Dear Shareholders and Shareholder Representatives,
Dear Associates, dear guests of honor and all guests
Ladies and Gentlemen,

Good Morning and welcome to the 86th Annual General Meeting of BMW AG. I also welcome all viewers following us on the internet.

These are my core messages today:

1. The BMW Group’s product and market initiative is paying off. Since its launch in 2001, we have successfully introduced numerous new models and have strategically entered new growth markets.

2. Based on this development, the BMW Group took over the top position as the world’s leading manufacturer of premium automobiles last year. And in operational terms, 2005 was the best year in our corporate history.

3. In 2005, we also set the course for the successful and profitable development of the BMW Group in the future. And you as our shareholders stand to benefit.

4. These strategic decisions will already show an effect during the current business year 2006. We intend to reach a new high in automobile retail this year as well as a record in earnings. 2006 is going to be the most successful year in our company’s history!

5. And we will stay on track for success in the years to come. In 2002, we had announced a long-term retail target of 1.4 million automobiles for the year 2008. We will reach this goal one year earlier than planned, namely in 2007. Therefore, we have set ourselves a new ambitious target: In the business year 2010, we aim to deliver a total of 1.6 million automobiles to customers. The further strong growth in retail creates the basis for further profitable development of our company. And with that we will
Ladies and Gentlemen,

Let me elaborate on these points now.

Since launching the product initiative in 2001, the BMW Group has introduced a total of 25 new models and model updates:

- The BMW brand alone presented four new model series: With the BMW 1 Series, the BMW 6 Series and the BMW X3, we have captured new segments as well as new groups of customers for the BMW brand. The BMW Z4 Roadster continues our BMW roadster tradition. All new BMW models have proven successful on the market because, like always, we did not compromise in any way when we developed these models: All new models are true BMW vehicles.
- At the same time, we have updated our existing core model series, the BMW 3, 5 and 7 Series. This way, we have further advanced the "sheer driving pleasure" that characterizes each BMW automobile.
- We are the first manufacturer ever to have established a premium product in the small car segment when we launched the MINI in 2001, thus winning new, younger customers for our company. MINI offers pure driving fun, stirs enthusiasm and has made us very popular. MINI is clearly not a retro product, but the state-of-the-art further development of a long-standing automobile tradition. And more than that: MINI is a lasting economic success. Today, MINI sells more vehicles in the small car segment than some well-established premium manufacturers in the medium or luxury class. MINI contributed a total of 15 per cent to our Group’s global automobile retail last year.
- With Rolls-Royce, we own the strongest brand in the high-end luxury segment since 2003.
Our brand and product portfolio clearly shows that for those looking for premium – be it in the small car, medium-class or high-end luxury segment – we offer our customers highly emotional and desirable vehicles.

Not only our Automobile segment showed an outstanding successful development over the past five years. The same is true for both our other segments – Motorcycles and Financial Services.

We have launched a total of 18 new motorcycle models within BMW Motorrad from 2001 till the end of 2005. As a result of this model initiative, retail of BMW Motorrad increased by more than 30 per cent over the past five years.

Our Financial Services segment has also given proof of its impressive potential for success in the last five years. Two facts to substantiate this: The number of contracts with end customers rose by almost 60 per cent over this period. At the same time, on-balance sheet business volume grew by almost two thirds.

In the last five years, we have continuously expanded our international market presence as well. Since 2001, we have founded 11 new subsidiaries around the world – namely in Indonesia, the Philippines, in Poland, Denmark, Greece, Ireland, China, Malaysia, Hungary, Malta and Portugal. Today, the BMW Group has 35 company-owned outlets on all continents. Additionally, we have 22 global production sites in 12 countries.

Ladies and Gentlemen,

Let me go straight to the second point, my report about the business year 2005:

In 2005, BMW Group retail reached a peak of exactly 1,327,992 vehicles. I am deliberately stating this precise figure, because we are proud of each single vehicle we sold in a highly competitive market.

In terms of percentage points, the BMW Group posted an increase of 9.9 per cent over the previous year. At the beginning of 2005, we had announced a
growth rate in the higher single-digit percentage range. So we definitely kept our promise.

Each of our three premium brands achieved a growth in retail in 2005: BMW plus 10.1 per cent, MINI plus 8.7 per cent, Rolls-Royce plus 0.5 per cent. And each brand was the market leader in its respective segment.

With exactly 1,126,768 vehicles delivered to customers, BMW was the world’s most successful premium brand in terms of retail last year.

This success is based on all BMW model series – both the new models of our product initiative and the well-established core model series. Some examples:

- The new BMW 3 Series Sedan was introduced in March 2005. By the end of the year, we had sold almost 230,000 vehicles, making the 3 Series Sedan the BMW Group’s most successful model – even though 2005 was the year of the model change. And there is another point I would like to stress: The start of production of the new BMW 3 Series Sedan at our plants Munich, Regensburg, Leipzig and Rosslyn in South Africa is among the best ever considering volume as well as quality.
- Like the 3 series, the BMW 5 series and the 7 series also developed very successful in 2005. Overall, all our three core series were the leaders in their respective segments.
- The BMW 1 Series developed very well during its first full year of availability, selling around 150,000 units worldwide.
- With about 110,000 vehicles delivered to customers, the BMW X3 also made a substantial contribution to the success of the BMW brand in the business year 2005.

Thanks to the positive development of the all single model series, the BMW brand grew more dynamically than its competitors last year. This means: BMW clearly outperformed the former number one premium brand and at the same time extended its lead over other competitors.
A look at the MINI brand: I have already mentioned that this brand is a real story of success for the BMW Group. In 2005, we delivered exactly 200,428 MINI vehicles to customers around the world.

With 796 Phantoms sold, our third brand Rolls-Royce was the clear leader in the high end luxury segment in 2005.

Due to the rise in retail of all three brands, the BMW Group secured the top position as the world’s leading premium brand manufacturer in 2005. We had worked towards this goal consistently over the last few years. From now on, we are the benchmark for our competitors. I think this is something we all have every reason to be proud of.

Ladies and Gentlemen,

Beside the automobile business, 2005 was also a very successful year for our two other segments – Motorcycles and Financial Services:

- Our motorcycle business increased by 5.6 per cent to 97,474 units sold.
- In the Financial Services segment, the total number of financing contracts administered exceeded the two-million mark for the very first time last year. By the end of the year, overall volume rose by 13.2 per cent compared to the year before. On-balance sheet business volume grew by 24.2 per cent to more than 40 billion Euros.

These facts demonstrate: The BMW Group’s success in the business year 2005 was based on outstanding achievements in all three segments of the company.

Let us now turn to revenues and earnings in 2005.

Just like retail, Group revenues rose to a new high of 46.656 billion Euros in 2005, establishing an increase of 5.2 per cent over the business year 2004.
In 2005, our earnings development was strongly affected by external burdens. Just like other automotive manufacturers, we had to cope with substantial additional burdens caused by currency effects as well as rising prices for raw materials, metals, steel and synthetics.

Especially challenging with last year’s situation was not only the intensity of those burdens, but most of all their concurrence. Overall, negative effects in 2005 summed up to about 1 billion Euros.

To compensate burdens of this scope is an enormous challenge for any company.

We accepted this challenge and took active countermeasures. On the one hand, we achieved a strong performance in retail, based on our continuous successful product range.

On the other hand, we further optimized our processes in all areas of the company as well as in the cooperation with our partners. Therefore, I would like to thank the dealers and importers in our global retail network as well as our suppliers.

By the end of the year, we had compensated the negative effects almost completely. That sounds easy enough. But in reality, it was everything but easy. We all had to pull together – all associates in all divisions and all markets.

Our goal was clear: Despite the external burdens of 2005, we wanted to demonstrate our strength again by achieving earnings about on the same high level as in 2004. We reached this target, posting a profit before tax of 3.287 billion Euros – only 8.3 per cent below our 2004 record.

Before financial result and tax – which means mainly without the additional burden arising from the Rolls-Royce exchangeable bond – our profit even rose slightly to a new peak of over 3.793 billion Euros. Regarding our net profit, we matched 2004’s record level with over 2.239 billion Euros.
Just to give you an impression of how strong our 2005 financial result really is, let me compare a few figures from the business years 2002 and 2005:

On paper, profit before tax of the years 2002 and 2005 looks almost identical at about 3.3 billion Euros. But a crucial parameter changed dramatically over this time period – the US-Dollar lost around a quarter in value.

This means: Let’s say a private person had exchanged a US-Dollar for Euros in 2002 he would have received 1.06 Euro per dollar back then, on an annual average that is. If he had exchanged one US-Dollar in 2005, however, he would have gotten only 80 Euro-Cents on an annual average.

The situation will not get any easier if you consider the fact that in the years in question we increased retail to the U.S. by about 20 per cent – from over 250,000 vehicles in 2002 to more than 300,000 vehicles in 2005.

Of course, the currency effect did not hit our company on a 1:1 basis, as obviously we have to take long-term hedging measures against exchange rate fluctuations. Nevertheless, we were also affected by this development, if only to a lesser extent. Let me again try to give you a feeling for the scope we are talking about: In 2005, currency effects alone amounted to an additional burden of 677 million Euros.

Particularly in this regard, you could say that the profit before tax achieved in the business year 2005 is the result of a performance stronger than that of any year before. Our 2005 earnings prove the enormous operative strength and earning power of your company.

Last year, we compensated enormous financial burdens. At the same time, we invested almost 4 billion Euros into our future and for all that, we still reached a free cash-flow of over 3.7 billion Euros.
Ladies and Gentlemen,

At this Annual General Meeting, the Board of Management and the Supervisory Board are proposing to raise the dividend to 0.64 Euro per common share and to 0.66 Euro per preferred share. The total dividend sums up to more than 410 million Euros.

On February, 21, this year, we completed the share buy-back program adopted in September 2005, which served the purpose of capital reduction. A total of 20,232,722 common shares at a face value of one Euro were bought back and canceled. This capital reduction equalled three per cent of capital stock and was obtained at an expenditure of 759 million Euros. Due to this capital reduction, your share in the company has risen, and each share will receive a higher proportion of the profit.

Today we are again asking for you approval to authorize the further buy-back of own shares, with a limit set at 10 per cent of capital stock. We have not decided yet whether and to what extent we might make use of this authorization.

Overall, including the raised dividend, we let you, our shareholders, participate in our company’s success in 2005 with an amount of almost 1.2 billion Euros.

Ladies and Gentlemen,

Having shareholders benefit from the success of a company while also taking substantial investments is a clear sign of a company’s operative strength.

In our company, the general atmosphere is a positive one. Our associates do not have to be afraid of job cuts. So they can fully concentrate on their tasks at hand. And more than that: They are highly motivated. This is why they can deliver maximum performance every day, while there is a lot of insecurity at many other companies.
The board of the BMW Group stands by our responsibility for the almost 106,000 people employed by the BMW Group all around the world at the end of last year. Headcount remained about on the 2004 level. And just like then, the 2005 figure includes over 4,400 young apprentices. More than three quarters of our associates still located in Germany.

The achievements of 2005 demanded a great deal of each associate and each executive. Without the personal commitment of all our associates, their motivation and outstanding identification with the BMW Group, its brands and products, we would not have been able to make the year 2005 such a success.

On behalf of the entire Board of Management, I would like to thank all of our associates for their outstanding accomplishments. And I am sure, Ladies and Gentlemen, that you are with me on this point.

In return, these accomplishments enable us to secure employment and continue to pay above-average wages and salaries as well as benefits.

Provided that you, Ladies and Gentlemen, agree today to the increase in dividend proposed by us, the pay-scale employees will receive a bonus for the year 2005 up to 156.8 per cent of a gross monthly salary. Let me stress that again: We are talking about more than one and a half gross monthly salaries for each associate in addition to the regular annual salary 2005.

This is the highest bonus we have ever paid. Our associates have benefitted directly from the success of the company for 30 years. And one thing is certain: The system has definitely paid off.

Explicitly, I want to point out the goal-oriented cooperation between the Board of Management and the Works Council. It is characterized by the search for the best solution in the interest of our company. All members accept the responsibility that comes with their functions. But at the same time, all of us know what we as the BMW Group can or cannot do. Keeping this in mind, we strive to find compromises and to go our typical BMW way together. At the end
of our decision-making process, there is always a good solution everybody can support.

This interaction of different forces within the company has long been characteristic for the BMW culture. We do not work against each other – we work together in order to make our company a success. This gives us a competitive edge that should not be underestimated. And we continue to rely on this in the future.

Ladies and Gentlemen,

That much about the key data for the year 2005 which demonstrates that last year was an extremely successful business year for the BMW Group.

But 2005 was not only a year that proved our operative strength. It was also a year of crucial decisions, which set the course for the future. By adopting these strategic steps, we have determined the way the BMW Group is going to take in the next years in order to continue its profitable growth.

Among other things, this is about

- further product decisions
- and further expansion steps on the market side.

Straight to the product decisions of 2005:

- This month, we are bringing a new model to the street – the BMW Z4 Coupe as well as the respective Z4 M Coupe. By the way, this car is exhibited in the entry hall today next to many other models. The model update of the BMW Z4 Roadsters was already launched in March, together with the new Z4 M Roadster.
- As you know, we took the decision to complement the BMW brand by two new model series last year. These model series will establish completely
new, stand-alone premium segments in the automotive market when they are introduced from 2008.

- For MINI, we decided to create one further model series as well. At the Geneva Motor Show and at other occasions, the MINI Concept Car gave an idea about how we envision the expansion of the MINI family. The new model will offer more space. It will go into series production within the next two to three years.

- At Rolls-Royce, we agreed to add a new model to the current product range comprising the Rolls-Royce Phantom and the Phantom with an extended wheelbase. The new model will be a Rolls-Royce Convertible. An impressive number of advance orders have already been received for this four-seater convertible.

- Last but not least, we adopted several product projects at BMW Motorrad in 2005.

- And one more remark about the business year 2005: We established a cooperation project with DaimlerChrysler AG and General Motors Corporation in order to develop basic technologies for a hybrid powertrain. We are then going to develop these basic components further to meet the specific demands of our BMW brand and its products.

We took important steps not only in terms of products, but also in terms of markets last year:

My first example is China: In 2005, we substantially increased our presence there. Last October, we opened our new subsidiary in Beijing which has been supporting sales activities in this important market ever since. This subsidiary is responsible for all vehicle imports to China.

China is and will remain a growth market of the future. According to estimates, about 3.5 million vehicles will be sold alone in Mainland China this year. Ten years ago, in 1996, Chinese automobile retail stood at less than half a million. We have excellent possibilities to benefit from this growth. Due to its clear profile and performance, BMW is currently the most popular brand in China. It tops the list for buying decisions among premium brands. And our retail clearly reflects this:
At 36 per cent, our retail grew even faster last year than the overall Chinese automobile markets.

The second example for a strategic direction taken in 2005 is India:

According to our guideline “Production follows the market”, we took another step in our Asia strategy last year. We obtained the official licenses needed to operate our own sales subsidiary in the Greater-Delhi area as well as an assembly plant for BMW 3 and 5 Series vehicles in Chennai from 2007 on. Furthermore, we are expanding our sales organization in India in order to strengthen our presence in this market.

This commitment is going to pay off as India is not only one of the world’s most booming economies – according to estimates by independent experts, the Indian automobile market will have doubled from its current size of about 1.1 million vehicles by 2010. And considering that India has a population of over one billion, there is definitely much more potential for growth.

One more remark about these strategic steps in China and India: We view both markets following long-term considerations.

In absolute terms, both markets cannot compete with our high-volume single markets yet. Just think about the U.S., where in 2005 we sold more than 300,000 vehicles for the first time, which made us the most successful European premium manufacturer on the U.S. market. It would be wrong to expect similar figures from China or India anytime soon.

But: The future belongs to markets such as China and India. If you want to benefit from the dynamics of those markets later, you need to act today. This is what we did. Our commitment to these two markets was among the strategic decisions that had to be taken right away. We have thus secured two important options for future growth.
Ladies and Gentlemen,

All decisions on the product and market side, which we took in the business year 2005, will push the profitable growth of our company in the years to come.

The business year 2006 will already be the next peak for the BMW Group. At the Detroit International Motor Show early this year, we announced that we aim to reach a new record in automobile retail in 2006.

As our first quarter retail shows, we are right on track. On Group level, we delivered almost 333,000 vehicles to customers – 13.9 per cent more than in the first quarter of 2005. This makes the first quarter 2006 our best first quarter ever.

The positive development continued in April. Compared to the same period last year, we increased our retail over the first four months by 11 per cent to a total of exactly 447,819 vehicles.

Nevertheless, we will not be able to keep growing at the strong pace of the first few months over the entire course of the year. We have already stated this at various occasions. What we currently see is to a certain extent the effect of the model changes of the BMW 3 Series. The new 3 Series Sedan was launched in March 2005, the 3 Series Touring in September 2005.

As a rule, demand for the older model recedes in the months before a model change and rises again when the new model is launched.

This is exactly the effect we saw last year for our BMW 3 Series. In early 2005, we sold fewer vehicles of the BMW 3 Series predecessor. But retail figures rose again significantly with the introduction of the new model. 2005 reference figures are thus relatively low for the beginning of the year, but will increase over the remaining months.

MINI is a source of joy for us. But this year, we will not be able to deliver the same amount of MINI vehicles as we did in 2005. Despite the fact that our Plant
Oxford operates seven days a week, we are not able to satisfy the still high demand for MINI vehicles. This is why we are currently expanding production capacities at Plant Oxford. By the end of the year, the measures will have been completed, raising production capacity to about 240,000 vehicles a year in the medium term.

In order to carry out these necessary expansion measures, a stoppage of production became necessary at the turn of the year, and production will have to be stopped again for two weeks in August. If you produce seven days a week, it is obviously impossible to compensate such shortfalls. So in consequence, we are going to produce less MINI vehicles in 2006, which will have a negative effect on retail. But I want to state clearly: These measures allow MINI to keep growing in the future. And this is what counts.

Despite these limitations, we will reach a new high in Group retail this year, thus strengthening our position as the world’s leading premium manufacturer. In the first four months of this year, we have already extended our lead over competitors further.

Based on the positive retail development as well as improvements of our product mix, we also aim to post a new record in earnings for the business year 2006. Please take into consideration that our 2006 results will again be affected by external burdens from currency effects and high raw material prices. But the impact of these effects will be lower than in 2005.

We are continuing the consistent implementation of our measures to raise efficiency and productivity. For example, in production we realize an increase in productivity of five per cent each year. It is part of our corporate culture – in terms of a sustainable cost management – that we permanently evaluate and improve our processes. For us, premium is much more than a brand and product strategy. Premium also defines all the processes within our company – today and in the future.
In order to give you as our shareholders a clear message, too, we have for the first time announced an explicit quantitative profit target at our Annual Accounts Press Conference in March: In 2006, we intend to reach a profit before tax of 4 billion Euros – after 3.287 billion Euros last year.

Despite the fact that this result will include a one-off book profit of 375 million Euros, which we achieved during the first quarter by settling an exchangeable bond on Rolls-Royce plc. Shares, this is definitely an ambitious goal. Even without including this special effect, we want to reach a new peak in profit before tax this year.

The capital market has rewarded our profit target for the current business year as well as our strong financial statement for 2005. Trust in BMW shares has risen further. So by yesterday, BMW common shares have gained more than 8.4 per cent. Our market capitalization has increased from 24.75 billion Euros at the beginning of this year to 26.98 billion Euros.

Ladies and Gentlemen,

We had a strong start into the business year 2006. This year is to become a record year for the BMW Group. But in the end, this year is also just an interim year in our long-term profitable growth.

With our ongoing product and market initiative, we will continue the BMW Group’s successful course in the years to come, showing further positive developments in terms of retail, revenues and earnings.

You know that in 2002, we set ourselves the long-term goal to reach a retail of 1.4 million automobiles by the year 2008. Due to our successful product and market initiative, retail has grown substantially over the last few years and will also develop positively this year. Against this background, we expect to reach our retail target of 1.4 million vehicles earlier, that means: already in 2007.
Due to the strategic decisions for the coming years I have already talked about, we are optimistic that we will be able to raise our global automobile retail to about 1.6 million vehicles by the year 2010. This equals an increase of more than 20 per cent compared to the 2005 retail.

This new target also means that the BMW Group will almost have doubled its automobile retail in the ten years between the end of 2000 and the year 2010, due to the successful implementation of the product and market initiative.

But I want to emphasize, that the doubling of our retail volume was just the first step. Profitable growth remains our top priority. Our growth in retail will contribute to our earnings growth.

I have already reported that in operative terms, 2005 was the best year in the BMW Group’s corporate history. And as I have just stated, we expect the current business year to bring a new record in earnings.

The current first quarter of 2006 is clear proof of the fact that we are on the right track: The first quarter of this year has been the best first quarter ever in the history of the BMW Group, in terms of retail as well as profit before tax.

At almost 1.3 billion Euros, profit before tax in the first quarter 2006 exceeded last year’s reference figure by 57.7 per cent. As I have mentioned before, this result includes the one-off book profit from the partial settlement of the exchangeable bond on Rolls-Royce plc. shares amounting to 375 million Euros. But I want to state clearly: Even without taking this special effect into consideration, our profit before tax rose by 12 per cent compared to the same period last year, to a total of 921 million Euros.

To sum up: We are right on track for a new record year of your company.

Even beyond the year 2006, expecting a high level, we want to reach a profit before tax that reflects our overall positive development. In other words: For you,
our shareholders, the BMW Group will remain a lucrative investment in the future.

If you had bought BMW common shares ten years ago – in 1996 – for an amount equaling 10,000 Euros today and had reinvested all dividends, your shares would have been worth about 37,400 Euros at the end of 2005. If you had invested the same amount in a DAX certificate instead, you would have had a total amount of only 23,457 Euros at the end of last year.

BMW common shares rose by 14.1 per cent a year between the beginning of 1996 and the end of 2005, while the DAX only increased by 8.9 per cent over the same period.

So BMW shares – common and preferred shares – were a better investment over the last ten years than many alternatives. And you – our shareholders – will also have every reason to be completely satisfied with your investment in the years to come.

Ladies and Gentlemen,

I have talked a lot about figures and facts today, documenting the straight-lined track for success the BMW Group followed in the business year 2005 and since the implementation of the product and market initiative.

But why is the BMW Group more successful than most companies in our industry? Or to put it differently: What makes us special?

I would like to list six points that distinguish us from the rest:

1. Our company has a special premium product philosophy.
2. We are more innovative than others.
3. We are more efficient than others.
4. Our company has the best brain pool because we are considered the most popular employer, particularly by young professionals.
5. In our company, there is a very strong We-Feeling and the shared goal to get ahead of competition as one strong, high-performance team.

6. We are independent and therefore, we do not have to make any compromises.

To sum up, you could say that this company – your company – is unique. We are the number one among premium manufacturers in the global automotive industry – and we will do everything to hold and strengthen this lead in the future!

Thank you very much for your attention!