BMW Group
Corporate and Governmental Affairs

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**Statement by**

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**Member of the Board of Management of BMW AG, Finance**

**Press Conference of SGL Group and BMW Group**

**Seattle, April 6, 2010**

Governor Gregoire,

Mr. Koehler,

Mr. Breyer,

Ladies and Gentlemen,

I would also like to welcome you on behalf of the BMW Group.

Today is an important day for the future – or more precisely, the future of mobility. The City of Moses Lake will become a focal point for technological innovation. Even more, this technological innovation will have the power to transform the automobile as we know it.

Thanks to everyone involved in this groundbreaking project - especially to the Congressional Delegation, to the City of Moses Lake as well as to the Grant County leadership.

I would like to express my sincere gratitude to you, Governor Gregoire, for being so supportive and helpful. Largely due to your efforts, we will build the carbon fiber manufacturing plant in the City of Moses Lake. This comes with an investment of 100 million US dollars. During the initial construction phase, this project will create more than 80 local jobs. Moreover, we have plans for further investment to create additional jobs.

Your personal commitment, Governor Gregoire, has reassured us that Moses Lake welcomes this new production facility into its community. We look forward to starting work soon.

Moses Lake is, in fact, the ideal location for SGL Automotive Carbon Fibers (LLC). It has skilled workers and an excellent infrastructure. What’s more, the environmental conditions are perfect: I’m excited to say that the energy required for production will be generated by eco-friendly hydropower.

In fact, sustainable energy was one of our site requirements. We at the BMW Group have a clear sustainability strategy to lead the way in environmental standards. We build best-in-class eco-friendly, low-emission vehicles. And we recycle a majority of the waste materials made during production.

To this end, the Dow Jones Sustainability Index has ranked the BMW Group for five years in a row as the most sustainable car company in the world. We intend to keep this position.

Through energy-saving measures, this production facility in Moses Lake will cut its consumption by around 30%.

Our co-operation with SGL Automotive Carbon Fibers marks an important step forward for the BMW Group. We are happy to have the world’s leading carbon fiber specialist, the SGL Group, as our partner.

Mr. Koehler, Mr. Breyer, I thank both of you for your cooperation and partnership in this project. I am certain this project will enhance light-weight vehicle construction.

The BMW Group is deeply committed to the United States. We established our first American subsidiary in 1975 and have been operating successfully here ever since. For more than 15 years now, we have been manufacturing vehicles in the United States.

Our plant in South Carolina has produced over 1.5 million vehicles for the global market so far. Today, the BMW Group operates facilities in 10 states. The United States is the most important market in the world for the BMW Group, after our home market—Germany.

We directly employ around 7,000 people in the US. Indirectly, the BMW Group provides 50,000 jobs in this country.

BMW intends to continue as the best-selling European premium brand in the US.

As the most sustainable car company in the world, we will keep bringing ideas and technologies to the US market. We will continue to help the US to achieve its goals of reducing carbon emissions and fossil fuel dependency.

The BMW has been aware of greater changes in the automotive industry for some time now. Most of the challenges in front of us will be driven by alternative engine technologies. Realizing these changes, we introduced a new corporate strategy in 2007, which we call Strategy Number ONE. This vision reaches beyond our current activities into the year 2020.

Besides others opportunities we then considered tapping into additional sales channels. A recent example of this is our partnership with Carbon Motors, a manufacturer of law enforcement vehicles for those who protect and serve this country. The BMW Group has agreed a few weeks ago to collaborate with Carbon Motors: We are prepared to supply a large volume of low-emission, high-performance diesel engines.

Our new strategy has also led to a stronger focus on future mobility. We are convinced that new motor technologies will transform the way customers drive in the future.

Our internal think-tank – the so-called project i – has been developing various concepts on future mobility over the past few years.

Carbon fiber components are one important aspect of light-weight vehicle construction.

Here you can see one example of how we use carbon fiber in production: we have been making the roof of the BMW M3 Coupe from this technologically incredible and eye-catching material since 2003.

We are convinced that carbon fiber reinforced materials are ideal for vehicle construction. The main reason is: Carbon fibers hold many superior qualities over steel and aluminum. They are much lighter and stronger. They are much more fatigue resistant and do not corrode.

We are the only car company in the world with extensive experience using carbon fiber components in series production. For more than ten years now, we have been manufacturing lightweight components from carbon fiber.

One important hurdle in using carbon fiber has been production costs. We believe that lowering these costs can be achieved through innovative processes.

However, the BMW Group is strongly convinced that the properties of carbon fiber reinforced materials speak for themselves. Therefore, carbon fibers are an ideal material for lightweight construction.

What convinces us in the way forward? We are certain that our ever-changing world will need new and innovative concepts of individual mobility. We expect the number of so-called Mega Cities to increase, along with a focus on sustainability. And this can be seen in a city like New York City, which today has over 19 million people in the greater metropolitan area. It urgently needs a sustainable alternative to move individually about in the city.

Our response is to launch a Megacity Vehicle in the first half of this decade. It is still too early to show you this innovative concept. However, I can tell you that it will be designed for fully electric, zero-emission driving.

At present, several hundred customers in the US, Germany, in the UK and France are driving the MINI E - our first fully-electric vehicle. We consider this large test as very important to know the needs of our future customers. Most of them have a green heart - they are keen to know where the energy for their vehicle comes from. And whether it is produced in an eco-friendly way.

In electric-mobility, the weight of the car will be a decisive factor. There is a close correlation between low vehicle weight and range in electric cars. For this reason, carbon fiber-reinforced materials will make up a large share of the materials used in BMW’s Megacity Vehicle. This also marks the first time our company will use carbon fiber in series production on a large scale.

Today, the great State of Washington, the City of Moses Lake, SGL Group and the BMW Group embark on a course together; a course that represents a milestone for the future of individual mobility.

Thank you.