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Good morning and thank you for joining us.

It’s always good to come to Washington because we in the auto industry and government both have an essential role to play in enabling the precious freedom of mobility to thrive well into the future. I’m happy to say, we recognize and support this partnership and we have been delighted by the Obama Administration’s “work with” approach to do the same. Together, we can define and find answers to the most pressing challenges that will impact the future of mobility.

But there’s one other vital party in this partnership as well, and that’s the American consumer. Ultimately, he and she will define what the successful solutions will be because they vote with the most powerful tool of all - their pocketbooks.

Today, I’d like to take just a few minutes of your time to provide some insight into how we at BMW are working to keep this partnership alive and moving forward.

Some will tell you they have THE solution. We believe the solution to consumers’ transportation needs will vary depending on where you live, your personal driving needs, and your social and political outlook. That’s why we believe, when it comes to drive system technology, it’s far too early to pick “winners” and “losers”. We still need to pursue solutions on a multitude of fronts. Take electric vehicles for just one instance. Sure, an enormous amount of buzz and attention has recently been generated due to the introduction of two very good new vehicles in the market. But will either prompt a major sales shift in the near term? Doubtful. After all in the US, even after fifteen years, hybrid vehicles still represent less than three percent of the market. But does this mean none of us should continue with electrical vehicle development? Not at all, and I’ll speak to our efforts in a minute. However, we all have to share the goal of developing these new generation vehicles for more than just the early adopters among us. We have to find a way to tap into the mainstream of American consumers without too much help from US taxpayers.

At BMW we believe our contributions to the future of mobility provide a unique opportunity in this area. Both our MINI and BMW brands have strong and clearly distinct personalities. Our cars are fun to drive and we are proving that fuel efficiency and reduced emissions don’t have to cancel out passion. At the end of the day Americans buy vehicles based in large part on emotion – what turns them on, what their families love, and what they feel good about driving. These emotions are going to be needed every bit as much in the future to stimulate sales of a new generation of highly efficient, sustainable and different sized vehicles as much as the rational values of high fuel efficiency, low emissions and reduced reliance on foreign oil.

BMW with its innovative thinking and technology is shaping the future of mobility – the cars of the future, how they look and how they run.

Let me give you a few examples about how we’re taking this walk into the future.

 First and foremost, at BMW, it means that our cars must fulfill the promise of The Ultimate Driving Machine.

Some might view this as a conflicting task, but we look at this as an opportunity….because of our unique position as a premium brand and our dedication to remain an innovator in the industry.

When it comes to improving efficiency and reducing emissions, as an industry we have already plucked much of the low-hanging fruit. In the future, drivers will play a more active role with technologies within their control like engine stop/start. One of the first models in the US to have BMW’s Stop-Start system, is the M3. Why would we do this on such a fire-breathing machine? Because if we can demonstrate you can save fuel in an M3 without compromising the excitement one single bit, why not?!

We see technologies that enable this level of driver engagement playing a greater role in the future. This is not unlike what we’ve already seen on the safety side, where the risk of injury or ejection in a crash is greatly reduced by the simple act of buckling your seatbelt.

Here’s another area where we maintain – and perhaps even enhance the joy of a BMW while still improving efficiency. The BMW X5 enjoyed a 27 percent increase in sales in 2010. But, our X5 Advanced Diesel model sales were up 73 percent! Every one of these vehicles improved fuel efficiency on average more than twenty percent and provided better CO2 performance as well. In fact, nearly one in four X5s sold in 2010 were diesels. Sales of our 335d sedan were up 130 percent over 2009 and you’ll see more BMW Advanced Diesel models from us in the future.

Like others, we are working on hybrid technology. We currently offer two hybrids on the market now with more coming, including a production version of the Concept Vision EfficientDynamics sports car. You won’t see many hybrids like this one, and it may just help redefine what a sports car should be in the future. Our work on hydrogen power continues. We have been developing hydrogen power for more than 30 years because we believe it has enormous long-term potential, but without the infrastructure our program is on hold.

And yes, our electric vehicle development strategy will enter its second phase later this year. Our first step along this path was the MINI E. This was the first electric vehicle in America that attracted a statistically relevant group of Americans, in our two mega cities – metropolitan New York and Los Angeles, to use electric vehicles in the drivers’ daily lives. As a result, we were able to gather valuable feedback in order to help guide our continued development of this important technology. Data gathered from our ongoing MINI E field trial, which began in 2009, has enabled us to make crucial refinements to the technology. We provided an insight to this information here at the Washington Auto Show last year. The refinements they prompted will make their way to the streets later this year in the next phase of our electric vehicle development, the BMW Active E, which will be available for lease in an expanded group of markets including metropolitan areas of New York, Boston, Los Angeles, San Francisco, Sacramento and San Diego as well as the state of Connecticut.

The third step of our EV strategy – and most ambitious – is a fresh new concept of urban mobility. We call it for the time being the Mega City Vehicle and its purpose is to provide a fresh solution to developing a vehicle that meets the needs of the world’s most populated urban centers – exactly where the majority of population growth will be in the next 20 years. And it will be an electric vehicle with a difference.

THIS third step will come to fruition in 2013 with the Megacity vehicle, an outgrowth of Project i, which started with a clean sheet of paper concentrating on how to conceive, design, develop, and build a true sustainable vehicle for the world's most populous urban markets. Special emphasis is on light weight, compact size, and electric power.

It will be designed and built from the ground up around an electric motor and battery cell technology that has been developed in-house. Its all-aluminum frame will carry the suspension, battery and electric motor, and will be surrounded with a carbon fiber body structure. We are currently partnering with a leading carbon manufacturer, SGL Group, to produce carbon fiber in a new plant in Washington State, which will allow us to offer a lightweight but safe passenger compartment. The plant itself symbolizes the revolutionary aspect of the clean sheet of paper approach….it was selected because it is 100 percent powered by hydro-electricity.

The Megacity vehicle will be unlike anything else on the road…..with one notable exception. It will share the classic design and dynamic values of the BMW brand. This will also be the first vehicle to carry a new BMW sub-brand name.

We want to prompt a broader dialogue about this new future of mobility so we commissioned a four-part online documentary series called “Wherever You Want To Go: Four Films about the Future of Mobility”. The first installment will debut at www.BMWActivate theFuture.com next Tuesday, February 1st. Three additional installments will debut throughout the month of February. In fact, I have a trailer for the series I’d like to share. (Show it now)

I’d like to finish with a near-term action. We know there is still great potential for the continuing development of the internal combustion engine. Our insight tells us that this will still be the propulsion choice for between 85 and 95 percent of the world’s vehicles in the year 2020. So we continue to concentrate our innovation on making every new generation of BMW gas and diesel engines more efficient, cleaner, and better performing than the one that preceded it.

For example, the first BMW engine to use turbocharging and high-pressure direct injection was our twin-turbo 3.0-liter inline six which was introduced in 2006. This engine offered the performance of a much larger V8, but with greater efficiency. Today that engine powers the new 740i, the first six-cylinder BMW 7 Series offered in the US in nearly 20 years. Its performance is on par with the previous-generation V8 750i but with an eleven-percent improvement in fuel-efficiency. To illustrate how good it is, the 740i just won a seven-car comparison test in Motor Trend magazine against mostly V8 competitors.

Twin-turbo power, combined with high-pressure direct inject propel two of our newest models on display today, the new 650i Convertible and, the latest from the folks at BMW M, the 1 Series M Coupé.

A newer generation of turbocharged inline six was introduced last year in our 3 Series and 5 Series vehicles. It further improved fuel efficiency by ten percent but has the same horsepower and torque.

And this brings me to an announcement I’m pleased to make today which represents a further advancement of our gasoline engine technology. For the first time in more than a decade, BMW will once again offer a four-cylinder engine in the United States.

 Like our newest 3.0-liter turbocharged inline six, which just won a Ward’s 10-Best Engine Award, this new four-cylinder engine represents our current state-of-the-art engine technology. It combines twin-scroll turbocharging with both high-pressure direct injection and Valvetronic intake control. It is lighter and more compact than 6-cylinder engines of comparable power.

With 240 horsepower and 260 lb-ft of torque, it offers more power and torque than our normally aspirated 3.0-liter inline six and most importantly, provides the classic BMW combination of power, refinement and pure driving pleasure.

We will soon announce what vehicles will feature this dynamic new turbo 4-cylinder in the US. And, they will arrive before year-end. We invite you to stay tuned.

As you can see we have a lot going on in a wide variety of areas for the future. In all of these developments rest assured that any vehicle wearing a BMW Roundel will be worthy of being called The Ultimate Driving Machine.

Thank you.