Ladies and Gentlemen,

Good morning. The BMW Group improved its earnings significantly in the first quarter of 2010. We strengthened our profitability even further. In addition, we continued to implement our efficiency measures. This will remain a priority for us going forward.

We generated 12.4 billion euros in Group revenues and a robust profit before tax of 508 million euros in the first quarter. This clearly shows that we took advantage of the global recession to optimize our cost structures. Once again, our company has returned to improving the bottom line. Our goal is and will remain to achieve profitable, sustainable growth. The key performance indicators defined by strategy Number ONE continue to guide us.

The Automotive segment posted an EBIT of 291 million euros. This segment more than tripled its EBIT compared to the last quarter of 2009. This corresponds to an EBIT margin of 2.7%.

We benefited from a rise in market demand. We sold more vehicles compared to last year’s first quarter in nearly every European country, in the Americas and in Asia.
In particular, our Chinese sales were stronger than expected. We delivered more than 36,000 vehicles in this market. The sales volume nearly doubled in the period under report. On top of that, margins were healthy.

We did not expect to see this dynamic development in China or in other emerging markets so soon after the recession. Nor did we anticipate this for many European markets or the USA. As you can see, this had a positive impact on our first quarter performance.

In sum, we sold more than 315,000 cars in the first quarter—nearly 14% more than in the same quarter last year. The share of vehicles sold in China rose from 9.2% in the last quarter of 2009 to 12.2%.

The worldwide economic recovery is underway. Huge national economic programs have proven effective in recent months. The extent to which the market improvement is self-sustainable and long-term remains to be seen. Additionally, we expect to benefit from the continued rise in demand thanks to our new models.

In a continuing effort to raise profitability, we took measures to increase margins. The central sales organization managed market supply according to demand centrally and reallocated vehicles. This enabled a reduction in sales incentives and better margins. Our new and attractive models supported this.

Incentive levels already started to improve in the fourth quarter of 2009. This trend continued in the first quarter of 2010. We recorded another improvement here, despite the phase-out of the 5 Series sedan.

Inventories in the first quarter rose due to higher production. There are two reasons for this: strong sales growth in China and the launch of the 5 Series sedan in Europe at the end of March. Longer transport times for vehicles to the emerging markets, particularly for those being sent to Asia, result in an increase
in the number of vehicles in transit. These vehicles are accounted for at production cost. The related expenses are not booked until the corresponding revenues are recognized.

The lead-time effect is also responsible for the rise in working capital in the first quarter. This rise was the primary reason for the decline in our free cash flow in the first quarter.

Nevertheless, this development should be viewed in a positive light. We expect our production volume to continue increasing. This is due to rising demand and a result of the markets’ progressive recovery.

At 9.7 billion euros, our liquidity remained high in the first quarter as well. We will keep our liquidity close to 9 billion euros for the time being. This will enable us to deal with any unforeseen volatilities arising on the capital markets. As planned, we will probably fund most of the pension obligations remaining in Germany in the second quarter.

The **Financial Services segment** generated a pretax profit of 222 million euros in the first quarter. This segment therefore tripled the profit before tax achieved in the same quarter last year. The main drivers were significant margin growth in new business, an improvement in refinancing conditions as well as a more stable risk situation.

The penetration rate declined slightly compared to the same quarter last year and the rate achieved by year-end.

Overall, Financial Services concluded 243,343 new lease and loan financing contracts as of the end of March. This represents an increase of 7.4% compared to the same quarter in 2009. The volume of new business in the first quarter was 5.9 billion euros. The serviced portfolio as a whole expanded to 62.4 billion euros, an increase of 2.0% compared to the beginning of the year.
The North American and UK used car markets displayed positive developments in the first quarter of 2010. Fair values in the rest of Europe stabilized.

Credit risks showed a slight improvement in the first quarter of 2010: The credit loss ratio decreased to 0.65% – from 0.84% at the end of 2009. In the near term, we do not expect our risk exposure in the loan financing business to change fundamentally.

Financial Services continues to be developed as announced and according to plan.

Sales in the **Motorcycles segment** totaled just under 21,000 units in the first quarter. This represents a 21% increase over the comparable period last year. It generated 32 million euros in EBIT—14% more than in the same quarter in 2009. The S 1000 RR, BMW Motorrad’s hugely successful entry into the superbike segment, was a contributing factor.

Please refer to our interim report for further key figures on our various segments.

The BMW Group is off to a stronger start into the new financial year. Efficiency improvements achieved thus far and new attractive models have given us an added tailwind. We will continue to improve our margins, including scaling back the incentives offered as a result of the financial crisis. We are making progress with the continued sustained optimization of our cost structures. We are maintaining our course and the goals of our Number ONE strategy.

The BMW Group plans and acts with foresight and considers a time horizon of several years. Our aim is to be seen as a long-term, solid investment.

Sales of the new 5 Series sedan will have a positive effect on earnings in the second quarter. We anticipate that the world economy will continue to recover in
the second quarter. We will benefit from rising demand for premium vehicles in both established and emerging markets.

We expect earnings to continue improving in the quarter underway.

We are confident about achieving the goals we have announced for 2010. Moreover, we are convinced that we will make visible progress in hitting our profitability targets for 2012. Certain risks still exist in the financial markets. Although the pace of the global economic recovery is uncertain, we remain cautiously optimistic.

We have laid the foundation for our continued profitable growth. Our attractive portfolio and improved cost base are our company’s strengths. These strengths will serve us well in the current growth phase. And we expect earnings to continue to show a positive, dynamic development over the long term.

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