Ladies and Gentlemen,

Now I would like to say “Good Morning” to you. As Dr. Reithofer, I will be brief so that you have more time to ask questions.

Intensive cost control and prudent financial management are the two main pillars of our half-year result.

Group EBIT in the second quarter amounted to 169 million euros. This reflects our resolute course in improving efficiencies. Following the loss in the first quarter, earnings in the first half of the year were slightly above break-even, with the EBIT amounting to 114 million euros. Earnings were hampered by substantial market decline and fierce competitive pressure.

The downward trend in sales volume slowed considerably in June. We expect to see a slightly positive development in the second half of the year. However, the basis effect will play a primary role here.

Positive signals from the stock markets and from some economic indicators show the first signs of a slight improvement. This and the slowing pace of sales volume reductions gives us reason to be somewhat cautiously optimistic. However, we cannot predict whether a stable recovery is indeed imminent. Instead, we are bracing ourselves for a persistently difficult and volatile environment in the second half of the year.
Therefore, we remain cautious and will continue to take measures to enhance efficiency and lower costs. As before, we will fight for every euro and every customer.

In this regard, our sights are set on both fixed and variable costs. As explained when we announced our strategy Number ONE, these efforts will take increased effect when we start production for new models. As you know, we will launch a host of new models from the end of 2009 onwards. We will keep you updated over the remaining course of the year.

What steps did we take in the second quarter?

We continued to adjust vehicle production to demand with foresight. In total, manufacturing output in the second quarter was 26% down year on year to 306,000 units. Sales volume exceeded production by 32,000 units.

We continued to implement measures to reduce fixed costs even further—across all areas within the company. This gives us the room for maneuver that we need.

We will improve our capital efficiency even more in 2009. As announced, we will reduce capital expenditure by 10% compared with last year.

We are also optimizing our development costs: The realized potential enables us to invest in forward-looking technologies, despite the large number of new model startups. In so doing, we are strengthening our leading position in Efficient Dynamics.

Scaling back inventories and actively managing receivables and liabilities enabled us to decrease working capital in the Automobiles segment in the first half of the
year. Net current assets were down more than 1.5 billion euros. As we fill the pipeline in the second-half of the year with new models and production start-ups, we expect a rise in working capital.

Cash flows from operating activities in the Automobiles segment amounted to 987 million euros in the second quarter. In the first-half of the year, this figure amounted to EUR 2.1 bn, a decline due to the overall sales trend of 11.5% versus the first-half of 2008. With this result, we asserted ourselves quite well in a difficult environment, particularly considering the 19.5% decline in sales.

In the second quarter, we again generated a positive free cash flow in the Automobiles segment in the amount of 296 million euros. Free cash flow generation in the first-half year was thus significantly positive and amounted to EUR 516 mn. These key performance indicators show that we have clear control over our financial management despite the market challenges. Despite the previously mentioned effects on working capital, we will continue to work towards achieving a positive free cash flow for the year as a whole.

Our liquidity base improved again from the first to the second quarter.

At the end of June, the Group’s liquidity position was 11.9 billion euros. We took advantage of the easing of debt capital markets in the first six months and raised funds under attractive conditions. I would also like to highlight an ABS transaction in the USA, which enabled us to source 2 billion US dollars at a total cost of approximately 2.8% over three years.

Once again, global access to capital markets and the ability to select refinancing tools flexibly paid off for the BMW Group in the second quarter. Despite the difficult environment, we succeeded in optimizing refinancing costs and benefited from the reduction in risk spreads.
This puts us in a position to slightly reduce our liquidity in the second half of the year.

In the second half of 2009, we will assess the market’s development and the situation on the capital markets to determine whether we will externalize another tranche of our pension obligations. This externalization, which is part of our Strategy Number ONE, does not only benefit our employees. It also results in financial advantages for the company as a whole.

This step will depend on the economic situation and the stability of the capital markets.

Let’s now turn to the individual segments.

We sold a total of 615,000 units in the **Automobiles segment** in the first six months. The decline in sales volume caused revenues to slip by 21% to 10.8 billion euros compared with the same period last year. The segment’s EBIT amounted to -282 million euros in the first half. In the second quarter, it totaled only -31 million euros.

We posted another positive EBIT in the second quarter in the **Motorcycles segment**. All in all, we earned an EBIT of 54 million euros in the first six months. This is 41% down year on year, owing to the decline in sales volume.

We adjusted production output to demand in time here as well. We even succeeded in gaining market share in some markets, despite the market contraction.

The **Financial Services segment** proved its mettle in a difficult market environment. New business with customer contracts was down 19% year on year due to the sales volume decline. The penetration rate for the first half of the year was 47%.
Furthermore, we shifted our focus from leasing to credit financing. These two business lines are now of roughly equal size. In total, Financial Services recorded a profit before tax of 81 million euros in the second quarter. This was 27% up on the same period last year.

What does the segment’s risk situation look like? The residual value of used cars in the US and UK recovered in the first half of 2009. This was due to increased demand for used cars and sales-promotion measures aimed at returns. Based on the Manheim Index, the US used luxury car segment hit the highest level since 2001. We achieved higher residual values than forecast in both markets.

In contrast, residual values in Germany and several other European countries are displaying a more negative trend. In Germany, the scrapping bonus, additional dealer rebates and other factors are causing used car prices to drop. They have not bottomed out yet. Other European markets are depicting a similarly negative picture, caused by comparable state support measures for parts of the automotive industry and the effects of the recession.

The negative trend in one region for residual values is being offset by the positive trend in the other. We expect the used-car markets to continue displaying difficult and diverging developments.

Credit risks are facing a similar situation. The credit loss ratio recorded a marginal drop from the first to the second quarter. However, we do not view this as a sign of recovery. In light of mounting unemployment rates, short-time work, and the falling consumer index, we do not see any signs of easing in terms of credit defaults in the second half of the year—neither for individual customers, nor for dealerships. We have planned for and taken the appropriate risk provisions in our results.
Given current economic forecasts, we can expect the economy to bottom out in the second half of 2009. But there is no stable upward trend on the horizon, and setbacks cannot be ruled out.

As I mentioned earlier, the Board of Management is anticipating a challenging second half-year. We expect competition to remain very fierce. This may have an adverse effect on profits in the months ahead.

We will proceed with our resolute financial management and continue to act both flexibly and with foresight. As before, we will pursue the profitability goals established in our Strategy Number ONE with full force. We expect to be able to seize opportunities to improve earnings on this basis.

In addition, we expect the upcoming new models to give us tailwind. These will make our portfolio even more attractive and improve our chances on the market.

As you can see, the financial figures of the BMW Group clearly show that the relative strength of the company has grown despite an intense competitive environment.

Thank you for your attention.