Ladies and Gentlemen,

Now I would also like to say “good morning” to you.

Our first-quarter performance reflects the operative progress we made in a still difficult economic environment. It is also the result of our resolute financial and cost management, which we implemented early on.

The situation on the world’s sales markets did not fundamentally improve in the first quarter. The cyclical downturn is persisting throughout the world.

We greatly reduced auto production again in the first three months. We manufactured about 138,000, or a third fewer units, than in the first quarter of 2008. The volume of production was just under 10,000 units short of retail volume.

We reduced inventories further and fine-tuned our receivables and payables in line with our targets. Our working capital in the Automobiles segment declined by more than 1 billion euros. Cash flows from operating activities in this segment rose by 5.6 percent to 1.1 billion euros. Unlike many competitors, we recorded a positive free cash flow of 220 million euros in the first quarter.
EBIT posted by the Automobiles segment totaled –251 million euros in the first quarter and was strongly affected by the decline in retail.

We were extremely disciplined in the series of measures we took in light of the market declines. Fixed costs were decreased even further throughout the Group. Processes were made leaner in administration and production. In addition, further steps were taken to tap long-term cost potential. For example, continuation of the industrial construction kit as well as our initiative for management of variants. This enabled us to reduce material costs even further in the first quarter.

Moreover, we benefited from lower raw material prices.

Increased efficiency and strict cost discipline are fundamental in everything we do this year. Another goal we are pursuing for 2009 is to improve capital efficiency. We will reduce capital expenditure by some 10 percent as compared to 2008. This will not affect the expenditure necessary for future technologies or for the development of innovations.

Our personnel costs benefited from measures taken last year. Another 900 people left the company in the first quarter, 300 of whom had already signed a termination agreement in 2008. Furthermore, we made use of normal attrition to realize further personnel reductions.

Now I would like to talk about further cost items: Certain suppliers went into insolvency, resulting in a double-digit million euro expense for us in the first quarter. These funds were used to shift production in certain cases, enabling us to secure supplies.
The high level of sales incentives on key markets is currently a challenge. Our competitors had to reduce surplus inventories significantly in the first three months. This depressed prices, and prices will remain under considerable pressure. This translates into earnings risks, both for us, and other manufacturers. We are working on stabilizing profit margins, and to this end we have launched several initiatives in the first quarter.

We consider the reduction of these substantial incentives to be a major step towards normalizing the situation on the market and a factor that will influence our earnings significantly. Our earnings prospects for the year as a whole depend on this.

We continue to manage our business with foresight. By the end of the quarter, we had increased our liquidity position to a total of 10 billion euros.

We have access to all the major capital markets. This will enable us to refinance the financial services business with relatively acceptable risk premiums even in these challenging times. Already by the end of April, we generated enough funding to meet roughly 80 percent of our total maturities from bonds and private placements for this financial year.

We raised some 4 billion euros via bonds and private placements. Here, we benefited from the drop in risk premiums for the BMW Group. After the peak in December 2008, our credit default swaps have declined but still remain on a high level.

In the future, our financing will be subject to new credit ratings, which reflect the general development of the automotive market: Moody’s downgraded the BMW Group's short-term rating from P-1 to P-2 at the beginning of April. Moody’s gave us a long-term rating of A3/Negative Outlook.
This did not greatly affect our refinancing. First of all, the capital markets had already anticipated this decision and factored it into our conditions. Secondly, we have continued access to commercial paper.

Our prudent use of funds is reflected by the net financial assets in the Automobiles segment: Net financial assets were up 119 million euros to nearly 9.2 billion euros compared with the fourth quarter.

Our finance management proves that the BMW Group is better equipped than many of its competitors. We are coping with the challenges we are facing this year with good measure. By doing so, we are putting ourselves in a strong position to fully harness the economic upturn, when it happens.

This brings me to the **Motorcycles segment**: It achieved positive earnings in the first quarter, despite the decline in retail. At 28 million euros, EBIT was 22 percent down year on year. We do not expect the retail situation to improve significantly over the next few months and we have implemented production cuts.

The **Financial Services segment** closed the first quarter with positive earnings as well: It increased its volume of business by 0.5 percent to 61 billion euros compared with December 31, 2008 and achieved 72 million euros in EBT.
In light of the persistently difficult economic environment, the overall residual value risk situation is not expected to experience any relief in the foreseeable future. Developments currently differ substantially from one region to the next.

In the US, used car residual values recovered in the first three months. According to the Manheim Index, the average price for CPO BMW automobiles on our most important market rose by more than 14 percent between December and March. People paid an average of 12 percent more for used cars in the premium segment.

Increased demand for our premium used cars through the “Certified Pre-Owned Program” also contributed to stabilizing second-hand car prices in the US. CPO vehicle retail in the first quarter was nearly 14% higher than in the same quarter in 2008. A total of almost 29,000 CPO automobiles were sold.

We also saw the UK and Canadian markets post a marginal recovery. In contrast, used car prices in Germany continued to drop – as a result of the scrapping incentive.

In light of the negative economic environment, credit risks continue to affect earnings as well. The credit loss ratio for dealership financing increased to 0.77 percent in the first quarter.

We are countering this development by stepping up our receivables management even further. We do not expect this business area to experience relief in the short term.

Eliminations improved to 151 million euros, primarily due to the reduction in new business in the field of leasing, as a result of positive effects from the reversal of intra-group profits.
For further key figures by segment, please consult our interim report.

Ladies and Gentlemen,

Our first-quarter earnings demonstrate that we have succeeded in adapting the company to the slow-down in retail. We will act with the “here and now” for the rest of the year. The markets have failed to embark on a stable upward trend despite the first positive signals. Naturally, we hope that they will recover in the second half of the year. But we will not take this for granted.

We are braced for sustained volatility on the markets, to which we will react flexibly. Our goal is to gain market share in a shrinking market segment. As announced at our press conference on annual results, we are prepared for the whole automotive market to contract by 10 to 20 percent.

The measures we have taken give us a stable position on the market, which is currently shrinking. Preparations for the future upward trend are in progress. Management is confident that the BMW Group will remain at the very top of the league when the upturn happens.

Thank you for your attention!