

BMW Group

Corporate and Intergovernmental Affairs

Media Information
8 May 2008

- Check against delivery -

Statement by Dr. Norbert Reithofer Chairman of the Board of Management of BMW AG 88th Annual General Meeting of BMW AG Munich, 8 May 2008, 10:00 a.m.

Dear Shareholders and Shareholders' Representatives,

Dear Associates,

Dear Guests of Honor,

Ladies and Gentlemen,

Welcome to the 88th Annual General Meeting of BMW AG—also on behalf of my colleagues on the Board of Management. Welcome also to everybody who is following this event on the internet.

The heart of BMW Group beats in Munich and it has been doing so for over 90 years. We are a Bavarian company. We are a German company that acts on an international level, a global player in the premium car segment.

This is our company's philosophy.

And this is why we decided to create the architectural ensemble here at our headquarters in Munich—consisting of the BMW Tower, the BMW Plant, the new BMW Welt and, from June 19th on, the remodeled BMW Museum.

BMW Welt is our flagship showroom for the BMW brand—and what a brand it is!

Among all the world's brands, BMW is the most valuable brand in Germany—according to a study carried out by market researcher Millward Brown. The brand's estimated market value is 28 billion US dollars. That's quite an impressive figure.

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Our BMW Welt is best represented by three principles:

We invest in our brands.

We focus on our customers.

We actively shape our future!

We are able to do so thanks to a number of reasons:

- We build on our corporate history and culture.
- We possess three brands—BMW, MINI and Rolls-Royce—that are well-known and popular all around the world.
- We are the innovation and technology leader in our field.
- We are one of the most international companies in the automotive industry.
- We have a solid financial foundation.
- We are independent and want to remain so in the future.

All these factors give us the confidence that we will be able to add new chapters to BMW Group's success story—the success story of your company, dear Shareholders.

Speaking of successful history: The automobile was invented in Germany about 120 years ago—not by us, by the way. But that is another story. We have, however, shaped the development of the automobile—for years and decades. Crucial, trendsetting innovations came and continue to come from BMW, from BMW Group's excellent engineers. That much about history.

The world has changed. And BMW Group needs to change as well.

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This is why we have created a strategy that guarantees our company's successful future.

Individual mobility will remain a major trend.

- We adapt sheer driving pleasure to the requirements of the 21st century.
- We create sustainable solutions to the main questions of the future.
- We do so ourselves and with full awareness of our responsibilities. No one needs to force us to do so.

And—as our performance figures for the business year 2007 demonstrate—we are on the right track.

2007 was a good year for BMW Group.

So please allow me to present the key data for 2007 to you:

- Automobile retail: No other premium manufacturer sold more vehicles in 2007 than we did. All our three brands—BMW, MINI and Rolls-Royce—achieved new retail records in 2007. For the first time in our company's history, we delivered more than 1.5 million cars to customers. This was an increase of 9.2 percent year-on-year.
- Motorcycle retail: We delivered over 102,000 BMW motorcycles last year—up 2.4 percent from the previous business year.
- Financial services: The business unit continued its dynamic growth. The number of administered financing and leasing contracts with dealers and customers rose by 15.8 percent to a total of 2.6 million.

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About our business performance:

We have achieved our goals.

We have delivered on our promises.

- Group revenues beat the magic mark of € 50 billion for the first time ever. This was an increase of 14.3 percent, to € 56 billion.
- Pre-tax profit: With € 3.87 billion, the Group result fell short of the previous year's record by 6.1 percent. As you know, the 2006 result included a book gain from the exchangeable bond on shares in Rolls-Royce plc, London. Adjusted for this one-off effect, our 2007 pre-tax profit was higher than the year before.
- Net profit: For the very first time, our net profit exceeded € 3 billion, up 9 percent year-on-year. However, it is important to note that we benefitted once from the corporate tax reform.
- We also improved the return on capital employed in the automobile segment.

Again I would like to emphasize: We have achieved our goals. We have delivered on our promises.

This is due to the strong commitment, motivation and performance of our staff and executives. Ladies and Gentlemen, I hope I am speaking for you as well when I say thank you to all of our 107,539 associates for their performance during the business year 2007.

All targets were achieved despite difficult conditions in our business environment.

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Prices for fuel rose. In Europe, we are used to high fuel costs. But for Americans, this is a new experience. The price at the pump has an increasing influence on buying decisions.

The prices for metals, precious metals and last but not least energy rose, thus affecting manufacturing costs.

Let me give you an example: For our vehicle production, we require more than 360,000 tons of steel a year. And our production volume rises from year to year. This means we need more steel—while prices continue to increase.

All in all, burdens from higher raw material prices in 2007 were an additional € 288 million, another some € 110 million more than in 2006.

Headwinds mainly came from currency exchange rates, the US dollar and the Japanese yen in particular. Over the course of the year 2007, the US dollar depreciated by almost ten percent compared to the euro. At approximately € 500 million, additional burdens were substantially lower than the year before. Nevertheless, we are still dealing with an impact on a larger scale.

Another example:

At the beginning of 2002, a BMW 5 Series model sold in the United States for 50,000 dollars translated into sales revenues of € 55,000. This was back when the dollar was listed higher than the euro.

Today a 5 Series sold in the US for 50,000 dollars brings us as little as € 32,000—only due to poor exchange rates. This means: We receive € 23,000 less for a better product with better performance characteristics. Over the course of six years, unit revenue decreased by approximately 40 percent—only because of the unfavorable exchange rates.

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A trend towards rising raw material prices and a decrease in the value of the dollar—those were developments one was able to anticipate. What we could not anticipate was the extent of these developments—not even financial institutions were able to forecast this.

Obviously, we are not the only carmaker affected by exchange rate fluctuations. But: demand for our cars in the US is much higher than for those of our German competitors. In 2007, we delivered about 86,000 cars more than Mercedes and over 240,000 more than Audi to American customers.

We have always benefitted from our strong position in the US market. And, in the long term, it will remain a strategic advantage. To be successful and respected in our industry, a company has to be active on the world's largest car market.

In 2007, additional burdens from raw material and currency effects added up to € 800 million or almost 20 percent of our 2006 EBIT.

We counterbalanced these burdens and improved our result. Ladies and Gentlemen, this can only be done by a company able to deliver a strong operational performance.

You are the owners of this strong company. You are to share in our success in the business year 2007—and rightly so.

For you as our shareholders, two topics are of major importance: the dividend and the share price. And we work hard on these two issues.

Our Strategy Number ONE is helping us strengthen the focus on corporate value. So in the end, you as our shareholders reap the fruits of our Strategy.

We intend to increase the dividend for the business year 2007 significantly.

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So today, the Board of Management and the Supervisory Board propose a considerably raised dividend of € 1.06 per common stock. This is an increase of 51.4 percent. The dividend per preferred stock is € 1.08. This is an increase of 50 percent.

In other words: For the business year 2007, we will distribute a dividend of € 694 million to you. This equals a payout ratio of 22 percent of our net profit compared to 16 percent in 2006. Thanks to our profit-sharing program, our staff also benefits from the increased dividend.

For us, the increased dividend is only a first step.

We want you, Ladies and Gentlemen, to continue to share in our success in the future, directly and appropriately.

This brings me to the second important issue:

Our share's performance last year was not up to par. We know that. And we also know that you will be commenting on this fact in your statements.

At the last trading day of the year 2007, BMW common stock was listed at 2.7 percent below the closing rate a year before. And in the first four months of 2008, it lost another 15 percent.

The Board of management is not satisfied with the development of the share price either.

We know that, to a certain extent, it is up to us to make investors reconsider and see better potential in the BMW stock.

We have to, want to and are going to become more profitable again!

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People who are familiar with our strategy and our plans for the future—and given the fact that so far we have always met our goals—will not be able to ignore the BMW stock.

BMW Group and its Strategy Number ONE stand for long-term value enhancement. So BMW stock is also a long-term growth stock.

It is our goal to increase our company's value and to secure our independence.

However: Our business environment is changing dramatically. The entire automotive industry is facing the dawn of a new era.

At last year's Annual General Meeting, I mentioned five main challenges:

- the global competition and increasing concentration in our industry
- the shift in growth regions
- the shortage of fossil fuels and the need to develop alternative drive systems
- the demographic change, and
- mobility in booming megacities.

When we developed our strategy, we carried out a business environment analysis and looked into more than 200 trends.

We want to shape our own future. And a company that wants to be a frontline player in this new era has to consider the world of tomorrow.

Just think about urban centers where individual mobility and climate protection clash most obviously. What a challenge!

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With cities all around the world expanding into megacities, there is the risk of permanent traffic gridlock:

- Since 2006, more people have been living in urban than in rural environments. And the number of people moving into cities is continuing to grow. Today, China already has close to 100 cities with more than one million inhabitants.
- In 1950, there were only two cities with more than ten million inhabitants in the world. Today, there are more than 20 such megacities, only four of these, by the way, in the industrialized world.
- According to forecasts, the Greater Tokyo Area will be home to over 36 million people by 2015.

What this shows is: the size and population density of these urban areas is threatening to turn individual mobility into an absurdity. The average speed in the Greater Tokyo Area is already down to 15 kilometers an hour. At that speed, you might as well take the bike.

There is good reason for me to tell you that: Japan is BMW Group's second most important market in Asia, outdone only by the Chinese markets China, Hong Kong and Taiwan. So it is important to us that Tokyo residents do not go by bike but continue to drive our cars.

What is more: Megacities are very different from one another.

While Los Angeles will have a population of almost 18 million people on 14,000 square kilometers in 2015, Seoul will have 25 million inhabitants on only 4,400 square kilometers. Lack of space is a major issue in Seoul—while it is something Los Angeles does not really have to worry about. In Beijing, on the other hand, the worst problem is air pollution.

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So it is unlikely that there will be a standard solution for big cities.

The fact is: the traffic sector will face further regulation as a result of international efforts to improve climate protection.

Vehicles' CO₂ emissions are becoming increasingly important:

- More and more countries tax vehicles based on their carbon emissions. And the same is true for registration. When we look at the EU, emission-based taxation has already been established in 14 of the 27 member states. However—and this is putting it simply—there are no two countries in Europe that tax emissions the same way. We offer high-efficiency cars in each market. The X5 and the new BMW X6 with our three-liter diesel engine fully meet the requirements of the London city toll system. That's an achievement!
- And we expect our major sales markets—the EU, the USA, China and Japan—to put into place strict legal requirements with regard to a fleet's carbon emissions.

We already focus on these challenges today, by adapting our operations and activities accordingly. In the future, this will become even more of an issue.

Having said that, one thing is true: Simply carrying on with business as usual is not an option. The world is changing, so we need to change as well.

Acting with foresight has always been the established course of action at BMW Group.

In 2007, we developed our strategy, thus setting a new milestone in our corporate history.

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We have done three important things:

- First: we addressed key challenges.
- Second: we took strategic decisions.
- Third: we started to work on solutions.

It is a matter of course that all our efforts have resulted in typical BMW solutions. We continue to set our own course.

Our strategy is based on four equally important pillars:

- Growth
- Shaping the future
- Profitability
- Access to customers and technologies.

Our profitability goals for the time period up to 2012:

- We plan to achieve a return on sales of 8 to 10 percent.
- A return on capital employed of over 26 percent.

Up to 2012—this is less than one model cycle in our line of business. Besides: I do not consider it a major entrepreneurial achievement to do short-term profit maximization and to push the share price up based only on pure speculation.

We intend to meet our profitability goals by implementing operational improvements.

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We intend to tap € 6 billion of efficiency potential compared to current planning, with purchasing accounting for two thirds of total savings. Material costs are by far the largest cost factor at our company.

We have pooled responsibility for purchasing, quality management, logistics and component production as well as cost analysis at our new division “Purchasing and Supplier Network”, headed by Dr. Diess. This is purchasing competence unrivalled by anyone in the automotive industry.

One more remark about saving money in purchasing: We will continue to treat our suppliers fairly and to see them as our partners.

Further initiatives for cost savings are intelligent solutions in the following areas:

- We will reduce development expenditure.
- We will make better use of modules for products and drivetrains.
- We will promote innovations that our customers can experience directly and which they consider important. In all other cases, we will apply standardized solutions.
- Wherever it seems reasonable, we will continue to consider entering into a suitable cooperation—such as the one established with PSA for our MINI engines.

All of this will lead to economies of scale and lower costs.

Efficiency is the prerequisite for top performance and the room to maneuver we need when it comes to tackling the challenges of the future.

Acting with foresight is not a beauty contest. There are things we like to do and things we have to do—and some of them are not popular.

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During our strategic realignment process, we also evaluated labor costs. Job reductions were not an issue at BMW Group since the mid-1990s. Quite the contrary:

- We created a large number of new jobs and
- we set up a new BMW Plant in Leipzig.

However, if we want to be well prepared for the future, we need to strengthen our efficiency on a large scale. We have to become a leaner company—also with regard to our workforce.

Each associate will make a contribution. We have frozen the success-based bonus for 2007 on the 2006 level, across all levels of the company.

By the end of 2008, we want to reduce our permanent staff by 3,100 people worldwide, 2,500 of these in Germany. So far, several hundred associates have signed voluntary termination agreements.

Even though we are reducing the headcount by about three percent the share of our workforce based in Germany remains at approximately 75 percent—while we generate 80 percent of our revenues abroad.

We continue to believe in Germany as our home base.

And: BMW Group is one of the most attractive employers—and this will not change:

- When it comes to the salaries paid in the automotive industry, we are in the top third bracket.
- We offer our staff to participate in a profit-sharing programme. An average of € 5,600 per associate in 2007 put us well ahead of all our

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competitors. Our competitors are aware of this fact. So are our associates. And so is the works council.

Ladies and Gentlemen—

Not only do we want to improve profitability—further focus of our strategy is:

- to continue our long-term growth,
- to shape our future, and
- to secure access to customers and technologies.

To this end, we are working on finding a balance between individual mobility and climate protection.

We have dealt with climate protection issues like no other carmaker.

In the last few years, our annual investment in environmentally-friendly technologies averaged several hundred million euros. We started to step up our investment in research and development earlier than other premium manufacturers. This investment is now paying off.

We, the premium manufacturers, have been severely criticized. Today we at the BMW Group are the pioneers in the field of efficient premium vehicles. Nobody would have guessed we had that in us.

Thanks to EfficientDynamics, we took things to another level last year.

In 2007, we reduced further, just in one year, our average fleet consumption by over nine percent. This is second-to-none in our industry.

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Our big advantage is that we are highly innovative. For years, we have been reducing our cars' fuel consumption and emissions.

At the same time, we continue to improve their performance. Despite all environmental debate, buyers of a BMW expect to get a dynamic car. And this is exactly what they get.

The main point is: Dynamics and fuel efficiency are not incompatible—at least not for BMW Group.

This is rewarded by our customers: In 2007, we sold 450,000 cars equipped with EfficientDynamics measures in Europe alone.

Our efficiency innovations are not only applied to a few flagship models or offered as special equipment. EfficientDynamics is our efficiency program for the entire fleet. Only a manufacturer generating such quantities can sustainably reduce carbon output.

Last year, we placed an ad in the papers that read: "Looking down from the universe, the Earth is white and blue. This cannot be a coincidence." As I see it, this slogan is the perfect expression of all we have achieved with EfficientDynamics.

At present, our technology is the best in the market regarding the reduction of carbon emissions.

We have won numerous awards:

- The "Auto 1 Award", chosen by the over 35 million readers of "auto, motor, sport" all over Europe.
- The "Green Award" of motoring magazine "CAR" in Great Britain.
- The "Paul Pietsch Award" in Germany.

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- And in the US, the BMW 118d was named “World Green Car of the Year.” Furthermore, the respected Environmental Defense Report has confirmed that—of all carmakers active in the US market—BMW made by far the best progress in reducing carbon emissions between 1990 and 2005.

I gladly confess that it had been a special treat for me to accept the “Green Steering Wheel” from the German Federal Green Party’s Ms. Künast.

There is something else all of us here can be very happy about:

BMW Group is the only German company included in the list of the world’s most innovative businesses. This is the result of a survey among 3,000 executives carried out by Boston Consulting Group. The reason they give for ranking us as number 14 on their list is BMW’s headstart in the field of new, efficient engine technologies, which are still under discussion at other carmakers.

At present, our line-up includes 22 BMW and 5 MINI models that run below 140 grams of CO₂ per kilometer.

This year, we plan to sell more than 800,000 cars of the BMW and MINI brands equipped with EfficientDynamics technologies in Europe, thus almost doubling the 2007 retail volume.

We see this as a typical win-win situation:

- Because it means for our customers that they will save 150 million liters of fuel compared to 2006.
- And for the environment it means a reduction of carbon emissions of more than 370,000 tons. Let me put it differently: If the saved quantity of fuel was turned into power, the supply would be large enough to cover

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the annual demand of 780,000 people. This would be about the population of Stuttgart, Ingolstadt and Wolfsburg combined.

We generate a major ecological effect. And we are fully committed to the ACEA agreement:

We will manage to reduce fuel consumption in our new-car fleet by 25 percent between 1995 and the end of 2008.

We are set on continuing our intelligent investments in future technologies.

Later this year, our new, innovative diesel technology will be introduced in the United States.

BMW Advanced Diesel with BluePerformance meets the particularly strict requirements for exhaust emissions in the US. This is why we are able to offer our diesels in all 50 US states.

This engine is the world's cleanest diesel, providing the best and most dynamic performance.

We see huge potential for diesel engines in the future. According to a calculation by the Environment Protection Agency, even if only a third of all American cars and light trucks ran on diesel, the United States would save 1.4 million barrels of crude oil a day. This is about the daily amount of crude oil imported from Saudi Arabia every day.

So there is significant potential for environmental protection—and for BMW. We have exactly the type of environmentally-friendly, efficient premium vehicles Americans need.

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Today, it is the public perception to understand hybrid as the magic bullet to solve the problem of carbon emissions in road traffic. I have to say that the advertising campaign launched by our colleagues from Toyota caused quite a stir.

BMW's answer is the next development step of EfficientDynamics which will be taken in 2009:

The first BMW Hybrid.

As an innovation leader, you do not always have to be the first company to offer a solution. But as soon as you do offer a solution, it has to be the best. This is at least our claim as a premium manufacturer. And we will deliver on this promise next year.

It will be a mature full hybrid offering the sheer driving pleasure BMW is famous for. And it will need another 20 percent less fuel than a comparable car with a combustion engine.

You know that we have developed our hybrid technology together with Daimler and GM. At the Frankfurt Motor Show in September, we presented the concept car, the BMW Concept X6 ActiveHybrid. It is also exhibited here at the "Olympiahalle".

But we have a greater vision: At the Geneva Motor Show, we showcased the "BMW Vision EfficientDynamics"—a BMW X5 equipped for the first time with a combination of a hybrid transmission and a four-cylinder diesel engine.

The result: A fuel consumption of 6.5 liters of diesel for 100 kilometers and 172 grams per kilometer CO₂.

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The message: You can do something for the environment and nevertheless drive a large SAV.

You know that, for the long term, we regard zero-emission hydrogen as a truly sustainable mobility solution.

With a Hydrogen7 fleet of 100 cars, BMW is the clear trendsetter in this field. Entrusted to politicians, business leaders and artists, our Hydrogen7 has already travelled 2.7 million kilometers all around the world. It has circled the Earth 200 times—which shows that this technology is suitable for everyday use.

The Hydrogen7 shows the road we are taking:

Step by step towards zero-emission mobility—without red tape, unfair competition, short-term pressure, just typical BMW.

Our strategy involves the evaluation of further alternative drive systems.

Later this year, we will decide about building an electric car. Today, modern lithium-ion batteries would allow for the combination of an electric drivetrain and sheer driving pleasure. Due to the limited reach, such vehicles would be most suitable to urban traffic.

New drive concepts are handled by a new organizational unit called “project i” which is our think tank for completely new, sustainable mobility concepts. This is climate protection BMW-style.

When it comes to traditional combustion engines, there are limits to what physics can do, even for our engineers. It won't be possible to take this progress further only by implementing new technologies. And obviously, we must not lose track of costs here either.

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Climate protection may not be an excuse for stricter regulation or the enforcement of a country's industrial politics interests. A reduction of carbon emissions has to be achieved for both small and large cars.

The premium manufacturers will not be able to make up for savings potential in the mass segment left untapped. The mass market comprises 90 percent of all vehicles sold. The premium market has a share of 10 percent of new car registrations worldwide.

We have done everything we said we would do. And we will do more in the future.

This is why we legitimately insist on Brussels to:

- guarantee a fair allocation of burdens between premium and volume manufacturers,
- establish feasible targets for all manufacturers as well as
- realistic deadlines for their implementation.

The support by the Federal German Government will be most helpful in this endeavor.

And there is another crucial point: We do not only reduce our car's fuel consumption and emissions. Sustainability in every sense of the word has always been a guideline of our activities.

Our entire value chain follows the rules of sustainability.

In 2007, BMW Group was once again the industry leader in the Dow Jones Sustainability Indexes. This makes us the only carmaker that has been listed for

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nine consecutive times and that has been industry leader three times in a row. We consider this both an honor and a responsibility.

It is becoming increasingly important to investors whether a company does a good job in terms of sustainable business development. The fact is: Those who make best use of economical, ecological and social resources gain a competitive edge and save money over the long term.

Ladies and Gentlemen—

BMW Group is not only a company that focuses on sustainable business development. We are also a truly international company, with 23 production sites in 12 countries. We sell our vehicles in over 120 countries.

So it does not come as a surprise that exchange rate fluctuations are a major challenge for us. I just talked about the burdens that arose from the weak US dollar in 2007.

But once again, our strategy offers solutions to help increase our independence from the dollar:

- We will step up production in the dollar region. To this end, we will expand capacities at our US plant in Spartanburg from presently 160,000 to 240,000 units a year. In addition, Plant Spartanburg will produce a wider range of models than before—besides the X5 the new-generation X3, the all-new X6 and our first hybrid, the BMW X6 ActiveHybrid. Spartanburg will become the competence center for our X model family.
- Expanding production at Spartanburg is a way to reduce our currency exposure. At the same time, we will cooperate with new suppliers based in NAFTA countries. We started last year to strategically raise the share of components from the NAFTA region. Another step is to increase local content for production in Spartanburg further as well as, in the medium

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term, increasing the purchasing volume for our European plants in NAFTA countries.

This approach shows clearly that

- the strategy and our intention to grow further go hand in hand.
- We will keep up the motto: Production follows the market.

This motto has proven its worth also regarding our BMW assembly plant in India.

Since March 2007, we have been producing BMW 3 and 5 Series models for the Indian market in Chennai. From the very start, our sales in India more than quintupled.

Obviously, we are talking about a low number of units here. Nevertheless: Just like China, Russia, and Brazil, India is one of the most dynamic growth markets in terms of mobility demand.

The fact that the Indian government plans to invest 450 billion dollars in establishing infrastructure and modernizing road networks shows quite plainly how dynamic this market actually is.

We are set on participating in the growth of these markets. This is why we are right there. According to our strategy, we will focus more strongly on future markets. This approach will help us offset temporary fluctuations in other markets, at least to a certain extent.

Global sales are now managed by our new member of the Board of Management, responsible for sales and marketing, Ian Robertson. He brings to the Board of Management team a British element. After all, two of our three brands are of British origin.

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In 2007, we recorded sales increases in all major markets.

We keep growing because people in all corners of the world feel a desire to own our products. These products are the foundation of our success as a company.

We will continue to surprise and fascinate our customers with new products and concepts. Within the framework of our strategy, we have confirmed or decided about several new vehicles:

- The X1 will be the fourth member of our successful BMW X line-up. The new BMW X6 is best proof of the popularity of the X model range. Evidently, many customers were waiting for such a vehicle. The total 2008 production volume is already sold out.
- The BMW Progressive Activity Sedan will be a timely interpretation of the traditional sedan concept.
- The BMW Gran Turismo will be based on the Concept Study CS that received great feedback at many motor shows.
- Rolls-Royce will launch a coupe in fall 2008. Just like the X6, it is already sold out for the year. In addition, there will be a fourth model.
- MINI will introduce a Sports Activity Vehicle to be built by Magna Steyr.

Enhancing value and guaranteeing BMW Group's future success—these goals will be achieved by launching excellent new products.

This is why we are bound to set new standards also in matters of design. The BMW X6, for instance, won the renowned EyesOn Design Award in the US—even before arriving at the dealerships.

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I suppose it is an open secret by now that the new BMW 7 Series is also due out this year. Please rest assured that the flagship model of the BMW brand will lead the way in matters of technological innovation and design.

What determines your buying decision for a new car, Ladies and Gentlemen?

Design is the second most important issue—ahead of fuel consumption. This is the result of a current study carried out by a research institute specializing in the automotive industry.

But the most important buying decision is still a car's reliability.

We have improved considerably as regards quality and reliability of our products!

A few years back, Japanese cars outperformed ours in terms of reliability. Today, according to the current ADAC breakdown statistics in Germany, three BMW and MINI models are among the four most high-quality cars. The X3 is the most reliable vehicle on German roads.

Our customers expect top quality. And this is exactly what they get. We have further tightened our internal quality targets.

All our activities are taken with the purpose of enhancing the company's value and guaranteeing its future success.

2008 will already bring further progress in line with our strategic objectives. So, what exactly do we intend to achieve?

- New highs in automobile retail of all three brands.
- A group pre-tax profit above last year's level—adjusted for the one-off book gain from the Rolls-Royce exchangeable note in 2007.
- An improved earnings quality.

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However, the international financial crisis has become worse over the past few weeks. It has now hit the overall economy. So there is also a risk for us.

This is why we have stepped up risk provisioning. Like always, we are acting with foresight and a commitment to responsibility.

The analysts' feedback has shown that the capital markets understand this approach—even though these activities had a negative effect on our first-quarter result. After the announcement, our share price actually rose.

Our outlook for the business year 2008 remains unchanged—provided that the financial crisis does not become worse.

If, however, the situation on the car markets, particularly for pre-owned cars, does not ease over the course of 2008, there is a risk that this could have a negative impact on the BMW Group's earnings for the year. We will continue to monitor closely the development of the markets and, if necessary, will align our level of risk provision.

Yesterday, we have released our sales figures for April. Last month, all three brands recorded solid growth rates. Even retail on the US market is on the rise again, following a weak period in the beginning of the year. This makes us confident for the time ahead.

Ladies and Gentlemen—

It is one thing to develop a strategy. The other thing is implementing it.

Strategy implementation is a fundamental process with an impact on all parts of a company—down to the smallest department and the most remote market.

At our company, the new division "Corporate and Brand Development" headed by Dr. Eichiner is in charge of controlling strategy implementation.

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All associates have to know their tasks and make their contribution. In order to make this strategy work, everybody has to demonstrate a willingness to change.

I am convinced: We have the skills and willingness to bring this change to life.

This is what has made our company so strong in the past. We have always drawn strength from difficult periods of change and have managed to take the company to the next level. The Rover sale in 2000 is a good example for such a situation.

Today's challenges will also move us forwards.

Times of change—and this is something we know and something we actually feel—bring about unrest and fear. Closely watched by the media, public interest soars as much as political pressure.

This is a situation we can accept and handle. Because we know:

By launching our strategy, we have defined our own roadmap to future success.

We have a vision:

In 2020, we want to be the leading provider of premium products and premium services in the field of individual mobility.

I consider it my job to lead this company into its future, with foresight and a sense of responsibility as well as courage, and all this based on our strategy.

I feel personally accountable for the targets and the implementation of the Strategy Number ONE. Therefore, I also stand for a clear focus on value enhancement and an improved rate of return.

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Ladies and Gentlemen, your money is invested in a company whose products are in demand all around the world. It is invested in a company that offers attractive jobs to thousands of people.

So, dear Shareholders, I want to assure you today that

we have set the right course to make a great company a even better and safer investment for you.

Thank you very much for your attention!