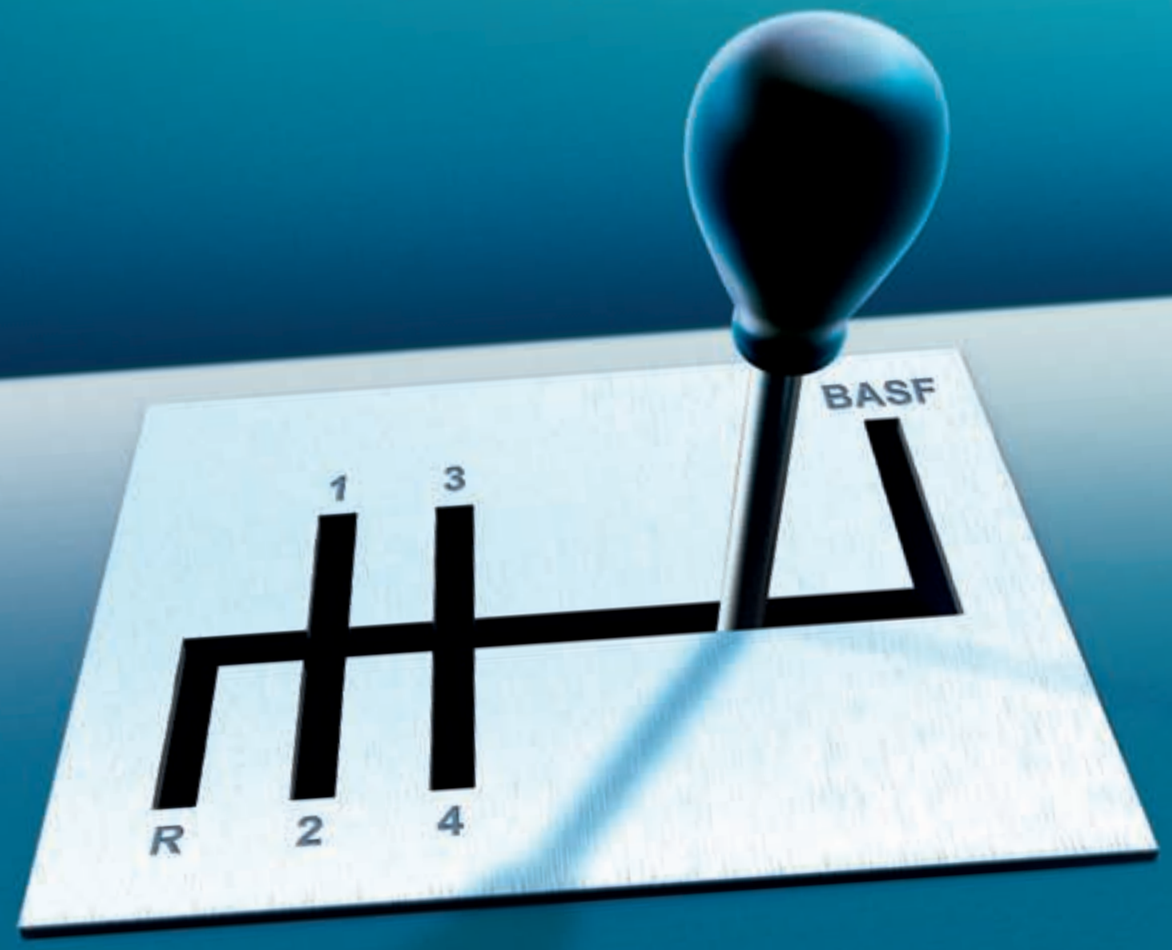


BASF Factbook 2007

Published in June 2007

BASF
The Chemical Company

BASF – The Chemical Company

With approximately 95,000 employees, more than 150 production sites as well as customers and business partners in over 200 countries, BASF is the world's leading chemical company – The Chemical Company.

Our portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. As a reliable partner to virtually all industries, we provide high-value products and intelligent systems that help customers to be more successful.

In 2006, the BASF Group posted sales of €52,610 million and income from operations of €6,750 million.

Our goal is to use our products and services to successfully shape the future of our customers, business partners and employees. Through profitable growth we aim to consistently increase the value of our company.

We develop new technologies and use them to meet the challenges of the future and open up additional market opportunities. We combine economic success with environmental protection and social responsibility. This is our contribution to a better future for us and for coming generations.

Forward-looking statements

This publication contains forward-looking statements under the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on current expectations, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate.

Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in BASF's Form 20-F filed with the Securities and Exchange Commission. We do not assume any obligation to update the forward-looking statements contained in this publication.

Publisher
BASF Aktiengesellschaft
Investor Relations
67056 Ludwigshafen, Germany

Project management
Thilo Bischoff

Concept and design
XEO GmbH,
Düsseldorf, Germany

Photography
BASF Archive, Corbis, FOTOFINDER,
gettyimages, Masterfile

Balanced portfolio

Sales 2006	%
Chemicals	22.0
Plastics	24.3
Performance Products	19.3
Agriculture & Nutrition	9.4
Oil & Gas	20.3
Other	4.7

Sales by region 2006

	%
Europe	60
North America (NAFTA)	22
Asia Pacific	14
South America, Africa, Middle East	4

The Board of Executive Directors of BASF Aktiengesellschaft consists of nine members (from left to right):

Dr. Martin Brudermüller, chemist, 19 years at BASF, is based in Hong Kong, China, and is responsible for Asia Pacific**.**

Dr. Kurt Bock, business economist, 16 years at BASF, oversees Finance, Global Procurement & Logistics, Information Services, Corporate Controlling, Corporate Audit, and South America.

Peter Oakley, economist, 30 years at BASF, covers Agricultural Products, Fine Chemicals, Specialty Chemicals Research, and BASF Plant Science.

Dr. Jürgen Hambrecht, chemist, 31 years at BASF, coordinates Board activities as Chairman, and is responsible for Legal, Taxes & Insurance, Strategic Planning & Controlling, Global HR – Executive Management & Development, Communications BASF Group, and Investor Relations.

Klaus Peter Löbbe, economist, 40 years at BASF, is based in Florham Park, New Jersey, and is responsible for North America (NAFTA) and Catalysts.

Dr. John Feldmann, chemist, 19 years at BASF, is responsible for Oil & Gas, Styrenics, Performance Polymers and Polyurethanes, as well as Polymer Research.

Eggert Voscherau, economist, 38 years at BASF, serves as Vice Chairman and Industrial Relations Director. He is responsible for Human Resources, Environment, Safety & Energy, Occupational Medicine & Health Protection, Corporate & Governmental Relations as well as Europe including the Ludwigshafen Verbund Site, and the Antwerp Verbund Site.

Dr. Stefan Marcinowski, chemist, 28 years at BASF, serves as Research Executive Director. He oversees Inorganics, Petrochemicals, Intermediates, Chemicals Research & Engineering, Corporate Engineering, Science Relations & Innovation Management, and BASF Future Business.

Dr. Andreas Kreimeyer, biologist, 21 years at BASF, is responsible for Construction Chemicals, Coatings, Functional Polymers, and Performance Chemicals.

Since 1865, we have been shaping the future with chemistry and combining innovation with tradition. We are proud of who we are and what we do: BASF – The Chemical Company. Chemistry is our strength. It makes us and our customers successful – today and in the future.

1865 – 1901

Friedrich Engelhorn founds Badische Anilin & Soda Fabrik to produce coal tar dyes. Soon thereafter, the company gains a leading position in the world dyes market with methylene blue, alizarin and indigo.

1901 – 1925

The synthesis of ammonia by the Haber-Bosch process paves the way for the production of synthetic nitrogen fertilizers. In 1919 the Nobel Prize in chemistry is awarded to Fritz Haber.

1925 – 1945

BASF becomes part of IG Farbenindustrie AG. Advances in high-pressure technology enable the production of synthetic gasoline and rubber and products from acetylene. in 1931 the Nobel Prize in chemistry is awarded to Carl Bosch.

1945 – 1953

Reconstruction after the severe damage during the Second World War takes a number of years. BASF is reestablished as an independent company in 1952.

1953 – 1965

Germany's economic miracle paves the way for the plastics era. BASF expands into markets with products such as polystyrene, Styropor®, nylon and polyethylene.

1965 – 2004

BASF develops into a transnational company with production sites in Europe, North and South America and Asia.

Since 2004

BASF is the world's leading chemical company – The Chemical Company. In 2005, the new Verbund site in Nanjing, China, begins operation. It represents the largest single investment project in BASF's history. In 2006, BASF buys Engelhard Corporation, its biggest ever acquisition.

Financial Overview

Ten-year summary

Million €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Sales and earnings[1]										
Sales	28,520	27,643	29,473	35,946	32,500	32,216	33,361	37,537	42,745	52,610
Income from operations before depreciation and amortization (EBITDA)	4,759	4,884	4,671	5,986	4,142	5,105	5,110	7,685	8,233	9,723
Income from operations (EBIT) before special items	–	2,553	2,950	3,400	2,293	2,881	2,993	5,230	6,138	7,257
Income from operations (EBIT)	2,731	2,624	2,009	3,070	1,217	2,641	2,658	5,193	5,830	6,750
Income from ordinary activities	2,726	2,771	2,606	2,827	609	2,641	2,168	4,347	5,926	6,527
Extraordinary income	–	–	–	–	6,121	–	–	–	–	–
Income before taxes and minority interests	2,726	2,771	2,606	2,827	6,730	2,641	2,168	4,347	5,926	6,527
Income before minority interests	1,639	1,664	1,245	1,282	5,826	1,599	976	2,133	3,168	3,466
Net income	1,654	1,699	1,237	1,240	5,858	1,504	910	2,004	3,007	3,215
Capital expenditures and depreciation[1]										
Additions to tangible and intangible assets	2,564	3,722	3,253	6,931	3,313	3,055	3,415	2,163	2,523	10,039
Thereof property, plant and equipment	2,229	2,899	2,764	3,631	3,037	2,677	2,293	2,022	2,188	4,068
Depreciation of tangible and intangible assets	2,028	2,260	2,662	2,916	2,925	2,464	2,452	2,492	2,403	2,973
Thereof property, plant and equipment	1,732	1,843	2,018	2,245	2,307	2,012	1,951	2,053	2,035	2,482
Number of employees										
At year-end	104,979	105,945	104,628	103,273	92,545	89,389	87,159	81,955	80,945	95,247
Annual average	105,885	106,928	107,163	105,784	94,744	90,899	88,167	85,022	80,992	88,160
Personnel costs[1]	5,790	6,010	6,180	6,596	6,028	5,975	5,891	5,615	5,574	6,210
Key data[1]										
Earnings per share (€)	2.67	2.73	2.00	2.02	9.72[2]	2.60	1.62	3.65	5.73	6.37
Cash provided by operating activities	3,291	3,744	3,255	2,992	2,319	2,313	4,878	4,634	5,250[3]	5,940
Payments related to intangible assets and property, plant and equipment	2,229	2,722	2,939	2,906	2,811	2,410	2,071	2,057	1,948	2,411
Free cash flow	1,062	1,022	316	86	(492)	(97)	2,807	2,577	3,302[3]	3,529
Return on sales (%)	9.6	9.5	6.8	8.5	3.7	8.2	8.0	13.8	13.6	12.8
Return on assets (%)	12.6	11.9	10.2	9.9	3.1	8.4	7.4	13.2	17.7	17.5
Return on equity after tax (%)	14.6	13.2	9.1	9.0	36.6[2]	9.3	6.0	12.9	18.6	19.2
Free cash flow/sales (%)	3.7	3.7	1.1	0.2	(1.5)	(0.3)	8.4	6.9	7.7	6.7
Appropriation of profits										
Net income of BASF AG[4]	943	1,074	1,007	1,265	5,904	1,045	1,103	1,363	1,273	1,951
Transfer to retained earnings[4]	307	381	304	50	5,153	247	334	449	–	–
Dividend	636	693	695	1,214	758	789	774	904	1,015	1,484
Dividend per share (€)	1.02	1.12	1.13	1.30	1.30	1.40	1.40	1.70	2.00	3.00
				+0.70[5]						
Number of shares as of December 31 (in thousands)[6]	**622,063**	**623,794**	**620,985**	**607,399**	**583,401**	**570,316**	**556,643**	**540,440**	**514,379**	**499,680**

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.
[2] Including extraordinary income
[3] Before external financing of pension obligations
[4] Calculated in accordance with German GAAP
[5] Special dividend of stockholders' equity charged with 45% corporate income tax
[6] After deduction of repurchased shares intended to be canceled

Financial Overview

Ten-year summary[1]

Balance sheet (German GAAP)

Million €	1997	1998	1999	2000	2001	2002	2003
Intangible assets	1,497	1,965	2,147	4,538	3,943	3,464	3,793
Tangible assets	9,076	10,755	12,416	13,641	14,190	13,745	13,070
Financial assets	2,132	1,826	1,507	3,590	3,360	3,249	2,600
Fixed assets	**12,705**	**14,546**	**16,070**	**21,769**	**21,493**	**20,458**	**19,463**
Inventories	3,876	3,703	4,028	5,211	5,007	4,798	4,151
Accounts receivable, trade	4,299	4,017	4,967	6,068	5,875	5,316	4,954
Other receivables	1,765	1,856	2,211	3,369	2,384	2,947	3,159
Deferred taxes	45	1,077	1,225	1,270	1,373	1,204	1,247
Marketable securities	1,003	746	518	364	383	132	147
Cash and cash equivalents	843	757	990	506	360	231	481
Current assets	**11,831**	**12,156**	**13,939**	**16,788**	**15,382**	**14,628**	**14,139**
Total assets	**24,536**	**26,702**	**30,009**	**38,557**	**36,875**	**35,086**	**33,602**
Subscribed capital	1,590	1,595	1,590	1,555	1,494	1,460	1,425
Capital surplus	2,567	2,590	2,675	2,746	2,914	2,948	2,983
Paid-in capital	4,157	4,185	4,265	4,301	4,408	4,408	4,408
Retained earnings	7,418	8,695	9,002	8,851	12,222	12,468	12,055
Currency translation adjustment	201	39	549	662	532	(330)	(972)
Minority interests	255	331	329	481	360	396	388
Stockholders' equity	**12,031**	**13,250**	**14,145**	**14,295**	**17,522**	**16,942**	**15,879**
Pensions and other long-term provisions	4,824	5,561	5,812	6,209	6,809	6,233	6,205
Tax and other short-term provisions	2,463	2,185	2,826	3,334	3,332	2,764	2,982
Provisions	**7,287**	**7,746**	**8,638**	**9,543**	**10,141**	**8,997**	**9,187**
Financial indebtedness	1,126	1,316	1,294	7,892	2,835	3,610	3,507
Accounts payable, trade	1,972	1,871	2,316	2,848	2,467	2,344	2,056
Other liabilities	2,120	2,519	3,616	3,979	3,910	3,193	2,973
Liabilities	**5,218**	**5,706**	**7,226**	**14,719**	**9,212**	**9,147**	**8,536**
Provisions and liabilities	**12,505**	**13,452**	**15,864**	**24,262**	**19,353**	**18,144**	**17,723**
Thereof long-term liabilities	6,094	6,898	7,529	9,059	9,955	9,211	10,285
Total stockholders' equity and liabilities	**24,536**	**26,702**	**30,009**	**38,557**	**36,875**	**35,086**	**33,602**
Equity ratio (%)	49	50	47	37	48	48	47
Gearing ratio (%)	104	102	112	170	110	107	112
Net debt	283	559	304	7,386	2,475	3,379	3,026

Balance sheet (IFRS)

Million €	2004	2005	2006
Intangible assets	3,607	3,720	8,922
Property, plant and equipment	13,063	13,987	14,902
Investments accounted for using the equity method	1,100	244	651
Other financial assets	938	813	1,190
Deferred taxes	1,337	1,255	622
Other receivables and miscellaneous long-term assets	473	524	612
Long-term assets	**20,518**	**20,543**	**26,899**
Inventories	4,645	5,430	6,672
Accounts receivable, trade	5,861	7,020	8,223
Other receivables and miscellaneous short-term assets	2,133	1,586	2,607
Marketable securities	205	183	56
Cash and cash equivalents	2,086	908	834
Short-term assets	**14,930**	**15,127**	**18,392**
Total assets	**35,448**	**35,670**	**45,291**
Subscribed capital	1,383	1,317	1,279
Capital surplus	3,028	3,100	3,141
Retained earnings	11,923	11,928	13,302
Other comprehensive income	(60)	696	325
Minority interests	328	482	531
Stockholders' equity	**16,602**	**17,523**	**18,578**
Provisions for pensions and similar obligations	4,124	1,547	1,452
Other provisions	2,376	2,791	3,080
Deferred taxes	948	699	1,441
Financial indebtedness	1,845	3,682	5,788
Other liabilities	1,079	1,043	972
Long-term liabilities	**10,372**	**9,762**	**12,733**
Accounts payable, trade	2,372	2,777	4,755
Provisions	2,364	2,763	2,848
Tax liabilities	644	887	858
Financial indebtedness	1,453	259	3,695
Other liabilities	1,641	1,699	1,824
Short-term liabilities	**8,474**	**8,385**	**13,980**
Total stockholders' equity and liabilities	**35,448**	**35,670**	**45,291**
Equity ratio (%)	47	49	41
Gearing ratio (%)	114	104	144
Net debt	1,212	3,033	8,649

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared in accordance with German GAAP.

Factors influencing sales
Contribution to sales growth (%)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Volumes	8.9	1.7	5.8	6.5	(0.3)	7.8	7.6	9.4	2.5	5.5
Prices	0.6	(6.0)	(3.9)	11.3	(1.4)	(5.2)	2.1	6.6	11.0	8.3
Currencies	4.8	(0.5)	1.6	6.6	(0.5)	(2.9)	(7.3)	(4.4)	1.0	(0.2)
Acquisitions / divestitures	0.1	1.7	3.1	(2.4)	(7.4)	(0.6)	1.2	0.9	(0.6)	9.5
Total	**14.4**	**(3.1)**	**6.6**	**22.0**	**(9.6)**	**(0.9)**	**3.6**	**12.5**	**13.9**	**23.1**

Shareholder returns

Million €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Share buybacks			256	700	1,300	500	500	726	1,435	938
Dividends	636	693	695	789	758	789	774	904	1,015	1,484
Special dividends				425						
Total	**636**	**693**	**951**	**1,914**	**2,058**	**1,289**	**1,274**	**1,630**	**2,450**	**2,422**
Share price at year-end (€/share)	32.82	32.49	51.90	48.17	41.75	36.08	44.58	53.00	64.71	73.85
Dividend yield (%)	3.1	3.4	2.2	4.2[1]	3.1	3.9	3.1	3.2	3.1	4.1
Payout ratio (%)	38	41	56	98[1]	13[2]	52	85	45	34	46
Price/Earnings ratio (P/E ratio)	12.3	11.9	26.0	23.8	4.3[2]	13.9	27.5	14.5	11.3	11.6
Free cash flow yield (%)[3]	5.2	5.0	1.0	0.3	(2.0)	(0.5)	11.3	9.0	9.4	9.6

[1] Including special dividend of stockholders' equity charged with 45% corporate income tax
[2] Including extraordinary income
[3] Free cash flow per share at year-end divided by share price at year-end

Sensitivities

Currency impact on BASF Group

Annual impact of US$ change
(US$ exchange rate –1 €-cent)

	Million €
Sales	+250
EBIT	+40

(as of June 2007)

Oil price impact on segment Oil & Gas

Annual impact of US$ 1/bbl rise
in annual average oil price (Brent)

	Million €
Sales	+100
EBIT	+45
Net income	+10

(as of June 2007)

Calculation of EBIT after cost of capital 2006

	Million €
EBIT BASF Group	6,750
Less EBIT for activities not assigned to the segments[1]	(122)
Less noncompensable foreign income taxes for oil production	1,282
Less cost of capital[2]	3,464
EBIT after cost of capital	2,126

[1] This net expense is already provided for in the cost of capital percentage
[2] 10% on the average operating assets of the segments

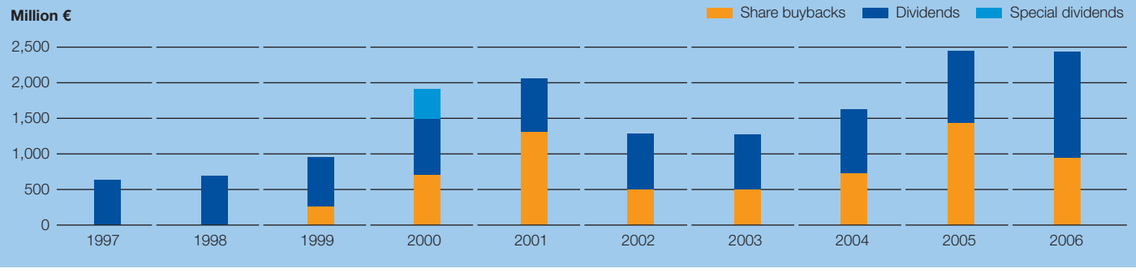
Dividend policy

We aim to increase our dividend further in the future and plan to at least maintain the dividend at the previous year's level.

Share buyback

In order to increase our earnings per share and optimize our balance sheet structure, we plan to buy back shares for a total of €3 billion in 2007 and 2008.

Cash returned to shareholders



Regional results[1]

Sales by location of company

Million €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**Million €**	**2004**	**2005**	**2006**
Europe	19,897	18,508	19,119	22,203	19,399	18,987	20,372	Europe	22,536	25,093	31,444
Thereof Germany	13,558	12,188	12,718	14,457	13,417	13,315	14,070	Thereof Germany	15,216	17,100	22,963
North America (NAFTA)	5,940	6,210	6,783	8,441	7,772	7,932	7,214	North America (NAFTA)	8,165	9,542	11,415
Asia Pacific Area, Africa	1,408	1,620	2,087	3,175	3,487	3,950	4,303	Asia Pacific	4,911	6,042	7,450
South America	1,275	1,305	1,484	2,127	1,842	1,347	1,472	South America, Africa, Middle East	1,925	2,068	2,301
Total	**28,520**	**27,643**	**29,473**	**35,946**	**32,500**	**32,216**	**33,361**	**Total**	**37,537**	**42,745**	**52,610**

Sales by location of customer

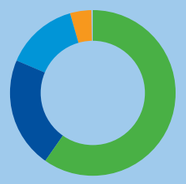
Million €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**Million €**	**2004**	**2005**	**2006**
Europe	17,441	16,672	16,996	20,103	17,984	17,697	19,120	Europe	21,343	23,755	29,529
Thereof Germany	7,352	7,011	6,934	7,897	7,212	6,944	7,073	Thereof Germany	7,382	8,865	11,062
North America (NAFTA)	5,966	6,249	6,733	8,419	7,654	7,808	7,163	North America (NAFTA)	8,182	9,479	11,522
Asia Pacific Area, Africa	3,437	3,082	3,862	4,924	4,674	5,051	5,313	Asia Pacific	5,309	6,500	8,102
South America	1,676	1,640	1,842	2,500	2,188	1,660	1,765	South America, Africa, Middle East	2,703	3,011	3,457
Total	**28,520**	**27,643**	**29,473**	**35,946**	**32,500**	**32,216**	**33,361**	**Total**	**37,537**	**42,745**	**52,610**

Income from operations (EBIT)

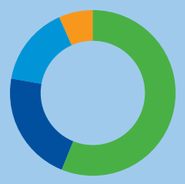
Million €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**Million €**	**2004**	**2005**	**2006**
Europe	2,302	2,033	1,258	2,577	1,926	2,357	2,224	Europe	4,236	4,385	5,485
Thereof Germany	1,555	1,301	542	1,864	1,347	1,690	1,642	Thereof Germany	3,131	3,019	4,125
North America (NAFTA)	350	515	481	99	(678)	23	10	North America (NAFTA)	286	855	869
Asia Pacific Area, Africa	7	60	144	161	(28)	203	218	Asia Pacific	361	297	181
South America	72	16	126	233	(3)	58	206	South America, Africa, Middle East	310	293	215
Total	**2,731**	**2,624**	**2,009**	**3,070**	**1,217**	**2,641**	**2,658**	**Total**	**5,193**	**5,830**	**6,750**

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP. Effective January 1, 2005, companies in Asia are reported in the region "Asia Pacific." South America, which was previously reported separately, is now reported together with the geographic regions Africa and Middle East in the region "South America, Africa, Middle East." The 2004 figures have been reported in accordance with this.

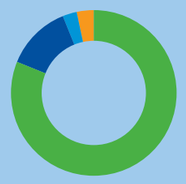
Sales by location of company 2006



Sales by location of customer 2006



Income from operations (EBIT) 2006



Strategy

Chemistry offers enormous opportunities. It stands for the future that we are actively shaping as the world's leading chemical company. We are expanding our strengths and making our portfolio more resilient to cyclical trends.

We will continue to concentrate on profitable growth in our core activities: in our chemical businesses, in agricultural products and nutrition, and in oil and gas – through organic growth, innovation and acquisitions. We are innovative and act sustainably to ensure that we will also remain the world's leading chemical company in the future. This is why we plan to further expand our research and development activities, focusing on market-driven innovations, new business models and new fields of knowledge. To further improve our market position we will continue to optimize our portfolio and implement measures to restructure our businesses and reduce costs.

Four strategic guidelines describe our path to the future.
The combination of these four guidelines makes us successful:

We want to increase the company's value by earning a premium on our cost of capital.

In 2006 we generated a premium of €2,126 million on our cost of capital.

Earn a premium on our cost of capital

Help our customers to be more successful

In order to grow profitably, we want to focus even more closely on our customers' needs. To do this, we develop the best business models suited to our customers.

BASF's employees are crucial to the company's success. We need their skills, their ideas, their experience and their commitment.

Form the best team in industry

Ensure sustainable development

For BASF, sustainable development means combining business success, environmental protection and social responsibility.

Investment highlights

#1 chemical company worldwide with balanced portfolio and clear long-term strategy

Competitive advantage based on unique Verbund concept and operational excellence

Superior growth opportunities through strong positioning in growth markets, acquisitions in core businesses and excellent innovation platform

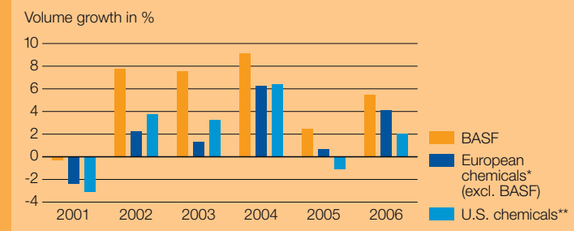
Sustainable value creation based on sound balance sheet and financial strength

Our target: profitable growth

Sales growth of 2 percentage points above average in chemical market

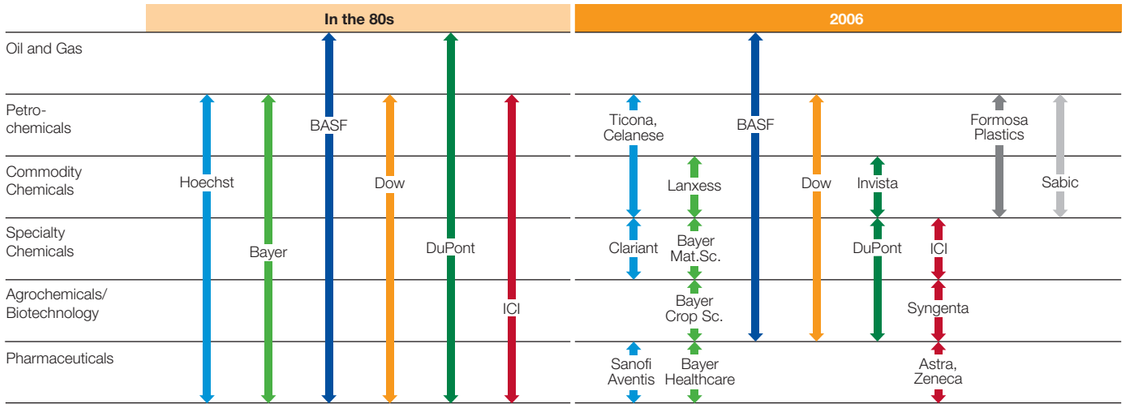
Growing above chemical market

Volume growth in %



Source: Company reports
*European peers: Akzo, Bayer, Ciba, Clariant, DSM, Rhodia, Syngenta
**U.S. peers: Dow, PPG, DuPont, Rohm&Haas

Strategic positioning of BASF



Our goal is to acquire businesses that

1. Generate growth above the industry average
2. Are innovation-driven
3. Offer a special value proposition to customers
4. Reduce earnings cyclicality

Financial acquisition criteria

1. Positive contribution to EPS: accretive by year three at the latest
2. Minimum discount rate: 9% applied on earnings after tax
3. Additional return requirements depending on country risk

Mix of cyclical and non-cyclical businesses

The BASF portfolio is well balanced, combining five segments: Chemicals, Plastics, Performance Products, Agricultural Products & Nutrition, and Oil & Gas. This portfolio mix is one of our strengths and we will continue to build on it.

Chemicals
– Cost leadership through efficient production technologies and backward integration
– Generating value for customers through high-value products and system solutions

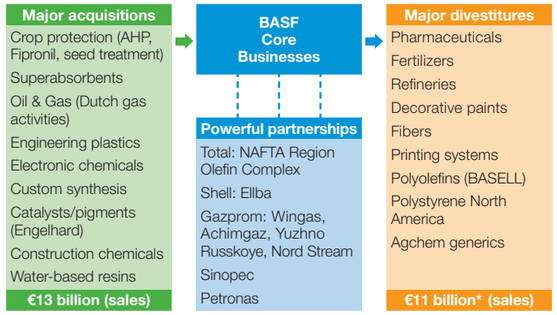
Plastics
– Highly efficient cost structure in manufacturing and marketing processes in commodity plastics
– Wide range of high-value products and system solutions in specialty plastics

Performance Products
– High-value performance chemicals and systems solutions
– Close development and marketing cooperation with customers

Agricultural Products & Nutrition
– Agricultural Products: A leading pipeline and portfolio of innovations with focus on high-value markets, segments and crops
– Nutrition: Broad range of high-value products, lean structures, streamlined portfolio

Oil & Gas
– E&P: Focus on existing core regions and technological specialization
– "Gas for Europe"-concept, gas distribution, transportation and storage: cooperation with Gazprom

Active portfolio management 1997–2006



*Including non-consolidated sales from BASELL

Resilience to industry-specific demand fluctuations

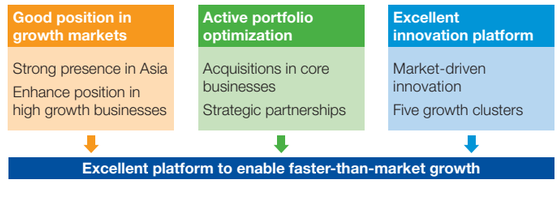
BASF's strength is not only that it has an extremely broad product range, but also that it supplies almost every industry and gives important incentives for innovations. This balance makes the company relatively resilient to factors affecting individual industries.

BASF sales by industry
Percentage of sales in 2006*

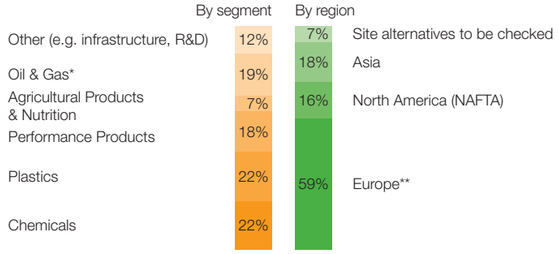
> 15%	Chemical (not an industry with end users) | Energy
10–15%	Automotive | Construction
5–10%	Agriculture
< 5%	Electrical/electronics | Health | Cosmetics | Leather/shoes | Furniture | Paper | Textiles | Packaging | Detergents and cleaners

*Other industries: approximately 10% of total sales in 2006

Superior growth opportunities



Further growth through investments 2007–2011 (€10.7 billion*)



*Excluding investments in Nord Stream and Yuzhno Russkoye
**Thereof 19 percentage points Oil & Gas

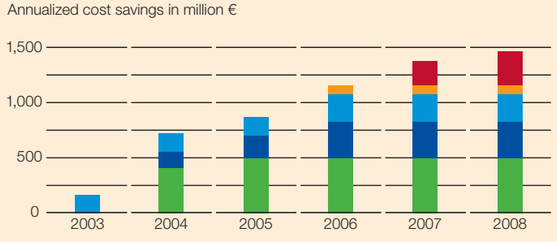
Outlook

Portfolio changes and operational excellence have strengthened our earnings power. We are confident of earning at least our cost of capital in any given year.

Priorities for use of cash

1. Investment in organic growth
2. Acquisitions to "strengthen the strengths"
3. Dividends
4. Share buybacks

Constantly improving our cost base



Global efficiency improvement program
€210 million by 2007 expected
€300 million by 2008 expected
Antwerp, Belgium
>€70 million as of end 2006
Europe
€250 million as of end 2006
NAFTA
US$400 million as of mid 2006
Ludwigshafen, Germany
€480 million as of mid 2005
Plant and site closures
27 in 2005 and 2006

Verbund

Our Verbund is one of BASF's greatest assets when it comes to using resources efficiently. Our global Verbund is the foundation for BASF's competitiveness in all regions.

At our Verbund sites, production plants, energy and waste flows, logistics, and site infrastructure are all integrated, so that chemical processes consume less energy, produce higher product yields and conserve resources.

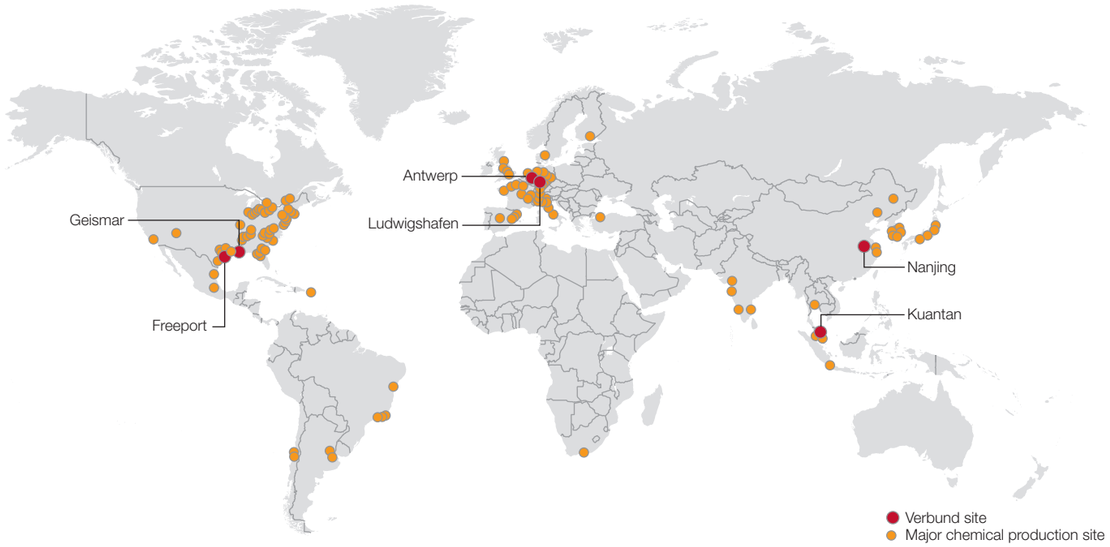
Thanks to its Verbund structure, BASF saves around €500 million each year at its Ludwigshafen site alone.

By linking plants in a Production Verbund, we can create efficient value-adding chains starting with basic chemicals and extending to higher value products like coatings and crop protection products. In addition, by-products from one plant can be used as raw materials elsewhere. Production plants are connected by an intricate network of pipes that provides an environmentally friendly method of transporting raw materials and energy quickly and safely.

The Verbund principle also applies to energy. In the Energy Verbund, the excess heat given off in chemical reactions is immediately converted into steam and is fed into the steam network so that it can be made available to other plants. This way, approximately 1.6 million tons oil equivalent is saved globally by BASF. In 2006, emissions of greenhouse gases per metric ton of sales product were reduced by more than 12% compared to 2002.

The Verbund principle also extends to research and knowledge management and to cooperation between BASF employees, as it also does to cooperation with customers and dialogue with neighbors at our sites.

We strengthened our Know-how and Research Verbund last year through acquisitions and the development of additional research capacities in our four technology platforms.



Size, scale and global positioning

Cost-efficient production through six world-scale Verbund sites in all major regions

Preferred partner of choice through proximity to customers

Top 3 market position in 75% of all products and markets

Unique Verbund concept: BASF's innovative approach to vertical integration and resource efficiency

Linking plants in a Production Verbund to create efficient value-adding chains from basic chemicals to higher value products

Oil & Gas › **Basic Chemicals** › **Intermediates** › **Plastics & Performance Chemicals** › **Agrochemicals & Fine Chemicals**

Concept

- Integrated production
- Secured raw material supply
- Efficient use of by-products
- Minimization of greenhouse gas emissions
- Common infrastructure
- Combined logistics
- Integral research platforms: Global R&D Verbund
- Integral customer interaction

Benefits

- Highly efficient production = cost leadership = significant cost savings: approx. €500 million p.a. in Ludwigshafen alone
- Resource efficiency and waste reduction = leadership in sustainability = energy savings: approx. 1.6 million tons oil equivalent p.a. globally
- Integral knowledge management = leadership in innovations (>1,000 patents p.a.)
- Customer orientation = supplier of choice

Main raw materials for the Verbund

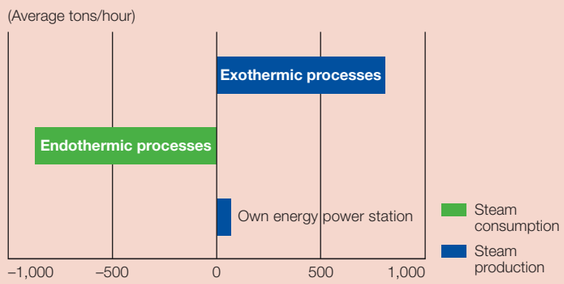
The major raw materials that feed BASF's Verbund production sites are hydrocarbon-based raw materials such as naphtha and LPG (liquefied petroleum gas). These are feedstocks for the steam crackers that are operated in Ludwigshafen, Germany; Antwerp, Belgium; Port Arthur, Texas, United States and Nanjing, China. BASF monitors the market for naphtha and hedges its exposure by using swaps and options. Other important hydrocarbon-based raw materials are natural gas, benzene and propylene. Further raw materials for BASF include cyclohexane, ammonia, titanium dioxide and methanol. For its German operations, BASF primarily sources its natural gas from Russia by means of long-term natural gas supply contracts. In the United States, BASF secures its natural gas requirements based on shorter-term supply contracts related to national sources with various suppliers.

Major raw materials

- Ammonia
- Benzene
- Butadiene
- Cyclohexane
- LPG/Condensate
- Methanol
- Naphtha
- Natural gas
- Propylene
- Titanium dioxide

Example: Verbund energy savings in Antwerp, Belgium

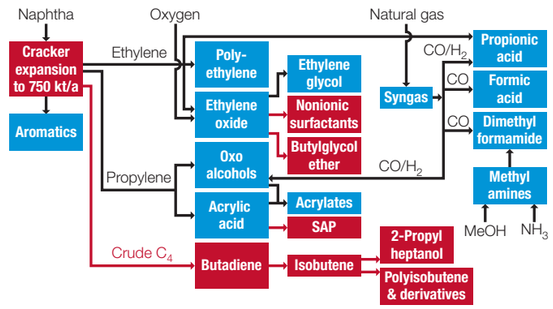
Through intelligent combination of production processes, the additional need for energy in our Antwerp site is minimal.



Verbund site Nanjing, China

Example: Extension of the Nanjing Verbund site

Planned extension of value chains in Nanjing, China



Verbund site Nanjing: initial project scope

	metric tons/year
Ethylene; propylene	600,000; 300,000
Aromatics	300,000
LDPE (low-density polyethylene)	400,000
EO/EG (ethylene oxide/ethylene glycol)	300,000
AA (acrylic acid)	160,000
AE (acrylic esters)	215,000
OXO (oxo alcohols)	250,000

	metric tons/year
Formic acid	50,000
Propionic acid	30,000
Methylamine	36,000
DMF (dimethyl formamide)	40,000
Syngas (synthesis gas)	25,200 Nm^3/h OXO 21,500 Nm^3/h H_2 5,100 Nm^3/h CO
Power plant	180 MW

Advantages for economic performance and the environment

Extremely efficient use of raw materials and energy

Conservation of natural resources

Reduction of emissions and waste

Innovations for BASF and our customers

Partners in the Verbund network

Production plants

Research units

Customers

Site community

Recent Acquisitions and Partnerships

BASF pursues an active portfolio management. Over the past years, we have continuously changed our portfolio through acquisitions, divestitures and partnerships.

Active portfolio management 1997–2006

Major acquisitions	BASF Core Businesses	Major divestitures
Crop protection (AHP, Fipronil, seed treatment)		Pharmaceuticals
Superabsorbents		Fertilizers
Oil & Gas (Dutch gas activities)		Refineries
Engineering plastics		Decorative paints
Electronic chemicals		Fibers
Custom synthesis		Printing systems
Catalysts/pigments (Engelhard)		Polyolefins (BASELL)
Construction chemicals		Polystyrene North America
Water-based resins		Agchem generics
€13 billion (sales)	**Powerful partnerships** Total: NAFTA Region Olefin Complex Shell: Ellba Gazprom: Wingas, Achimgaz, Yuzhno Russkoye, Nord Stream Sinopec Petronas	**€11 billion* (sales)**

*Including non-consolidated sales from BASELL

Recent acquisitions and partnerships help shape BASF's future portfolio

– More than 15,000 new employees in 2006 as a result of acquisitions
– Acquisitions in 2006 contributed €4,230 million to BASF Group's sales
– Integration of the new businesses largely completed by mid-2007

Profitable growth remains BASF's most important goal. In order to achieve this and to successfully shape the future, BASF invested in attractive businesses in 2006.

Growing through acquisitions

Our goal is to acquire profitable businesses that

– Generate growth above the industry average
– Are innovation-driven
– Offer a special value proposition to customers
– Reduce earnings cyclicality
– Meet our financial criteria:
  - Positive contribution to EPS: accretive by year three at the latest
  - Minimum discount rate: 9% applied on earnings after tax
  - Additional return requirements depending on country risk

BASF's most important acquisitions in 2006 at a glance

Acquisition of Engelhard
The acquisition of the U.S.-based company Engelhard Corporation has made BASF the world's leading supplier in the expanding catalysts market, which is growing at around 5% per year. The purchase price for the shares was approximately €3.8 billion.

Excellent strategic fit:
– Market leader in growing automotive catalyst market
– Leverages BASF's strong know-how and excellent customer relationships with automotive industry
– Expands BASF's own pigments business
– Strong R&D platform including world-class proprietary technology
– Contributes to reduced earnings cyclicality

Sales 2005: US$4,597 million
EBITDA 2005: US$431 million

BASF's catalyst business is expected to grow above the chemical market based on legislation changes and innovative products.

Acquisition of Degussa Construction Chemicals
The construction chemicals market is a dynamically growing market with a volume of approximately €29 billion, relatively stable margins and high potential for innovation. The cash offer for the construction chemicals business of Degussa was around €2.2 billion. BASF has become a world leader in the construction chemicals market by acquiring this business.

Excellent strategic fit:
– Strong market growth (4–5% p.a.)
– High margins
– Resilient to economic cycles
– Access to additional customers (forward integration)

Sales 2005: €1,968 million
EBITDA 2005: €269 million

The BASF Construction Chemicals division is expected to grow above market based on innovation and strong presence in all regions.

Acquisition of Johnson Polymer
Johnson Polymer is one of the world's leading producers and suppliers of water-based resins for the graphic arts and coatings industries. By acquiring Johnson Polymer, BASF has invested in a profitable and innovative business. The cash offer for the debt-free business was €379 million.

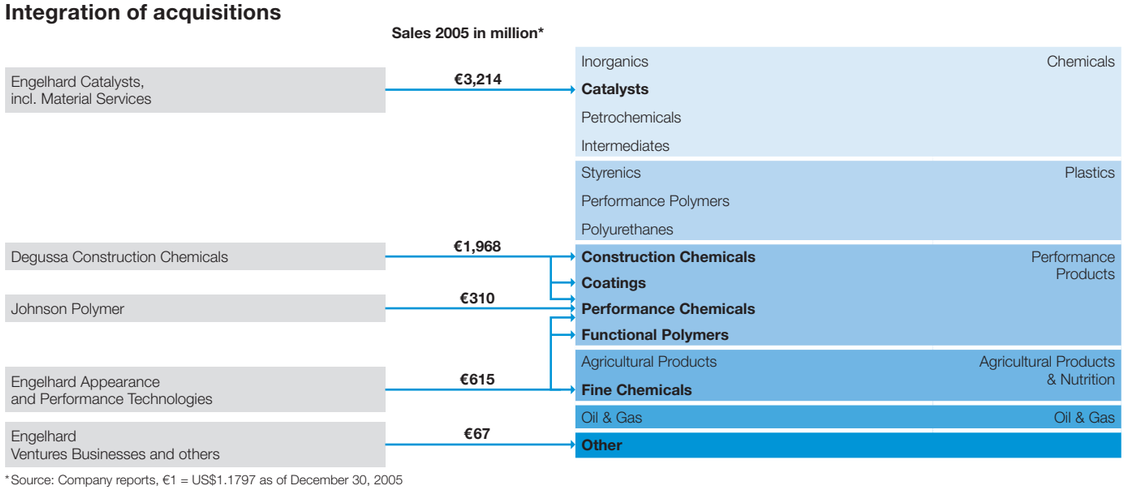
Excellent strategic fit:
– 5% p.a. growth of water-based resins market
– Complementary to BASF's existing portfolio of resins, technologies and customer base
– Significant cross-selling opportunities
– Strong R&D platform including world-class proprietary technology
– Contributes to reduced earnings cyclicality

BASF's resin business is expected to grow above market based on superior water-based technology.

Contribution of acquisitions in 2006

Million € (unaudited figures)	Sales	EBIT before special items	EBIT
Engelhard since acquisition (June 6, 2006)	2,678	126	15
Degussa Construction Chemicals since acquisition (July 1, 2006)	1,120	80	21
Johnson Polymer since acquisition (July 1, 2006)	158	1	(4)

Integration of acquisitions



*Source: Company reports, €1 = US$1.1797 as of December 30, 2005

Partnerships

Strategic partnerships with other leading players are an important pillar in BASF's active portfolio management. These partnerships help improve the profitability of the overall portfolio. Among the most important partners for BASF are:

Gazprom
– Since 1993 partner in natural gas trading activities. The joint ventures (e.g. Wingas) buy and sell natural gas, build and operate natural gas transmission systems and storage facilities and market transportation and storage capacities.
– Further joint projects include Achimgaz, Yuzhno Russkoye and Nord Stream (for more details please see pages 68 and 69).

Monsanto
– The cooperation with Monsanto is described in detail on pages 24 and 25.

Petronas
– 40% partner in BASF PETRONAS Chemicals Sdn. Bhd. in Kuantan, Malaysia.
– The joint venture operates a Verbund site with an acrylics complex, a complex for the production of syngas, oxo-alcohols, phthalic anhydride and plasticizers as well as a butanediol plant.

Sinopec
– 50% partner in BASF-YPC Company Ltd., the integrated petrochemicals site in Nanjing, China, with a total investment of US$2.9 billion in the first phase.
– BASF and Sinopec plan to expand the site with an investment volume of US$900 million.

Total
– Via ATOFINA Petrochemicals Inc. 40% partner in BASF FINA Petrochemicals, which operates the world's largest single-train liquids steam cracker.
– Partner in Sabina Petrochemicals LLC, a joint venture between Shell Chemical L.P., BASF Corporation and ATOFINA Petrochemicals Inc., which operates a world-scale C4 olefins complex adjacent to the steam cracker.

Synergies from acquisitions

At more than 4% of sales, the expected synergies from the acquisitions are higher than initially expected.
By 2010, total synergies of €290 million are expected. Integration costs occur mainly in 2006 and 2007.

Million €	Stand-alone sales 2005	Synergies by 2010	Remarks
Engelhard	3,897*	160	Integration cost mainly in 2006 and 2007 | 50% of savings to be realized by 2007 | 80% of savings to be realized by 2008 | Includes €40 million of growth synergies
Degussa Construction Chemicals	1,968	100	Integration cost mainly in 2006 and 2007 | 35% of savings to be realized by 2007 | 70% of savings to be realized by 2008 | Includes €30 million of growth synergies
Johnson Polymer	310*	30	Integration cost mainly in 2006 and 2007 | 60% of savings to be realized by 2007 | 90% of savings to be realized by 2008 | Includes €10 million of growth synergies
Total	**6,175**	**290**	

*€1 = US$1.1797 as of December 30, 2005

Targeting the needs of modern agriculture: cooperation of BASF and Monsanto

BASF has a very focused strategy in plant biotechnology
- Creating a technology platform for high-throughput gene identification
- Establishing a pipeline for high-quality lead gene validation
- Focusing on most attractive agronomic and output traits of 2nd and 3rd generation from the very beginning
- Developing tailor-made solutions for seed and market access

Monsanto has the most successful track record in the industry delivering traits broadly to commercial markets
- Monsanto is the recognized global leader in Ag-biotechnology products and solutions
- Monsanto has an established development pipeline
- Monsanto has in-depth experience with regulatory processes
- Monsanto has a state-of-the-art germplasm network

Today
- BASF is an attractive partner
- BASF holds an extraordinary technology position due to its novel combination of ‘metabolic profiling’ and ‘phenotypic screening’
- BASF runs a strong early-discovery pipeline identifying highly promising lead genes

Combining BASF’s exceptional discovery pipeline with Monsanto’s impressive seed distribution network accelerates innovation and creates stronger market penetration.

More – because increasing and securing yield is beneficial to farmers and consumers worldwide.

Better – because we combine the best plant traits.

Faster – because crops with improved traits will be available to farmers sooner.

Joint R&D pipeline with Monsanto focused on high yield and stress tolerance

Focus	Establishment of a joint technology and commercialization collaboration that combines the expertise of both companies for the crops corn (maize), soybeans, cotton and canola (oilseed rape).
Discovery	Each company maintains independent discovery programs, which will generate leads to be nominated for development in joint R&D pipeline.
Development	Nominated projects are jointly funded at 50:50 cost sharing with a potential total of US$1.5 billion through all phases of development.
Commercialization	Emerging products are commercialized by Monsanto under a broad licensing approach to seed companies across Monsanto’s existing three commercial channels. Value from commercialization is shared at 60% for Monsanto and 40% for BASF.

The value creation potential of a 10% yield increase varies between crops. The total value of the 2006 U.S. corn harvest was about US$34 billion. The table illustrates to what extent yield offers significant value to farmers and trait providers. Value drivers will be the earnings split between farmers and companies, market share and costs to market.

Main crops in the U.S. and Canada

Crop	Area harvested 2006 (million acres)	Yield 2006	Production 2006	Average farm price 2006	Total value (Million US$)	Add. value of 10% (Million US$)
Cotton	13	(pounds/acre) 819	(million pounds) 10,401	(US$/pound) 0.5	4,889	489
Corn	71	(bushel/acre) 149	(million bushel) 10,519	(US$/bushel) 3.2	33,662	3,366
Soybeans	75	(bushel/acre) 43	(million bushel) 3,185	(US$/bushel) 6.2	19,750	1,975
Oilseed rape/Canada	13	(ton/acre) 1	(million tons) 9	(CN$*/ton) 304.8	2,478	248

Sources: Cotton Corn Soy: USDA 2006 Data; Canola: Canola Council of Canada

*CN$1 = US$0.9

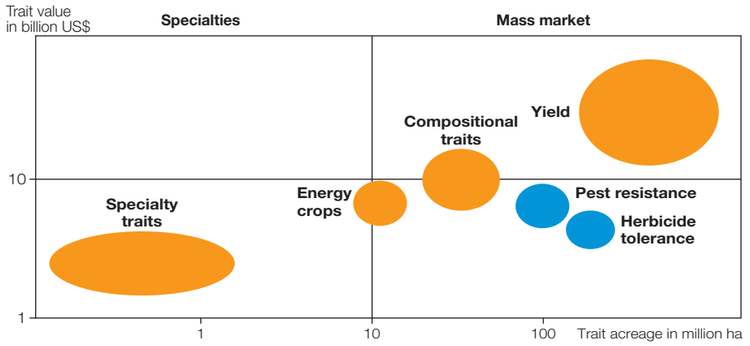
All of BASF’s activities in plant biotechnology are incorporated in BASF Plant Science. BASF Plant Science has a strong early-stage pipeline focusing on three main areas:

More efficient agriculture – Example: Monsanto collaboration covering yield and stress/drought tolerance projects

Better, healthier nutrition/feed – Example: Poly unsaturated fatty acids (PUFAs)
PUFAs are nutritional supplements. Some are for baby food, others prevent ageing, reduce cardiovascular diseases and arteriosclerosis. Recommendation is to take 1 to 2 gram per day. Main sources today: fish, fish oil, algae. Project target is to grow PUFAs in oil crops.
Market potential: US$2 billion by 2020.

Plants for use as renewable raw materials – Example: Amflora potato producing amylopectin
Europe produces about 2 million metric tons of potato starch each year, of which a large portion is used for industrial applications such as paper, yarns or glue. Its pure amylopectin starch makes Amflora a renewable raw material that helps to save material, energy and costs.
Market potential: peak licensing income of €20–30 million in five years after market introduction.

Global market for biotechnological traits

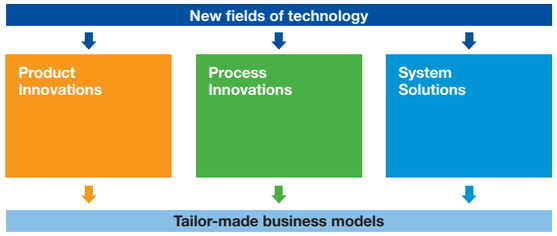


The global market for biotechnological traits has an estimated market potential of US$50 billion by 2025. BASF expects to gain a significant market share.

Innovation

Research and innovation are essential to ensure profitable growth and to shape the future sustainably. Innovative products, improved processes and intelligent system solutions play a major role in ensuring BASF's success and the success of our customers.

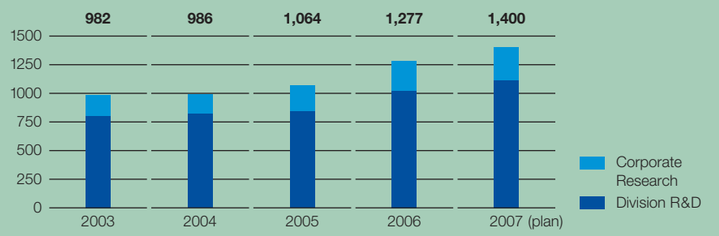
Focus on market-driven innovations



Product innovations – Targeted sales from pipeline

– We expect to generate annual sales of over €4 billion as of 2010 from new or improved products and applications that have been on the market for a maximum of five years
– As of 2015, we expect this figure to rise to €5 billion
– About 10 to 20% of this is expected to be top-line growth

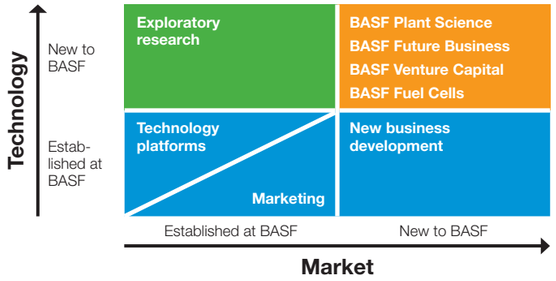
R&D expenditures in million €



The increase of R&D spending in 2006 and 2007 (plan) is due to the acquisitions of 2006 and the five growth clusters (for further information see pages 28 and 29).

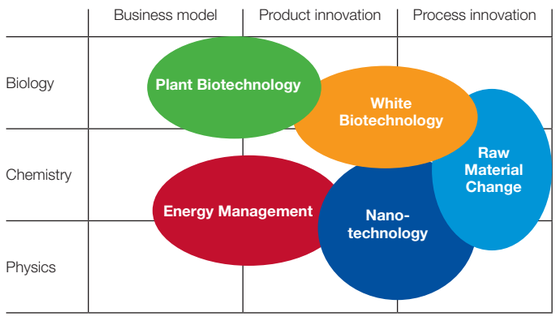
Innovation matrix at BASF

Established technologies within BASF are developed further by our technology platforms, their application to developed markets is pushed by marketing and technology platforms together. New business development is responsible for tapping new markets with established technologies. Our exploratory research opens new technologies for markets we are already active in. BASF Plant Science, BASF Future Business, BASF Venture Capital and BASF Fuel Cells open up new technologies for emerging business fields.



As part of our research strategy, we combine key technology-driven topics of relevance to the future in five growth clusters: energy management, raw material change, nanotechnology, plant biotechnology and white biotechnology. These are cross-sectional technologies that transcend the conventional demarcation lines between specialist areas. Interdisciplinary and international cooperation ensure that BASF's innovative strength continues to grow.

– R&D expenditures for growth clusters more than €900 million from 2006–2008 (approx. 30% funded by divisions, 70% corporate funding)
– First projects out of growth clusters to come to market by 2007
– Targeted annual sales from growth clusters
  2010: €500–€1,000 million
  2015: €2,000–€4,000 million



Focus on five growth clusters

Energy management
BASF researchers are developing new technologies and materials in areas such as renewable energy sources, energy storage and energy conversion, for example for organic solar cells and innovative storage media for hydrogen.

– Development of new business areas based on economically attractive products and system solutions, combining internal know-how and collaboration with competence centers worldwide
– Expenditures 2006–2008: approx. €80 million
– Projects: membrane electrode assembly for fuel cells, OLED (organic light emitting displays) for lighting, photovoltaic, battery materials, new materials for gas storage, thermoelectric

Raw material change
BASF experts are working on identifying cost-effective processes for the utilization of alternative raw materials such as natural gas, coal or renewable resources and are evaluating these processes according to technological, economic and environmental criteria.

– Increased usage of alkanes (natural gas = C1–C4) and coal as feedstocks for established value-added chains and usage of renewable resources (e.g. sugar) as basis for selected products
– Technological leadership with alternative cost-competitive raw material sources, using special in-house competence in the areas of synthesis, catalysis, unit operations and process development
– Expenditures 2006–2008: approx. €100 million
– Projects: Olefins from alkanes, coal to chemicals, utilization of non-food biomaterials such as bioethanol, sugar and glycerol

Nanotechnology
BASF is one of the world's leading companies in the field of chemical nanotechnology and already applies it in established fields of activity such as polymer dispersions and catalysts. This expertise is continuously expanded through intensive research into nanostructured materials and nanoparticles.

– Innovation for construction, households, automotive, personal care, electronics and energy
– Expertise in manufacturing and application of nanostructured materials and surfaces, formulations as well as process engineering
– Strategic partnerships to complement own strengths and to increase certainty of success
– Development of new markets and clients, competitive advantage through improved product properties
– Expenditures 2006–2008: approx. €180 million
– Projects: Advanced materials for insulation, scratch-resistant coatings, metal-organic frameworks (MOFs) for gas storage, nanocomposites, OLEDs and superhydrophilic/-hydrophobic surfaces

White (industrial) biotechnology
BASF combines its wide-ranging expertise in enzyme catalysis and fermentation technology with its core competencies in chemistry and material sciences to create novel solutions for the chemical industry. The focus is on new sustainable processes and enhanced bio-based products for BASF's customers.

– New products, processes and system solutions through fermentation and enzyme technology
– Production of chemicals and polymers based on renewable resources
– Market growth potential above average, broad know-how in enzyme catalysis and fermentation, application know-how
– Expenditures 2006–2008: approx. €160 million
– Projects: Building blocks for pharmaceutical industry, natural compounds, feed additives, products for hygiene and cosmetics

Plant biotechnology
Experts from BASF Plant Science are developing plants for more efficient agriculture, improved nutrition and for use as renewable raw materials.

– Strategic importance underlined by recent cooperation with Monsanto: goals are higher-yielding crops and crops that are more resistant to adverse environmental conditions such as drought for the crops corn (maize), soybeans, cotton and canola (oilseed rape)
(see page 24)
– Complements BASF's strong position in agricultural and fine chemicals markets
– Expenditures 2006–2008: at least €400 million
– Selected projects: Higher yield and improved stress tolerance, potatoes with improved starch composition, oilseeds with healthy fatty acids, nutritionally enhanced corn

When founding metanomics Health in 2003, BASF started to adapt the know-how on measuring, modeling and mastering metabolic networks to humans and animals. This opens up a multitude of applications in the areas of toxicology, drug development, disease prognostics and diagnostics as well as health and nutrition.

Distribution of R&D spending 2006

	%
Agricultural Products & Nutrition	32
Performance Products	23
Corporate research	20
Chemicals	14
Plastics	11

Total R&D expenditures 2006: €1.3 billion

Approximately one third of R&D expenditures are for energy efficiency and climate protection

Operational units finance approx. 80% of R&D

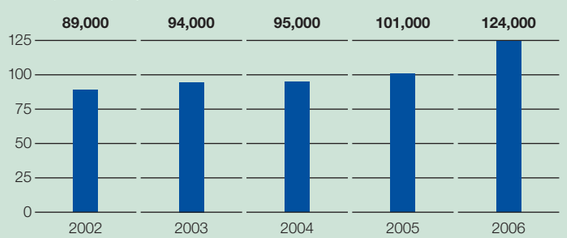
74% of R&D expenditures in Germany; 17% in North America

>8,000 employees in R&D worldwide at approx. 70 sites

1,400 R&D collaborations worldwide; thereof, >40% with industrial partners, >50% outside Germany

Strong and growing patent portfolio

Patent portfolio per year



Business Segments

Our business portfolio is well balanced and offers strong growth opportunities.
It consists of five segments with 14 operating divisions.

Chemicals

The synergies of Verbund ensure our competitiveness in producing organic and inorganic basic chemicals, as well as intermediates and catalysts. Integrated production plants, innovative processes and the advantages of modern large-scale plants help us achieve our goal of cost leadership and operational excellence. We participate in the major growth markets via new Verbund sites. We enhance our portfolio with higher-value products through innovations and acquisitions.

Segment data[1]

Million €	2002	2003	2004	2005	2006
Sales to third parties	5,317	5,752	7,020	8,103	11,572
Share of total BASF sales (%)	16.5	17.2	18.7	19.0	22.0
Thereof Inorganics	695	738	785	945	1,134
Catalysts	–	–	59	72	2,411
Petrochemicals	2,902	3,264	4,189	5,084	5,754
Intermediates	1,720	1,750	1,987	2,002	2,273
Intersegmental transfers	2,598	2,680	3,395	3,826	4,483
Sales including intersegmental transfers	7,915	8,432	10,415	11,929	16,055
Income from operations before depreciation and amortization (EBITDA)	1,142	928	1,857	1,942	2,235
EBITDA margin (%)	21.5	16.1	26.5	24.0	19.3
Income from operations (EBIT) before special items	676	500	1,377	1,488	1,704
EBIT before special items margin (%)	12.7	8.7	19.6	18.4	14.7
Income from operations (EBIT)	635	393	1,284	1,326	1,380
EBIT margin (%)	11.9	6.8	18.3	16.4	11.9
Income from operations (EBIT) after cost of capital	–	–	–	717	479
Assets	4,997	4,720	5,219	6,146	10,473
Research and development expenses	98	108	98	114	178
Additions to property, plant and equipment and intangible assets	495	527	601	639	3,539

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

Factors influencing sales
Contribution to sales growth (%)

	2002	2003	2004	2005	2006
Volumes	26	12	13	5	9
Prices	(6)	5	10	8	6
Currencies	(4)	(10)	(5)	0	(1)
Acquisitions/divestitures	2	1	4	2	29
Total	**18**	**8**	**22**	**15**	**43**

Segment sales in 2006

	Million €
Inorganics	1,134
Catalysts	2,411
Petrochemicals	5,754
Intermediates	2,273

Inorganics

Highly profitable business mix of commodities and specialties

Key drivers of profitability

Margins in major commodity feedstocks (e.g. ammonia and caustic soda)

Cost leadership and competitiveness along the various inorganic value chains

Growth and innovation with specialties in customer industries (e.g. electronics and pharmaceuticals)

Key capabilities of BASF

Cost leadership in commodities through world-scale plants and Verbund integration

Strong technology platform for developing new specialties and finding new applications for established specialties

Building partnerships with innovative customers

BASF's Inorganics division manufactures a broad range of chemical products of which approximately 50% are used captively. The products sold to external customers are used worldwide in many different industries. The Inorganics division is successful in managing a complex portfolio consisting of commodities (mainly for captive use in BASF's Verbund) and specialties (typically unique products with strong market expertise, significant growth potential and high market shares).

Main products
Electronic materials (high-purity chemicals and formulations for the semiconductor and flat panel display industries) | Inorganic specialties (carbonyl iron powder, metal injection molding/Catamold®, boranes, alcoholates, hydroxylamine free base) | Inorganic chemicals (basic inorganic feedstocks, inorganic salts) | Glues and impregnating resins (basic inorganic feedstocks, melamine, urea solution for use as truck fuel additive/AdBlue®, glues and resins for the woodworking industry)

BASF market position
Electronic materials: leading market positions in Asia and Europe | *Inorganic specialties:* leading market positions in Europe and NAFTA | *Inorganic chemicals*: #1 in inorganic salts in Europe | *Glues and impregnating resins:* #1 in glues in Europe, among top 3 in impregnating resins and melamine in Europe

Main competitors
Arkema | Degussa | DSM | Gentek | Nordkemi | Yara

Most interesting, fastest growing markets
Electronics industry in Asia | Pharmaceutical industry globally | Biodiesel industry in Europe

Estimated market growth (2007–2012): Electronic materials global +8% | Inorganic specialties global +6% | Inorganic chemicals Europe +2% and glues and impregnating resins Europe +2%

BASF levers to outperform these markets
Strong technology position for new specialties and new applications for established specialties | Partnerships with innovative customers | Cost leadership in commodities through world-scale plants and Verbund integration

Focus of R&D
Electronic materials, inorganic specialties as well as glues and resins are the main focus of innovation in Inorganics. In electronic materials and inorganic specialties the focus is on new product development. Glues and resins focus on new products and engage in process-improving innovation projects.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Electronic materials	Acquisition of the electronic materials business from Merck KGaA (Germany)	2005
Electronic materials	Start-up clean room laboratory in Ludwigshafen, Germany, for process chemicals for the semiconductor industry	2006
Catalysts	Acquisition of Engelhard and transfer of catalyst business from Inorganics division to newly established Catalysts division	2006

Investments (from 2007 onwards)

Product group	Description	Year
Electronic materials	Start-up of the Electronic Materials Center Europe in Ludwigshafen, Germany	2007

Major capacities of BASF

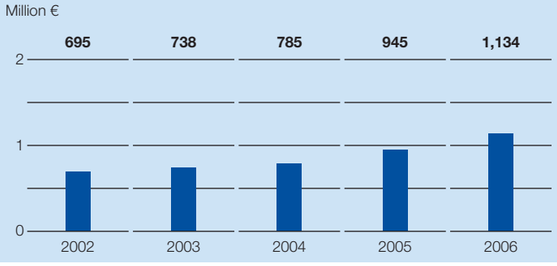
Ammonia	Ludwigshafen, Germany	875 kt
Ammonia	Antwerp, Belgium	650 kt
Caustic soda	Ludwigshafen, Germany	360 kt
Chlorine	Ludwigshafen, Germany	360 kt
Formaldehyde condensation products	Ludwigshafen, Germany	750 kt
Methanol	Ludwigshafen, Germany	450 kt
Sulfuric acid	Ludwigshafen, Germany	550 kt
Sulfuric acid	Antwerp, Belgium	220 kt
Urea	Ludwigshafen, Germany	545 kt

Innovation examples
1. Carbonyl Iron Powder: Used in magnetorheological fluids (MRF) for shock absorption (4WD-clutch, adaptive bridge dampers).

2. CMP Slurries: Chemical-mechanical planarization of copper layers, based on cleaning issues for the semiconductor industry.

3. Advanced Kaurit® brands: Meet major challenges of the woodworking industry in terms of reduced formaldehyde emissions, or add value for end consumers in terms of reduced electrostatic charge and improved scratch resistance.

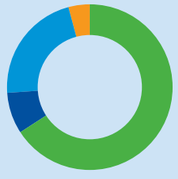
Sales development



Sales by major industries 2006

	%
Computer and electronics	29
Chemicals	22
Construction	12
Plastics and rubber	6
Others	31

Sales by region 2006



	%
Europe	66
North America (NAFTA)	8
Asia Pacific	22
South America, Africa, Middle East	4

Catalysts

Combining the strengths of two catalyst pioneers to expand the world's leading catalyst business

Key drivers of profitability

Technology innovation

Tightening of clean air regulations driving demand for new emission-control catalysts

Rising raw material costs and alternative raw material sources driving process catalyst demand

Production efficiency

Strict working capital management

Key capabilities of BASF

Technology leadership in emission-control and process catalysis

Fundamental understanding of precious metal markets

Partnerships with industry leaders

Strong position in Asia through joint ventures

BASF's Catalysts division is the global market leader in catalysis. It consists of the catalysts and precious metals operations of Engelhard Corp., acquired in June 2006, and BASF's existing catalysts business. The division develops and produces emission-control catalysts and markets them worldwide. The division expands its leading role in catalyst technology through continuous process and product innovation.

Main products
Three-way catalysts | Diesel oxidation catalysts | Catalyzed soot filter | Selective catalytic reduction technology | Refining catalysts (NaphthaMax™) | Gas-to-liquids catalysts | Chemical catalysts | Polypropylene catalysts (Lynx™)

BASF market position
Emission-control catalysts: #1 | Refinery catalysts: #3 | Chemical catalysts: #1

BASF is the market leader for automotive catalysts in Asia

Mobile emission-control market share

43% BASF market share in Asia including our joint ventures in Korea and Japan

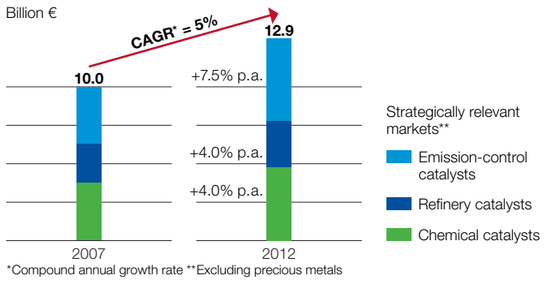
Currently serving >50% of global transplant business from Japan and Korea

Leveraging BASF's regional strength especially in rapidly growing Chinese market

Main competitors
Emission-control catalysts: Johnson Matthey, Umicore | *Refinery catalysts:* Grace, Albemarle, CRI | *Chemical catalysts:* Süd-Chemie, Degussa, Haldor Topsoe

Most interesting, fastest growing markets
Light- and heavy-duty diesel emission-control catalysts | Gas-to-liquids catalysts | Refinery catalysts | Catalysts for conversion of alternative raw materials into energy | Catalyst markets in China, India, Middle East

Estimated global catalysts market growth



*Compound annual growth rate **Excluding precious metals

Targets for BASF Catalysts
– Growth target (2007–2012): 7% p.a.
– Maintain high margins

BASF levers to outperform these markets
Largest global catalyst R&D capability | Recognized precious metals expertise | Operational excellence in catalyst production and use | Strong customer relationships | Unrivaled position in Asia Pacific

Focus of R&D
Innovation in Catalysts is crucial for all our product groups. For process catalysts new and improved products are priorities. For environmental technologies the focus lies on improved products to meet new exhaust gas standards especially for diesel.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Environmental catalysts	Acquisition of ReeCat motorcycle catalysts, China	2006

Investments (from 2007 onwards)

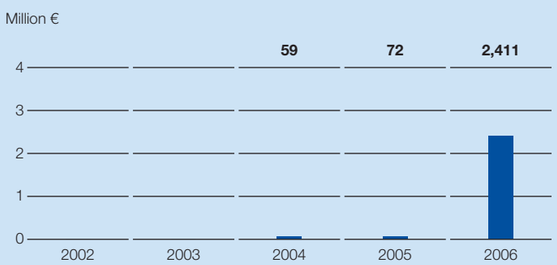
Product group	Description	Year
Environmental catalysts	Diesel capacity expansion in Huntsville, Alabama	2008
Environmental catalysts	Capacity expansion in Chennai, India	2008
Environmental catalysts	New manufacturing plant in Moscow region, Russia	2008
Refinery catalysts	Capacity expansion in Savannah/Attapulgus, Georgia	2008
Polyolefin catalysts	Capacity expansion in Pasadena, Texas, and Tarragona, Spain	2008
Chemical catalysts	Capacity expansion in DeMeern, the Netherlands	2008

Innovation examples
1. Catalyzed Soot Filter: First traps particulates from diesel engines, then uses patented catalyst technology to burn them.

2. NaphthaMax II™: Catalyst that significantly boosts gasoline yield from crude oil refining.

3. Novel Metal Zeolites: New high-performance materials for diesel catalyst applications.

Sales development*



*BASF catalyst business as of 2004 and Engelhard catalyst business as of June 6, 2006

Sales by major industries 2006

	%
Motor vehicles	45
Chemicals	16
Petroleum and coal	14
Plastics and rubber	7
Others	18

Sales by region 2006

	%
Europe	39
North America (NAFTA)	36
Asia Pacific	15
South America, Africa, Middle East	10

Petrochemicals

Petrochemicals are the heart of our unique Verbund concept

Key drivers of profitability

Cost leadership
Economies of scale
Leading process technology
Efficient production process
High capacity utilization

Key capabilities of BASF

World-scale production facilities
Production close to customers in growth regions
Strong market position and application know-how
Cost benefits from backward integration (Verbund) and leading technology position

The Petrochemicals division is the profitable cornerstone of BASF's petrochemical-based value chains throughout the regions. The division manufactures and markets a broad portfolio of cracker products, industrial gases, alkylene oxides, gylcols, solvents and plasticizers. Major importance is attached to providing highly competitive, intelligent solutions for the raw material requirements of external and internal customers.

Main products
Ethylene | Propylene | Butadiene | Alkylene oxides and glycols | Aromatics | Solvents (Solvenon®) | Plasticizers (Palatinol®) | Hexamoll®DINCH

BASF market position
Oxo C4 alcohols #1 | Plasticizers #2 | Ethylene oxide and ethylene glycols #2 in Europe

Main competitors
Cracker products: ExxonMobil Chemical, Sabic, Shell Chemicals | *Solvents:* Dow, Eastman, Oxea | *Plasticizers*: ExxonMobil Chemical, Eastman, Oxeno, UPC, Aekyung | *Alkylene oxides and glycols:* Dow, Sabic, Shell Chemicals, Ineos

Most interesting, fastest growing markets
Plasticizers and solvents in Asia, especially China | Glycols and ethylene oxide derivatives in Asia

Estimated market growth (2007–2012): Solvents +3% | Plasticizers +2.5% | Alkylene oxides and glycols +4%

BASF levers to outperform these markets
Plasticizers: Innovative products, e.g. Hexamoll®DINCH | *Solvents:* New competitive products (2-PH) and optimized production structure | *General:* Leading technology position

Focus of R&D
The focus of R&D activities is on developing new and improved processes by adapting and optimizing feedstocks to supply our Verbund value chains at competitive costs. Product innovation is primarily focused on plasticizers.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Butadiene	New plant in Port Arthur, Texas[1]	2004
Ethylene, propylene, aromatics, ethylene glycols, oxo alcohols	Start-up of production in Nanjing, China[2]	2005
2-Ethylhexanol	Capacity expansion Freeport, Texas	2005
Cyclohexane	New plant in Mannheim, Germany	2006
2-Propylheptanol	Conversion of 2-EH Pasadena, Texas	2006

Investments (from 2007 onwards)

Product group	Description	Year
Ethylene, propylene, benzene	Steamcracker expansion in Antwerp, Belgium	2007
Plasticizers	New plant in Pasadena, Texas	2007
Hexamoll®DINCH	Capacity expansion in Ludwigshafen, Germany	2007
Ethylene, propylene, butadiene, ethylene oxide, oxo C4, glycol ether	2nd phase in Nanjing, China[2]	2009

[1] BASF 24%, [2] BASF 50%

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Phthalic anhydride, Diethylhexylphthalate (DEHP)	Closure of production at Feluy, Belgium	2005
2-Ethylhexanol (2-EH)	Closure of production in Ludwigshafen, Germany	2005

Major capacities of BASF

Ethylene	(Propylene)	Port Arthur, Texas[1]	935 kt	(830 kt)
		Antwerp, Belgium	800 kt	(450 kt)
		Ludwigshafen, Germany	620 kt	(350 kt)
		Nanjing, China[2]	600 kt	(300 kt)
		Tarragona, Spain	–	(350 kt)
Benzene		Ludwigshafen, Germany	300 kt	
		Antwerp, Belgium	250 kt	
		Nanjing, China[2]	130 kt	
		Port Arthur, Texas[1]	110 kt	
Ethylene oxide (equivalents)		Antwerp, Belgium	420 kt	
		Ludwigshafen, Germany	285 kt	
		Nanjing, China[2]	250 kt	
		Geismar, Louisiana	220 kt	
Oxo C4 alcohols		Ludwigshafen, Germany	560 kt	
		Freeport, Texas	300 kt	
		Kuantan, Malaysia[1]	250 kt	
		Nanjing, China[2]	250 kt	
Plasticizers (incl. Hexamoll®DINCH)		Ludwigshafen, Germany	360 kt	
		Pasadena, California	125 kt	
		Kuantan, Malaysia	100 kt	
		Cornwall, Canada	35 kt	

[1] BASF 60%, [2] BASF 50%

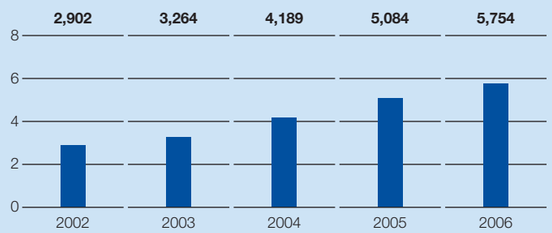
Innovation examples
1. Product innovation – Monopropylene Glycol: Design of new process based on glycerin, by-product of biodiesel, nearly completed. Switch from oil to glycerin as raw material basis very attractive and competitive. Feasibility of world-scale plant under evaluation.

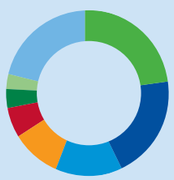
2. Process innovation – New production process for plasticizers: Higher capacities, reduced alcohol loss, reduced waste water.

3. Product/process innovation – DPHP Plasticizer: Broad application properties and cost-effective raw material source.

Sales development

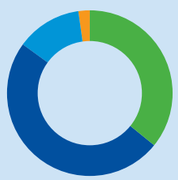
Million €





Sales by major industries 2006

	%
Chemicals	23
Petroleum and coal	20
Plastics and rubber	13
Construction	10
Motor vehicles and parts	6
Food and beverage	4
Agriculture	3
Others	21



Sales by region 2006

	%
Europe	36
North America (NAFTA)	49
Asia Pacific	13
South America, Africa, Middle East	2

Intermediates

After restructuring, highly profitable with strong innovation pipeline

Key drivers of profitability

'Value over volume' strategy
Achieving technological and cost leadership
Offering customized innovative products
Global production presence

Key capabilities of BASF

Global set-up
Leading market positions
Technology leadership
Economies of scale, cost leader at Verbund sites
Highly qualified and experienced personnel with strong market knowledge and technical capabilities to provide superior solutions to our customers

The Intermediates division manufactures approximately 600 products which are sold worldwide. They are generally quite resilient to economic cycles and are often the result of multi-step production processes within BASF. Customers typically purchase them as precursors for their downstream chemicals.
Besides external sales the division sells its products within BASF, with internal transfers accounting for 25% of the division's total sales.

Main products
Amines: Ethanolamines and derivatives | Alkylamines, aromatic amines | Specialties | Gas treatment technology
Butanediol and derivatives: Tetrahydrofurane, PolyTHF® | Gamma-butyrolactone, N-Methylpyrrolidone
Polyalcohols and specialties: 1,6-Hexanediol (HDO®) | Neopentylglycol (Neol®) | Carbonates, special acetylenics
Acids and specialty intermediates: Formic acid | Propionic acid, 2-ethylhexanoic acid | Specialties like phosgene derivatives

BASF market position
BASF is among the top three producers worldwide of the main products of its four strategic intermediates' business units (see above).

Main competitors
Amines: Taminco, Dow, Huntsman | *Butanediol and derivatives:* ISP, Invista, Lyondell, Dairen, Mitsubishi, new entrants, esp. Chinese | *Polyalcohols and specialties*: Eastman, Ube | *Acids and specialty intermediates:* Kemira, Perstorp

Most interesting, fastest growing markets
Spandex in Asia | Oilfield chemicals | Specialty coatings/resins | Epoxy

Estimated market growth (2007–2012): Amines +4% | Butanediol and derivatives +6% | Polyalcohols and specialties +4% | Acids and specialty intermediates +3%

Focus of R&D
Innovation in Intermediates is key for all product groups to grow businesses and improve profitability. Whereas for butanediol and derivatives the focus lies on process improvements, amines, polyalcohols, acids and specialties develop many new products using value chain integration, our broad technological strength and close customer partnerships.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
PolyTHF®	New plant in Caojing, China	2005
Formic/Propionic acid, methylamines, DMF	New plant in Nanjing, China	2005

Investments (from 2007 onwards)

Product group	Description	Year
Alkylethanolamines	New plant in Geismar, Louisiana	2007
Cyclododecanone	New plant in Ludwigshafen, Germany	2009

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
THF, gamma-Butyrolactone, N-Methylpyrrolidone	Closure in Feluy, Belgium	2005
Tetrahydrofurane, PolyTHF®	Closure in Yokkaichi, Japan	2006

Divestitures/Shutdowns (from 2007 onwards)

Product group	Description	Year
Tetrahydrofurane	Mothballing in Caojing, China	2007

Major capacities of BASF

1,4-Butanediol	505 kt
1,6-Hexanediol (HDO®)	42 kt
Alkylamines	221 kt
Ethanolamines and derivatives	270 kt
Formic acid	230 kt
Neopentylglycol (Neol®)	145 kt
PolyTHF®	185 kt
Propionic acid	110 kt

Innovation examples
1. Gas Scrubber (Castor): As part of the "Castor" research project sponsored by the European Union (EU), BASF is developing innovative solvents enabling efficient removal of carbon dioxide (CO_2) from power plant exhaust gases.

2. Processing of cellulose with ionic liquids: In cooperation with the University of Alabama and holding key intellectual property rights under license, BASF is investigating the processing of cellulose in technically useful concentrations through the use of ionic liquids.

3. CDon (cyclododecanone): BASF is building a production plant in Ludwigshafen, Germany, for CDon. The innovative process consists of three stages instead of the five previously required.

4. Tekion: BASF and the U.S.-based company Tekion Inc. are collaborating on the development of replaceable formic acid cartridges for use in Tekion's micro fuel cell technology for mobile electronic devices.

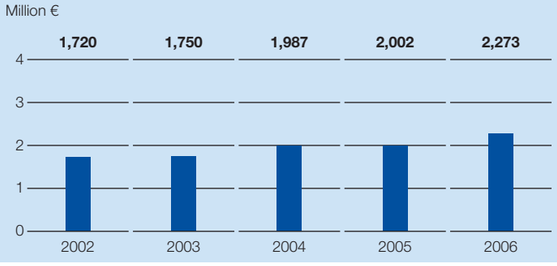

1


2


3


4

Sales development



Sales by major industries 2006

	%
Chemicals	22
Transportation incl. automotive	12
Plastics and rubber	11
Agriculture	10
Construction	9
Food and beverage	8
Pharmaceuticals	5
Others	23

Sales by region 2006

	%
Europe	51
North America (NAFTA)	17
Asia Pacific	27
South America, Africa, Middle East	5

Plastics

BASF is a globally leading supplier of plastics – the eco-efficient materials of the future. In standard plastics, we have a portfolio of focused product lines and highly efficient marketing processes. In our business with specialties, we offer a wide range of high-value products, system solutions and processes. In close cooperation with our customers, we constantly extend this range and add new applications.

Segment data[1]

Million €	2002	2003	2004	2005	2006
Sales to third parties	8,477	8,787	10,532	11,718	12,775
Share of total BASF sales (%)	26.3	26.3	28.1	27.4	24.3
Thereof Styrenics	3,387	3,626	4,450	4,518	4,994
Performance Polymers	2,270	2,239	2,587	2,909	2,932
Polyurethanes	2,820	2,922	3,495	4,291	4,849
Intersegmental transfers	436	541	677	471	526
Sales including intersegmental transfers	8,913	9,328	11,209	12,189	13,301
Income from operations before depreciation and amortization (EBITDA)	1,114	794	1,193	1,504	1,715
EBITDA margin (%)	13.1	9.0	11.3	12.8	13.4
Income from operations (EBIT) before special items	593	363	752	1,031	1,216
EBIT before special items margin (%)	7.0	4.1	7.1	8.8	9.5
Income from operations (EBIT)	582	296	694	1,015	1,192
EBIT margin (%)	6.9	3.4	6.6	8.7	9.3
Income from operations (EBIT) after cost of capital	–	–	–	378	514
Assets	6,174	5,598	6,187	6,639	6,911
Research and development expenses	138	142	136	135	145
Additions to property, plant and equipment and intangible assets	636	539	473	490	631

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

Factors influencing sales
Contribution to sales growth (%)

	2002	2003	2004	2005	2006
Volumes	12	9	9	1	5
Prices	(5)	5	15	9	4
Currencies	(3)	(9)	(5)	1	0
Acquisitions/divestitures	0	(1)	1	0	0
Total	**4**	**4**	**20**	**11**	**9**

Segment sales in 2006

	Million €
Styrenics	4,994
Performance Polymers	2,932
Polyurethanes	4,849

Styrenics

Leading supplier of standard styrene polymers and specialty thermoplastics and foams

Key drivers of profitability

Steering global capacities
Consistent orientation according to business models
Supply and demand balance for styrene monomers
Cost competitiveness along the styrene monomers value chain
Ability to innovate
Competitive raw material sourcing

Key capabilities of BASF

Clear focus on business models specialties and commodities
State-of-the-art technology and process expertise
Global customer offering with attractive product and service portfolio
Innovation platform

BASF's Styrenics division is one of the largest producers of polymers based on styrene monomer, including standard materials and tailor-made specialties. Foamable materials based on polystyrene are ideal for efficient insulation of buildings. Specialty foams are used in a wide variety of areas including automotive, aircraft construction and furniture-making. Standard polymers can be found in a broad range of applications including packaging, appliances and office equipment.

Main products
Polystyrene PS | Expandable polystyrene EPS (Styropor® and Neopor®) | Extruded polystyrene XPS (Styrodur®) | Styrene-acrylonitrile copolymers SAN (Luran®) | Acrylonitrile-butadiene-styrene copolymers (Terluran®) | Acrylonitrile-styrene-acrylate copolymers ABS (Luran® S) | Methacrylate-acrylonitrile-butadiene-styrene copolymers (Terlux®) | Styrene-butadiene-block copolymers SBC | Melamine resin foam (Basotect®)

BASF market position
Commodities: Styrene #1 | Expandable polystyrene #1 | Polystyrene #2 | ABS/SAN #3 | *Specialties:* Foams among top 3 | Thermoplastics #1

Main competitors
PS: Dow, Total, Nova-Innovene | *ABS/SAN:* ChiMei, LG, Formosa, Lanxess | *EPS:* Loyal, Xingda, Taita | *SM:* Shell, Dow, Total

Most interesting, fastest growing markets
Insulation material to save energy; supported by products such as Styropor® and Neopor® | Strong demand for specialties e.g. Ecoflex®, Ecovio® and Basotect®

Estimated market growth (2007–2012): PS +1–2% | SBC +4–5% | ABS/SAN +5% | SM +3% | Specialties >10%

BASF levers to outperform these markets
Leveraging economies of scale for commodities and unique value propositions for specialties | Innovation in products, applications, processes and business models

Focus of R&D
For specialties, the focus lies on new product and application development for customer industries such as building and construction (e.g. insulation materials for energy savings), medical technology and packaging (e.g. biodegradable material). Developing new and improved processes and technologies are the priorities in R&D for the styrenic commodities business.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Styrene copolymers	Production start of new plant in Antwerp, Belgium	2004
Styrene copolymers	Acquisition of Lanxess business in Europe and South America and Repsol business in Europe	2006

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Polystyrene	Sale of business in USA and Canada	2005
Styropor®	Closure of production in South Brunswick, New Jersey	2005
Polystyrene	Shutdown of plant in Tarragona, Spain	2006

Major capacities of BASF

Styrene	2,600 kt
Polystyrene	1,500 kt
Styropor®, Neopor®	780 kt
Terluran®, Luran®, Luran® S	760 kt

Innovation examples
1. Product innovation – Palusol®, new sandwich panels for fire doors: Fire-protection panels as a sandwich system (SW) in conjunction with high-density fiber panels (HDF). The Palusol® panels can be glued to other door components. Certified to resist fire for 20 to 90 minutes.

2. Business model innovation – PermaSkin®: Tailor-made system combining the Luran® S material, a custom-formulated adhesive system plus application and technology know-how. The 3-dimensional joint and solid timber products are used e.g. for frames and relief surfaces, door infill panels and MDF table tops.

3. Product innovation – Basotect® TG: First thermoset foam that can be shaped under heat. *Basotect® UL:* Able to meet aircraft construction requirements in terms of sound protection and weight reduction. *Basotect® UF:* For cushioning mattresses and upholstering sofas. Very fire-resistant, facilitating compliance with the stringent safety regulations of American consumer-protection authorities.

4. Process innovation – Neopor® the new expandable polystyrene: Represents the basis for a new generation of thermal insulation materials. The silver-gray foamed granules are used to manufacture insulation panels for walls and roofs. The granules contain special, small graphite particles which reflect heat waves like a mirror, thus reducing heat loss in the house.

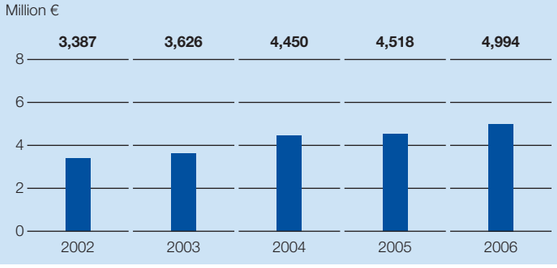

1


2


3


4

Sales development



Sales by major industries 2006

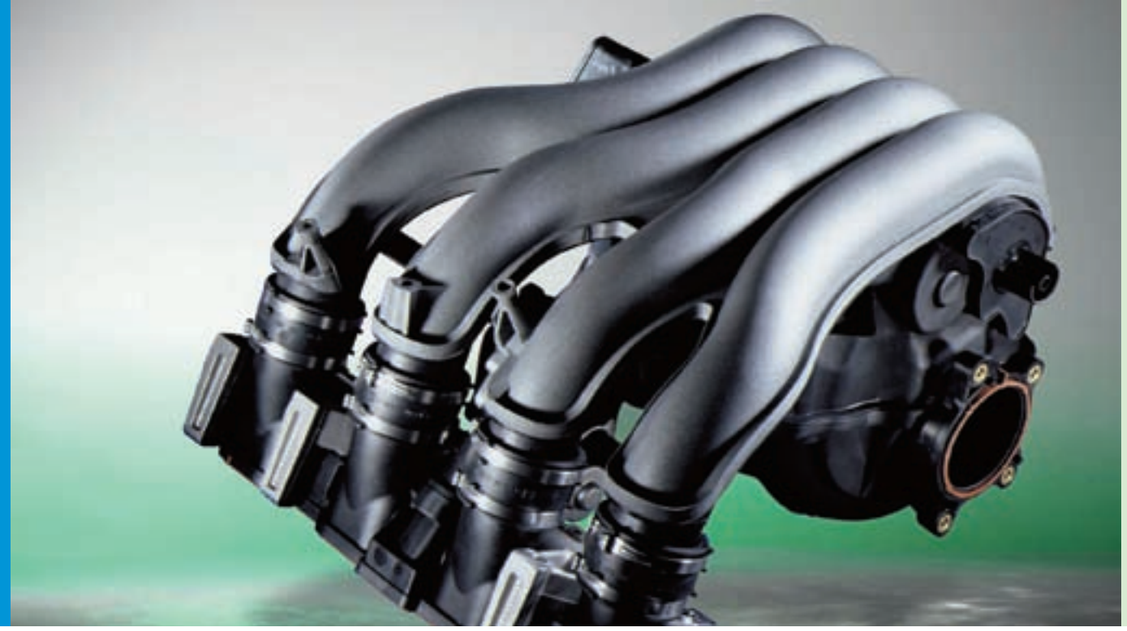
	%
Electrical and electronics	22
Packaging	22
Construction	20
Others	36

Sales by region 2006

	%
Europe	47
North America (NAFTA)	19
Asia Pacific	27
South America, Africa, Middle East	7

Performance Polymers

Leading supplier of engineering plastics, extrusion polymers and fiber intermediates



Key drivers of profitability

Cost leadership

Portfolio shift to higher value-added products

Global optimization along the entire value chain

Disciplined capital expenditure

Key capabilities of BASF

Operational excellence (reliability, cost leadership)

Global integration of production and supply patterns

Innovation in product and application developments

Technical and engineering competence

Close customer relationships and ability to serve key customers globally

BASF's Performance Polymers division is one of the world's leading suppliers of engineering plastics, extrusion polymers and fiber intermediates, which can be found in a broad spectrum of industries including automotive, electrical and electronics, food packaging, textile and carpet fibers as well as home and leisure.

Main products
PA compounds, extrusion, spinning polymers (all Ultramid®) | PBT (Ultradur®), POM (Ultraform®) | PES/PSU (Ultrason®) | Adipic acid | Caprolactam

BASF market position
Engineering plastics #2 | Extrusion #1

Main competitors
Engineering plastics: DuPont, Rhodia, Lanxess, Ticona, GEP | *Caprolactam:* DSM, CPDC, Ube | *Ultramid® (spinning polymers):* LiPeng, Zig Shen, Honeywell | *Ultramid® (extrusion polymers):* Ube, DSM, Lanxess

Most interesting, fastest growing markets
Engineering plastics in emerging Asian markets | Ultramid® and Ultradur® in automotive and E&E applications | Extrusion in food packaging

Estimated market growth (2007–2012): Engineering plastics +5% | PA packaging, monofilament applications +4%

BASF levers to outperform these markets
Strong customer focus in R&D | Innovation in products, applications and process development | Close customer relationships with ability to serve key customers globally | Globally best business for commodities | New process technologies

Focus of R&D
Innovations focus on developing new applications for engineering plastics in close cooperation with customers, developing engineering plastics and packaging materials with enhanced properties and securing competitiveness of our value chains.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
PA compounds	Acquisition of Leuna Miramid	2005
PA, POM, and PBT compounds	Acquisition of LATI's engineering plastics activities in North America	2005
PBT	New PBT plant at Kuantan, Malaysia; 50:50 joint venture between BASF and Toray	2006
Compounds	New compounding plant in Altamira, Mexico	2006

Investments (from 2007 onwards)

Product group	Description	Year
Compounds	New compounding plant in Pudong/Shanghai, China	2007
PA 6	New production line for polyamide 6 polymers in Freeport, Texas	2007
Ultrason®	Expansion of Ultrason® (PES/PSU) capacity in Ludwigshafen, Germany	2007
Ultraform®	Expansion of Ultraform® (POM) capacity in Ludwigshafen, Germany	2008

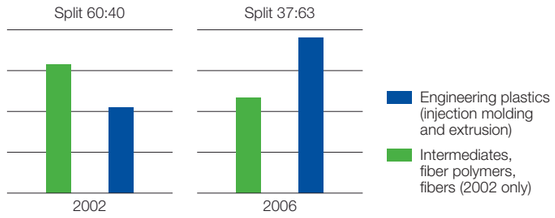
Divestitures/Shutdowns (from 2007 onwards)

Product group	Description	Year
Polyamide 6	Shutdown of PA 6 production facilities in Enka, North Carolina	2007

Major capacities of BASF

Polyamide	670 kt
Compounding	465 kt
PBT	80 kt
POM	40 kt
Ultrason®	6 kt
Caprolactam	740 kt

Portfolio shift to higher value-added products



Innovation examples

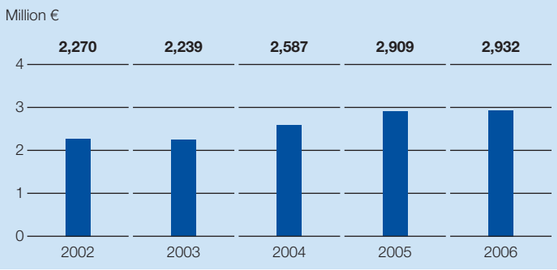
1. Plastic replaces magnesium construction: Audi Q7 fitted with airbag housing made of BASF's polyamide (Ultramid®), sufficiently elastic under cold conditions but also rigid enough at high temperatures, easier to process than magnesium and exhibits good flame-retardant behavior.

2. First thermoplastic truck-engine oil sump in Mercedes Actros: The sump is a large component, usually made from either light alloy or SMC.

3. Ultradur® High Speed (New super flow PBT through nanotechnology): Due to significantly reduced melt viscosity of PBT (polybutylene terephthalate) it flows at least twice as fast as comparable standard Ultradur® grades.

4. Novel plastic part developed using integrative simulation method: The lower bumper stiffener (LBS) is a functional part to diminish the risk of serious knee injury in the event of a collision with a pedestrian.

Sales development



Sales by major industries 2006

	%
Automotive	25
Textile	19
Packaging	10
Electrical and electronics	10
Carpet	9
Others	27

Sales by region 2006

	%
Europe	47
North America (NAFTA)	29
Asia Pacific	22
South America, Africa, Middle East	2

Polyurethanes

Strong focus on specialty business through system houses

Key drivers of profitability

Supply and demand balance MDI, TDI, PO

Cost leadership along the entire value chain

Access to cost-leading and reliable technologies – capacity to operate

Main raw materials benzene, toluene, propylene

Size and setup of specialty business

Key capabilities of BASF

Globally balanced strong market position with local production

Cost (integrated world-scale plants) and technology leadership (isocyanates and HPPO)

World leader in PU specialties (systems, TPU, Cellasto)

Capacity to innovate (products and technologies)

BASF's Polyurethanes division is one of the world's three largest producers of polyurethanes: important specialty plastics used to produce a wide spectrum of rigid, flexible, foamed and compact components for consumer products.

Main products
PU basic products (isocyanates MDI and TDI, polyetherols, polyesterols) | PU systems | PU special elastomers (thermoplastic PU, microcellular PU)

BASF market position
MDI among top 2 | TDI among top 2 | PEOL among top 3 | PU Specialties # 1

Main competitors
MDI: Bayer Material Science, Huntsman Polyurethanes, Dow | *TDI:* Bayer Material Science, Dow, Borsodchem | *PO/PEOL:* Dow, Bayer Material Science, Shell | *Specialties:* Bayer Material Science, Dow, Huntsman Polyurethanes, Lubrizol

Most interesting, fastest growing markets
PU globally | MDI globally | PU Asia | PU Eastern Europe

Estimated market growth (2007–2012): PU Europe+ 4–5% | PU Asia +6–7% | PU Americas +3–4% | PU Global +5–6%

BASF levers to outperform these markets
World-scale production plants in all major regions with debottlenecking potential | Innovative, cost-leading HPPO technology | Successful system house concept

Focus of R&D
Process innovation aims to optimize existing production processes and develop new, highly efficient processes offering considerable cost advantages. An example is the innovative HPPO process, for which we have started construction of a world-scale plant in Antwerp, Belgium, together with Dow Chemical. In polyurethane product and system development we work closely with our customers to improve existing solutions and find new ones. Furthermore we are developing new applications such as Elastocoast®, a PU-based solution to protect dams and dykes against storms.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Systems	Acquisition of Foam Enterprises, USA and other smaller acquisitions and joint ventures (e.g. RSA, Lagomat)	2004 to 2006
TDI business	Acquisition of customer list from Huntsman	2005
MDI	Expansion investment in Antwerp, Belgium	2005
TDI/MDI	Start-up in Caojing, China	2006

Investments (from 2007 onwards)

Product group	Description	Year
Systems	Acquisition PCC, The Netherlands	2007
MDI	Expansion investment in Antwerp, Belgium	2007
HPPO	Joint venture investment in Antwerp, Belgium	2008
PEOL	Expansion at Geismar, Louisiana	2008
MDI 2	Investment in China under examination	>2010
TDI	Joint venture investment in Europe under examination	2011

Divestitures/Shutdowns (2004–2006)

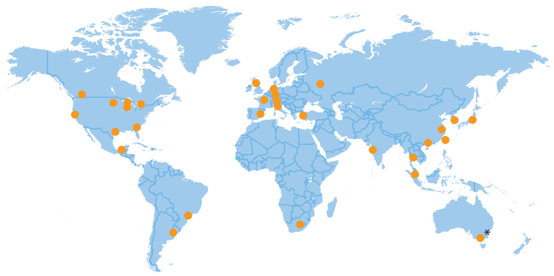
Product group	Description	Year
Systems site Olching, Germany	Closure	2005
Systems site Carrollton, Texas	Closure	2006

Major capacities of BASF

MDI	1,280 kt
TDI	560 kt
Polyetherols	675 kt
Propylene oxide	375 kt[1]

[1] Of which 205 kt are only for Polyurethane applications

Global PU system houses 2006



* Establishment in 2007

Innovation examples
1. HPPO: Innovative process to produce propylene oxide, smaller plant footprint, smaller specific investment, water as only by-product.

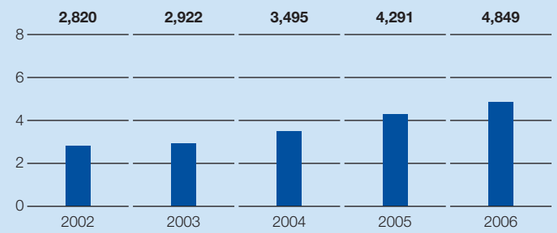
2. Elastocool®: Innovative concept for the consumer refrigeration industry.

3. Elastocoast®: PU adhesive film for gravel stones (rocks, sand etc.), esp. for coastal protection.

4. Elastollan®: New UV-stable generation which is transparent even in extremely thick sections.

Sales development

Million €



Sales by major industries 2006

	%
Furniture	25
Automotive	22
Construction	20
Electrical and electronics	7
Footwear	7
Textile	7
Others	12

Sales by region 2006

	%
Europe	37
North America (NAFTA)	31
Asia Pacific	26
South America, Africa, Middle East	6

Performance Products

Our innovative systems from performance chemistry contribute to the functionality and performance of many everyday products, from cars, paper and construction materials to detergents and babies' diapers. We want to be the key contact for our customers. Our success is based on new products, system solutions and applications that we develop in close cooperation with our customers. Here, the key to success is our powerful research and development organization that aims to solve our partners' problems quickly, flexibly and in line with their needs.

Segment data[1]

Million €	**2002**	**2003**	**2004**	**2005**	**2006**
Sales to third parties	8,014	7,633	8,005	8,267	10,133
Share of total BASF sales (%)	24.9	22.9	21.3	19.3	19.3
Thereof Construction Chemicals	–	–	–	–	1,120
Coatings	2,137	2,015	2,022	2,180	2,337
Functional Polymers	2,534	2,471	2,755	3,198	3,387
Performance Chemicals	3,343	3,147	3,228	2,889	3,289
Intersegmental transfers	326	301	291	352	390
Sales including intersegmental transfers	8,340	7,934	8,296	8,619	10,523
Income from operations before depreciation and amortization (EBITDA)	1,134	907	1,503	1,227	1,117
EBITDA margin (%)	14.2	11.9	18.8	14.8	11.0
Income from operations (EBIT) before special items	653	568	850	890	848
EBIT before special items margin (%)	8.1	7.4	10.6	10.8	8.4
Income from operations (EBIT)	646	478	1,128	863	669
EBIT margin (%)	8.1	6.3	14.1	10.4	6.6
Income from operations (EBIT) after cost of capital	–	–	–	382	(71)
Assets	5,218	4,656	4,538	4,863	9,727
Research and development expenses	222	240	217	214	288
Additions to property, plant and equipment and intangible assets	288	236	304	347	4,490

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

Factors influencing sales
Contribution to sales growth (%)

	2002	**2003**	**2004**	**2005**	**2006**
Volumes	6	2	8	0	2
Prices	(4)	0	1	7	2
Currencies	(4)	(7)	(4)	1	0
Acquisitions/divestitures	0	0	0	(5)	19
Total	**(2)**	**(5)**	**5**	**3**	**23**

Segment sales in 2006

	Million €
Construction Chemicals	1,120
Coatings	2,337
Functional Polymers	3,387
Performance Chemicals	3,289

Construction Chemicals

Leading solution provider in construction chemicals

Key drivers of profitability

Products matching a broad variety of customer needs

Reliability of product performance

Quality of sales and technical service

Anticipating future market trends

Key capabilities of BASF

Customer orientation, proximity to market, experienced staff, high flexibility, established brands

Further potential within BASF Verbund (e.g. global presence, R&D, backward integration)

The new BASF division Construction Chemicals provides optimal system solutions for concrete and innovative products for the construction, flooring and façades markets. BASF Construction Chemicals is a world leader in a dynamic market offering major innovation potential and relatively high margins resilient to economic cycles.

Main products
Corporate brands: PCI – market leader Central Europe for tiling adhesive and repair products
Category brands: Sonneborn® – sealants | Heck®, Senergy® and Finestone® – EIFS (exterior insulating and finish systems) | Ucrete® – functional flooring | Pozzolith® – admixture for concrete and shotcrete | Glenium® – admixtures for the precast industry | Conipur® – world leader in outdoor sport surfaces

BASF market position
Admixture systems: global # 1 | *Construction systems:* Europe and MEA top 2, sports flooring global # 1

Main competitors
Admixture systems: Sika, W.R. Grace, Mapei | *Construction systems:* RPM, Mapei, Bostik, Sika

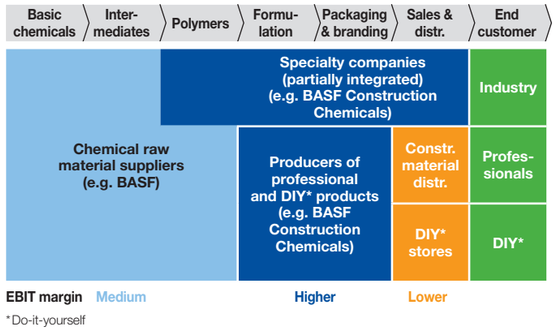
Most interesting, fastest growing markets
For both admixture systems and construction systems: Asia Pacific, Eastern Europe, Middle East/Africa (5–7% annual growth)

Estimated market growth (2007–2012): Admixture systems +5% | Construction systems +4%

BASF levers to outperform these markets
Focus on growth markets, megatrends and lead customers | Further growth potential within BASF Verbund (e.g. global presence, R&D, backward integration)

Focus of R&D
The main targets are to improve the durability of concrete, develop customized and/or lower-cost concrete plasticizers and produce completely new polymers based on novel molecular architectures. Fundamental research into mineralogy and the interaction of polymers and hydraulic binders are crucial for future success. Furthermore we are focusing on reactive resins, non-reactive/water-based polymers and new formulations as well as steady improvement from batch to continuous production processes.

Forward integration into Construction Chemicals



*Do-it-yourself

Investments (from 2007 onwards)

Product group	Description	Year
Concrete admixtures	Acquisition of Hi Con in Sichuan, China	2007
Construction systems – flooring	Investment in tinting concept in Schaffhausen, Switzerland	2007
Construction systems – sealants	Investment in polyurethane sealants in Colorado, USA	2007

Construction Chemicals business portfolio

Operating division	Segment
Admixture Systems	Cement additives
	Concrete polymers
	Manufactured concrete products
	Precast
	Readymix
	Site mix
	Underground constructions
Construction Systems	Building systems
	Expansion joints
	Flooring
	Sealants and adhesives
	Sports flooring
	Tile fixing systems
	Wall systems
	Wood protection

Innovation examples
1. Nanolight®: Improved adhesive strength for tiling, very wide material application range, superior workability.

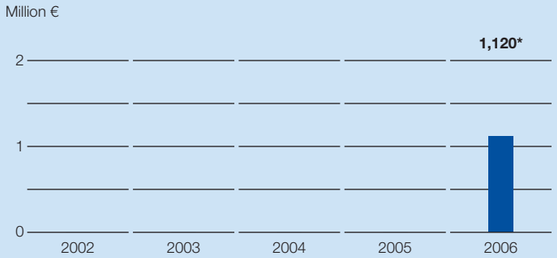
2. Glenium® ACE: Saves energy and reduces curing times in precast (prefabricated) concrete-parts industry, decreases process-related health hazards.

3. Nanocrete®: Easily useable repair mortars with improved shrinkage compensation and adhesive properties.

4. Degadeck®: Reduces application times and is workable in various ambient conditions. Improved lifespan of structure.

5. Degaseal®: Offers superior adhesion to various materials, collects no dust during application and shortens finishing.

Sales development



*Since acquisition of Degussa Construction Chemicals as of July 1, 2006

Sales by channel 2006

	%
Concrete producers/professionals	50
Professional distributors/retailers	35
Contractors and others	10
Do-it-yourself	5

Sales by region 2006

	%
Europe	50
North America (NAFTA)	28
Asia Pacific	14
South America, Africa, Middle East	8

Coatings

Coatings combine protection and aesthetics with eco-efficiency in tailor-made customer products and processes

Key drivers of profitability

Combination of protection and aesthetics as value indicator

Managing raw material price pressure, esp. solvents and resins

Value pricing of additional services along the supply chain

Efficient distribution channels in end-user markets

Innovation transfer into the market

Key capabilities of BASF

Strong premium brands in end-user markets

Innovative long-term cooperation with leading OEM customers

End-user services creating additional value and long-term relationships

Services and tools within automotive industry for handling of color complexity

Leveraging strong market position and application know-how from mature markets into growing markets

BASF's Coatings division offers innovative and environmentally friendly products for the automotive industry, including both finishes and refinishes, and for particular segments of the industrial coatings market. BASF also sells decorative paints mainly in South America for interior and exterior use in residential and commercial buildings. We combine protection and aesthetics with eco-efficiency in tailor-made customer products and processes.

Main products
OEM Automotive E-Coat (CathoGuard®) | Primer (StarBloc®) | BaseCoat (ColorPro®) and ClearCoat (ProGloss®) | Water-based automotive refinish coatings (Glasurit®, R-M®) | Decorative paints (Suvinil®) | Universal, chromate-free coil coating primer (COILTEC®)

BASF market position
Global #3 in OEM automotive coatings | Global #3 in automotive refinish coatings | Global #3 in coil coatings | Decorative paints South America #1

Main competitors
Automotive OEM Coatings: DuPont, PPG, Kansai Paint | *Automotive refinish coatings:* DuPont, PPG, Akzo | *Industrial coatings:* Akzo, Valspar, DuPont | *Decorative paints South America:* ICI, Sherwin Williams

Most interesting, fastest growing markets
Automotive Asia Pacific | Automotive Eastern Europe | Decorative paints South America

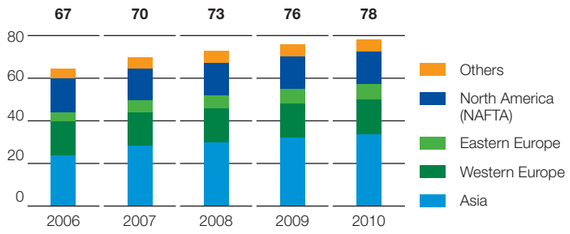
Estimated market growth (2007–2012): Automotive OEM coatings +2% | Automotive refinish coatings +1% | Industrial coatings +4% | Decorative paints South America +4%

BASF levers to outperform these markets
Leading application know-how | Global production and market presence | Technical support on customer site | Innovative products and processes

Focus of R&D
Our innovation efforts for the automotive industry are focused on close partnerships with our customers in order to formulate e.g. new coatings solutions for integrated processes, unique eco-efficient colors, and extremely durable clear coats by using the latest crosslinking technologies (e.g. nano architectures, UV technology). Additional research topics are improved products for new technology markets (e.g. wind energy) and ecological requirements (e.g. chromate-free coil coating primer).

Global passenger car production

Million units



Source: Global Insight, June 2007

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Automotive refinish	ACE business of Akzo	2004
Coatings	Remaining 50% of joint venture with NOF, Japan	2005
Industrial coatings	Coil coatings of Rhenania, Europe	2005

Investments (from 2007 onwards)

Product group	Description	Year
Automotive OEM	New plant in Pavlovski Posad, Russia	2007
Coatings	Resin expansion in Demarchi, Brazil	2008

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Industrial coatings	Wood coatings Europe sold to Akzo	2004

BASF production sites

Europe	Münster, Germany	Clermont, France
	Würzburg, Germany	Guadalajara, Spain
	Schwarzheide, Germany	Burago, Italy
	Deeside, United Kingdom	Verbania, Italy
North America	Belvidere, New Jersey	Decatur, Alabama
	Greenville, Ohio	Tultitlán, Mexico
	Southfield, Michigan	Windsor, Canada
South America	Sao Bernardo, Brazil	Tortuguitas, Argentina
Asia Pacific	Totsuka, Japan	Shanghai, China
	Ako, Japan	Mangalore, India

Innovation examples
1. Integrated Process II: Reduction of one process step by integration of primer functionality into BaseCoat.

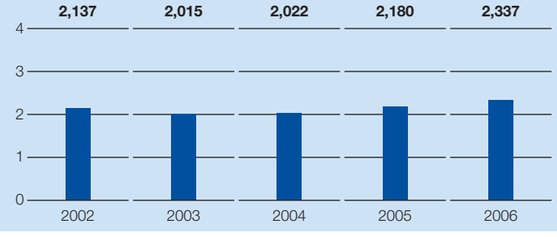
2. UV-curing Refinish BaseCoat: Eco-friendly and economical fast curing resulting in high scratch resistance, extreme hardness and durability.

3. Coil Coatings with effect pigments: Combined functionality of protection and decoration by adaptation of effect colors from spray coatings.

4. Magnetic Paint: Innovative product showing paint as a decorative element and potential substitute for wallpapers and borders, distributed together with Walt Disney-licensed magnets.

Sales development

Million €



Sales by major industries 2006

	%
Automotive OEM	52
Automotive repair and maintenance	23
Construction	21
Others	4

Sales by region 2006

	%
Europe	46
North America (NAFTA)	24
Asia Pacific	12
South America, Africa, Middle East	18

Functional Polymers

Tailor-made functionality in customer products and processes with Functional Polymers

Key drivers of profitability

Supply and demand balance for acrylic monomers

Cost leadership – competitiveness along the entire value chain

Time-to-market for innovations

Long-term partnerships with customers along the acrylic acid value chain

Key capabilities of BASF

Cost benefits from backward integration (Verbund)

World-scale production facilities

Preferred partner for innovative customers with leading technology position

Leveraging strong market position and application know-how from mature markets in growing Asian markets

BASF's Functional Polymers division is one of the world's largest producers of acrylic acid and its downstream products, mainly superabsorbents and dispersions. Functional polymers offer tailor-made functionality in customer products and processes to help our customers achieve product differentiation. Production is largely integrated into the Verbund, giving the division an advantage over non-integrated players, and also includes regional units operating close to customers.

Main products
Acrylic acid | Acrylic esters | Special acrylates | Superabsorbents (HySorb®) | Polymer dispersions (Acronal®) | Paper-processing chemicals | Paper dyes | Polymer dispersions for paper coating | Kaolin pigments

BASF market position
Adhesive and construction polymers European #1 | Paper chemicals global #3 | Acrylic monomers global #1 | Superabsorbents global #2

Main competitors
Acrylic monomers: Rohm&Haas, Nippon Shokubai, Dow, Arkema, FPC | *Superabsorbents:* Degussa, Nippon Shokubai, SanDia | *Polymer dispersions:* Rohm&Haas, Celanese, APP/WPS, Dow | *Paper coating binders:* Dow | *Paper-processing chemicals:* Hercules, Ciba, Kemira, Nalco, Eka, Akzo

Most interesting, fastest growing markets
Acrylic monomers | Superabsorbents Asia | Polymer dispersions for adhesives | Polymer dispersions for construction | Polymer dispersions for architectural coatings

Estimated market growth (2007–2012): Acrylic monomers +3.5% | Superabsorbents +4% | Polymer dispersions +4%

BASF levers to outperform these markets
Long-term cooperation with leading and innovative customers | Investments by BASF to accompany customer growth | Strong application know-how | Specific business models to meet customers' requirements | Cost and technology leadership

Focus of R&D
R&D activities focus on tailor-made system solutions in order to improve products and processes of our customers as well as on process development for acrylic acid, superabsorbents and dispersions. Polymer research into colloids, water-based dispersions and polymer solutions is key to success. Nanotechnology, for example, enables us to develop innovative binders for architectural coatings.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Acrylic acid	Start of production in Nanjing, China	2005
Kaolin	Paper coating pigments from Engelhard	2006

Investments (from 2007 onwards)

Product group	Description	Year
Superabsorbents	New plant in Freeport, Texas	2007
Superabsorbents	Expansion in Antwerp, Belgium	2007
Acrylic acid	Expansion in Antwerp, Belgium	2008

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Polymer dispersions	Closure of Philippines plant	2006

Divestitures/Shutdowns (from 2007 onwards)

Product group	Description	Year
Superabsorbents	Closure of Aberdeen, Mississippi, and Portsmouth, Virginia, sites	2007
Process chemicals	Closure of plant in Kazumi, Japan	2007

Major capacities of BASF

Acrylic acid	Ludwigshafen, Germany	305 kt
	Freeport, Texas	230 kt
	Antwerp, Belgium	160 kt[1]
	Nanjing, China	160 kt
	Kuantan, Malaysia	160 kt
Superabsorbents	BASF Corp., USA	160 kt
	Antwerp, Belgium	115 kt[2]
	Mannheim, Germany	25 kt
	Rayong, Thailand	20 kt

[1] Expansion 2008 to 320 kt [2] Expansion 2007 to 175 kt

Innovation examples
1. COL.9®: Environmentally friendly, water-based binder for architectural coatings with greatly improved dirt-pick-up resistance for "ever-clean" facades.

2. Micronal®: Phase Change Materials: Polymer shells filled with wax that have the ability to absorb and release energy and thus allow effective control of building temperature.

3. Polyvinylamine: Innovative polymer, increasing the strength of paper and board without the use of higher-priced raw materials.

4. Superabsorbents: BASF is developing highly innovative superabsorbent materials for next-generation diapers in strong R&D collaborations with its customers.

5. Acronal® Optive: High-performance binder for the architectural coatings market with the ability to meet current and future U.S. VOC regulations without any loss in product performance.


1


2

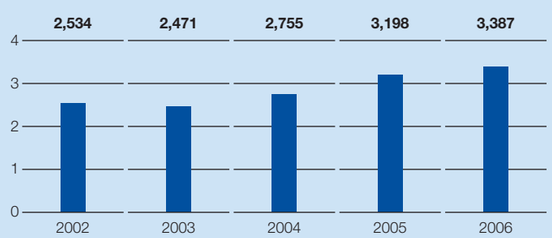

3

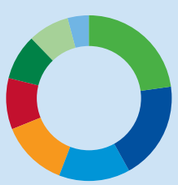

4


5

Sales development

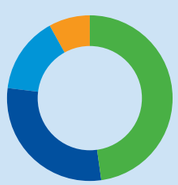
Million €





Sales by major industries 2006

	%
Chemicals	23
Paper	19
Adhesives	14
Hygiene	13
Coatings	10
Construction	9
Packaging	8
Others	4



Sales by region 2006

	%
Europe	48
North America (NAFTA)	29
Asia Pacific	15
South America, Africa, Middle East	8

Performance Chemicals

The core specialty chemicals division of BASF – a consistent earnings contributor with low cyclicality

Key drivers of profitability

Innovativeness and application know-how

Customer proximity and market focus

Focus on segments and regions growing above GDP

Profound understanding of customers' value chains

Competitive cost structure

Key capabilities of BASF

Use of global BASF R&D network to transform customer and consumer needs into chemical solutions

Integration into Production Verbund and BASF value chains

Comprehensive technical and application know-how, competent and individual service close to our customers

Expertise in environmental technologies

BASF's Performance Chemicals division is the core specialty chemicals division of BASF and one of the world's largest manufacturers of high-value performance chemicals. Performance chemicals add superior performance to our customers' products by delivering effects for differentiation in their markets. Performance Chemicals is a consistent earnings contributor to the BASF Group with low cyclicality.

Main products
Inorganic and organic pigments (Sicotan®, Paliogen®, Heliogen®, Mearlin®) | VOC-compliant resins (Joncryl®, Laromer®, Basonat®) | Nonionic surfactants (Lutensol®, Plurafac®, Pluronic®) | Water-soluble polymers (Sokalan®) | Chelating agents (Trilon®) | Engine coolants (Glysantin®) | Fuel performance packages (Keropur®) | Tanning agents (Basyntan®, Relugan®) | Auxiliaries for fabric coloration (Helizarin®)

BASF market position
Among top three players in most relevant industries

Main competitors
Pigments: Ciba, Clariant, Merck | *Resins:* Bayer, Cytec, Rohm&Haas | *Mineral Oil Additives:* Infineum, Lubrizol, Afton | *Automotive Fluids:* Shell, Arteco, Clariant | *Performance Chemicals for Detergents and Cleaners:* Shell, Sasol, Dow | *Textile Auxiliaries:* Clariant, Huntsman, CHT | *Leather Auxiliaries:* Clariant, Lanxess, TFL

Most interesting, fastest growing markets
Estimated market growth (2007–2012): VOC-compliant coating resins: water-based +5–6%; UV-curing +8–9% | Light stabilizers for plastics +4% | Pigment preparations for coatings +4% | Highly reactive polyisobutene for high-performance lubricants +6–7% | Oilfield solutions +4–6% | Greater China market for detergents and cleaners, paper, textile and other formulators +9% | Environmentally friendly surfactants and chelating agents +5% | Asian and South American markets for automotive leather +6–9% | Apparel textile markets in China and India +5–6%

BASF levers to outperform these markets
Strategic alliances with key customers for innovation leadership | Integration into BASF Know-how and Research Verbund | Strong production position and market presence in major growth countries | Comprehensive product portfolios

Focus of R&D
Developing intelligent solutions in close cooperation with our customers is key for Performance Chemicals: 81% of our R&D spending is directly market-driven. In particular, we aim for new, fast growing markets, where we can leverage the diversity of our competencies.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Resins	Acquisition of Johnson Polymer	2006
Pigments	Integration of pigment business acquired with Engelhard	2006
Oilfield chemicals	Integration of oilfield business acquired with Degussa Construction Chemicals and Engelhard	2006

Investments (from 2007 onwards)

Product group	Description	Year
Resins	Start-up of polyisocyanate plant (Basonat®) in Shanghai, China	2007
Mineral oil additives	Three capacity expansions for polyisobutene in Antwerp, Belgium, and Ludwigshafen, Germany	2007/08 start-up
Water-soluble polymers	New plant for polyacrylate polymers (Sokalan®) in Shanghai, China	2008 start-up
Leather auxiliaries	New plant for specialty chemicals for leather tanning (Basyntan®, Tamol®) in Shanghai, China	2008 start-up

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Printing systems	Divestiture of printing systems business	2004/05
Masterbatch	Divestiture of masterbatch business in Australia, Brazil, Malaysia and Indonesia	2004
Pigments	Shutdown of pigment production in Muelheim (Cologne), Germany	2005
Leather and textile	Restructuring of production worldwide	ongoing

Divestitures/Shutdowns (from 2007 onwards)

Product group	Description	Year
Surfactants	Divestiture of Wibarco, Germany, closing expected	2007

Major production sites of BASF
BASF's performance chemicals are produced at 44 sites worldwide. Our most important sites are listed below.

Europe	Ludwigshafen, Germany	S, P, R, M, L&T
	Antwerp, Belgium	S, M
North America	Geismar, Louisiana	S, M
	Wyandotte, Michigan	R
Asia Pacific	Shanghai/Pudong, Caojing, China	R, S, L&T
	Thane, India	S, L&T
South America	Guaratinguetá, Brazil	S, M, P, L&T

Abbreviations: S = Surfactants and Polymers, P = Pigments, R = Resins, M = Mineral Oil Additives, L&T = Leather and Textiles Auxiliaries

Innovation examples

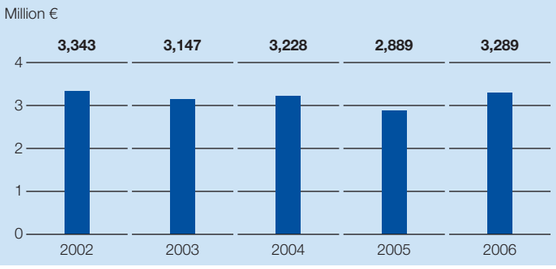
1. Lumogen Black® – New Pigments for Solar Heat Management: Cuts solar heat build-up from incident sunlight in half; increases comfort and durability of outdoor construction elements; black cars stay cool in the sun; increases service life of decorative coatings and printing.

2. Lutensol XL/XP® – Eco-friendly, APEO-free surfactants based on special alcohols from BASF Verbund: Wide range of applications from cleaners to industrial; excellent soil removal – up to 30% higher specific performance versus state-of-the-art surfactants; superior cost-performance ratio.

3. Design-MDF coloring process: BASF's special colorants and processing materials enable production of through-colored medium-density fiberboards (MDF); surface damage remains almost invisible; new design possibilities for interior and furniture design; joint development with wood-based panel manufacturer Glunz AG, Germany.

4. Belmadur® Technology: Enhances properties of soft domestic woods to attain tropical wood performance properties: significantly harder, greater dimensional stability, higher durability; for parquet flooring, window frames, weather-resistant garden furniture.

Sales development



Sales by major industries 2006

	%
Coatings	20
Leather and textile	16
Detergents and cleaners	15
Automotive and oil industry	11
Plastics	8
Others	30

Sales by region 2006

	%
Europe	53
North America (NAFTA)	21
Asia Pacific	18
South America, Africa, Middle East	8

Agricultural Products & Nutrition

Products from this segment protect crops and thus safeguard harvests. We are strengthening our competitiveness with innovative crop protection products. Our broad range of high-value products for health, nutrition and beauty makes us a preferred partner for customers in the pharmaceutical and cosmetic industries and in the areas of human and animal nutrition. In plant biotechnology, we focus on plants for more efficient agriculture, healthier nutrition and for use as renewable raw materials.

Segment data[1]	**Agricultural Products**					**Fine Chemicals**				
Million €	**2002**	**2003**	**2004**	**2005**	**2006**	**2002**	**2003**	**2004**	**2005**	**2006**
Sales to third parties	2,954	3,176	3,354	3,298	3,079	1,970	1,845	1,793	1,732	1,855
Share of total BASF sales (%)	9.2	9.5	8.9	7.7	5.9	6.1	5.5	4.8	4.1	3.5
Intersegmental transfers	21	24	26	29	25	36	20	30	28	17
Sales including intersegmental transfers	2,975	3,200	3,380	3,327	3,104	2,006	1,865	1,823	1,760	1,872
Income from operations before depreciation and amortization (EBITDA)	456	625	887	907	663	137	256	206	89	184
EBITDA margin (%)	15.4	19.7	26.4	27.5	21.5	7.0	13.9	11.5	5.1	9.9
Income from operations (EBIT) before special items	99	294	666	671	378	118	133	97	22	57
EBIT before special items margin (%)	3.4	9.3	19.9	20.3	12.3	6.0	7.2	5.4	1.3	3.1
Income from operations (EBIT)	61	234	602	681	447	(6)	125	56	(58)	(66)
EBIT margin (%)	2.1	7.4	17.9	20.6	14.5	(0.3)	6.8	3.1	(3.3)	(3.6)
Income from operations (EBIT) after cost of capital	–	–	–	159	(48)	–	–	–	(193)	(226)
Assets	5,092	5,523	4,985	5,156	4,458	1,392	1,303	1,308	1,481	1,596
Research and development expenses	285	239	272	303	334	82	70	90	70	70
Additions to property, plant and equipment and intangible assets	88	1,133	100	74	88	157	140	153	222	378

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

Factors influencing sales
Contribution to sales growth (%)

	Agricultural Products					**Fine Chemicals**				
	2002	**2003**	**2004**	**2005**	**2006**	**2002**	**2003**	**2004**	**2005**	**2006**
Volumes	(12)	6	9	(1)	(1)	7	3	6	3	2
Prices	(3)	(8)	(4)	(1)	(3)	(4)	0	(4)	(7)	(3)
Currencies						(4)	(9)	(4)	1	0
Acquisitions/divestitures	0	10	1	0	(3)	0	0	0	1	8
Total	**(15)**	**8**	**6**	**(2)**	**(7)**	**(1)**	**(6)**	**(3)**	**(3)**	**7**

Segment sales in 2006

	Million €
Agricultural Products	3,079
Fine Chemicals	1,855

Agricultural Products

Leading innovator:
solutions for modern agriculture

Key drivers of profitability

New products from research pipeline or from acquisitions

Alignment of resources as well as product and service offering to customers' needs in high-value and innovation-driven markets

Effective management of assets and costs

Key capabilities of BASF

Strong R&D engine, building on track record of successful innovations

Focus on high-value markets and products

Strict portfolio management

BASF's Agricultural Products division directs major resources towards meeting the needs of the high-value agricultural markets in Western and Central Europe, North America, Brazil and Japan. The division aims to sustain its role as a leading innovator by continuing its extensive research and development activities.

Main products
F 500® fungicide | Boscalid fungicide | Epoxiconazole fungicide | Fipronil insecticide | Imidazolinone herbicides

BASF market position
Herbicides #5 | Fungicides #3 | Insecticides #3

Main competitors
Herbicides: Monsanto, Syngenta, Bayer | *Fungicides:* Syngenta, Bayer | *Insecticides/other:* Bayer, Syngenta, Dow

Most interesting, fastest growing markets
Innovation-driven indications: fungicides, insecticides | Strategic/high-value markets: EU, USA, Canada, Brazil, Japan | Promising opportunity markets: Central and Eastern Europe, China, India | Energy crops: corn (maize), sugar cane, oilseed rape (canola) | Fruit and vegetables | Non-crop

Estimated market growth (2007–2012): Fungicides +2% | Insecticides +1–2% | Herbicides –1%

BASF levers to outperform these markets
Focus on high-value markets and products | Innovative solutions | Leading share of business from patent-protected solutions

Focus of R&D
Significant R&D activities focusing on fungicides, insecticides and selected herbicides, where further market growth and high demand for innovation is expected.

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Phenoxy herbicides, triforine, imazamethabenz, phorate, difenzoquat	Divestiture of assets (no production)	2004 to 2005
Production site	Employee buy-out of complete production site in Resende, Brazil	2005
Formulation site	Divestiture of formulation site in Cibitung, Indonesia, and Hsing Feng, Taiwan	2005
Micro Flo	Divestiture of major assets (U.S. market)	2006
Manufacturing site	Closure of agrochemical synthesis in Thane, India	2006
Terbufos	Divestiture of worldwide assets (no production)	2006

Divestitures/Shutdowns (from 2007 onwards)

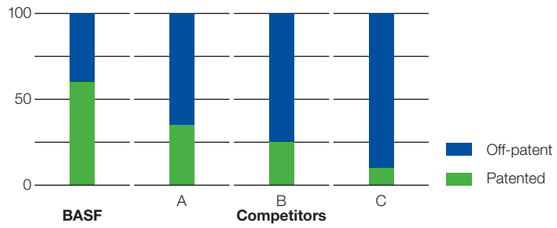
Product group	Description	Year
Cinidon-ethyl	Divestiture of worldwide assets (no production)	2007

Powerful agrochemical R&D pipeline
Higher peak sales potential through new development projects

Stage	Projects	Major crops/ markets	Peak sales potential
Launch	4 Fungicides	Cereals, soybeans, specialty crops	€1,000 million*
	2 Herbicides	Cereals, corn	
	1 Insecticide	Non-crop	
In development	4 Fungicides	Cereals, specialty crops	€800 million
	1 Herbicide	Corn, non-crop	
	1 Herbicide tolerance	Soybeans	
	2 Insecticides	Specialty crops, non-crop	

*Thereof ~ 50% reached in 2006

Sales of products with patented actives as % of total company sales 2005



Innovation examples
1. Boscalid active ingredient: Successfully launched fungicide.

2. Plant Health: Value creation beyond disease control through yield and quality benefits.

3. New active ingredients ready for launch: Orysastrobin rice fungicide and metaflumizone specialty crops insecticide.

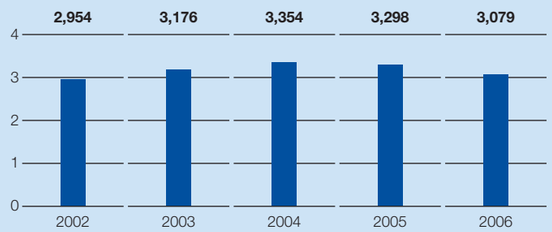
4. Enhanced application technologies such as AquaCap™: Microencapsulation for long-lasting weed control.

5. New products from BASF Technology Verbund, such as Interceptor™: The long-lasting insecticide nets for malaria control.

Plant biotechnology complementing BASF's Agricultural Products division: BASF Plant Science is working on most attractive agronomic and output traits of second and third generation with R&D expenditures of at least €400 million in 2006–2008 mainly reported under "Other" (see pages 24, 29).

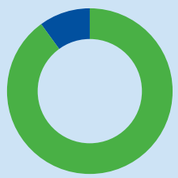
Sales development

Million €



Sales by major product groups 2006

	%
Herbicides	39
Fungicides	38
Insecticides/other	23



Sales by major industries 2006

	%
Agriculture	90
Non-Agricultural*	10

*Aqua-culture, forestry, home and garden, industrial weed control, ornamentals, public health, turf, urban pest control

Sales by region 2006

	%
Europe	45
North America (NAFTA)	29
Asia Pacific	9
South America, Africa, Middle East	17

Fine Chemicals

On profitable track after major restructuring

Key drivers of profitability

Cost leadership for major products in standard quality

Innovative customer solutions for product applications in cosmetics

Flexible capacity and proprietary technology for products in custom synthesis

Key capabilities of BASF

Backward integration into citral value chain of vitamins and aroma chemicals

State-of-the-art formulation technologies for vitamins, carotenoids and other active ingredients

Competence in R&D through BASF platforms

BASF's Fine Chemicals division develops, produces and markets about 1,000 products for health, nutrition and personal care. As a result of targeted research and development, we are a preferred partner of customers from the cosmetic and pharmaceutical industries as well as for human and animal nutrition. The products offered by BASF Fine Chemicals include vitamins, carotenoids, enzymes and organic acids, active pharmaceutical ingredients, excipients and custom-synthesized products, aroma chemicals and cosmetic ingredients.

Main products
Vitamins (vitamin A, E, B_2) and carotenoids | Aroma chemicals (citral, THL) | Hairstyling polymers | UV filters | Excipients | API (caffeine)

BASF market position
In all important product groups for nutrition, pharma and cosmetic solutions, we are among the top 3 players.

Main competitors
Cosmetic solutions: ISP, DSM, Symrise | *Human nutrition:* DSM, several Chinese players | *Animal nutrition:* DSM, several Chinese players | *Pharma solutions:* Lonza, Degussa, Shasun, ISP

Most interesting, fastest growing markets
BASF is market leader for UV filters and citral-based aroma chemicals. Both product groups have excellent growth perspectives within our cosmetics portfolio. Within the attractive pharmaceutical market we expect the custom synthesis business to have the highest growth potential. BASF is concentrating its pharmaceutical activities in this field.

Estimated market growth (2007–2012): Cosmetic solutions +4% | Human nutrition +1% | Animal nutrition +2% | Pharma solutions +5%

BASF levers to outperform these markets
Management of GMP and other regulated products including traceability | Highly effective and efficient innovation management system to collect, assess and realize new ideas for new products and processes.

Focus of R&D
The Fine Chemicals division is shifting the focus of R&D activities from process to product innovation. The core element of our systematic idea generation for new products is to intensify cooperation with our customers in the cosmetics, nutrition and pharmaceutical businesses. Continuous process innovation ensures technological and cost leadership in our major citral-based product lines, vitamin A, vitamin E and carotenoids.

Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
Pharma solutions	Acquisition of Orgamol	2005
Cosmetic solutions	Parts of Engelhard's Appearance and Performance Technologies business	2006

Divestitures/Shutdowns (2004–2006)

Product group	Description	Year
Human nutrition	Closure of vitamin C production in Grenaa, Denmark	2005

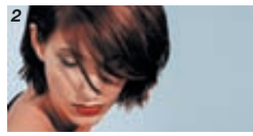
Divestitures/Shutdowns (from 2007 onwards)

Product group	Description	Year
Animal nutrition	Several premix companies sold to Nutreco	2007
Animal nutrition	Closure of lysine production in Gunsan, Korea	2007
Animal nutrition	Closure of animal research station Offenbach/Queich, Germany	2007

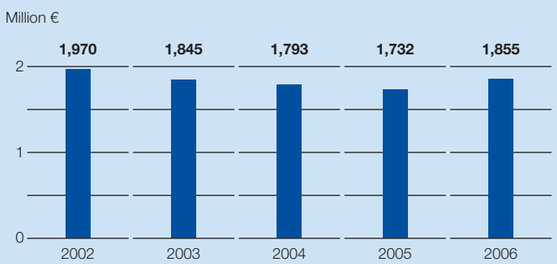
Innovation examples
1. Uvinul® T Lite™ MAX: Provides superior UV protection combined with a lightweight skin feel.

2. Luviquat® Xquisit: Our new conditioning polymer for beautiful hair. This innovative component for shampoos makes hair easier to comb and provides a smoother, silkier feel. Without any further additives.

3. Ludiflash®: An innovative pharmaceutical excipient formulation based on BASF polymers (polyvinylpyrrolidone and polyvinyl acetate), allowing reliable and cost-effective manufacture of orally disintegrating tablets. Ludiflash® results in extremely fast disintegration in the mouth and a smooth and pleasant mouthfeel. Tablets can be taken without water.



Sales development



Sales by major industries 2006

	%
Animal nutrition	40
Cosmetic solutions	25
Pharma solutions	20
Human nutrition	15

Sales by region 2006

	%
Europe	46
North America (NAFTA)	26
Asia Pacific	19
South America, Africa, Middle East	9

Oil & Gas

As the largest German producer of oil and gas, we benefit from our many years of experience in exploration and production and our focus on areas that are rich in oil in Europe, North Africa, South America as well as Russia and the Caspian Sea area. Together with our partner Gazprom, we are making use of the opportunities that are arising from increasing demand and the liberalization of the European gas markets through marketing, transporting and storing natural gas.

Segment data[1]

Million €	2002	2003	2004	2005	2006
Sales to third parties	4,199	4,791	5,263	7,656	10,687
Share of total BASF sales (%)	13.0	14.4	14.0	17.9	20.3
Thereof natural gas trading	2,173	2,627	2,781	4,157	6,132
Intersegmental transfers	363	498	546	723	1,062
Sales including intersegmental transfers	4,562	5,289	5,809	8,379	11,749
Income from operations before depreciation and amortization (EBITDA)	1,504	1,734	2,098	2,859	3,766
EBITDA margin (%)	35.8	36.2	39.9	37.3	35.2
Income from operations (EBIT) before special items	1,210	1,365	1,653	2,410	3,245
EBIT before special items margin (%)	28.8	28.5	31.4	31.5	30.4
Income from operations (EBIT)	1,210	1,365	1,643	2,410	3,250
Thereof natural gas trading	301	311	340	316	605
EBIT margin (%)	28.8	28.5	31.2	31.5	30.4
Noncompensable foreign income taxes for oil production	427	505	668	1,072	1,282
Income from operations (EBIT) after cost of capital[2]	–	–	–	911	1,478
Assets	3,648	3,711	4,063	4,895	5,434
Exploration expenses	113	123	195	173	167
Additions to property, plant and equipment and intangible assets	920	323	388	624	545

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.
[2] Noncompensable foreign income taxes for oil production are deducted

Factors influencing sales
Contribution to sales growth (%)

	2002	2003	2004	2005	2006
Volumes	6	13	7	7	7
Prices/currencies	(13)	(1)	3	38	33
Acquisitions/divestitures	1	2	0	0	0
Total	**(7)**	**14**	**10**	**46**	**40**

Segment sales in 2006

	%
Exploration and production	43
Natural gas trading	57

Oil & Gas

Strength through focused E&P activities and gas trading in Europe

Key drivers of profitability

Oil price

Exploration success, successful acquisitions and farm-ins

Selective technology development and deployment

Lean organization

Integrated asset-based gas business

Key capabilities of BASF

Focus on core regions

Technology for the development of complex reservoirs and longstanding experience in enhanced oil recovery (EOR)

Partnership with Gazprom

Modern high-performance gas transportation and storage system in the heart of the European gas market

Wintershall is active in two sectors: oil and natural gas exploration and production (E&P) as well as natural gas distribution and trading. In Europe, the business is driven by the integration of the E&P business and the gas distribution and trading business. Upstream, Wintershall explores, develops and produces gas in and around Europe, with our midstream business (WINGAS) bringing the gas to market. Beyond Europe the E&P business is focused on four additional core regions: North Africa, South America, Russia and the Caspian Sea.

Main products
Oil & gas (E&P) | Natural gas trading (marketing, transportation, storage of natural gas)

Most interesting, fastest growing markets
Estimated market growth (2007–2012): Oil demand, world (E&P) 1.5–2% p.a. | Gas demand, world (E&P) 2.5–3% p.a. | Gas, relevant market 1.3% p.a. (natural gas trading)

BASF levers to outperform these markets
Technology for developing complex oil and gas reservoirs (e.g. extended reach drilling, enhanced oil recovery) | Partnership with Gazprom, access to gas resources | Integrated upstream/midstream player | Security of supply with infrastructure in the heart of Europe (turntable for gas; ownership of largest gas storage facility in Western Europe) | Lean organization

BASF benefits from Oil & Gas business
Long-term security of gas supply in Europe | Hydrocarbon hedge | Significant cash flow | Sustainable profitability

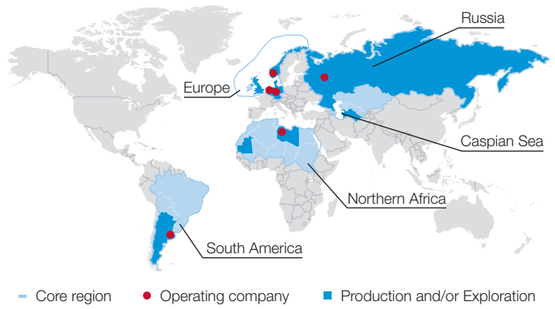
Acquisitions/JVs/Investments (2004–2006)

Product group	Description	Year
E&P	F 16 Platform, The Netherlands	2005
Gas trading	Acquisition of Saltfleetby gas field, United Kingdom (planned conversion to gas storage)	2005
E&P	Yuzhno Russkoye, Russia	2006
E&P	Carina aries, new platform, Argentina	2006
E&P	Mittelplate, offshore Germany, higher capacity drilling rig	2006
Gas trading	Extension of STEGAL, WEDAL pipelines in Germany	2006

Investments (from 2007 onwards)

Product group	Description	Year
Gas trading	50% of HydroWINGAS, United Kingdom	2007
Gas trading	Haidach gas storage facility, Austria	2007
Gas trading	Nord Stream pipeline project with Gazprom	2010

Exploration and production – Core region strategy



Europe
– Traditional strength in oil and gas
– Base for technological expertise

Russia
– Development of Siberian gas
– Acquisition of new projects

Caspian Sea
– Exploration in Russian and Turkmen sectors

Northern Africa
– Established oil production in Libya
– Additional growth opportunities

South America
– Established production in Argentina and further exploration

Recent projects

1. Nord Stream – Northern European Gas Pipeline:
– Major infrastructure project to supply Western Europe with Russian gas (55 billion m³/2 pipelines).
– Gazprom holding 51%, BASF 24.5%, E.ON 24.5% in joint venture
– Total investment €9 billion (100%), BASF share €2.8 billion
– Projected start-up 2010

2. Achimgaz:
– Total reserves: 200 billion m³ gas, 40 million tons condensate
– Development cost: €1.1 billion (100%), BASF share €0.6 billion
– Projected production start 2007

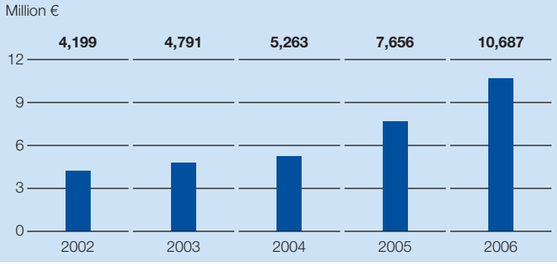
3. Asset swap with Gazprom:
– 600 billion m³ gas reserves in Yuzhno Russkoye, Russia
– Development cost €1.9 billion (100%), BASF share €0.7 billion
– Projected production start in 2008
– BASF with 25% less one share and 10% non-voting shares will significantly improve its reserve base and long-term production volumes
– Gazprom will extend its WINGAS participation (50% less one share, up from 35%)
– Gazprom will participate with 49% share in a Wintershall subsidiary for onshore E&P in Libya


1

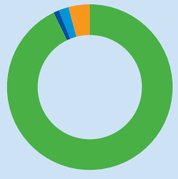
2


3

Sales development



Sales by region 2006



	%
Europe	93
North America (NAFTA)	1
Asia Pacific	2
South America, Africa, Middle East	4

Other

Financial data[1]

Million €	2002	2003	2004	2005	2006
Sales to third parties	1,285	1,377	1,570	1,971	2,509
Intersegmental transfers	564	618	462	468	450
Sales including intersegmental transfers	1,849	1,995	2,032	2,439	2,959
Income from operations before depreciation and amortization (EBITDA)	(382)	(134)	(59)	(295)	(17)
Income from operations (EBIT) before special items	(468)	(230)	(165)	(374)	(191)
Income from operations (EBIT)	(487)	(233)	(214)	(407)	(122)
Assets	8,565	8,091	9,148	6,490	6,692
Research and development expenses	197	183	173	227	262
Additions to property, plant and equipment and intangible assets	471	518	144	127	368

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

Business activities not allocated to any operating division are shown as ‘Other’ and include, among other things:
– Sale of feedstock
– Remaining fertilizer activities
– Engineering and other services
– Rental income and leases

The income from operations recorded under ‘Other’ also includes cost of research related to the BASF Group. ‘Other’ further includes foreign currency results from financial indebtedness that are not allocated to the segments, hedging of forecasted foreign sales, as well as from currency positions that are macro-hedged.

Million €	2002	2003	2004	2005	2006
R&D expenses	197	181	168	225	258
Foreign currency transactions and hedging	(143)	(1)	54	(97)	86
Miscellaneous income and expenses	(147)	(51)	(100)	(85)	50

Composition of assets

Million €	2005	2006
Assets allocated to other activities	1,735	2,050
Financial assets, e.g. participations	1,057	1,841
Marketable securities, cash and cash equivalents	1,091	890
Prepaid expenses, defined benefit assets	424	556
Other receivables, deferred taxes	2,183	1,355
Total assets of ‘Other’	**6,490**	**6,692**

Investor Relations Team

Magdalena Moll
+49 621 60-48002
Head of IR

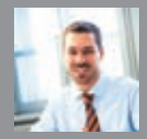
Julia Jörder
+49 621 60-95023
Executive Assistant

Chris Beumelburg
+1 973 245 6013
IR Manager
– U.S. Investors and Analysts
– North America

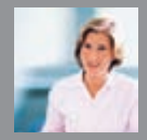
Thilo Bischoff
+49 621 60-21843
IR Manager
– Investors and Analysts Rest of Europe
– Chemicals, Performance Products

Dr. Helke Hillebrand
+49 621 60-20905
IR Manager
– Investors and Analysts Asia
– Agricultural Products & Nutrition

Dr. Volker Seidl
+49 621 60-40415
IR Manager
– UK Investors and Analysts
– Plastics



Markus Zeise
+49 621 60-47016
IR Manager
– Investors and Analysts Germany
– Oil & Gas



Carolin Trieloff
+49 621 60-43263
Junior IR Manager

Andrea Wentscher
+49 621 60-42296
Junior IR Manager

Jennifer Insabella
+49 621 60-94297
Event Manager

Nicole Tremmel
+49 621 60-40308
Event Manager

The following publications are also available:

Financial Reporting

Financial Report 2006

Annual Report 2006 on Form 20-F

Quarterly Reports

Sustainability Reporting

Corporate Report 2006 (covering the issues economy, environment and social responsibility)

Facts and Figures 2007

Important dates

Interim report second quarter 2007
August 1, 2007

Interim report third quarter 2007
October 30, 2007

Full year results 2007
February 21, 2008

Annual Meeting
April 24, 2008, Mannheim

Ex-dividend date
April 25, 2008

Reports and other presentations are available on the Internet at:

corporate.basf.com

Printed copies of publications can be ordered directly from our online mediashop:

corporate.basf.com/mediaorders
by e-mail: medien-service@basf.com
or by phone: +49 621 60-0

BASF Aktiengesellschaft
Investor Relations

Phone: +49 621 60-48230
Fax: +49 621 60-22500
e-mail: investorrelations@basf.com

BASF Corporation
BASF Investor Relations U.S.

100 Campus Drive
Florham Park, NJ 07932, USA
Phone: +1 973 245 6013
Fax: +1 973 245 6714
investorrelations@basf.com