.12.1999
	thereof with a maturity of			
		up to 1 year	over 5 years	
	euro million	euro million	euro million	euro million
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).

17. Liabilities from sales financing

	31.12.2000			31.12.1999
	thereof with a maturity of			
		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.

25. Net income/loss

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

26. Cash inflow from operating activities

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

	2000	1999
	euro million	euro million
Interest received	1,744	1,412
Interest paid	1,822	1,339
Distributions received	137	9
Income taxes paid	694	557

27. Cash outflow from investing activities

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.

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

28. Segment report

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.

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

In euro million	External sales		Intra-segment sales		Total sales	
	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

Segment information by business

In euro million	Segment result		Financial result		Profit/loss from ordinary activities	
	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

In euro million	Significant non-cash items		Depreciation		Capital expenditure	
	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

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

In euro million	Assets		Capital expenditure		External sales	
	2000	1999	2000	1999	2000	1999
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, consolidation	2,122	2,289	22	32	1,646	1,620
BMW Group	35,875	37,507	2,138	2,155	35,356	34,402

Material costs

	2000	1999
	euro million	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	1999
	euro million	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
Salaried 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 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 pages 60 and 61.

Munich, March 2001

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Independent Auditor's 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

BMW AG Balance Sheet as of December 31, 2000

	31.12.2000	31.12.1999
	euro million	euro million
Assets		
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		
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 subsidiaries	3,422	579
Other liabilities	434	467
Liabilities	4,889	1,861
	15,457	10,796

Income Statement of BMW AG for 2000

	2000	1999
	euro million	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

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.

Major affiliated companies of BMW AG as of 31 December 2000

	Shareholders' equity ⁽¹⁾	Income ⁽¹⁾	Capital investment
	euro million	euro million	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
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

7. Description of BMW Finance N.V.

Incorporation, Duration, Domicile

BMW Finance N.V. was incorporated on June 14, 1983 as a corporation (naamloze vennootschap) under the law of The Netherlands for an indefinite term ("Finance"). The registered office of Finance is in The Hague, The Netherlands; it is registered under the number 27 106 340 in the Commercial Register of The Hague.

Sole shareholder of Finance is BMW AG, München. Finance has no subsidiaries.

Purpose

According to its Articles of Incorporation, the purpose of Finance is the administration and the financing of BMW Group companies and participations and the offering of services relating thereto, including the holding of share capital of other companies, and all other activities which may possibly be useful for such purposes.

Capitalization and Indebtedness

The authorized capital of Finance is NLG 5 million and is divided into 5,000 ordinary shares of NLG 1,000 each. The paid-in capital is NLG 3,500,000.

The following table shows the capitalization and indebtedness of Finance as of December 31, 2000 extracted without material adjustment from the audited financial statements:

	December 31, 2000 (in EUR)
Authorized share capital: NLG 5 million; of which have been issued and are fully paid in	1,598,669
Share premium	7,993,346
Other reserves	1,827,050
Retained earnings	143,598,189
Shareholder's equity	155,017,254
Long-term liabilities	
Bonds	1,125,479,671
Loans due to banks	39,593,367
Liabilities due to Group Companies	51,129,188
Short-term liabilities	
Bonds	622,951,256
Loans due to banks	10,604,235
Liabilities due to Group Companies*	642,433,400
Taxes	229,468
Other liabilities	38,939,300
Total debt	2,531,359,885
Total capitalisation	2,686,377,139

* Loans received from other BMW Group Companies by BMW Finance N.V.

As at December 31, 2000, Finance had no secured or guaranteed long-term or short-term liabilities, and no material contingent liabilities (including guarantees) other than as described in "Notes to the 2000 Financial Statements" on page 103 and 104.

Since 1 January 2001 Finance has issued Euro Medium Term Notes with amounts totalling EUR 795 million with maturities of up to five years. In addition, Finance has repaid Euro Medium Term Notes totalling EUR 30 million, JPY 12 billion as well as DEM 15.5 million in annuities. Since January 1, 2001 Finance has issued Notes totalling EUR 250 million with a maturity of five years.

Save as disclosed above, there has been no material change in the total capitalisation, indebtedness, contingent liabilities and guarantees of Finance since December 31, 2000.

Management

Finance is managed by the Board of Directors, which consists of one or more members. The General Meeting of Shareholders appoints, dismisses or suspends the members of the Board of Directors. Finance must be represented by at least one Director. If the Board of Directors comprises more than one member, Finance must be represented by two Directors or one Director together with a holder of a commercial procuration ("Prokurist") registered in the Commercial Register.

The present members of the Board of Directors of Finance are:

Dr. Wolfgang Stofer, Director of Treasury, Accounting and Taxes of BMW AG

Mr. A. W. de Jong, Managing Director of BMW Nederland B.V.

Dr. H. Mann, Treasurer of BMW Finance N.V.

Finance has no Supervisory Board.

The business address of each of the members of the Board of Directors is:

Einsteinlaan 5, 2289 CC Rijswijk, The Netherlands.

General Meeting of Shareholders

The General Meeting of Shareholders is to be held each year within six months after the end of the previous business year.

Auditors and Financial Statements

Independent auditors ("register accountants") of Finance are at present KPMG Accountants N.V., Churchillplein 6, 2517 JW The Hague, The Netherlands.

The financial statements of Finance for the years ended 1998, 1999 and 2000 have been audited by the aforementioned auditors in accordance with generally accepted accounting principles and practices in The Netherlands and in each case the accounts were certified without qualification.

KPMG Accountants N.V. has given and not withdrawn its written consent to the issue of this Information Memorandum with its report in relation to the Issuer* included in the form and context in which it appears and has authorised the contents of that part of the listing particulars containing its report for the purposes of section 152(1) (e) of the Financial Services Act of 1986.

* Finance.

Fiscal Year

The fiscal year of Finance is the calendar year.

Distribution of Profits

The General Meeting of Shareholders decides on the distribution of profits. Dividends shall be paid after approval of the financial statements. The General Meeting of Shareholders may decide on the distribution of an interim dividend.

No dividends have been paid thus far.

Extracted without material adjustment from BMW Finance N.V.'s Annual Report 2000 (pages 98 to 105):
(Not updated for developments subsequent to 31 December 2000)

Directors' Report 2000

In the course of 2000 the financial activities of the Company have increased. Total assets as at December 31, 2000 amounted to EUR 2,686 million (December 31, 1999: EUR 1,944 million). Net income before taxation increased to EUR 14.3 million from EUR 9.3 million in 1999.

The Euro Medium Term Note Programme set up with other group companies in 1994, was increased in 2000 from USD 5.0 billion to USD 10.0 billion. Several tranches totalling a value of approx. USD 508.1 million have been issued by the Company by the end of 2000. A CHF 150 million bond matured in 2000.

The proceeds have been used for general group financing purposes. The intercompany financing volume increased substantially. Income from operations, which grew in line with the financing volume, was partially offset by the decrease of the Euro.

As of September 1, 2000 Dr. H. Mann was appointed as a member of the Board of Directors. Based on the ongoing business the year 2001 is expected to develop satisfactorily.

The Hague, March 27, 2001

The Board of Directors:

Dr. W. Stofer
Mr. A. de Jong
Dr. H. Mann

Balance Sheet as of December 31, 2000

(after appropriation of net income)

	2000	1999
	EUR	EUR
Assets		
Receivables from Group companies.....	1,066,292,113	1,013,018,102
Other receivables	0	1,010,032
Financial fixed assets	1,066,292,113	1,014,028,134
Receivables from Group companies.....	1,603,440,238	906,906,312
Other receivables and prepaid expenses.....	16,427,071	22,956,830
Cash with banks	217,717	176,316
Current assets	1,620,085,026	930,039,458
Total assets	2,686,377,139	1,944,067,592
 Shareholders' equity and liabilities		
Called up and fully paid share capital.....	1,598,669	1,598,669
Share premium	7,993,346	7,993,346
Other reserves	1,827,050	1,827,050
Retained earnings	143,598,189	134,655,284
Shareholders' equity	155,017,254	146,074,349
Bonds.....	1,125,479,671	711,670,390
Loans due to banks	39,593,367	39,571,073
Liabilities due to Group companies.....	51,129,188	51,129,188
Long-term liabilities	1,216,202,226	802,370,651
Bonds.....	622,951,256	301,884,590
Loans due to banks	10,604,235	6,829,144
Liabilities due to Group companies.....	642,433,400	651,437,787
Taxes	229,468	270,968
Other liabilities	38,939,300	35,200,103
Short-term liabilities	1,315,157,659	995,622,592
Total liabilities	2,686,377,139	1,944,067,592

2000 Income Statement

	2000	1999
	EUR	EUR
Interest income		
-Group companies.....	126,424,584	88,845,713
-Third parties.....	2,516,637	102,570
	<u>128,941,221</u>	<u>88,948,283</u>
Interest expense		
-Group companies.....	32,166,974	27,037,690
-Third parties.....	71,696,814	46,826,229
	<u>103,863,788</u>	<u>73,863,919</u>
Interest margin	<u>25,077,433</u>	<u>15,084,364</u>
Net of other financial income and expenses.....	(10,371,458)	(5,497,618)
Financial income	<u>14,705,975</u>	<u>9,586,746</u>
Miscellaneous expenses.....	359,871	255,856
Income before taxation	<u>14,346,104</u>	<u>9,330,890</u>
Taxes	5,403,199	(5,515,232)
Net income	<u>8,942,905</u>	<u>14,846,122</u>

2000 Statement of Cash Flows

	2000	1999
	EUR million	EUR million
Cash flow from operating activities		
Net income	8.9	14.8
Taxes paid	(1.0)	(3.5)
Change in net current assets		
Current assets	(690.0)	16.5
Current liabilities	320.5	(31.9)
	(369.5)	(15.4)
Cash used by operating activities	(361.6)	(4.1)
Cash flow from financing activities		
Proceeds from long-term loans taken up	425.5	208.1
Principal payments on long-term loans	(11.7)	(94.3)
	413.8	113.8
Long-term loans granted	(307.4)	(338.0)
Principal payments on long-term loans granted	255.2	228.5
	(52.2)	(109.5)
Cash provided by financing activities	361.6	4.3
Change in cash and cash equivalents	0.0	0.2
Cash and cash equivalents at the beginning of the year	0.2	0.0
Cash and cash equivalents at the end of the year	0.2	0.2

Notes to the 2000 Financial Statements

The Company

BMW Finance N.V. was incorporated in the Netherlands with limited liability for an unlimited term on June 14, 1983 and is a wholly owned subsidiary of Bayerische Motoren Werke Aktiengesellschaft.

The Company's purpose is to assist the financing of the activities conducted by companies of the BMW Group and its affiliates and to provide services in connection therewith, including the acquisition of participations in other companies.

Accounting policy

Securities are stated at cost, face or market value, whichever results in the lower valuation. Capital gains on securities are accounted for in the year in which they are realized, whereas losses are charged to income in the year in which they occur.

Bond premiums and the related issuance costs are spread over the term of the bonds.

Payables in foreign currencies which have been swapped are translated at swap rates.

Amounts swapped and all other amounts in foreign currency are translated into EUR at the rate of exchange at the balance sheet date. Unrealized currency translation gains on unhedged long-term liabilities will be written back to income over the remaining term. All other foreign currency translation differences are included in the income statement.

All other assets and liabilities are stated at face value.

Income and expenses are allocated to the year to which they relate.

Long-term liabilities

	2000	1999
	EUR thousand	EUR thousand
Bonds		
1. DEM 324.4 Million Annuity Bonds 6.25% – 7.25% repayment by 2017	70,427	78,379
2. CHF 150.0 Million Bonds 5.00% repayment in 2013	98,477	93,406
3. USD 508.1 Million Euro Medium Term Notes repayment in 2009	546,077	131,167
4. EUR 200.0 Million Bonds 3.50% repayment in 2004	200,000	200,000
5. DEM 200.0 Million Bonds 7.50% – 7.81% repayment in 2003	102,258	102,258
	1,017,239	605,210
Accrued long-term interest related to Annuity Bonds	108,241	106,460
Balance at end of year	1,125,480	711,670

The bonds are unconditionally and irrevocably guaranteed by BMW AG. With respect to the bonds, the Company has given a negative pledge on its present and future assets.

Most of the bonds have been swapped in order to fix the interest margins and to avoid foreign currency exposure.

The approximate average interest rate on 2000 year end outstandings was 5.2% (1999: 4.8%).

The Euro Medium Term Note (EMTN) Programme of a total of USD 10.0 billion has been used in several currencies in the equivalent of USD 508.1 million. Maturities range up to 9 years.

The currency risk related to the JPY 15 billion tranche is covered by BMW AG in 1999 for a period of 3 years starting on August 2, 1999. The security rate is fixed on EUR/JPY 121.88.

Further issuers under the EMTN Programme are Bayerische Motoren Werke Aktiengesellschaft, BMW Coordination Center N.V., BMW US Capital Corp, and BMW (UK) Capital plc.

The USD 10.0 billion programme is unconditionally and irrevocably guaranteed by Bayerische Motoren Werke Aktiengesellschaft.

The bonds include an amount of EUR 376.6 million with a term exceeding 5 years (1999: EUR 382.8 million).

	2000	1999
	EUR thousand	EUR thousand
Loans due to banks		
Balance at beginning of year	39,571	46,148
Foreign currency translation difference	7,776	(109)
Loans taken up	2,851	0
Due within one year	10,605	6,468
Balance at end of year	39,593	39,571

The loans due to banks include an amount of EUR 14.7 million with a term exceeding 5 years (1999: EUR 19.0 million).

These loans bore an approximate average interest rate on 2000 year end outstandings of 7.1% (1999: 7.0%).

Short-term liabilities

	2000	1999
	EUR thousand	EUR thousand
Bonds		
1. DEM 324.4 Million Annuity Bonds	7,952	8,479
2. USD 572.3 Million Euro Medium Term Notes	614,999	200,000
3. CHF 150.0 Million Bonds.....	0	93,406
Balance at end of year	622,951	301,885

Liabilities due to Group companies

These liabilities have been raised from several companies of the BMW Group.

Other and accrued liabilities

These liabilities consist mostly of accrued interest, premiums on bonds and unrealized currency translation gains. They include an amount of EUR 5.5 million with a term exceeding 1 year (1999: EUR 7.1 million).

Contingent liabilities

The Company has given a guarantee for country-specific risks related to BMW South Africa (PTY) Ltd. in the amount of approximately EUR 69.3 million, for which the Company receives a re-guarantee from BMW AG.

Income Statement

Net of other financial income and expenses

Balance of currency translation losses on unhedged long-term liabilities and currency exchange profits.

Miscellaneous expenses

During 2000 six persons were employed by the Company. The company has no Supervisory Board, and members of the Board of Directors were not remunerated. Personnel costs can be specified as follows:

	2000	1999
	EUR thousand	EUR thousand
Salaries	76	69
Social security charges.....	17	9
Pension premiums	15	13
	108	91

Taxes

Included is Dutch corporate tax, as well as foreign withholding tax. The tax burden differs from the nominal tax rate in the Netherlands of approx. 35% due to a guarantee of BMW AG which leads to permanent differences and foreign withholding tax.

The Hague, March 27, 2001

The Board of Directors:

Dr. W. Stofer

Mr. A.W. de Jong

Dr. H. Mann

Other Information

Auditors' report

Introduction

We have audited the financial statements 2000 of BMW Finance N.V., The Hague. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2000 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2, of the Netherlands Civil Code.

The Hague, March 27, 2001
KPMG Accountants N.V.

Appropriation of net income

According to article 9 of the articles of association net income is at the disposal of the shareholders. The Board of Directors has proposed to add net income for the year 2000 to retained earnings.

8. Description of BMW US Capital, LLC

Incorporation, Domicile

BMW US Capital Corp. was incorporated as a corporation under the law of the State of Delaware, United States of America, for an unlimited term on January 14, 1993. The registered office of BMW US Capital LLC is 1209 Orange Street, Wilmington, Delaware.

BMW US Capital, LLC is a direct subsidiary of BMW (US) Holding Corp. ("BMW Holding"), an indirectly 100% owned subsidiary of BMW AG, München. BMW US Capital, LLC has no subsidiaries.

On January 1, 2001 BMW US Capital Corp. converted to a limited liability company under Delaware law and changed its name to BMW US Capital, LLC ("BMW US"). As a limited liability company, it serves the same purpose and function as the former BMW US Capital Corp. All obligations and responsibilities of BMW US Capital Corp. became those of BMW US. BMW US operates under Delaware law. The conversion of the Company to a Limited Liability Company (LLC) shall not have any effect on the liabilities or obligations of the organization and shall not constitute a dissolution of the converting entity.

Purpose

According to its Articles of Incorporation, the purpose of BMW US Capital Corp. was to assist the financing of the activities of BMW Group and to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

The purpose of BMW US remains the same.

Capitalization and Indebtedness

The authorized capital of BMW US Capital Corp. was USD 20 million and was divided into 2,000 ordinary shares of USD 10,000 each, of which 1,100 shares were issued and fully paid up. A Limited Liability Company has no "shares." Since January 1, 2001, BMW Holding has a "membership interest" equal to the value of share capital and shareholder equity of BMW US Capital Corp., plus \$100 which represents the capital contribution of BMW Holding during the conversion process. From an accounting standpoint, "membership interest" is treated as a share interest.

The following table shows the capitalization and indebtedness of BMW US Capital Corp., as of December 31, 2000 extracted without material adjustment from the audited financial statements:

	December 31, 2000 (in USD thousands)
Authorized share capital: USD20,000,000 of which have been issued and are fully paid in	11,000
Share premium	144,000
Retained earnings	101,970
Shareholders' equity	256,970
Long-term liabilities	
Bonds	3,004,692
Long term loans due to banks	100,000
Short-term liabilities	
Due from affiliates*	1,569,170
Commercial Paper	391,313
Private Placement (Insurance Deal)	200,000
Short term note due to banks	850,000
Other	136,390
Total debt	6,251,565
Total capitalisation	6,508,535

* Loans received from other BMW Group Companies by BMW US.

As at December 31, 2000 BMW US had no secured or guaranteed long-term or short-term liabilities, and no material contingent liabilities or guarantees.

Since 1 January 2001 BMW US has issued Euro Medium Term Notes with amounts totalling JPY 5 billion with maturities of 3 years and USD 350 million with maturities of up to 5 years. In addition, BMW US has repaid Euro Medium Term Notes totalling JPY 4 billion, DEM 19.2 million, PTE 5 billion, EUR 14 million, USD 330 million, and SGD 100 million.

Save as disclosed above, there has been no material change in the total capitalization, indebtedness, contingent liabilities and guarantees of BMW US since December 31, 2000.

Management

BMW US Capital Corp. was managed by a Board of Directors consisting of one or more Directors. The General Meeting of Shareholders appoints, dismisses or suspends the Directors.

From January 1, 2001, when BMW US was established, the company management reports to the management of BMW Holding, the former parent company and single member of BMW US.

BMW Holding is managed by a Board of Directors consisting of two Directors.

The two present Directors are:

Dr. Hagen Luederitz,	Director of Strategic Planning for BMW AG.
Tom Purves,	President of Holding.

Upon conversion, the Directors of BMW US Capital Corp. were appointed by BMW Holding as the Officers of BMW US.

Neither US corporations nor limited liability companies have "Supervisory Boards".

The business address of each Officer of BMW US is 300 Chestnut Ridge Road, Woodcliff Lake, New Jersey 07675, United States of America.

Shareholders Meeting

The Annual Shareholders Meeting of BMW US Capital Corp. has to take place within 13 months after the organization of the corporation, and each successive annual meeting shall be held on a date within 13 months after the preceding annual meeting.

After January 1, 2001, the single member will meet at least annually to review the company organization and to review the results of BMW US.

Auditors and Financial Statements

Independent auditors ("certified public accountants") of BMW US Capital Corp., and since January 1, 2001 for BMW US remain, KPMG Peat Marwick LLP, New Jersey Headquarters, 150 John F. Kennedy Parkway, Short Hills, New Jersey 07078, United States of America.

The financial statements of BMW US Capital Corp. for the years ended 1996, 1997, 1998, 1999 and 2000 have been audited by the aforementioned auditors in accordance with generally accepted accounting principles and practices in the United States of America and were certified without qualification.

KPMG Peat Marwick LLP has given and not withdrawn its written consent to the issue of this Information Memorandum with its report in relation to the Issuer* included in the form and context in which it appears and has authorized the contents of that part of the listing particulars containing its report for the purposes of section 152(1)(e) of the Financial Services Act of 1986.

* BMW US.

Fiscal Year

The fiscal year of BMW US is the calendar year.

Distribution of Profits

The profits of BMW US Capital Corp. were at the disposal of the Directors. The dividends were payable after approval of the financial statements. Since January 1, 2001, BMW Holding determines whether any distribution or return on its membership interest in BMW US should be made following review of the financial statements.

No dividends or distributions have been paid thus far.

Extracted without material adjustment from BMW US Capital Corp.'s Annual Report 2000 (pages 110 to 118):

(Not updated for developments subsequent to 31 December 2000)

Independent Auditors' Report

The Board of Directors and Stockholder
BMW US Capital Corp.:

We have audited the accompanying balance sheets of BMW US Capital Corp. (a wholly-owned subsidiary of BMW (US) Holding Corp.) as of December 31, 2000 and 1999, and the related statements of income, stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BMW US Capital Corp. as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

February 2, 2001

BMW US CAPITAL CORP.(A wholly-owned subsidiary of
BMW (US) Holding Corp.)**Balance Sheets**

December 31, 2000 and 1999

(In Thousands of Dollars,
Except Stated Value Amount)

	2000	1999
Assets		
Cash and cash equivalents	\$ 18,241	13,200
Due from affiliates, including accrued interest receivable from affiliates (note 2)	6,399,054	7,058,995
Accrued interest receivable	87,154	85,501
Income tax receivable	—	174
Deferred assets	1,693	2,478
Deferred tax asset	83	114
Investments	2,310	3,035
	<u>\$6,508,535</u>	<u>7,163,497</u>
Liabilities and Stockholder's Equity		
Liabilities:		
Due to affiliates, including accrued interest payable and accrued taxes payable (notes 2 and 7)	\$1,569,170	1,594,848
Commercial paper (note 3)	391,313	2,075,329
Term debt (notes 4 and 5)	4,153,383	3,136,152
Accrued interest payable	133,390	116,756
Income tax payable	1,303	—
Accrued expenses	1,574	1,235
Unearned income	1,432	327
Total liabilities	<u>6,251,565</u>	<u>6,924,647</u>
Stockholder's equity:		
Capital stock, at a stated value of \$10,000 per share. Authorized 2,000 shares; outstanding 1,100 shares	11,000	11,000
Paid-in capital	144,000	144,000
Retained earnings	101,970	83,850
Total stockholder's equity	<u>256,970</u>	<u>238,850</u>
	<u>\$6,508,535</u>	<u>7,163,497</u>

See accompanying notes to financial statements.

BMW US CAPITAL CORP.

(A Wholly-Owned subsidiary of
BMW (US) Holding Corp.)

Statements of Income

Years ended December 31, 2000 and 1999

(In Thousands of Dollars)

	<u>2000</u>	<u>1999</u>
Revenues:		
Interest income—affiliates	\$517,677	419,721
Interest income	4,838	410
	<u>522,515</u>	<u>420,131</u>
Expenses:		
Interest expense—affiliates	62,857	46,655
Interest expense	425,327	333,540
Other (note 7)	3,603	2,923
	<u>491,787</u>	<u>383,118</u>
Income before income taxes	30,728	37,013
Income taxes (note 7)	12,608	14,744
Net income	<u>\$ 18,120</u>	<u>22,269</u>

See accompanying notes to financial statements.

BMW US CAPITAL CORP.

(A wholly-owned subsidiary of
BMW (US) Holding Corp.)

Statements of Stockholder's Equity
Years ended December 31, 2000 and 1999

(In Thousands of Dollars)

	Capital stock		Paid-in capital	Retained earnings	Total
	Number of shares	Stated value			
Balance at December 31, 1998	1,100	\$11,000	144,000	61,581	216,581
Net income	—	—	—	22,269	22,269
Balance at December 31, 1999	1,100	11,000	144,000	83,850	238,850
Net income	—	—	—	18,120	18,120
Balance at December 31, 2000	1,100	\$11,000	144,000	101,970	256,970

See accompanying notes to financial statements.

BMW US CAPITAL CORP.(A wholly-owned subsidiary of
BMW (US) Holding Corp.)**Statements of Cash Flows**

Years ended December 31, 2000 and 1999

(In Thousands of Dollars)

	2000	1999
Cash flows from operating activities:		
Net income.....	\$ 18,120	22,269
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Amortization of bond discount	(178)	285
Deferred tax asset	31	46
Changes in assets and liabilities:		
Decrease (increase) in due from affiliates— short-term receivables.....	693,813	(3,077,854)
(Increase) decrease in due from affiliates— long-term receivables	(33,872)	1,400,000
Increase in accrued interest receivable	(1,653)	(29,253)
Decrease (increase) in income tax receivable	174	(174)
Decrease (increase) in deferred assets	785	(2,478)
Decrease in investments	725	795
Increase in accrued interest payable	16,634	19,544
Increase (decrease) in income tax payable	1,303	(444)
Increase (decrease) in unearned income	1,105	(131)
Increase (decrease) in accrued expenses	339	(137)
Total adjustments	679,206	(1,689,801)
Net cash provided by (used in) operating activities.....	697,326	(1,667,532)
Cash flows from financing activities:		
(Decrease) increase in due to affiliates	(25,678)	489,926
(Decrease) increase in commercial paper	(1,684,016)	522,689
Proceeds from issuance of long-term debt	2,062,069	1,323,041
Repayments of long-term debt	(1,044,660)	(834,725)
Net cash (used in) provided by financing activities	(692,285)	1,500,931
Net (decrease) increase in cash and cash equivalents	5,041	(166,601)
Cash and cash equivalents at beginning of year	13,200	179,801
Cash and cash equivalents at end of year	\$ 18,241	13,200
Cash payments for:		
Interest	\$ 411,860	312,310
Income taxes	13,228	11,562

See accompanying notes to financial statements.

BMW US CAPITAL CORP.

(A wholly-owned subsidiary of
BMW (US) Holding Corp.)

Notes to Financial Statements

December 31, 2000 and 1999

(In Thousands of Dollars)

(1) Nature of Business and Summary of Significant Accounting Policies

Ownership, Nature of Business and Basis of Presentation

BMW US Capital Corp. (the Company) was formed on January 14, 1993 and is a wholly-owned subsidiary of BMW (US) Holding Corp., which is ultimately owned by Bayerische Motoren Werke Aktiengesellschaft (BMW AG).

The Company's purpose is to assist, via long- and short-term advances, the financing of the activities conducted by companies of the BMW Group and its affiliates, primarily in the U.S., and to provide services in connection therewith.

The Company's U.S. affiliates operate primarily in the automotive industry and derive their revenues across North America, with a concentration in states with large population centers such as California, Texas, Florida, New York and New Jersey.

Effective January 1, 2001, the Company adopted a legal structure permitted under the Delaware Limited Liability Company Act dated August 1, 1999. The conversion of the Company to a Limited Liability Company (LLC) shall not have any effect on the liabilities or obligations of the organization and shall not constitute a dissolution of the converting entity.

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of short-term deposits and are carried at cost plus accrued interest. The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company files a consolidated federal income tax return with BMW (US) Holding Corp., BMW of North America, Inc. and certain other members of the BMW Group. Income taxes are determined on a separate company basis.

Investments

The investment security is carried at cost which approximates fair value. Management intends to hold the security to maturity.

Derivative Financial Instruments

The Company does not purchase, hold or sell derivative financial instruments for trading purposes. The Company enters into interest rate swap and interest rate cap agreements as part of its overall interest rate risk management. These transactions are entered into as hedges against the effects of future

interest rate fluctuations and, accordingly, are not carried at fair market value so long as a high degree of correlation is maintained between the derivative instruments and the corresponding asset or liability positions being hedged. On occasion, the Company will also enter into forward exchange agreements as a means of hedging its exposure to a particular currency. In connection with these agreements, the principal obligation is recorded in U.S. dollars at the effective date of the agreement.

The net interest differential, including premiums paid or received, if any, on interest rate swaps and interest rate caps is recognized on an accrual basis as an adjustment to interest income or interest expense to correspond with the hedged asset or liability position, respectively. The difference between the Company's obligation or receivable under the interest rate swap and cross-currency interest rate swap agreements is recorded as accrued interest payable or receivable.

These off-balance-sheet contracts do expose the Company to the fair value gain or loss of the hedging instrument if a counterparty fails to perform. The Company mitigates this risk by dealing with affiliates and investment grade financial institutions.

Additional information regarding the Company's objectives and strategies regarding the management of foreign currency and interest rate risk, including the use of derivative instruments, is discussed in notes 4, 5 and 6.

Deferred Assets and Unearned Income

Deferred assets, relate to fees incurred for structured financing transactions of affiliates, and unearned income, represents bond premiums paid. The Company amortizes unearned income over the life of the related obligation using the effective interest method. Deferred assets are amortized based on a percentage of the portfolio over the life of the related transaction.

Fair Values of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheets.

The fair value estimates made at December 31, 2000 and 1999 were based upon pertinent market data and relevant information on the financial instrument at that time. These estimates do not reflect any premium or discount that could result from offering for sale at one time the entire portion of the financial instrument. Because no market exists for a portion of the financial instruments, fair value estimates may be based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Recognition of Interest Income and Expenses

Interest income is accrued as earned and interest expense is accrued as incurred.

(2) Due from Affiliates and Due to Affiliates

The Company makes advances to various affiliates for use in their operations. Amounts due from affiliates at December 31, 2000 and 1999, along with the range of interest rates charged on such advances, are as follows:

Short-term		Long-term		Accrued interest receivable	
2000	1999	2000	1999	2000	1999
\$ 4,152,478	\$ 4,842,293	\$ 2,227,372	\$ 2,193,500	\$ 19,204	\$ 23,202
5.40% - 7.91%	5.69% - 8.26%	5.51% - 7.91%	5.40% - 8.50%		

The long-term advances have various maturities through 2014.

In addition, the Company accepts advances from various affiliates for use in its operations. Amounts due to affiliates at December 31, 2000 and 1999, along with interest rates paid on such advances, are as follows:

Short term		Accrued interest payable	
2000	1999	2000	1999
\$ 1,559,937	\$ 1,582,448	\$ 9,233	\$ 12,400
6.69%	5.95%		

(3) Commercial Paper

The Company has in place a \$4,500,000 U.S. commercial paper program and a \$500,000 European commercial paper program both supported by a guarantee from BMW AG. At December 31, 2000 and 1999, commercial paper outstanding totaled \$391,313 and \$2,075,329, respectively, all under the U.S. commercial paper program with a composite interest rate of 6.52% and 6.09%, respectively.

The weighted average interest rate on short-term commercial paper obligations for the years ended December 31, 2000 and 1999 was 6.34% and 5.15%, respectively. At December 31, 2000 and 1999, the fair value of the Company's short-term commercial paper obligations approximated the recorded value primarily due to the short terms of the outstanding commercial paper.

(4) Term Debt

The Company has unsecured debt, of which \$723,500 in 2000 and 1999 is fixed rate with rates ranging from 6.63% to 7.75%. In addition, \$3,431,192 and \$2,413,783, which has variable rates ranging from 6.45% to 6.93% and 6.03% to 6.34% at December 31, 2000 and 1999, respectively. The debt as of December 31, 2000 is scheduled to mature as follows:

Year of maturity:	
2001.....	\$ 2,180,830
2002.....	752,566
2003.....	774,700
2004.....	300,000
2005.....	—
2006 and thereafter	146,596
	4,154,692
Less unamortized bond discount	1,309
	<u>\$ 4,153,383</u>

At December 31, 2000 and 1999, \$3,954,692 and \$2,937,283, respectively, of the unsecured debt is guaranteed by BMW AG.

Included in total term debt at December 31, 2000 and 1999 is \$1,153,192 and \$1,552,855, respectively, representing amounts payable in foreign currencies. Concurrent with the consummation of these loans, the Company entered into foreign currency exchange agreements that effectively eliminate the exchange rate risk on the principal amount of the notes and the related foreign currency denominated interest payments. Consequently, the aforementioned obligations represent the amounts the Company will pay subject to counterparty risk as described in note 1.

Based on debt with similar terms and maturities, the fair value of the Company's total term debt outstanding was higher than the recorded value by approximately \$9,710 at December 31, 2000, and higher than the recorded value by approximately \$18,959 at December 31, 1999.

The Company participates with BMW AG in line of credit agreements with commercial banks that permit the Company to borrow up to \$5.0 billion. These commitments, \$2.0 billion and \$3.0 billion, expire in 2004 and 2006, respectively. There were no outstanding borrowings under these commitments as of December 31, 2000 or 1999.

(5) Interest Rate Risk Management

As discussed in note 1, the Company enters into interest rate swap agreements with both affiliates and external parties to alter its interest rate exposure arising from mismatches between assets and liabilities. These transactions are entered into as hedges against the effects of future interest rate fluctuations. The swap agreements mature at approximately the same time as the related assets or liabilities mature. The market value of the Company's net interest rate swap position at December 31, 2000 and 1999 was less favorable than the recorded value by approximately \$2,289 at December 31, 2000 and more favorable than the recorded value by approximately \$15,692 at December 31, 1999.

The following table presents the notional principal amounts, the weighted average interest rates and contractual maturities by class of interest rate swap at December 31, 2000:

	Floating to fixed rate (external)	Fixed to floating rate (external)	Fixed to floating rate (internal)
Year ending December 31:			
2001	\$ 1,035,000		\$ 324,503
2002	1,540,000	\$ 111,557	605,321
2003	960,000		260,766
2004	—	300,000	174,680
2005	—	50,000	114,362
	<u>\$ 3,535,000</u>	<u>\$ 461,557</u>	<u>\$ 1,479,632</u>
Weighted average rate at which Company pays interest.....	<u>6.26%</u>	<u>Floating rate</u>	<u>Floating rate</u>
Weighted average rate at which Company receives interest.....	<u>Floating rate</u>	<u>6.23%</u>	<u>6.73%</u>

Floating rates are reset periodically and are based on LIBOR or 30-day commercial paper rates as published daily by the U.S. Federal Reserve. These swaps are used as hedges to offset the mismatches of interest flows between receivables from the Company's affiliates and notes payable.

The Company also has outstanding interest rate cap agreements entered into with both affiliates and external parties. Pursuant to these agreements with affiliates, the Company will pay the difference between the commercial paper rate or one month USD LIBOR and the stated cap rate on a notional amount of \$31,015 in 2000 and \$40,220 in 1999, when the variable rate exceeds the cap rate. The average strike rate for caps outstanding as of December 31, 2000 and 1999 was 6.35% and 6.34%, respectively. At December 31, 2000 and 1999, the fair value of the Company's interest rate cap agreements approximated the recorded amount.

With respect to agreements with external parties, the Company will receive the difference between one month USD LIBOR and the strike rate when the variable rate exceeds the strike rate and pay when the reciprocal condition occurs. As of December 31, 2000, the notional amount of external caps outstanding was \$943,816 with an average strike rate of 6.62%. As of December 31, 2000, the recorded amount exceeded fair value by approximately \$19,713. There were no interest rate cap agreements with external parties in 1999.

(6) Foreign Currency Management

It is the Company's policy not to execute forward exchange contracts or options for trading purposes. The Company enters into forward exchange and option contracts denominated in foreign currencies with affiliates to hedge certain operating cycle commitments of the affiliates. Simultaneous with the execution, of these contracts, the Company executes reciprocal contracts with third parties and, therefore, no net gain or loss would be realized by the Company. Accordingly, the Company has no exposure to fluctuations in exchange rates. At December 31, 2000 and 1999, the Company had forward exchange and option contracts to buy and/or sell foreign currencies totaling approximately \$22.1 billion and \$15.5 billion, respectively. Given the fair value of contracts with financial institutions at December 31, 2000 and 1999, unrealized losses exist which are offset by unrealized gains on contracts with affiliates at December 31, 2000 and 1999.

(7) Income Taxes

The Company's federal income tax payments are made by BMW (US) Holding Corp. as part of a consolidated tax return for the group. Included in due to affiliates at December 31, 2000 and 1999 is \$9,817 and \$11,945, respectively, of federal tax payments to be made by BMW (US) Holding Corp. on behalf of the Company.

In 1999, the Company purchased net operating losses from a qualified seller under the New Jersey Tax Benefit Program. The purchase price of the net operating losses was 75% of the tax benefit received, or approximately \$1.5 million. Concurrently, state income tax expense has been reduced by the resulting credit, or approximately \$2.0 million in 1999.

The provision for federal, state and local income taxes for the years ended December 31, 2000 and 1999 consists of the following:

	2000	1999
Current:		
Federal	\$ 9,817	\$ 11,945
State and local	2,760	2,753
	12,577	14,698
Deferred—federal	31	46
	<u>\$ 12,608</u>	<u>\$ 14,744</u>

Temporary differences in 2000 and 1999 relate primarily to interest rate cap and debt origination fees.

A reconciliation of the U.S. federal statutory income tax expense to the Company's actual income tax expense for the years ended December 31, 2000 and 1999 is as follows:

	2000	1999
U.S. federal statutory rate at 35%	\$ 10,755	\$ 12,955
State income taxes, net of federal effect	1,853	1,789
	<u>\$ 12,608</u>	<u>\$ 14,744</u>

9. Description of BMW Coordination Center N.V.

Incorporation, Duration, Domicile

BMW Coordination Center N.V. was incorporated on July 31, 1987 as a corporation (naamloze vennootschap) under the law of Belgium for an unlimited period of time ("Coordination Center"). Since November 9, 1987 Coordination Center is recognized under the royal decree no. 187 as of December 30, 1982. The registered office of Coordination Center is in Bornem, Belgium; it is registered in the Commercial Register of Mechelen under the number 63 225.

Coordination Center is an indirectly 100% owned subsidiary of BMW AG, München. Coordination Center has no subsidiaries.

Purpose

The purpose of Coordination Center is to provide assistance, administration and services to companies of BMW Group.

Capitalization and Indebtedness

The authorized share capital of Coordination Center is BEF 10 billion. The paid-in capital is BEF 6.5 billion and is divided into 650,000 ordinary shares of BEF 10,000 each.

The following table shows the capitalization and indebtedness of Coordination Center as of December 31, 2000, extracted without material adjustment from the audited financial statements.

	December 31, 2000 (in BEF thousands)
Authorized share capital: BEF 10,000,000,000 of which have been issued and are fully paid in.....	6,500,000
Legal reserves.....	650,000
Retained earnings.....	6,322,219
Shareholder's equity	<u>13,472,219</u>
Long-term liabilities	
Notes.....	2,706,609
Short-term liabilities	
Notes.....	17,283,150
Short-term financial liabilities.....	9,777,585
Accounts payable.....	7,814
Other and accrued liabilities.....	158,145
Total debt	<u>29,933,303</u>
Total capitalisation	<u>43,405,522</u>

As at December 31, 2000, Coordination Center had no secured or guaranteed long-term or short-term liabilities, and no material contingent liabilities or guarantees.

Since 1 January 2001 Coordination Center has issued Euro Medium Term Notes totalling JPY 42 billion with maturities of 1 year and EUR 35 million with a maturity of 1 year. Coordination Center has repaid Euro Medium Term Notes totalling JPY 18 billion, USD 25 million and EUR 62 million.

Save as disclosed above, there has been no material change in the total capitalisation, indebtedness, contingent liabilities and guarantees of Coordination Center since December 31, 2000.

Management

Coordination Center is managed by the Board of Directors, which consists of three or more members. The General Meeting of Shareholders appoints, dismisses or suspends the members of the Board of Directors. Coordination Center must be represented by two Directors or one Director and a duly authorized officer.

The present members of the Board of Directors of Coordination Center are:
Dr. Horst Bodenbinder, Managing Director of BMW Belgium S.A./N.V.

Dr. Wolfgang Stofer, Director of Treasury, Accounting and Taxes of BMW AG
Dr. Hugo Mann, Treasurer of BMW Coordination Center N.V.

Coordination Center has no Supervisory Board.

The business address of each of the members of the Board of Directors is:
Lodderstraat 16, 2880 Bornem, Belgium.

Auditors and Financial Statements

Independent auditors ("reviseurs d'entreprises") of Coordination Center are at present Klynveld Peat Marwick Goerdeler, Bedrijfsrevisoren, Spoorweglaan 3, 2610 Antwerpen.

The financial statements of Coordination Center for the years ended 1998, 1999 and 2000 have been audited by the aforementioned auditors in accordance with generally accepted accounting principles and practices in Belgium and in each case the accounts were certified without qualification.

Klynveld Peat Marwick Goerdeler has given and not withdrawn its written consent to the issue of this Information Memorandum with its report in relation to the Issuer* included in the form and context in which it appears and has authorised the contents of that part of the listing particulars containing its report for the purposes of section 152(1)(e) of the Financial Services Act of 1986.

* Coordination Center.

Fiscal Year

The fiscal year of Coordination Center is the calendar year.

Distribution of Profits

The General Meeting of Shareholders decides on the distribution of profits. Dividends shall be paid after approval of the financial statements. The General Meeting of Shareholders may decide on the distribution of an interim dividend.

Extracted without material adjustment from BMW Coordination Center N.V.'s Annual Report 2000
(pages 122 to 127):

(Not updated for developments subsequent to 31 December 2000)

Directors' Report 2000

2000 was again a successful year for the Company. Net income for the year reached the level of BEF 1.82 billion (1999: BEF 1.57 billion). Total assets as of December 31, 2000 amounted to BEF 43.40 billion (1999: BEF 35.21 billion).

The Euro Medium Term Note Programme set up with other group companies in 1994, was increased in 2000 from USD 5.0 billion to USD 10.0 billion. The Euro Medium Term Notes outstanding as of December 31, 2000 showed a total value of approximately USD 482 million (1999: approximately USD 420 million).

Together with other group companies, the company participates in a USD 3 billion Multi Currency Revolving Credit Facility with a USD 1.5 billion Swingline Option. A EUR 1.5 billion Multi Currency Commercial Paper Programme has been set up in 1999.

It is expected that 2001 will also be a successful year.

Bornem, March 30, 2001

The Board of Directors:

Dr. H. Bodenbinder

Dr. W. Stofer

Dr. H. Mann

Balance Sheet as of December 31, 2000

(after appropriation of net income)

	Dec. 31, 2000	Dec. 31, 1999
	BEF ('000)	BEF ('000)
Assets		
Receivables from Group companies and other receivables	642,727	374,869
Fixed assets	642,727	374,869
Accounts receivable	28,337,892	22,864,501
Other receivables	56,430	49,272
Deposits	14,058,799	11,721,321
Cash	973	522
Prepaid expenses	308,701	196,036
Current assets	42,762,795	34,831,652
Total assets	43,405,522	35,206,521
 Shareholders' equity and liabilities		
Share capital	6,500,000	6,500,000
Legal reserves	650,000	619,100
Retained earnings	6,322,219	4,528,395
Shareholders' equity	13,472,219	11,647,495
Notes	2,706,609	5,213,270
Long-term liabilities	2,706,609	5,213,270
Notes	17,283,150	9,454,547
Short-term financial liabilities	9,777,585	8,779,909
Accounts payable	7,814	4,956
Other and accrued liabilities	158,145	106,344
Short-term liabilities	27,226,694	18,345,756
Total liabilities	43,405,522	35,206,521

2000 Income Statement

	<u>2000</u>	<u>1999</u>
	<u>BEF('000)</u>	<u>BEF('000)</u>
Revenues	1,325,005	1,138,575
Salary expenses	(90,760)	(84,055)
Other operating expenses	(37,918)	(28,627)
Income from financial fixed assets and current assets	2,827,229	1,883,144
Interest expenses	(2,197,236)	(1,340,585)
Other financial income and expenses	(408)	(51)
Income before taxation	1,825,912	1,568,401
Income taxes	(1,188)	(887)
Net income	<u>1,824,724</u>	<u>1,567,514</u>

Notes to the 2000 Financial Statements

The Company

BMW Coordination Center N.V. was incorporated under Belgian law on July 31, 1987. Since November 9, 1987 the Company has been acknowledged as a Coordination Center under the Royal Decree No. 187 of December 30, 1982. In 1997 the acknowledgment was prolonged for a further 10 years.

Since October 1, 1997 the majority shareholder is BMW Finanz Verwaltungs GmbH, a 100% subsidiary of Bayerische Motoren Werke Aktiengesellschaft, München.

The purpose of the Company is to provide assistance and services including financial services to companies of the BMW Group.

Until 1990 the Company primarily offered accounting and EDP services to sister companies.

Since autumn 1990 the Company has also been active in cash management services for BMW companies, involving mainly the purchase of Group receivables.

Since mid-1991 distribution services have been provided to Group companies.

Since the end of 1993 the Company has been actively involved in Group financing purposes. Loans granted to Group companies amounted to BEF 14.70 billion as of December 31, 2000.

The financial year 2000 covers the period from January 1, 2000 to December 31, 2000.

Accounting policy

The Company applies Belgian standard accounting policies, under which the following items are noted.

Assets/liabilities in foreign currencies are translated at the exchange rate as of the balance sheet date or at the lower/higher book entry rate.

As of January 1, 1998 items for which the currency risk is hedged by financial instruments in foreign currencies are valued at the hedged price of these financial instruments. For the currencies which entered into the EURO as of January 1, 1999 the valuation on December 31, 1998 took place against the official fixed conversion rates of the EURO.

Fixed assets

are stated at historical costs reduced by planned depreciation.

Financial assets

are stated at historical costs, extraordinary depreciation considered.

Accounts receivable/liabilities

are stated at nominal value.

Other current assets

are stated at nominal value.

Capital/retained earnings

are stated at nominal value.

Accruals

have been accrued for foreseeable amounts due.

Receivables from Group companies and other receivables

are receivables due from Group companies with terms up to 19 years.

Accounts receivable

are accounts receivable bought from and payable by BMW Group companies.

Deposits

are term deposits held with Group companies.

Cash

is held mainly on current accounts.

Prepaid expenses

consist of accrued interest.

Share capital

The Company has an approved capital of BEF 10.00 billion of which BEF 6.5 billion has been paid-in.

Legal reserves

	BEF ('000)
Balance at beginning of year	619,100
Additions in 2000	30,900
Balance at end of year	<u>650,000</u>

Belgian law requires that a minimum of 5% of the net income be retained until the legal reserves reach one-tenth of the capital.

Retained earnings

	BEF ('000)
Balance at beginning of year	4,528,395
Net income	1,824,724
Additions to legal reserves	30,900
Retained earnings at end of year	<u>6,322,219</u>

Long-term financial liabilities

consist of several tranches issued under the Euro Medium Term Note Programme with maturities ranging from 1 to 15 years. Further issuers under the Euro Medium Term Note Programme are Bayerische Motoren Werke Aktiengesellschaft, BMW Finance N.V., BMW US Capital, LLC and BMW (UK) Capital plc. The USD 5 billion programme is unconditionally and irrevocably guaranteed by Bayerische Motoren Werke Aktiengesellschaft. Since January 22, 1999 BMW Coordination Center N.V. is also issuer under a EUR 1.5 billion Multi-Currency Commercial Paper Programme with maturities up to two years. This programme is unconditionally and irrevocably guaranteed by Bayerische Motorenwerke Aktiengesellschaft.

Short-term financial liabilities

consist of funds which have been provided by banks or under the Euro Medium Term Note Programme with maturities up to 1 year.

Other and accrued liabilities

are payroll taxes, deferred expenses related to social security payments and received discounted interest payments and commissions relating to 2001.

Revenues

include commission income, income from services to other Group companies and compensated costs.

Salary expenses

are salary and social security payments. There were 35 employees as of December 31, 2000. Members of the Board of Directors were not remunerated in their function as Member of the Board.

Other operating expenses

relate to general and administrative expenses.

Income from financial fixed assets and current assets

is interest received from Group companies.

Interest expenses

are interest payments made to banks, noteholders and Group companies.

Other financial income and expenses

are the result of changes in the valuation of assets and liabilities in foreign currencies.

10. Description of BMW (UK) Capital plc

Incorporation, Domicile

BMW (UK) Capital plc was originally incorporated with an unlimited term on October 16, 1995 under the Companies Act 1985 with the name Stohold Limited and changed its name to BMW (UK) Capital Limited on December 6, 1995. On May 1, 1996 BMW (UK) Capital Limited was re-registered as a Public Company under the name BMW (UK) Capital plc ("BMW UK"). The registered office of BMW UK is Ellesfield Avenue Bracknell Berkshire RG12 8TA; it is registered in England and Wales under the number 3114356.

BMW UK is an indirectly 100% wholly owned subsidiary of BMW AG. BMW UK has no subsidiaries.

Purpose

The principal purpose of BMW UK is to provide financing for use by BMW Group companies.

Capitalization and Indebtedness

The authorized share capital of BMW UK amounts to GBP 10 million and is divided into 10,000,000 ordinary shares of GBP 1, of which 281,000 shares have been issued and are fully paid in.

The following table shows the capitalization and indebtedness of BMW UK as of December 31, 2000 extracted without material adjustment from the audited financial statements:

	December 31, 2000 (in GBP thousands)
Subscribed capital.....	281
Share premium account	57,568
Retained earnings	16,059
Shareholder's equity.....	<u>73,908</u>
Long-term liabilities	
Long term loans due to banks.....	743,700
Bonds, Notes	1,043,593
Deferred income due within five years	<u>6,288</u>
Short-term liabilities	
Group Loans*	533,647
Accruals.....	30,285
Bank loans	12
Notes	<u>509,587</u>
Total debt.....	<u>2,867,112</u>
Total capitalisation.....	<u><u>2,941,020</u></u>

* Loans received from other BMW Group Companies by BMW (UK) Capital plc.

As at December 31, 2000, BMW UK had no secured or guaranteed long-term or short-term liabilities, and no material contingent liabilities, or guarantees other than as described in "Notes to the Financial Statements" on pages 134 to 137.

Since 1 January 2001 BMW UK has repaid Euro Medium Term Notes totalling USD 210.2 million and JPY 30.5 billion.

Save as disclosed above, there has been no material change in the total capitalisation, indebtedness, contingent liabilities and guarantees of BMW UK since December 31, 2000.

Management

BMW UK is managed by a Board of Directors consisting of one or more Directors. At present there are four Directors.

The members of the Board of Directors of BMW UK are:

Dr. Wolfgang Stofer, Director of Treasury, Accounting and Taxes of BMW AG

Sabine Schaedle, General Manager, Group Financial Planning and Controlling

Neil Wharton, UK Group Tax Manager

Michael Kreeft, Manager Accounting, BMW Manufacturing Oxford

The business address is Ellesfield Avenue Bracknell Berkshire RG12 8TA.

Shareholders' Meeting

General Meetings of Shareholders will be held annually.

Auditors

Independent auditors ("chartered accountants") of BMW UK at present are KPMG, 2 Cornwall Street, Birmingham B3 2DL.

The financial statements of BMW UK for the years ended 1998 and 1999 and 2000 were prepared by the directors in accordance with generally accepted accounting principles and practice in the UK and have been audited by the aforementioned auditors in accordance with generally accepted auditing standards, and certified without qualification.

KPMG has given and not withdrawn its written consent to the issue of this Information Memorandum with its report in relation to the Issuer* included in the form and context in which it appears and has authorised the contents of that part of the listing particulars containing its report for the purposes of section 152(1)(e) of the Financial Services Act of 1986.

* BMW UK.

Financial Year

The financial year of BMW UK is the calendar year.

Distribution of Profits

The General Meeting of Shareholders will ratify all dividend payments. No dividends have been paid thus far.

Extracted without material adjustment from BMW (UK) Capital plc's Annual Report 2000 (pages 130 to 139):

(Not updated for developments subsequent to 31 December 2000)

Directors' Report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31 December 2000.

Activities

The principal activity of the company is to raise funds in the financial markets for use by BMW Group Companies. Following the restructuring of the group, as set out in the accounts for the previous year, at the year end the Company continues to be a party in respect of certain financial instruments with MG Rover Group Ltd. and Land Rover Group Ltd.

Financial

The profit for the year and appropriations are shown in the profit and loss account on page 5.

No dividends were paid in 2000 and none are proposed (1999—£nil). A reconciliation of the movements in shareholders' funds is given in note 12.

Directors

The directors who served during the whole year were as follows:

Dr. W. Stofer (Chairman)

Appointments to the board during the year were as follows:

Sabine Schaedle – Appointed 20th April 2000

Neil Wharton – Appointed 22nd November 2000

Michael O Kreeft – Appointed 6th December 2000

Resignation from the board during the year were as follows:

A.L. Burns – Resigned 20th October 2000

No director held any beneficial interest in the share capital of group companies during the year.

Policy on payment of creditors

The company agrees terms and conditions for business transactions with all its suppliers. Payment is made on these terms provided the supplier meets its obligations. The company does not follow any code or standard on payment practice.

The Euro

On 1 January 1999, the Euro became legal currency in 11 European countries. These countries form the European Monetary Union or EMU. The UK has exercised its right to opt out and is, therefore, not included in the EMU member states but may join at a later date.

The introduction of the Euro commences a transition period lasting three years, during which time the Euro will be linked to the national currencies of the member states by fixed exchange rates which will not vary throughout the period. After three years, the Euro bank notes and coins will be introduced and will exist in parallel with the National currencies for a further six months. At the end of six months, in July 2002, the national banknotes and coins will be withdrawn.

From 1 January 1999, companies within the Euro zone have been able to choose to use either the Euro or their national currency for transactions.

During 1998, a working group was established by the Company to conduct an impact analysis study of every area of the business and to prepare the Company for European Monetary Union. As a result of its findings, systems and processes have been implemented to cater for the introduction of the Euro in relation to customers, suppliers and internal needs.

Auditors

In accordance with S385 of the Companies Act 1985 a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General meeting.

By order of the Board

Graham Coleshill
Secretary

Oxford
Oxfordshire

27 April 2001

Profit and Loss Account

For the year ended 31 December 2000

	Notes	Year ended 31 December 2000	Year ended 31 December 1999
		£'000	£'000
Interest receivable	1	244,299	186,702
Interest payable	2	(236,459)	(181,363)
Gross profit		7,840	5,339
Administrative expenses		(563)	(593)
Other operating income		31,538	912
Other operating expenses		(30,810)	(558)
		165	(239)
Operating profit and profit on ordinary activities before taxation	3-5	8,005	5,100
Tax on profit on ordinary activities	6	—	(1,569)
Profit for the financial year	12	8,005	3,531

There are no gains or losses other than those shown in the above profit and loss account. All gains and losses derive from continuing operations.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis in both financial years.

Notes to the Financial Statements

1 Interest receivable

	2000	1999
	£'000	£'000
Interest from short-term deposits	8,345	4,594
Interest receivable from group undertakings	235,954	182,108
	<u>244,299</u>	<u>186,702</u>

2 Interest payable

	2000	1999
	£'000	£'000
Interest on bank loans	177,142	144,000
Interest payable to group undertakings	59,317	37,363
	<u>236,459</u>	<u>181,363</u>

3 Operating profit

	2000	1999
	£'000	£'000
Operating profit is stated after charging:		
Auditors' remuneration—audit	<u>2</u>	<u>2</u>

4 Directors' emoluments

None of the directors were entitled to or received any emoluments in respect of their services to the company during the period (1999—£nil)

5 Staff costs

Employee Costs

	2000	1999
	£'000	£'000
Payroll Costs	<u>327</u>	<u>311</u>

Payroll costs are borne by another group company and recharged to BMW (UK) Capital plc.

Average number of employees involved in:—

	2000	1999
	number	number
Financing activities	<u>7</u>	<u>7</u>

6 Taxation on profit on ordinary activities

	2000	1999
	£'000	£'000
Group relief payable	<u>—</u>	<u>1,569</u>

7 Tangible assets

	Plant & Machinery £'000
Cost	
At 1 January 2000	5
Additions	—
At 31 December 2000.....	5
Accumulated Depreciation	
At 1 January 2000	3
Charge for year	2
At 31 December 2000.....	5
Net book value at:	
31 December 2000	—
31 December 1999	2

8 Debtors

	2000 £'000	1999 £'000
Amounts owed by group undertakings		
Due within one year	2,806,741	2,080,515
Due after one year	103,008	1,652,999
Other debtors		
Due within one year	405	1,232
Due after one year	1,588	1,993
	<u>2,911,742</u>	<u>3,736,739</u>

9 Creditors:

Analysis by maturity

	31 December 2000				
	Bank Loans/ Overdrafts £'000	Other Loans £'000	Accruals/ Deferred Income £'000	Group Companies £'000	Total £'000
Due within one year.....	12	509,587	30,285	533,647	1,073,531
Due after one year.....	743,700	1,043,593	6,288	—	1,793,581
Analysed as:					
After five years	60,000	100,000	1,158	—	161,158
From two to five years.....	583,700	721,372	3,558	—	1,308,630
From one to two years	100,000	222,221	1,572	—	323,793
	31 December 1999				
	Bank Loans/ Overdrafts £'000	Other Loans £'000	Accruals/ Deferred Income £'000	Group Companies £'000	Total £'000
Due within one year.....	120,003	856,188	26,781	1,027,855	2,030,827
Due after one year.....	743,700	1,005,204	2,881	—	1,751,785
Analysed as:					
After five years	250,000	250,000	—	—	500,000
From two to five years.....	493,700	693,592	2,056	—	1,189,348
From one to two years	—	61,612	825	—	62,437

Analysis by currency

Bank Loans and Overdrafts and Other Loans	Weighted Int Rate	Average Yrs Fixed	2000 £'000
Sterling			
Fixed Borrowings	6.3%	3.4	765,200
Floating Borrowings			1,531,692
			<u>2,296,892</u>

The floating-rate borrowings are related to GBP LIBOR

BMW Group has entered into two committed credit facilities totalling US\$5 billion, BMW (UK) Capital plc can draw under them. The facilities mature as follows:

Less than one year	US\$1.5 billion
More than two years	US\$3.5 billion

Cash and deposits comprise sterling deposits placed on the London money markets. The sterling deposits were yielding a weighted average interest rate of 3.5% as at 31 December 2000.

10 Hedging & Fair Values

	Gains £'000	Losses £'000	£'000
Unrecognised gains and losses on hedges at 1st January 2000..	78,240	76,542	1,698
Gains and losses arising in previous years that were recognised in 2000	<u>22,668</u>	<u>27,179</u>	<u>(4,511)</u>
Gains and losses arising before 1st Jan 2000 that were not recognised in 2000	55,572	49,363	6,209
Gains and losses arising in 2000 that were not recognised in 2000	<u>150,741</u>	<u>150,370</u>	<u>371</u>
Unrecognised gains and losses on hedges at 31st December 2000	<u>206,313</u>	<u>199,733</u>	<u>6,580</u>
Of which:			
Gains and losses expected to be recognised in 2001	62,700	62,700	—
Gains and losses expected to be recognised in 2002 or later.....	143,613	137,033	6,580

Set out below is a year-end comparison of the book value and current fair value of the company's financial instruments by category.

	Book Value 2000 £'000	Fair Value 2000 £'000	Book Value 1999 £'000	Fair Value 1999 £'000
Cash, Deposits	29,278	29,274	111,774	111,774
Short-term debtors	2,807,146	2,807,481	2,080,515	2,080,515
Long-term debtors				
Floating Rate	103,008	103,118	887,799	887,799
Fixed Rate	—	—	765,200	754,833
Short-term borrowings	(1,073,531)	(1,073,552)	(2,030,827)	(2,030,827)
Long-term borrowings				
Floating Rate	(1,028,381)	(1,042,802)	(661,585)	(661,585)
Fixed Rate	(765,200)	(775,319)	(1,090,200)	(1,074,012)
Derivative financial instruments				
Interest rate swaps		6,580		(1,730)
Forward foreign currency contracts		—		3,428

Accounting Policies

For the year ended 31 December 2000

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cashflow statement as it is wholly owned by BMW AG and its cash flows are included within the consolidated cashflow statement of that company.

Interest

Interest payable/receivable is accrued over the term of the related borrowing/loan so as to recognise the total cost/income evenly over the life of the loan.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will be payable in the foreseeable future.

Depreciation

Depreciation of tangible fixed assets is provided on a straight line basis at the following rate so as to write off their cost less estimated residual value over their estimated useful lives.

Plant and machinery—33⅓%

Risk Management

The BMW AG Board sets the objectives and policies for financial risk management which are consistent with the formal procedures and policies operated by the company to cover banking, foreign exchange and other treasury matters. The company's policy is not to trade or speculate in financial instruments.

Interest Rate Risk

The company manages BMW UK Group companies interest rate risk primarily through utilising interest rate swaps.

Currency Risk

The company manages BMW UK Group companies currency risks primarily through utilising forward contracts.

Credit Risk

A large number of major international financial institutions are counterparties to the interest rate swaps, foreign exchange contracts and borrowings transacted by the company. The company continually monitors its position to ensure that it stays within credit exposure limits set by BMW AG.

Financial Instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Discounts and premiums are charged or credit to the profit and loss account over the life of the asset or liability to which they relate.

Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument.

Foreign Currencies

Transactions in foreign currencies are converted at the rates prevailing at the date of transaction. Monetary assets and liabilities are translated at the rates ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Foreign currency assets and liabilities covered by forward contracts are translated at contract rates of exchange.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors' Report to the Members of BMW (UK) Capital plc

We have audited the financial statements on pages 132 to 139.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors
Birmingham

27 April 2001

11. Selling Restrictions

1. General

Each Dealer acknowledges and each further Dealer will be required to acknowledge that no action has been or will be taken in any jurisdiction by any Issuer that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Each Dealer will comply, to the best of its knowledge and belief, with all applicable laws and regulations (including any amendments, changes or modifications thereto from time to time) in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes such offering material, in all cases at its own expense.

2. Federal Republic of Germany

Selling Restrictions do not apply, as long as a Listing Prospectus according to Section 44 of the Stock Exchange Admission Regulation is filed with and approved by the Frankfurt Stock Exchange on an annual basis.

Each Dealer represents and agrees, and each other purchaser will be required to represent and agree, that it has not offered or sold and it will not offer or sell any Note issued by BMW Coordination Center N.V. to any person, individual or legal, resident in Germany for tax purposes.

3. United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States (the "United States" or the "US") or to or for the account or benefit of US persons except pursuant to an exemption from the registration requirements of the Securities Act or in accordance with Regulation S under the Securities Act. Notes in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to US persons, except in certain transactions permitted by US tax law regulations. Each of the Dealers represents that it, its affiliates and any person acting on its or their behalf (i) has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and (ii) have offered or sold and will offer or sell any Notes only in an offshore transaction as defined in Regulation S. Accordingly, each of the Dealers represents and agrees that neither it, its affiliates nor any other persons acting on its or their behalf have engaged or will engage in any directed selling efforts in the United States with respect to the Notes, and it and they have complied and will comply with the offering restrictions of Regulation S.

Each of the Dealers has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:—

"The Notes covered hereby have not been registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Notes of which such Notes are a part except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

- I. For Notes in bearer form with maturities of less than or equal to 365 days the following shall apply unless the Issuer is BMW US Capital, LLC:—

In addition, under US Treasury Regulation § 1.163-5(c)(2)(i)(C) (the "C Rules"), the Notes with a maturity (at issue) of less than or equal to 365 days in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. The Dealer represents that it has not offered, sold or delivered, and agrees that it will not offer, sell or deliver, directly or indirectly, the Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of the Notes, the Dealer represents that it has not communicated, and agrees that it will not communicate, directly or indirectly, with a prospective purchaser who is within the United States or its possessions, nor has

it, directly or indirectly, through any of its US offices communicated nor will it communicate with any prospective purchaser or otherwise involve a United States office in the offer or sale of the Notes.

- II. For Notes in bearer form and with maturities of more than 365 days and for all Notes issued by BMW US Capital, LLC the following shall apply:—

In addition,

- (1) except to the extent permitted under US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the "D Rules"), each of the Dealers represents and agrees that it (a) has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States of America or its possessions or to a United States person and (b) has not delivered and will not deliver within the United States of America or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (2) each of the Dealers represents and agrees that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States of America or its possessions or to a United States person, except as permitted by the D Rules;
- (3) if one of the Dealers is a United States person, it represents and agrees that it is acquiring the Notes in bearer form for purposes of resale in connections with their original issuance and if one of the Dealers retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of US Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
- (4) with respect to each affiliate that acquires from a Dealer Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, such Dealer represents and agrees that it either (a) repeats and confirms the representations and agreements contained in clauses (1), (2) and (3) on its behalf or (b) agrees that it will obtain from such affiliate for the Issuer's benefit the representations and agreements contained in clauses (1), (2) and (3).

Terms used in these paragraphs I. and II. have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the C Rules and D Rules.

4. United Kingdom

Each Dealer has represented and agreed that:—

- (a) in respect of any Notes which are to be admitted to the Official List of the UK Listing Authority and the London Stock Exchange (the "Listed Notes"):—
 - (i) it has not offered or sold and will not offer or sell any Listed Notes having a maturity of one year or more to persons in the United Kingdom prior to admission of the Listed Notes to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act"), except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended (the "Regulations") or the Act;
 - (ii) it has complied and will comply with all applicable provisions of the Act with respect to anything done by it in relation to the Listed Notes in, from or otherwise involving the United Kingdom; and
 - (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Listed Notes other than any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996, as amended or is a person to whom such document may otherwise lawfully be issued or passed on.

(b) in respect of any Notes other than Listed Notes (the "Unlisted Notes"):

- (i) it has not offered or sold and, during the period of six months from the date of issue of any Unlisted Notes having a maturity of one year or more, will not offer or sell any Unlisted Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Regulations;
- (ii) it has complied and will comply with all applicable provisions of the Act with respect to anything done by it in relation to the Unlisted Notes in, from or otherwise involving the United Kingdom; and
- (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Unlisted Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

5. Japan

Each Dealer understands that the Notes have not been and will not be listed, registered or publicly offered in Japan under the Securities and Exchange Law of Japan. Accordingly, each Dealer has represented and agreed that it will not offer, sell or deliver any Notes, or any interest thereon directly or indirectly, in Japan or to any Japanese Person or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account of any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorities in effect at the relevant time. For the purposes of this paragraph "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity located in Japan. In addition, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree to provide necessary information relating to the issue of Notes to the Issuer (which shall not include the name of clients) so that the Issuer may make any required reports to the Japanese Minister of Finance through its designated agent.

6. The Netherlands

Each of the Dealers represents and agrees with the Issuers and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that any Notes issued under the Programme (including rights representing an interest in a Note in global form) that are not listed on the Amsterdam Stock Exchange and (i) that are offered anywhere in the world as far as the Notes issued by BMW Finance N.V. are concerned or (ii) offered, as part of their initial distribution or by way of re-offering, in The Netherlands as far as Notes issued by Bayerische Motoren Werke Aktiengesellschaft, BMW US Capital, LLC, BMW Coordination Center N.V. and BMW UK Capital plc are concerned shall, in order to comply with The Netherlands Supervision of the Securities Trade Act (*Wet toezicht effectenverkeer 1995*, hereinafter the "Netherlands Securities Act");—

- (a) only be issued and offered in the event that such Notes have been or will most likely shortly be admitted to the official listing on a stock exchange in another state which is a party to the Treaty on a European Economic Area and, in the latter case, the Information Memorandum has been submitted to or approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority as referred to in Article 20 or Article 21 of EC Directive 89/298/EEC and the Securities Board of The Netherlands (*Stichting Toezicht Effectenverkeer*, hereinafter the "STE") has confirmed the availability of mutual recognition in respect of such documents (this condition (a) shall apply only if no more than six months have passed since the approval of the Information Memorandum and the relevant Pricing Supplement by the competent authority of the other state); or
- (b) only be issued and offered in the event that the Information Memorandum has been approved by, and the relevant Pricing Supplement in respect of such Notes has been submitted to or approved by, the competent authority of another state which is a party to the Treaty on a European Economic Area as referred to in Article 20 or Article 21 of the EC Directive 89/298/EEC in connection with a public offering of such Notes and the STE has confirmed the availability of mutual recognition in

respect of these documents (this condition (b) shall apply only if no more than six months have passed since the approval of the Information Memorandum by the competent authority of the other state); or

- (c) only be issued and offered anywhere in the world (as far as Notes issued by BMW Finance N.V. are concerned) if forming part of a Series comprising only Notes with a denomination of at least NLG 100,000 (or the equivalent in any other currency) or only be offered in the Netherlands (as far as Notes issued by Bayerische Motoren Werke Aktiengesellschaft, BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc are concerned) if such Notes have a denomination of at least NLG 100,000 (or the equivalent in any other currency); or
- (d) not be offered, sold, transferred or delivered, whether directly or indirectly, to any individual or legal entity anywhere in the world (as far as Notes issued by BMW Finance N.V. are concerned) or in The Netherlands (as far as Notes issued by Bayerische Motoren Werke Aktiengesellschaft, BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc are concerned) other than to individuals or legal entities who or which trade or invest in securities in the conduct of a business or profession (which includes but is not limited to, banks, investment banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations and treasuries and finance companies of large enterprises), in which case:—
 - (i) it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of Notes is publicly announced that the offer is exclusively made to the said individuals or legal entities; and
 - (ii) a copy of any offering circular or prospectus (including the relevant Pricing Supplement) must be submitted by the Lead Manager on behalf of the relevant Issuer to the STE before the offer of the Notes to the said individuals or legal entities is made; or
- (e) (for syndicated Tranches of Notes) if they qualify as Euro-securities only be issued and offered if the following criteria are met:—
 - (i) the Notes are subscribed for and placed by a syndicate of which at least two members are domiciled in different states who are a party to the Treaty on a European Economic Area:—
 - (ii) 60 per cent. or more of the issue is placed by syndicate members which are situated in one or more of the aforementioned states other than the state in which the Issuer is established; and
 - (iii) investors may only acquire the Notes being offered through the intermediary of a bank or other financial institutions;provided that the relevant Issuer and each relevant Dealer has further represented and agreed that it has not publicly promoted and shall not publicly promote the offer, or sale of such Notes by conducting a generalised advertising or coldcalling campaign anywhere in the world; or
- (f) only be issued and offered if any other exemption from the prohibition contained in article 3, paragraph 1 of The Netherlands Securities Act applies and the requirements of such exemption are fully complied with; or
- (g) only be issued and offered if the STE has, upon request, granted an (individual) dispensation from the above prohibition and the conditions attached to such dispensation are fully complied with.

Provided that in the case of (a) and (b) above:—

- (1) the Issuer and the relevant Dealer or Dealers procure that any advertisement or document in which a forthcoming offering of Notes is publicly announced will be submitted to the STE prior to publication thereof and will mention the fact that the Information Memorandum will be published and will be made available for inspection at the registered office of the Issuer and at the office of the Fiscal Agent; and
- (2) each Dealer severally represents and agrees that prior to the submission of the Information Memorandum (with the approval of the competent authorities) and the relevant Pricing Supplement to the STE:—
 - (A) unless any Tranche of Notes comprises only Notes with a denomination of no less than NLG 100,000 (or the equivalent in another currency), it has not offered, transferred or sold

any instruments and will not, directly or indirectly, offer, transfer or sell any Notes with a denomination of less than NLG 100,000 (or the equivalent in another currency), except to individuals or legal entities as referred to in (d) above; and

- (B) either it has not distributed and will not distribute any offering or promotional materials in respect of the Notes or it has complied and will comply with the conditions under (d) (i) and (ii) above;

and each invitation, telex and Pricing Supplement in respect of such Notes will set forth the restrictions under (A) and (B) above.

In addition and without prejudice to the restrictions set out above, Zero Coupon Notes in definitive form issued by the relevant Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of such Issuer or a permit holder (*Toegelaten Instelling*) of the Amsterdam Stock Exchange (*Euronext Amsterdam N.V.*), in accordance with the Dutch Savings Certificates Act (the "SCA") (*Wet inzake Spaarbewijzen*) of 21 May 1985 and the Agreement of 2 February 1987 attached to the Royal Decree of 11 March 1987, State Gazette 129 and must be either (i) between professional market parties, or (ii) in all other cases, recorded in a transaction note including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes involved. Such restrictions do not apply (a) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (b) to the transfer and acceptance of Zero Coupon Notes in definitive form within The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Notes in global form) are issued outside The Netherlands and are not distributed within The Netherlands in the course of initial distribution or immediately thereafter or (c) to the initial issue and transfer of Zero Coupon Notes to the first holders thereof. The Issuer of the Zero Coupon Notes, or the Dealer(s), or the Paying Agents, as the case may be, which make payments or act as intermediaries in respect of such Notes must meet certain identification requirements regarding the relevant counterparty(ies). For purposes of this paragraph "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due prior to maturity or on which no interest is due whatsoever.

7. Belgium

The Notes may be offered or sold only in compliance with applicable laws and regulations of the jurisdictions in which they are offered or sold.

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not taken, and will not take, any steps which would constitute or result in a public offering or distribution of the Notes in Belgium, as such terms are defined under Belgian law and, in particular, that it has not contacted and will not contact, and has not concluded and will not conclude any business with any person in connection with the issue of the Notes other than as permitted under and in compliance with Belgian Law.

The proposed offering and this document have not been notified, or submitted for approval to the Belgian Commission bancaire et financière.

In addition, without limiting the generality of the foregoing, in respect of Notes issued by BMW Coordination Center N.V. the following is applicable:—

- (i) The Notes may not be acquired directly or indirectly by any person who is subject to personal income tax in Belgium or any legal entity who is subject to the income tax on legal entities ("Impôt des personnes morales—Rechtspersonenbelasting") in Belgium.
- (ii) Each Dealer represents and agrees, and each Purchaser will be required to represent and agree, that it has not offered, and will not offer the Notes directly or indirectly to any person who is subject to personal income tax in Belgium or to any legal entity who is subject to the income tax on legal entities ("Impôt des personnes morales—Rechtspersonenbelasting") in Belgium and that it will obtain an undertaking as set forth in this item from any intermediary to whom it offers or sells the Notes.
- (iii) The Notes shall not be listed on a Belgian Stock Exchange.

Each Dealer has represented and agreed, and each other purchaser will be required to represent and agree, that it has not offered or sold and it will not offer or sell any Note issued by BMW Coordination

Center N.V. to any Belgian resident individual or any Belgian resident *personne morale/rechtspersoon* (as meant under Belgian tax laws). For the avoidance of doubt, *personne morale/rechtspersoon* means a legal entity which is subject to Belgium's *impôt des personnes morales/rechtspersonenbelasting* but not a legal entity which is subject to Belgium's *impôt sociétés/vennootschapsbelasting*.

Each Dealer represents and agrees, and each other purchaser will be required to represent and agree, that it has not offered or sold and it will not offer or sell any Note issued by BMW Coordination Center N.V. to any person, individual or legal, resident in Germany for tax purposes.

8. France

Each Issuer and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are being issued outside of France, and that in connection with their initial distribution, it has not offered or sold, and will not offer or sell directly or indirectly, any Notes in France, and that it has not distributed and will not distribute or cause to be distributed in France the Börsenzulassungssprospekt/Information Memorandum or any other offering material relating to the Notes, except to (i) qualified investors (*investisseurs qualifiés*) or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*), all as defined in Article 6 of Ordonnance N 67-833 dated 28th September, 1967 (as amended by Article 30 of the Law N° 95-546 of 2 July, 1998) and Decree n° 98-880 dated 1st October, 1998.

9. Other Jurisdictions

Each of the Dealers agrees that it will not offer or sell any Notes in any other country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations.

12. Text der Garantie

Der deutsche Text der Garantie ist ausschließlich rechtlich maßgebend. Die englische Übersetzung ist unverbindlich.

Bayerische Motoren Werke Aktiengesellschaft
München, Bundesrepublik Deutschland

Garantie

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland, die BMW Finance N.V., Den Haag, Niederlande, die BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, das BMW Coordination Center N.V., Mechelen, Belgien, und die BMW (UK) Capital plc, Bracknell, England (nachstehend gemeinsam auch die "Emittentinnen" und jede einzelne eine "Emittentin" genannt), begeben Teilschuldverschreibungen unter einem zeitlich nicht begrenzten Euro Medium Term Note Programm (nachstehend auch das "Programm" genannt) im Gesamtnennbetrag von USD 10.000.000.000,- (in Worten: US-Dollar zehn Milliarden).

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland (nachstehend auch die "Garantin" genannt) übernimmt gegenüber der Dresdner Bank Aktiengesellschaft, Frankfurt am Main, Bundesrepublik Deutschland, als Treuhänderin der Inhaber von Teilschuldverschreibungen (nachstehend auch "Dresdner Bank" oder in ihrer Funktion als Treuhänderin der Inhaber von Teilschuldverschreibungen "Treuhänderin" genannt) die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße Zahlung des Kapitals, etwaiger Zinsen sowie etwaiger zusätzlicher Beträge gemäß § 11 Absatz 1 der Bedingungen der Teilschuldverschreibungen auf die von der BMW Finance N.V., Den Haag, Niederlande, der BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, dem BMW Coordination Center N.V., Mechelen, Belgien, und der BMW (UK) Capital plc, Bracknell, England, aufgrund des Programms ausgegebenen und jeweils ausstehenden Teilschuldverschreibungen nach Maßgabe der für diese Teilschuldverschreibungen geltenden Bedingungen der Teilschuldverschreibungen.

Sinn und Zweck dieser Garantie ist es sicherzustellen, daß die Inhaber von Teilschuldverschreibungen unter allen Umständen und ungeachtet der tatsächlichen oder rechtlichen Umstände, Beweggründe oder Erwägungen, aus denen eine Zahlung durch eine Emittentin unterbleiben mag, die als Kapital, als etwaige Zinsen und als etwaige zusätzliche Beträge gemäß § 11 Absatz 1 der Bedingungen der Teilschuldverschreibungen zahlbaren Beträge zu den Fälligkeitsterminen erhalten, die für die jeweils ausgegebenen und ausstehenden Teilschuldverschreibungen festgesetzt sind. Die Garantin wird demgemäß auf erstes Anfordern der Treuhänderin alle erforderlichen Zahlungen ohne jede Einschränkung leisten, falls eine Emittentin aus irgendeinem Grunde die Beträge zu den festgesetzten Fälligkeitstermin nicht zahlt.

Die Verpflichtungen aus dieser Garantie werden durch eine Änderung der Rechtsform einer oder mehrerer Emittentin/en oder einen Wechsel ihrer Aktionäre nicht berührt.

Die Rechte aus dieser Garantie werden ausschließlich von der Dresdner Bank als Treuhänderin für die Inhaber von Teilschuldverschreibungen gehalten und wahrgenommen. Die Garantin ist verpflichtet, auf erstes schriftliches Anfordern der Treuhänderin alle erforderlichen Zahlungen zu leisten.

Die Rechte und Pflichten aus dieser Garantie bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort und ausschließlicher Gerichtsstand ist München.

München, 23. Mai 2001

Bayerische Motoren Werke Aktiengesellschaft

12. Text of the Guarantee

The German text of this Guarantee is the exclusively legally binding one. The English translation is for convenience only.

The Issuer and the Guarantor have satisfied themselves that the English translation of the Guarantee as shown below accurately reflects the corresponding German original version thereof in all material respects.

Bayerische Motoren Werke Aktiengesellschaft
Munich, Federal Republic of Germany

Guarantee

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany, BMW Finance N.V., The Hague, The Netherlands, BMW US Capital, LLC, Wilmington, Delaware, United States of America, BMW Coordination Center N.V., Mechelen, Belgium, and BMW (UK) Capital plc, Bracknell, England (hereinafter also together referred to as the "Issuers" and each as an "Issuer"), issue Notes through a Euro Medium Term Note Programme with indefinite term (hereinafter also referred to as the "Programme") in the aggregate principal amount of USD 10,000,000,000 (in words: US dollars ten billion).

Bayerischen Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany (hereinafter also referred to as the "Guarantor"), assumes vis-à-vis Dresdner Bank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany, as trustee for holders of Notes (hereinafter also referred to as the "Dresdner Bank" or in its function as trustee for the holders of Notes as the "Trustee") the unconditional and irrevocable Guarantee for the payment of principal, interest, if any, and additional amounts pursuant to Condition 11 paragraph 1 of the Terms and Conditions of the Notes, if any, payable under any Notes issued and outstanding from time to time by BMW Finance N.V., The Hague, The Netherlands, by BMW US Capital, LLC, Wilmington, Delaware, United States of America, by BMW Coordination Center N.V., Mechelen, Belgium, and by BMW (UK) Capital plc, Bracknell, England, under the Programme in accordance with the Terms and Conditions of the Notes.

The intent and purpose of this Guarantee is to ensure that the holders of Notes under all circumstances, whether factual or legal, and regardless of the motives or considerations by reason of which any of the Issuers may fail to effect payment, shall receive the amounts payable as principal, interest, if any, and additional amounts pursuant to Condition 11 paragraph 1 of the Terms and Conditions of the Notes, if any, on the due dates provided for in the respective Terms and Conditions of the Notes applicable to the respective Notes. Accordingly, upon first request of the Trustee, the Guarantor undertakes to effect all necessary payments without any limitation if any of the Issuers for whatsoever reason fails to effect payment on the fixed due dates.

The obligations arising from this Guarantee will not be affected in any respect by a change of the legal form of one or more Issuer(s) or by a change of its shareholders.

The rights arising from this Guarantee shall be held and exercised exclusively by Dresdner Bank as Trustee for the holders of Notes. The Guarantor is obliged to effect all necessary payments upon first written demand of the Trustee.

The rights and duties arising from this Guarantee shall be governed exclusively by the laws of the Federal Republic of Germany. Place of performance and exclusive court of venue shall be Munich.

Munich, 23 May 2001

Bayerische Motoren Werke Aktiengesellschaft

13. Text der Verpflichtungserklärung

Der deutsche Text der Verpflichtungserklärung ist ausschließlich rechtlich maßgebend. Die englische Übersetzung ist unverbindlich.

Bayerische Motoren Werke Aktiengesellschaft
München, Bundesrepublik Deutschland

Verpflichtungserklärung

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland, die BMW Finance N.V., Den Haag, Niederlande, die BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, das BMW Coordination Center N.V., Mechelen, Belgien, und die BMW (UK) Capital plc, Bracknell, England (nachstehend gemeinsam auch die "Emittentinnen" und jede einzelne eine "Emittentin" genannt), begeben Teilschuldverschreibungen unter einem zeitlich nicht begrenzten Euro Medium Term Note Programm (nachstehend auch das "Programm" genannt) im Gesamtnennbetrag von USD 10.000.000.000,- (in Worten: US-Dollar zehn Milliarden). Die Emissionen der Emittentinnen, mit Ausnahme der Bayerische Motoren Werke Aktiengesellschaft, werden von der Bayerische Motoren Werke Aktiengesellschaft (in dieser Eigenschaft die "Garantin") garantiert.

Die Bayerische Motoren Werke Aktiengesellschaft, München, Bundesrepublik Deutschland in ihrer Eigenschaft als Emittentin und als Garantin sowie die BMW Finance N.V., Den Haag, Niederlande, die BMW US Capital, LLC, Wilmington, Delaware, Vereinigte Staaten von Amerika, das BMW Coordination Center N.V., Mechelen, Belgien und die BMW (UK) Capital plc, Bracknell, England jeweils in ihrer Eigenschaft als Emittentin verpflichten sich hiermit gegenüber der Dresdner Bank Aktiengesellschaft, Frankfurt am Main, Bundesrepublik Deutschland, als Treuhänderin der Inhaber von Teilschuldverschreibungen solange, bis Kapital, etwaige Zinsen und etwaige zusätzliche Beträge gemäß § 11 Absatz 1 der Bedingungen der Teilschuldverschreibungen auf die von der jeweiligen Emittentin im Rahmen des oben genannten Programms ausgegebenen und jeweils ausstehenden Teilschuldverschreibungen und nach Maßgabe der jeweiligen Bedingungen der Teilschuldverschreibungen in vollem Umfang bei der jeweiligen Zahlstelle oder einer anderen gemäß § 8 der Bedingungen der Teilschuldverschreibungen ernannten Zahlstelle bereitgestellt worden sind, keine gegenwärtigen oder zukünftigen Verbindlichkeiten (einschließlich Verbindlichkeiten aus Garantien oder Sicherheiten) aus diesem Programm und anderen internationalen Kapitalmarktverbindlichkeiten durch irgendwelche Grund- oder Mobiliarpfandrechte an ihrem gegenwärtigen oder zukünftigen Grundbesitz oder ihren Vermögenswerten sicherzustellen oder sicherstellen zu lassen, es sei denn, daß diese Teilschuldverschreibungen zur gleichen Zeit und im gleichen Rang an der Sicherstellung teilnehmen. Ausgenommen hiervon sind Grund- und Mobiliarpfandrechte aufgrund von nationalen oder lokalen Steuervorschriften, anderen gesetzlichen Ausnahmeregelungen, gesetzlichen Vorschriften und Verwaltungsvorschriften.

Als "internationale Kapitalmarktverbindlichkeit" gilt jede Emission von Schuldverschreibungen mit einer ursprünglichen Laufzeit von mehr als einem Jahr, die außerhalb des Landes des eingetragenen Sitzes der jeweiligen Emittentin bzw. der Garantin ausgegeben werden.

13. Text of the Declaration of Undertaking

The German text of this Declaration of Undertaking is the exclusively legally binding one. The English translation is for convenience only.

The Issuer and the Guarantor have satisfied themselves that the English translation of the Declaration of Undertaking as shown below accurately reflects the corresponding German original version thereof in all material respects.

Bayerische Motoren Werke Aktiengesellschaft
Munich, Federal Republic of Germany

Declaration of Undertaking

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany, BMW Finance N.V., The Hague, The Netherlands, BMW US Capital, LLC, Wilmington, Delaware, United States of America, BMW Coordination Center N.V., Mechelen, Belgium, and BMW (UK) Capital plc, Bracknell, England (hereinafter also together referred to as the "Issuers" and each as an "Issuer"), issue Notes through a Euro Medium Term Note Programme with indefinite term (hereinafter also referred to as the "Programme") in the aggregate principal amount of USD 10,000,000,000 (in words: US dollars ten billion). Notes which are issued by those Issuers other than Bayerische Motoren Werke Aktiengesellschaft are guaranteed by Bayerische Motoren Werke Aktiengesellschaft (in this capacity the "Guarantor").

Bayerische Motoren Werke Aktiengesellschaft, Munich, Federal Republic of Germany in its capacity as an Issuer and as Guarantor as well as BMW Finance N.V., Den Haag, The Netherlands, BMW US Capital, LLC, Wilmington, Delaware, United States of America, BMW Coordination Center N.V., Mechelen, Belgium and BMW (UK) Capital plc, Bracknell, England herewith undertake vis-à-vis Dresdner Bank Aktiengesellschaft, Frankfurt am Main, Federal Republic of Germany, as Trustee for the holders of Notes, until such time as principal and interest, if any, as well as additional amounts pursuant to Condition 11 paragraph 1 of the Terms and Conditions of the Notes, if any, on any Notes issued by the relevant Issuer and outstanding under above mentioned Programme and in accordance with the relevant Terms and Conditions of the Notes have been completely placed at the disposal of the relevant Paying Agent or any other paying agent appointed in accordance with Condition 8 of the Terms and Conditions of the Notes, not to secure or have secured by any mortgage or pledge on its present or future property or assets, any present or future obligations (including obligations under guarantees or securities) arising from Notes issued under the Programme or arising from other International Capital Market indebtedness, unless these Notes at the same time share *pari passu* and *pro rata* in such security. Any mortgage or pledge on obligations in respect of national and local taxes, other statutory exceptions, requirements by applicable laws and any governmental requirements shall be excluded.

"International Capital Market Indebtedness" means any issue of notes which are issued outside the country of incorporation of the Issuer or the Guarantor with an original maturity of more than one year.

Die Rechte und Pflichten aus dieser Verpflichtungserklärung bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort und ausschliesslicher Gerichtsstand ist München.

München, 23. Mai 2001

Bayerische Motoren Werke Aktiengesellschaft
BMW Finance N.V.
BMW US Capital, LLC
BMW Coordination Center N.V.
BMW (UK) Capital plc

The rights and duties arising from this Declaration of Undertaking shall be governed exclusively by the laws of the Federal Republic of Germany. Place of performance and exclusive court of venue shall be Munich.

Munich, 23 May 2001

Bayerische Motoren Werke Aktiengesellschaft
BMW Finance N.V.
BMW US Capital, LLC
BMW Coordination Center N.V.
BMW (UK) Capital plc

14. Taxation

The following is a summary of the withholding taxation treatment of the Federal Republic of Germany, The Netherlands, Belgium, the United States of America and the United Kingdom, respectively, at the date hereof in relation to the payments on the Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes and certain other Notes which may be issued under the Programme (the "Notes"). It is not exhaustive, and in particular, does not deal with the position of Noteholders other than in relation to withholding tax in the jurisdictions referred to above, nor with the withholding tax treatment of payments on all forms of Notes which may be issued under the Programme. **Noteholders who are in any doubt as to their tax position should consult their professional advisers.**

Federal Republic of Germany

Since January 1, 1993 a capital yield tax on interest payments ("Zinsabschlagsteuer") has been imposed in the Federal Republic of Germany. As long as any Note is deposited with a German credit institution or with the German branch of a foreign credit institution, a 30% capital yield tax on interest payments on such Note (since January 1, 1998, an additional solidarity-surcharge tax (Solidaritätszuschlag) of 5.5% has been levied on the income tax (including the capital yield tax); thus the total rate is 31.65%), will be imposed on the holder thereof, provided (i) such holder is a resident in Germany for tax purposes or (ii) such Note is part of the German operating assets of a person who is not a resident in Germany for tax purposes. As of January 1, 1994 accrued interest payments ("Stückzinsen") which are paid in the same calendar year until the inflow of revenue occurs can be credited against such revenue. Interest is generally exempt from German income or corporation tax for persons who are not residents for tax purposes. If interest Coupons appertaining to any Note are presented for payment in cash within Germany, a 35% capital yield tax (since January 1, 1998, an additional solidarity-surcharge tax (Solidaritätszuschlag) of 5.5% has been levied on the income tax (including the capital yield tax); thus the total rate is 36.925%), will be imposed on the holder thereof, regardless of whether such holder is resident in Germany for tax purposes or not. The capital yield tax withheld is an advance payment of income/corporation tax levied on interest revenue. However, if a person who is not resident in Germany for tax purposes has presented any interest Coupon for payment in cash, the income/corporation tax debt is normally redeemed by the retained capital yield tax. For persons who are resident in Germany for tax purposes and who hold the Notes as part of their private assets, the interest forms part of the income from capital investments (Einkünfte aus Kapitalvermögen). Currently, for income from capital investments a tax allowance (Sparerfreibetrag) will be granted in the amount of DEM 3,000 (DEM 6,000 in the case of married couples who file a joint tax return). Up to the amount of this tax allowance plus a lump-sum of DEM 100/200 for professional outlays (Werbungskosten) interest will be paid without deduction for capital yield tax if the paying entity has received an exemption certificate (Freistellungsauftrag) from the Noteholder. The same will apply if it can be assumed that an assessment for income tax will be out of the question insofar as a confirmation of non-assessment (Nichtveranlagungs-Bescheinigung) has been supplied.

Revenues resulting from the re-sale or assignment of certain notes form also part of the income from capital investments. It must be assumed that Notes issued or to be issued under this Programme can be of this kind so that a capital yield tax will also be levied in the case of their re-sale or assignment. In this case, the tax basis for the capital yield tax is the difference between the amount paid for the purchase and the amount received on re-sale or assignment or presentation of the Notes (Differenzmethode). In some cases, the capital yield tax is calculated on the basis of 30% of the revenues derived from the sale or presentation of the Notes (Pauschalmethode).

For the purposes of the ultimate assessment on income, the capital yield is deemed to be the difference between the amount paid for the purchase of the Notes and the amount received from the re-sale, assignment or presentation of the Notes, in case an issuing yield is not proved. It must be assumed that an issuing yield cannot be established in the case of floating rate interest or a structured interest payable under the Notes. This can mean that the taxable amount is higher than the yield which is generated pro rata temporis during the period of possession of the Note.

According to Condition 11 paragraph 1 of the Terms and Conditions of the Notes, the relevant Issuer or the Guarantor, as the case may be, undertakes in case of withholding of taxes at source or deduction of taxes at source in or by the country of incorporation of the Issuer or the Guarantor to pay additional amounts, in such way that the payments of Interest Coupons can be made at their full face value. Condition 11 paragraph 2 of the Terms and Conditions of the Notes provides for certain exceptions

therefrom. In accordance with these exceptions the present capital yield tax on interest payments ("Zinsabschlagsteuer") in the Federal Republic of Germany does not entitle to payment of the above mentioned additional amounts.

The Netherlands

Under present Netherlands law:

1. No stamp, issue, registration or similar tax or duty is or will be payable in the Netherlands in connection with the creation, issue, offering or redemption of the Notes, the Coupons or the Receipts, or in respect of the execution, delivery or enforcement (save for minimal court fees) of the Dealers Agreement, the Agency Agreement or the Notes, the Coupons or the Receipts.
2. Payments of principal or interest by the Issuers or by the Guarantor under the Guarantee (the "Guarantee") in connection with the Notes will not be subject to Netherlands withholding tax or any other similar tax.
3. A holder of a Note or Coupon appertaining thereto (a "Holder") who is neither resident, nor deemed to be a resident in the Netherlands, will not be subject to Netherlands taxes or duties on payments of principal and interest in respect of the Notes or Coupons appertaining thereto, provided that:
 - (a) such Holder does not have an enterprise carrying on business in the Netherlands through a permanent establishment or a permanent representative to which, or to whom the Note or a Coupon appertaining thereto can be attributed, and
 - (b) such Holder if he is an individual does not have a direct or indirect substantial or deemed substantial interest in the share capital of the Company or, in the event he does, such interest belongs to an enterprise.
4. No gift, estate or inheritance tax will arise in The Netherlands in respect of the Notes or Coupons on a gift of the Notes or Coupons by, or on the death of, a Holder thereof who is neither resident nor deemed to be resident in The Netherlands, provided that:
 - (a) such donor/former-Holder does not die within 180 days after having made a gift, while being on the moment of his death a resident or deemed resident of the Netherlands; and
 - (b) such Notes, Receipts and/or Coupons are not attributable to a business of a holder thereof, carried on through a permanent establishment or a permanent representative in the Netherlands, which business the donor or the deceased holder owned in whole or in part.
5. A holder of a Note or Coupon appertaining thereto will not be subject to Netherlands' capital gains tax in respect thereof, provided that:
 - (a) such Holder is not a resident or a deemed resident of the Netherlands; and
 - (b) such Holder does not have an enterprise which carries on business in the Netherlands through a permanent establishment or permanent representative to which or to whom the Notes or Coupons are attributable; and
 - (c) such Holder if he is an individual does not have, directly or indirectly, a substantial or deemed substantial interest in the share capital of the Company or, in the event that such Holder does have such substantial interest, such interest belongs to an enterprise.

Belgium

All payments by BMW Coordination Center N.V. on the Notes can be made free of Belgian withholding tax to beneficiaries who can be identified as persons other than individuals subject to personal income tax in Belgium and other than legal entities subject to the income tax on legal entities ("impôt des personnes morales"/"Rechtspersonenbelasting") in Belgium, if and so long as BMW Coordination Center N.V. qualifies as a "coordination center" ("Centre de coordination"/"coördinatiecentrum") within the meaning of Royal Decree no. 187 of 30 December 1982, "relatif à la création de centres de coordination" (as amended).

In Belgium, certain tax benefits are accorded to such coordination centers, and these benefits include, under Article 29,2° (a) of the Law of 11 April, 1983, "portant des dispositions fiscales et budgétaires" (as amended), an exemption from Belgian withholding tax in respect of interest paid by coordination

centers on debts owed by them to persons who can be identified as persons not subject to personal income tax or income tax on legal entities in Belgium. These tax benefits (including the one just mentioned) are in principle granted for a period of 10 years, i.e., from the beginning of the fiscal year in which the application for coordination center status was submitted until the end of the fiscal year that is closed during the tenth calendar year following that of the submission of the application. A company may, however, apply for, and obtain, an extension of its coordination center status for another 10-year term. A coordination center could forfeit its tax privileges before expiration of the 10-year term if it ceased to fulfill certain conditions of eligibility for coordination center status or engaged in activities not specifically authorized by the Royal Decree certifying it as a coordination center (or by a subsequent ruling from the Minister of Finance and the Minister of Economic Affairs).

BMW Coordination Center N.V. has been certified as a coordination center by a Royal Decree of 9 November, 1987, on the basis of an application submitted in August, 1987. As BMW Coordination Center N.V. has applied in 1996 for an extension of its coordination center status for another 10-year term and has obtained this extension in 1997, the privileged tax status as a coordination center should remain in effect until the end of its fiscal year closing in 2007.

If and when BMW Coordination Center N.V. should cease to qualify as a coordination center, the interest component of payments on Notes issued by BMW Coordination Center N.V. would, as a rule, attract Belgian withholding tax at the rate of 15%, subject to such relief as may be available under applicable domestic or tax treaty provisions.

- b) at the time of the gift or his death, he has an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a Dutch permanent establishment or representative to which the Note is attributable; or
- c) the Note is acquired by way of a gift from a holder who dies within 180 day after the gift and who was not at the time of the gift, but is at the date of his death, a Dutch resident (or deemed resident).

For purposes of Netherlands gift, estate and inheritance tax, an individual who holds The Netherlands nationally will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual not holding The Netherlands nationally will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the twelve months preceding the date of the gift.

OTHER DUTCH TAXES AND DUTIES

No capital tax is payable in respect of BMW Finance N.V.'s issue of any Note, except for capital tax on capital contributions made (or deemed to be made) to BMW Finance N.V. under any guarantee in respect of the Notes. No turnover tax is payable in respect of any payment by BMW Finance N.V. under, or by a Noteholder in consideration for its acquisition (by way of issue or transfer to it) of, a Note. No stamp duty or registration of similar tax (other than court fees) is payable in connection with the BMW Finance N.V.'s issue or performance, or a holder's transfer or enforcement, of any Note.

RESIDENCE

A holder will not become a Dutch resident (or deemed resident) for tax purposes, or become subject to Dutch taxation, by reason only of BMW Finance N.V.'s performance, or the holder's acquisition (by way of issue or transfer to it), holding or enforcement, of a Note.

United States of America

Provided that the Notes issued by BMW US Capital, LLC, and interest coupons appertaining thereto are offered, sold and delivered, and principal, premium, if any, and interest thereon are paid in accordance with the terms of the Dealers Agreement dated 23 May, 2001, the Agency Agreement dated 23 May, 2001 and the Terms and Conditions of the Notes pertaining to the Notes, under present United States federal income tax law and assuming the Notes are treated as debt for United States federal income tax purposes and excluding instruments described in Section 871(h) (4) (A) of the Internal Revenue Code (relating to a limited class of obligations providing for certain kinds of contingent payments):

1. Subject to the discussion of backup withholding below, payments of principal, premium, if any, and interest (including original issue discount) on the Notes having a maturity of 184 days or more from its Issue Date or any coupon appertaining thereto made outside the United States by BMW US Capital, LLC or any of its paying agents to any holder that is a United States Alien (as defined below) will not be subject to United States federal withholding tax, provided that, in the case of interest (including original issue discount), (a) the holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of BMW US Capital, LLC entitled to vote, and (b) the holder is not a controlled foreign corporation as to the United States that is related to BMW US Capital, LLC through stock ownership and (c) if the Notes are in registered form for United States tax purposes, the beneficial owner has provided a properly completed Form W-8BEN (or successor form).
2. Subject to the discussion of backup withholding below, payment of principal, premium, if any, and original issue discount on the Notes having a maturity of 183 days or less to any holder that is a United States Alien will not be subject to United States federal withholding tax.
3. Subject to the discussions of backup withholding below, no United States Federal income tax will be imposed with respect to any gain or income realized by a United States Alien holder on the sale, exchange or redemption of the Notes if the holder does not have a connection or former connection with the United States other than holding the Notes.
4. Except with respect to obligations payable 183 days or less from the date of original issue that have a face amount of less than \$500,000 (determined if the Note is in a currency other than the U.S. dollar by translating the foreign currency face amount to the spot rate at the date of issuance), information reporting and backup withholding will not apply to payments of principal, premium, if any, or interest (including original issue discount) made outside the United States by BMW US Capital, LLC or any of its paying agents on the Note or coupon unless BMW US Capital, LLC or its paying agent has actual knowledge that the payee is a United States person and in the case of Notes that are in registered form for United States tax purposes the holder complies with the requirements of 1(c) of this section.

Payments of the proceeds of the sale of a Note to or through a foreign office of a "broker" (as defined in such regulations) will not be subject to backup withholding (absent actual knowledge that the payee is a U.S. person) but will be subject to information reporting if a broker is a U.S. Middleman, unless the broker has in its records documentary evidence that the holder of a Note is not a U.S. person and has no actual knowledge to the contrary or the holder of a Note otherwise establishes an exemption. Payment of the proceeds of a sale of a Note to or through the United States office of a broker is subject to backup withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

For this purpose, a "United States Alien" is a person who is not a "United States Person". A "United States Person" is a beneficial owner of a note that is (i) a citizen or resident of the United States, (ii) a domestic corporation, (iii) an estate the income of which is subject to United States income tax without regard to the source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Persons have the authority to control all substantial decisions of the trust. For this purpose, a "United States Middleman" is (i) a United States Person, (ii) a controlled foreign corporation for United States tax purposes, (iii) a foreign person 50% or more of whose gross income is derived from the conduct of a United States trade or business for a specified three year period, or (iv) (a) a foreign partnership engaged in a United States trade or business or in which United States Persons hold more than 50% of the income or capital interest, or (b) certain United States branches of foreign banks or insurance companies.

The foregoing is a general discussion of the anticipated United States Federal income tax consequences under current law of holding Notes, is limited to the United States tax consequences for United States Aliens and does not consider any possible United States Federal estate tax consequences. Noteholders are urged to consult their own tax advisers with respect to the particular consequences of holding Notes in light of their own particular circumstances and as to whether an Indexed Note will be treated as debt for United States Federal income tax purposes.

United Kingdom

1. Any return on a Note in the form of a discount or premium which does not constitute interest should not be subject to withholding for or on account of United Kingdom tax.
2. Under current United Kingdom law, interest bearing Notes will constitute "quoted Eurobonds" provided they are and continue to be quoted on a recognised stock exchange within the meaning of section 841 of the Income and Corporation Taxes Act 1988, whether they are in bearer or registered form. Payments of interest on quoted Eurobonds may be made without withholding or deduction without any further conditions being satisfied.
3. Payments of interest in respect of Notes issued by BMW (UK) Capital plc will have a United Kingdom source and accordingly will be chargeable to United Kingdom income tax by direct assessment even if paid without withholding or deduction. However, where interest is paid without withholding or deduction on account of United Kingdom tax a Noteholder who is the beneficial owner of Notes, who is not resident in the United Kingdom for United Kingdom tax purposes and who does not have a "branch or agency" (defined to mean "any factorship, agency, receivership, branch or management") in the United Kingdom through which the Noteholder carries on any trade, profession or vocation, will not be subject to United Kingdom tax on any income or gain derived from the holding or disposition of the Notes.

Prospective Noteholders who are in any doubt as to their tax position or may be subject to tax in a jurisdiction other than the United Kingdom should seek independent advice.

Proposed EU Withholding Tax Directive

A proposal currently under consideration by the European Union, as part of a larger package of measures, would oblige each EU member state either (i) beginning 2003 to require a "disbursing agent" established in the EU member state to withhold tax on the payment of interest, discount or premium to an individual beneficial owner who is a tax resident in another EU member state at rate of 15%, and beginning 2006 at a rate of 20%, or (ii) to require a "disbursing agent" established in the EU member state to supply information concerning the payment to the EU member state where such recipient is tax resident. After 2009 such supply of information (as described at (ii) above) would supersede the withholding tax (as described at (i) above). Certain exceptions from the withholding tax or supply of information are contemplated for "international bonds" issued prior to March 1, 2001. Since the implementation of the proposal is subject to certain non EU member states and territories also imposing a withholding tax or introducing a supply of information it is currently impossible to predict whether, when, or in what form the proposal will ultimately be adopted.

15. General Information

Undertaking referring to the Listing

With reference to the application made on its behalf for the (i) quotation and permission to deal on the Frankfurt Stock Exchange and (ii) the admission of the Notes on the official list of the UK Listing Authority and admission of the Notes to trading on the London Stock Exchange, the relevant Issuer and the Guarantor undertakes as long as the Programme continues:—

1. to advise the stock exchanges of any significant change in their business, financial condition or otherwise, and that of their subsidiaries, considered as a whole, which is not reflected in the Information Memorandum as amended or supplemented;
2. in the event of any such significant change, to prepare an amendment or supplement to the Information Memorandum or publish a new Information Memorandum for use in connection with any subsequent offering by itself of Notes to be listed on the Frankfurt Stock Exchange and/or on the official list of the UK Listing Authority;
3. to apply annually for renewal of the listing of the Programme on the London Stock Exchange.

It is expected that each Tranche of Notes which is to be admitted to the Frankfurt Stock Exchange and / or the official list of the UK Listing Authority will be admitted to trading on the Frankfurt Stock Exchange and the London Stock Exchange separately as and when issued, subject only to the issue of the Global Note representing the Notes of such Tranche. The listing of the Programme in respect of such Notes is expected to be granted on or about 31 May, 2001 by the UK Listing Authority and on or about 31 May, 2001 by the Frankfurt Stock Exchange.

Authorisations

The establishment of the USD1,000,000,000 Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the relevant Board of Management—Bayerische Motoren Werke Aktiengesellschaft: passed on 2 November, 1993; BMW Finance N.V.: passed on 22 March 1994, BMW US Capital, LLC: passed on 21 March, 1994; BMW Coordination Center N.V.: passed on 23 March 1994. The increase of the original Programme from USD1,000,000,000 to USD3,000,000,000, the establishment of an amended and restated Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the relevant Board of Management—Bayerische Motoren Werke Aktiengesellschaft on 30 April, 1996; BMW Finance N.V.: passed on 10 May, 1996; BMW US Capital, LLC: passed on 13 May, 1996; BMW Coordination Center N.V.: passed on 14 May, 1996; and BMW (UK) Capital plc: passed on 8 May, 1996. The increase of the Programme by USD2,000,000,000 to USD5,000,000,000, the establishment of an amended and restated Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the relevant Board of Management—Bayerische Motorenwerke Aktiengesellschaft: passed on 22 July, 1998; BMW Finance N.V.: passed on 25 March, 1999; BMW Coordination Center N.V.: passed on 25 March, 1999; BMW US Capital Corp.: passed on 20 April, 1999 and BMW (UK) Capital plc: passed on 23 April, 1999. The increase of the Programme by USD5,000,000,000 to USD10,000,000,000, the establishment of an amended and restated Programme and the issue of Notes under the Programme have been duly authorised by resolutions of the relevant Board of Management—Bayerische Motorenwerke Aktiengesellschaft: passed on 11 April 2000; BMW Finance N.V.: passed on 3 May 2000; BMW Coordination Center: passed on 20 April; BMW US Capital, LLC: passed on 2 May 2000, and BMW (UK) Capital: passed on 2 May 2000. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuers under the laws of the Federal Republic of Germany, The Netherlands, the United States of America, Belgium and the United Kingdom, respectively, have been given for the issue of Notes and for the Issuers to undertake and perform their obligations under the Dealers Agreement, the Agency Agreement, the Trust Agreement appointing Dresdner Bank Aktiengesellschaft as Trustee for the Noteholders (the "Trust Agreement") and the Notes and, in the case of the Guarantor, under the Guarantee and the Declaration of Undertaking.

Clearstream Frankfurt, Clearstream Luxembourg and Euroclear

The Notes have been accepted for clearance through Clearstream Frankfurt or, as the case may be, through Clearstream Luxembourg and Euroclear systems. The appropriate Wertpapier-Kenn-Nummer (German Securities Number), the common code and ISIN for each Tranche will be contained in the relevant Pricing Supplement. Transactions will normally be effected for settlement not earlier than three

business days and, in case of clearing effected through Clearstream Frankfurt, two days after the date of the transaction.

Interim Reports

None of BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. or BMW (UK) Capital plc prepares and publishes Interim Reports.

Documents Available for Inspection

For the period of fourteen days after the date of this Information Memorandum and throughout the life of the Programme, copies of the following documents concerning the relevant Issuer will be available for inspection during normal business hours at the offices of the Issuers and the offices of Dresdner Bank Aktiengesellschaft at Jürgen-Ponto-Platz 1, D-60301 Frankfurt am Main, and at the office of the Listing Agent, Merrill Lynch International, 25 Ropemaker Street, London EC2Y 9LY and at the office of each Paying Agent (see "Address List");—

- (i) the Articles of Association or By-Laws, and the Memorandum of Association respectively, of the Issuers and the Guarantor in the English language or together with an English translation;
- (ii) the excerpts from the Register of Commerce pertaining to BMW AG in the German language, the excerpts from the Register of Commerce pertaining to Finance and Coordination Center (which in the case of Coordination Center might be in the form of official publications) either in the English language or together with an English translation, a Certificate of Good Standing pertaining to BMW US and Certificates from the Registrar of Companies pertaining to BMW UK, in both cases in the English language;
- (iii) the audited consolidated Annual Accounts (in English and German) of BMW AG in respect of the financial years ended 31 December 1998, 31 December 1999 and 31 December 2000; and audited Annual Accounts (in English) in respect of the financial years ended 31 December, 1997, 31 December, 1998, 31 December, 1999 and 31 December 2000; of Finance, Coordination Center, BMW US and of BMW UK, respectively;
- (iv) the most recently publicly available audited Annual Accounts (in English) of each of the Issuers and the most recently available published interim reports (in English), if any, of each of the Issuers. In the case of BMW AG a German version will be available as well;
- (v) the Dealers Agreement, the Trust Agreement, the Agency Agreement and the Declaration of Undertaking and the Guarantee in executed form;
- (vi) this Information Memorandum; and
- (vii) any future prospectuses, offering circulars, information memoranda and supplementary listing particulars (save that a Pricing Supplement relating to any unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to his ownership), any other document referred to therein and, in the case of a syndicated issue of Notes admitted to the Official List, the syndication agreement (or equivalent document).

Significant Change

Save as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Guarantor or the Guarantor and its subsidiaries taken as a whole or in relation to each relevant Issuer (which in relation to BMW AG as Issuer and Guarantor includes its subsidiaries taken as a whole) since 31st December 2000 being the respective date of the last fiscal year end of the relevant Issuer and since 31st March 2001 being the date of the most recent interim financial statements for BMW Group and there has been no material adverse change in the financial position or prospects of any of the Issuers (which in relation to BMW AG includes its subsidiaries taken as a whole) or the Guarantor or the Guarantor and its subsidiaries taken as a whole since the respective date of the last fiscal year end (being 31st December 2000) of the relevant Issuer and the Guarantor.

Litigation

Neither of the Issuers and/or the Guarantor or the Guarantor and its subsidiaries taken as a whole is or has been engaged in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantor or the Guarantor and its subsidiaries taken as a whole is aware) which may have or have had in the recent past (covering at least the previous 24 months) a significant effect on the financial position of any of the issuers and/or the Guarantor or the Guarantor and its subsidiaries taken as a whole.

Banking Act 1987 (Exempt Transactions) Regulations 1997

Notes which are to be exempt transactions under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case, as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under Section 4 of the Banking Act 1987. The repayment of the principal and payment of any interest or premium in connection with Notes issued by BMW Finance N.V., BMW US Capital, LLC, BMW Coordination Center N.V. and BMW (UK) Capital plc will be guaranteed by Bayerische Motoren Werke Aktiengesellschaft. Neither any of the Issuers nor the Guarantor is an authorised institution or a European authorised institution (as such terms are defined in the Regulations).

In relation to any Notes which are to be exempt transactions under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4) (a) or (b) of the Regulations:

- (a) the relevant Issuer confirms that as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;
- (b) the relevant Issuer will confirm in the applicable Pricing Supplement relating to such Notes that it has complied with its obligations under the relevant rules in relation to the admission to listing of such Notes or where such Notes have not yet been admitted to listing, will have complied with such obligations by the time when such Notes are so admitted; and
- (c) the relevant Issuer confirms that as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4) (a) or (b) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as issuer in respect of such Notes as they fall due.

In relation to Notes which are to be exempt transactions under regulation 13(3) of the Regulations and fall within Regulation 13(4) (b), the Issuer has complied and will continue to comply with its obligations under the Regulations to lodge all relevant information (as defined in the Regulations) in relation to any such Notes with the London Stock Exchange.

Bayerische Motoren Werke Aktiengesellschaft
München, in May 2001

BMW Finance N.V.
Den Haag, in May 2001

BMW US Capital, LLC
Wilmington, in May 2001

BMW Coordination Center N.V.
Mechelen, in May 2001

BMW (UK) Capital plc
Bracknell, in May 2001

16. Address List

Issuers (business (and where marked "*" registered) addresses):

Bayerische Motoren Werke Aktiengesellschaft
*Petuelring 130
BMW Haus
D-80788 München

BMW Finance N.V.
*Einsteinlaan 5
NL-2289 CC Rijswijk

BMW US Capital, LLC
300 Chestnut Ridge Road
Woodcliff Lake,
US-New Jersey 07675, USA

*1209 Orange Street,
US-Wilmington, Delaware

BMW Coordination Center N.V.
*Lodderstraat 16
B-2880 Bornem

BMW (UK) Capital plc
*BMW Group Oxford Plant
Ellesfield Avenue
Bracknell
GB-Berkshire RQ12 8TA

Guarantor:

Bayerische Motoren Werke Aktiengesellschaft
Petuelring 130
BMW Haus
D-80788 München

Arranger:

Dresdner Bank Aktiengesellschaft
Jürgen-Ponto-Platz 1
D-60301 Frankfurt am Main

Co-Arranger:

Merrill Lynch International
Ropemaker Place
25 Ropemaker Street
UK-London EC2Y 9LY

Dealers:

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
UK-London E14 4BB

Bayerische Hypo- und Vereinsbank AG
Arabellastrasse 12
D-81925 München

Commerzbank Aktiengesellschaft
Kaiserplatz
D-60261 Frankfurt am Main

Credit Suisse First Boston (Europe) Limited
One Cabot Square
UK-London E14 4QJ

Deutsche Bank Aktiengesellschaft
Große Gallusstr. 10-14
D-60272 Frankfurt am Main

Dresdner Bank Aktiengesellschaft
Jürgen-Ponto-Platz 1
D-60301 Frankfurt am Main

Goldman Sachs International
Peterborough Court
133 Fleet Street
UK-London EC4A 2BB

J.P. Morgan Securities Ltd.
60 Victoria Embankment
UK-London EC4Y 0JP

Lehman Brothers International (Europe)
One Broadgate
UK-London EC2M 7HA

Merrill Lynch International
Ropemaker Place
25 Ropemaker Street
UK-London EC2Y 9LY

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
UK-London E14 4QA

Salomon Brothers International Limited
Victoria Plaza
111 Buckingham Palace Road
UK-London SW1W 0SB

UBS AG, acting through its business group UBS Warburg
1 Finsbury Avenue
UK-London EC2M 2PP

**Programme Agent,
German-Agent, Paying Agent
and German Registrar:**

Dresdner Bank Aktiengesellschaft
Jürgen-Ponto-Platz 1
D-60301 Frankfurt am Main

**London-Agent, Paying Agent
and London Registrar:**

Citibank N.A.
5, Carmelite Street
UK-London EC4Y 0PA

Frankfurt Listing Agent:

for the admission to the Official List of the
Frankfurt Stock Exchange:

Dresdner Bank Aktiengesellschaft
Jürgen-Ponto-Platz 1
D-60301 Frankfurt am Main

London Listing Agent:

for the admission to the Official List of the
UK Listing Authority:

Merrill Lynch International
Ropemaker Place
25 Ropemaker Street
UK-London EC2Y 9LY

Legal Adviser to the Dealers:

Freshfields Bruckhaus Deringer
Freiherr-vom-Stein-Straße 31
D-60323 Frankfurt am Main

Trustee:

Dresdner Bank Aktiengesellschaft
Jürgen-Ponto-Platz 1
D-60301 Frankfurt am Main

Aufgrund des vorstehenden Börsenzulassungsprospekts sind die unter dem

**USD 10.000.000.000,-
Euro Medium Term Note Programm**

der

Bayerische Motoren Werke Aktiengesellschaft
München, Bundesrepublik Deutschland

sowie der

BMW Finance N.V.
Den Haag, Niederlande

BMW US Capital, LLC
Wilmington, Delaware, USA

BMW Coordination Center N.V.
Mechelen, Belgien

BMW (UK) Capital plc
Bracknell, England

unter der unbedingten und unwiderruflichen Garantie der

Bayerische Motoren Werke Aktiengesellschaft
München, Bundesrepublik Deutschland

zu begebenden Schuldverschreibungen an der Frankfurter Wertpapierbörse zum Handel mit
amtlicher Notierung zugelassen worden.

Frankfurt am Main, im Mai 2001

Dresdner Bank
Aktiengesellschaft