

Statement

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Remarks on BMW EfficientDynamics and diesel technology

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- Check against Delivery -

Ladies and Gentlemen –

As you have just heard: We are facing great challenges again—worldwide as well as here in the US.

The only way to strengthen our lead is technological expertise and innovative power.

This is why we made BMW EfficientDynamics a part of our strategy early on. BMW EfficientDynamics is a comprehensive package of measures that reduce emissions and enhance performance at the same time. Our approach involves three steps:

For the short term, we focus on the ongoing optimization of our combustion engines. We are working on finding intelligent solutions for the entire vehicle energy management. Our goal is to further reduce fuel consumption. To this end, brake energy regeneration and the auto start/stop function have been applied. Other important aspects are light-weight construction and aerodynamics.

For the medium term, we will advance the electrification of the drivetrain. This will even lead to the development of a full hybrid.

For the long term, we will introduce drive systems that can do without fossil fuels. Our BMW H7 is leading the way in this field.

We have invested several hundred million euros in BMW EfficientDynamics up to now. But as our entire fleet is equipped with these sophisticated technologies, costs are spread across a large model portfolio. As a result, we benefit from economies of scale.

So what have been the results in Europe so far?

- In 2007, we implemented EfficientDynamics in 450,000 cars.
- By the end of 2008, we will deliver another 830,000 cars equipped with this technology.
- 27 BMW and MINI models run below the limit of 140 grams of CO₂ per kilometer.
- Thanks to EfficientDynamics, at the end of 2008, the CO₂ emissions of our new car fleet will be 25 percent lower than in 1995.

Due to this strategy, BMW has reached a top position—also in the US. This has recently been confirmed by a report by “Environmental Defense”. The independent study arrives at the conclusion that of all carmakers active in the US market, BMW has by far made the best progress in reducing CO₂ emissions. At present, legal stipulations regarding fuel efficiency and emission reductions are changing substantially here in the United States. Given this situation, it is good to know that we and our products are better prepared than others in our industry.

We will defend and expand this competitive advantage in the future. New technological innovations in the field of EfficientDynamics will have a share in this. One of the key developments is BMW Advanced Diesel with Blue Performance.

Our diesel technology is an important step towards fuel-efficient and low-emission mobility. And it is the right approach to meet the demands of our American customers. They expect the “ultimate driving machine” to be a high-performance car as well as fuel-efficient and environmentally friendly.

In fall 2008, we are going to launch two BMW diesel models in the US that fulfill these requirements:

- the BMW X5 xDrive35d and
- the BMW 335d Sedan.

These cars will demonstrate that diesel and the “Ultimate Driving Machine” are not antipodes. Quite the contrary!

The X5 and the 335d are equipped with the three-liter inline-six diesel with Variable Twin Turbo—a spectacular and truly unique engine. Used in production models, it has become known as the unchallenged benchmark for sporting flair, motoring refinement and superior efficiency in the diesel segment.

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

It fully meets the challenging demands on the US market concerning the reduction of exhaust emissions. At the same time, we apply the new SCR technology to lower nitrogen oxides. This helps us comply with the ambitious emission limits in California and some other states.

Therefore, BMW Advanced Diesel with BluePerformance will be offered in all 50 US states right from the start.

In the future, customers all over the United States—and in Canada as well—will be able to benefit from our expertise and experience in developing and manufacturing diesel engines.

Back in 1983, we launched the BMW 524td, the fastest diesel-powered car of its time.

Today the BMW diesel with Variable Twin Turbo is the measure of all things:

No other diesel engine has won the Engine of the Year Award more often than this one.

No other engine can match its outstanding combination of dynamic acceleration and low consumption.

To make a long story short: BMW diesels are a very attractive option. Diesel technology provides an excellent solution to the problem of reducing emissions.

What would be the effect of using diesel engines in the US?

According to the conclusive research conducted by the EPA (Environmental Protection Agency), the potential savings would be huge.

If 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 exactly the daily amount of crude oil imported from Saudi Arabia. You see: Fuel efficiency of a diesel engine is about 25 to 30 percent higher than that of a gasoline engine.

BMW diesels are popular with customers all over the world. Diesel-powered cars already account for more than 40 percent of BMW's global sales. With almost 70 percent, the diesel share is even higher in Europe.

BMW sold more diesel-powered cars last year than any other premium manufacturer. We are talking about approximately 550,000 cars here—for last year alone.

By the way: In Europe, 90 percent of all BMW X5s delivered to customers are equipped with a diesel engine. And diesel models accounts for more than 60 percent of all BMW 3 Series sales.

We are convinced that BMW Advanced Diesel with BluePerformance will also attract a high number of customers in the United States.

Thank you for your attention. I now look forward to answering your questions.