

International Product Presentation
The New BMW 7 Series

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- Please check against delivery -

Ladies and Gentlemen—

Welcome to Dresden, to the BMW Group Investor Relations presentation of the new BMW 7 Series. My name is Erich Ebner von Eschenbach. I am the Group Treasurer at BMW AG. Unfortunately our CFO Dr. Ganal cannot be here tonight. But he asked me to apologize for his absence and sends his regards.

We are delighted to offer you the opportunity to experience a fascinating car. Tomorrow you will test-drive the new 7 Series: the 730d and the 750Li, to be precise.

Some of you might be wondering: “Why have we chosen Dresden for this event?”

Well, first off, we have deliberately chosen a city in Germany. Like its predecessor, the new BMW 7 Series will be produced at a German location, thus contributing to job security in Germany.

Apart from our engineers, designers and marketing experts, many employees at Plant Dingolfing are directly involved in producing the 7 Series. And one job at BMW means another about seven jobs at suppliers.

Dresden and the Erz Mountains nearby are the perfect setting for a first drive of the new 7 Series. You will encounter appealing roads that will make your little trip a lot of fun, an attractive landscape as well as a great historical cityscape.

Dresden is still a World Cultural Heritage Site. The Church of our Lady, the Zwinger Palace and the Semper Opera House are famous all over the world. Much of Dresden’s charm lies in the unique combination of the old and the new. And the same is true for the fifth generation of the BMW 7 Series.

I am absolutely convinced that the new BMW 7 Series will make our product portfolio even more attractive. But in the end, it is your opinion that matters and that of our customers. Tomorrow you will have the opportunity to test-drive the new BMW 7 Series. Tonight we want to set the mood for the experience with some information about the car.

Clearly the new BMW 7 Series will be center point of this event, but before, I will give you a brief update on our corporate development: What is the current status of BMW Group sales?

What is our risk assessment regarding our Financial Services activities? Will the current situation have an impact on our guidance for the year 2008? Since our Q2 conference call the macroeconomic environment has further deteriorated in many markets – particularly in the US.

Therefore we will not reach last year's sales level in our largest market, the USA. In September sales of BMW and MINI automobiles declined 26 percent. Our year-to-date sales volume is down 5 percent. Given unfavourable market conditions we will sell approximately 40,000 vehicles less on the American market this year than originally planned. More than half of these cars will be reallocated to more profitable markets. We follow the US car market very closely and are prepared to take necessary action to strengthen BMW.

Europe is now also affected by the financial crisis and an economic slowdown.

European consumers are clearly in a crisis of confidence, and this has a negative effect on spending behavior. We expect this trend to last for some time.

BMW Group sales developed better than the premium segment in general in the first nine months – thanks to, among other things, EfficientDynamics.

Efficient Dynamics is an important strategic competitive advantage for us. Especially in the current economic environment it helps the BMW Group to strengthen its market position. But more important: In the long term the BMW Group will clearly benefit from the investments and the initiatives we started already at the beginning of the millennium. It enables us to meet the voluntary ASEA commitment in 2008. And even far more important: Thanks to EfficientDynamics we can offer the largest fleet of vehicles with efficiency innovations in the premium car market. The BMW Group therefore is strategically well positioned to take advantage of future reasonable CO₂ based taxation or registration regulations.

The bottom line is that we have been feeling the downturn more strongly in the last few weeks. By the end of September, a total of over 1,113,000 vehicles was delivered to customers, up 1.6 percent from last year.

We expect a positive impulse from the launch of the new BMW 7 Series and the new 3

Series models before the end of the year. Nevertheless, in light of high uncertainty in the major markets, we expect very little or flat growth for 2008. Our revised sales forecast will primarily affect the BMW brand, which is also affected by the model cycles. At MINI, however, we expect sales to grow in the low two-digit percentage range compared to the previous year.

According to our forecast we have taken the appropriate action in cutting our planned global production volume for 2008 by several 10,000 units.

I am sure you all remember our report for the second quarter: In the second quarter of this year, BMW Group stepped up risk provisioning by a total of 695 million Euros, due to decreasing residual values. These provisions apply mainly to our US portfolio of leasing cars.

As we all know the financial crisis and the economic downturn has now also reached the European markets. We have seen residual values in Europe decline in the last three months. One of the most affected markets is Great Britain. So we cannot rule out the need to increase risk provisioning further.

Our Financial Services business is well prepared for such cyclical challenges and always manages residual values and credit risks according to market developments. We have reacted to the current risk situation in time.

We have increased prices in the US by an average of 2.1 percent as of 1 October 2008. Following a markup of 0.9 percent in spring, this is the second price increase of the year.

- We have repeatedly adjusted leasing rates since May.
- And we have complemented our leasing offer by attractive financing offers to better balance the leasing and the finance business.

These activities will make a positive contribution to stabilizing the residual value situation.

Obviously, conditions have not improved since we announced our new guidance for 2008 in our second quarter report. Nevertheless, we continue to aim for a pre-tax return on sales of at least 4 percent for the BMW Group for the year.

But now let's turn back to the BMW 7 Series. Let's start with, a few remarks about its particular importance for the BMW brand – which is based on the vehicle's history, shown in fast motion on the chart in the background. The new BMW 7 Series marks what is already the fifth generation of this model lineup. We have been offering our customers the BMW 7 Series since 1977.

But the BMW brand's tradition in the world of top-class automobiles dates back even farther. Basically, we have been at home in this segment for 70 years. In 1938, BMW showcased a prototype of the BMW 335 at the London Motor Show. That BMW 335 was the brand's ticket of admission to this segment.

The BMW 7 Series' ancestry includes the “Baroque Angel” from the 1950s and the “Big Series” which was manufactured in the 60s and 70s.

They all have the following features in common:

- They put in a commanding appearance on the road.
- They set new technological benchmarks when they were launched.
- And in principle, they were always a perfect embodiment of the brand, representing the best that BMW had to offer in their time.

The BMW brand has recently been ranked among the most valuable brands in Europe once again with an estimated brand value of 20.061 billion Euros exceeding current market capitalization.

As a luxury sedan, the new BMW 7 Series is the brand's flagship. And it contributes considerably to the high level of brand awareness.

A BMW 7 Series must have a commanding presence, coupled with fascinating design. And one thing is without question: All 7 Series generations have risen to the challenge.

I know what must be going through some of your minds: The fourth generation of the 7 Series was controversial. Well, that is true. But at the same time, a 7 Series must always make a statement! Otherwise it would not meet its ambition. The bottom line is that the predecessor to the model we are presenting today is the most successful 7 Series of all

time.

Every 7 Series is a veritable pioneer of innovation! Most importantly, this means that major technological advances were implemented in our 7 Series for the first time. The brand's flagship is predestined for this.

We have put together all of the highlights of each generation in our press folder. Many of its innovations have found their way into other BMW model series later on, such as the BMW 3 and 5 Series.

Mr. Kistler, the manager of the new 7 Series project, will provide you with some in-depth information on the technological advances later on. But at this juncture, I would like to emphasize one point above all – even though the BMW 7 Series is not the first in our portfolio to stand out in this respect.

I am talking about its efficiency. Thanks to the fully revamped engine management program and the implementation of further EfficientDynamics features, the new 7 Series is easily the most efficient vehicle in its class.

As far as carbon emissions are concerned, the 730d runs below 200 g/km. Show me a competitor that can measure up to that! The new BMW 730d's output is 10 kilowatts higher than that of its predecessor, but it consumes 10 percent less fuel.

In sum, this means that this is a real luxury sedan with a displacement of 3 liters and an output of 180 kilowatts, or 245 HP. Nevertheless, average consumption is just 7.2 liters every 100 kilometers.

Honestly, though, until just recently, who would have thought that a premium class luxury sedan could chart such efficient consumption territory?

If you ask me, this is real progress. And this is why the new 7 Series fits perfectly into our times.

As a last point, I would like to mention some of the vehicle's economic aspects.

- What do we intend to achieve with the new 7 Series in terms of sales?
- and what have we identified as our major markets?

This slide shows the production volumes recorded by the predecessor generations. Both production output and sales have risen from one generation to the next.

Of course, we plan to continue this trend. In simple terms, this means that we want to sell even more 7 Series automobiles over the model's entire lifecycle, compared with its predecessor. Our objective is to turn the fifth generation of the 7 Series into the most successful one of all times!

Tomorrow you will be able to see for yourself that this car has everything it needs to reach.

As far as the sales markets are concerned,

what you see on this slide is the breakdown by market. The dominance of the Chinese and American markets is striking. They have both come to play a key role for the 7 Series. We expect this to remain the case for the fifth generation as well. But we anticipate to see strong growth on the Russian market too.

The current situation, particularly in the US, is casting a shadow over this market. But we have the full model lifecycle in mind. And as we expect the markets to recover in the medium term, we are positive about the 7 Series' sales potential.

At a share of 16 percent, China will be the second most important market for the new 7 Series. On group level, we are currently recording growth rates of over 25 percent here.

We also expect great demand on the Russian market. In Germany, the starting price for the BMW 750i will be 90,000 Euros, compared to 80,000 dollars in the United States.

In pricing, one of our priorities is to raise prices realistically and reasonably. We are convinced that the new BMW 7 Series is a very attractive combination of latest technology and luxurious comfort. Therefore we want the car to obtain a good market position.

You are surely wondering whether the new BMW 7 Series will help us meet our efficiency and cost saving targets.

You are all familiar with the time-to-market in the automotive industry. Most product related decisions for the new BMW 7 Series were reached before we launched our strategy Number ONE.

Nevertheless, we have improved significantly on several counts. The BMW 7 Series is produced at BMW Plant Dingolfing – where it shares a production line with the 5 and 6 Series. This is the most flexible production facility in our production network.

So when we prepared for the production of the new 7 Series, we cooperated closely with our colleagues in development and our suppliers to optimize processes along the entire process chain.

We cut the number of suppliers to about 250. Compared to its predecessor, this means a reduction of approximately 50 percent at the first-tier level with a clear focus on systems suppliers. We also optimized processes at the production hall, thus improving the efficiency of workflows in logistics and manufacturing as well as the cycle design. All in all, we managed to improve the flow of material at the plant which helped us reduce the lead time.

Let me give you an example of an efficiency enhancement: In assembly, the overall lead time for the new BMW 7 Series has not changed compared with the predecessor model. However, work content has increased by about 80 minutes. This means we have increased the productivity significantly. We see further potential for improvement primarily in the area of material flows. So we plan to improve efficiency further in the years to come. Obviously, the network-wide target of 7-8 percent a year applies to Plant Dingolfing as well.

Moreover, we will meet our goal of reaching peak production within three months. By the end of the year, we expect 300 BMW 7 Series vehicles to roll off the assembly line every day. This is proof of Plant Dingolfing's excellent preparation for the new 7 Series.

We set new standards in terms of vehicle quality: Implementing experiences made in the SOP of the predecessor model, we brought together experts from production, development and design as well as suppliers at a very early stage. As a result, the quality of the new BMW

7 Series has matched the predecessor's high level right from the start, bypassing the usual learning curve.

Nothing else would be a match for our premium aspiration.

Process improvements as the ones I have just mentioned are not only achieved at the 7 Series' product line. We are working to improve profitability in all areas. Our respective activities will result in further efficiency enhancements and cost savings that will take full effect from 2010 on.

I am looking forward to spending some face time with you later tonight. Have a great evening and enjoy your test drive tomorrow.

But now, our highlight: Please welcome the new BMW 7 Series! Thank you.