Ladies and Gentlemen,

I would also like to welcome you to BMW's press conference on last year's results.

Let me start by making two statements regarding our business performance in 2009:

1. As planned, we posted positive earnings in 2009. They were actually in the triple-digit million-euro range.

2. Our automotive segment closed the fourth quarter successfully. We achieved a turnaround.

There were two major reasons for this:

- One was our resolute crisis and financial management.

- Another was the fact that we benefited from the efficiency measures taken as part of our strategy Number ONE. We continued our extensive cost initiatives. This enabled us not only to avoid a loss, but also to improve our Group’s profit before tax compared to 2008.

We managed the global economic crisis better than many of our competitors. And we used this time to prepare thoroughly for the years ahead. In addition, we improved our cost position.
This brings me to the financials. I will focus on key figures. Further details are in the annual report in front of you.

Retail declined by 10.4%. This is within our expected range of 10% to 15%. And as forecast, we achieved positive earnings.

Group revenues totaled nearly 50.7 billion euros.

The Group’s profit before tax was clearly positive. It amounted to 413 million euros, which was almost 18% higher than in the previous year. This is proof of our robust planning and foresight. We succeeded in mastering the challenges posed by the crisis.

Our early production and retail sales management was successful despite the difficult market environment. Efficiencies from our strategy Number ONE also made a positive contribution to earnings.

The Board of Management and the Supervisory Board are proposing a dividend of 30 cents per share of common stock and 32 cents per share of preferred stock to the Annual General Meeting. As was the case last year, the dividend payment totals 197 million euros. We will thus distribute the major part of the annual profit of the BMW AG to our shareholders.

The Group’s profit before tax was clearly positive in the fourth quarter, totaling to 334 million euros.

Moving on to the Automotive segment: Our EBIT in the fourth quarter was a positive 93 million euros. We managed to return to profitability in this segment as well, benefiting from the market’s increasingly stable environment and our comprehensive efficiency measures.
The Automotive segment’s EBIT totaled -265 million euros as of December 31. Despite the positive trend in the fourth quarter, we were unable to fully offset the losses incurred in the first nine months.

Currency effects had an added negative impact of 194 million euros compared to the prior year. Most of all, this reflected the deterioration in the exchange rates for the euro to the British pound and some emerging-market currencies. An additional expense of 324 million euros was incurred above all for voluntary severance agreements and partial retirement contracts. We made extensive use of the latter because of its benefit to both the company and its employees. Many staff members signed partial retirement contracts—especially in the fourth quarter.

The decreases in volumes and margins impacted our earnings by 3.3 billion euros. This was caused in equal parts by the ten percent decline in sales and the impact of fiercer competition provoked by the crisis.

Just under 380 million euros in positive effects came from the drop in raw material prices as well as depreciation and amortization compared to the previous year.

As mentioned earlier, measures within the scope of our strategy Number ONE gave us a tailwind. We benefited from measures already implemented in 2009.

We reduced our personnel costs to 561 million euros, primarily as a result of personnel measures taken in 2008.

Efficiency measures taken as part of strategy Number ONE contributed 648 million euros to earnings in the Automobiles segment. In fact, we reduced fixed costs and the cost of materials significantly. To lower fixed costs, we took extensive efficiency and cost-related measures in sales, development and production. Our fixed costs are now lower than they were in 2005.
In 2009, our cost of materials dropped in large part thanks to the cross-divisional material cost initiative as well as higher economies of scale and synergies in purchasing.

We expect to realize further significant savings as a result of efficiency measures in the years ahead—especially in terms of variable costs. The reduction in the cost of manufacturing new models will play a major role.

As planned, we reduced capital expenditure by optimizing capital employed. Capital expenditure at the Group level was down by more than 700 million euros compared to the previous year.

The main contributors were measures for the re-use of existing production structures as well as the increased use of modular systems and reduced variant complexity. Our capex ratio was below 7%. We achieved the targeted ratio for capex established in our strategy Number ONE by improving efficiency.

By optimizing capital employed, we gained leeway for making substantial investments in the future. In 2009, these investments were made primarily in Germany, the USA, China and India – all important markets to us.

We tapped synergies in terms of research and development costs as well. By leveraging synergies and making more efficient use of resources, we reduced the cost as well as the R&D ratio, which fell to 4.8%.
This was in part made possible by the increased use of virtual simulation technologies as well as measures for safeguarding quality standards in recent years.

This gave us the additional latitude necessary to develop forward-looking technologies, especially in the field of electric mobility and alternative drives.
Most of the development projects we accelerated in 2009 were to promote cutting-edge technologies.

Our strategy Number ONE has led to major structural changes. Of course, we did not anticipate the crisis, either. But, thanks to our strategy, we had the right measures in place to react quickly.

Sufficient liquidity and good access to capital markets were crucial at the height of the crisis.

Our cash and cash equivalents totaled 9.4 billion euros by the end of 2009. This means that we still have a very solid position. We will adapt our liquidity to the developments of the world economy and capital markets.

In light of the market’s collapse, we synchronized production and sales immediately and resolutely in 2009. This timely and flexible move benefited our working capital position.

Thanks to our free cash flow management, we managed to reduce working capital by some 2.1 billion euros in the Automotive segment compared to the previous year.

Adjusted free cash flow in the Automotive segment was just under 1.5 billion euros at the end of the year. We netted a total of 2.2 billion euros: 1.6 billion was used to fund a further tranche of our German pension obligations and about 600 million euros from the purchase of current securities. This re-shuffling allowed us to obtain improved conditions. Our unadjusted free cash flow amounted to -754 million for 2009.

In general, we obtained financing at competitive conditions at all times. One reason for this is our credit worthiness. Another is the fact that we are present in
all currency zones and can draw on an extensive range of refinancing instruments.

Our need for refinancing is solely driven by the Financial Services segment’s leasing and credit business. This is something I would like to emphasize.

The adjustments made to our short and long-term ratings due to the economic and financial crisis did not have a significant effect on our refinancing activities. Credit spreads dropped over the course of the year as underlying conditions became more stable. Our refinancing costs declined steadily as the year progressed.

The situation on the capital markets eased.

Our planning extends beyond here and now. I would like to briefly outline how we intend to improve our refinancing going forward.

As announced, we will continue to develop BMW Financial Services strategically.

In the future, we will transfer more of our financial service operations to our US bank in Utah and BMW Bank Deutschland. We already process large parts of our North American financial services business via our US bank, which we also use to refinance our business.

We will increasingly integrate our European financial services business in BMW Bank Deutschland. On European markets, we will increasingly operate via BMW Bank Deutschland’s branch offices, which are run under a German banking license. To date, we have only done this in Portugal. December 2009 saw the integration of our Spanish activities into BMW Bank. Other countries will follow successively.
By expanding the BMW Bank, we are establishing the prerequisites for optimizing our refinancing via deposits and central bank liquidity. This enables Financial Services to become much more flexible and efficient.

This brings me to the current business trend observed in the Financial Services segment. It posted very positive growth in 2009. It proved itself in a difficult market environment, achieving a profit before tax of 365 million euros for the year as a whole.

EBT in the fourth quarter amounted to 118 million euros. The three major reasons for this were:

- The benefit from improved refinancing conditions,
- resolute receivables management and
- lower risk provisions. We had already made comprehensive adjustments to our leasing portfolio in the previous year.

We concluded more than 1 million new contracts—15.2 percent fewer than in the prior year. This resulted in contracts with end customers and dealers on hand to rise by 1.8 percent to just under 3.1 million units.

The penetration rate posted a marginal increase to 49 percent in the financial year that just ended.

Leasing activities accounted for nearly 30 percent of new business in the new customer business.

In 2009, we adjusted the residual values assumed in our new leases to the market's lower expectations. In so doing, we adapted appropriately to changes in
market conditions caused by the financial crisis as well as to the higher volatility presently prevailing in the used car market. This was done both operatively and in terms of the risk provision.

Furthermore, we stepped up market-specific programs for resales via the dealer network. These include the extremely successful CPO program in the USA.

Our dealer network sold more than 114,000 CPO vehicles, thus beating the record achieved in 2008. This enabled us to improve sales of our lease returns in the used car market significantly. An added benefit of the used car program is that it allows us to expose new customers to the BMW brand.

The used car markets in the USA, Canada and the UK posted a general recovery in 2009. They also displayed largely stable developments in the second half of the year. Government incentive programs had a negative effect on European used car markets. The market appeared to start bottoming out towards year-end.

There was no need to accrue additional risk provisions for our leased products inventory in 2009. Positive and negative impacts on earnings largely offset each other.

As before, we expect developments on used car markets to remain difficult and varied.

The credit portfolio was also affected by the financial crisis in 2009. The credit loss ratio for the entire credit portfolio was 0.84 percent in 2009. It was thus 25 basis points higher than in the previous year. However, it was within the range of 0.75% to 0.85% we had expected. We had already factored a rise in the credit loss ratio into our planning at the beginning of the year.
The credit default risk remained higher. The development of the credit default rate will depend on the general economic trend and the rate of unemployment in the markets.

Our risk management system has proven itself both appropriate and effective—especially in times of crisis. In sum, BMW Financial Services is much more crisis-resistant now and is back on course towards profitability.

This brings me to the Motorcycles segment. BMW Motorrad fared well despite the very difficult market, gaining market share in 2009. Retail was down 14% year on year to more than 87,000 units. In contrast to BMW, the whole world market for motorcycles shrank by more than 30%.

BMW Motorrad reacted flexibly to this situation. Production was quickly adapted to demand and margins remained stable as a result.

BMW Motorrad increased its share in its seven key markets, namely: the UK, Italy, France, Spain, the USA, Japan and Germany. EBIT generated by the Motorcycles segment declined to 19 million euros.

In 2009, we laid a solid foundation on which to achieve further growth. BMW Motorrad is at the starting gate with numerous new models in the lineup, including: the Enduro, Tourer, Urban, Sport and HP in the spring of 2010.

I now would like to address the financial year underway. What do we expect?

In general, we have a cautiously optimistic view of the future. Like independent market experts, we expect that the premium segment will recover in 2010.

We plan to generate robust retail growth in single-digit percentage range for the full year.
In our opinion, opportunities for growth will result from the market’s anticipated recovery, and above all from our new products. Our coming models will make us even more competitive and improve our price position.

We have introduced new processes, which will enable us to react more flexibly to supply and demand in the markets and thereby improve the quality of our earnings. In so doing, we want to substantially strengthen the contribution to earnings made by sales.

We will benefit from progressive measures taken to improve profitability in terms of both variable and fixed costs once again this year. By taking extensive cost and efficiency-related measures, in the last few years, we have made the BMW Group capable of dealing with rapidly changing market conditions. Efficiency levels and profitability improvements achieved will be embedded in our processes and structures over the long term.

We aim to markedly improve Group EBT in 2010. We intend to achieve an EBIT margin in the low single-digit percentage range in the Automotive segment. We thus plan to take a major step towards achieving our strategic goals. As before, an EBIT margin of 8-10% and a RoCE of at least 26% in the Automotive segment are our profitability targets for 2012.

Moreover, we want adjusted free cash flow in the Automotive segment to be on the order of last year’s level.

Retail climbed by a double-digit percentage in the first two months. However, this was largely driven by base effects. In general, we do not yet expect the first quarter to be strong. We expect that retail will experience a seasonally-induced drop compared to the fourth quarter of 2009.
The new 5 Series sedan will be gradually introduced worldwide only starting at the end of March. It will not produce positive effects until later in the year. First-quarter earnings will not benefit from the new 5 Series sedan.

Thanks to our efficiency-enhancement measures, we are in a good position. We are benefiting from ongoing activities in line with our strategy Number ONE in all divisions.

We continue to focus on creating value and aligning the company to further improve profitability.

This forms the foundation towards increasing the company’s value and provides the path for a successful future.

Thank you for your attention.