

BASF Aktiengesellschaft

**Annual Meeting
of BASF Aktiengesellschaft
on April 28, 2005**



The Chemical Company

**Invitation to the
Annual Meeting
on April 28, 2005**

March 9, 2005

Dear Shareholders,

The 53rd Annual Meeting of BASF Aktiengesellschaft will again be held at the Congress Center Rosengarten, Rosengartenplatz 2, 68161 Mannheim, Germany, at 10:00 a. m. on Thursday April 28, 2005. Please accept our cordial invitation to this meeting.

With this letter you will find the notice of the Annual Meeting which was published in the electronic Federal German Gazette together with the detailed Agenda of the Annual Meeting required by law and two reports from the Board of Executive Directors.

We would like to provide the following supplementary information on Items 6, 7 and 8 of the Agenda.

In 2004, we bought back a total of 16,203,000 shares using the buyback authorizations granted by the Annual Meeting. Of this amount, 15,403,000 shares have been canceled and the company's share capital has thus been reduced by €39,431,680. From the beginning of this year up to the date of approval of the Consolidated Financial Statements by the Board of Executive Directors, we bought back an additional 3,100,410 shares. In the event of the buyback of further shares between the date of approval of the Consolidated Financial Statements by the Board of Executive Directors and the day of the Annual Meeting, the number of dividend-bearing shares and thus the dividend payout may decrease again. If necessary, we will announce at the Annual Meeting the number of shares that we have repurchased up to this date and adjust the motion for a resolution on the appropriation of profit accordingly.

In the future, we want to continue to buy back our own shares in order to reduce the equity ratio and increase earnings per share in the interest of shareholders. In order to retain this possibility, we again need an authorization by this year's Annual Meeting, which can only be granted for a limited time under law. Under Item 6 of the Agenda, we therefore propose to renew last year's authorization. As in the previous year, we would simultaneously like to extend the authorization requested to allow the use, at a later date, of the shares so acquired for purchase by BASF employees and officers of the company in the exercising of their stock option rights. At the same time, the shares may also be used for the acquisition of companies and holdings. In this connection, we also refer to the enclosed report of the Board of Executive Directors in accordance with Section 71 (1) and Section 186 (4) of the German Stock Corporation Act concerning the exclusion of the subscription right.

Under Item 7 of the Agenda, we propose a supplement to the authorization to buy back our own shares, in order to be able to buy back shares not only through direct purchase on the stock exchange or in connection with a public buyback offer, but also by using derivative financial instruments such as put and call options. In this way, the company is provided with additional room for maneuver and buybacks can be structured optimally. The use of derivative financial instruments enables the company to take advantage of low share prices and reduce the company's total expenditure on share buybacks. Details are given in the report of the Board of Executive Directors drawn up on this point of the Agenda.

Under Item 8 of the Agenda, we propose an adaptation of Article 15 of the Articles of Association to the new law planned as the result of the German Act on Corporate Integrity and Modernization of the Right of Rescission (UMAG). With the amendment of Article 15, the requirement for depositing shares will be replaced by a notification requirement. The introduction of what is known as a record date means that anyone who has given notification within the specified period is authorized to attend the Annual Meeting and exercise their voting right, even if the shares are sold thereafter. The amendment of the Articles of Association will only be notified for entry in the Commercial Register when the Act on Corporate Integrity and Modernization of the Right of Rescission (UMAG) has been published and contains substance that makes the proposed amendment of the Articles of Association possible.

Attendance and proxies

We have a particular interest in shareholders exercising their right to vote at the Annual Meeting and safeguarding their rights in coadministering the company.

Shareholders who do not attend the Annual Meeting in person can exercise their voting rights as usual either through a proxy of their choice with written authorization (for example through a bank or an association of shareholders) or by issuing (in writing or electronically via the Internet) a power of attorney to proxies appointed by our company. In the latter case, the power of attorney must contain instructions on the exercise of the voting right.

Authorizing proxies of our company can be of interest to you, especially if your depository bank refuses to exercise your right to vote at the Annual Meeting.

We would like to point out that even if you cannot or do not wish to attend the Annual Meeting in person, you first need an entrance ticket to authorize in writing or electronically the proxies appointed by our company. You will find further information on proxy in the enclosed leaflet entitled **“Information on attending the Annual Meeting and on proxies.”**

A short report on the business year 2004 is also enclosed with this letter. It includes key financial data. Once again, we are not sending out copies of the Corporate Report, the Financial Statements of BASF Aktiengesellschaft or the Financial Report 2004 with the complete BASF Group Consolidated Financial Statements this year. All these documents, however, will be sent to any shareholder upon request or they can be viewed together with other information about the Annual Meeting on the Internet at www.basf.com via the “Annual Meeting” link.

Very truly yours

BASF Aktiengesellschaft



Hambrecht



Voscherau

We hereby give notice of our

Annual Meeting

On Thursday, April 28, 2005, 10:00 a. m., at the Congress Center Rosengarten, Rosengartenplatz 2, 68161 Mannheim, Germany.

Agenda

1. **Presentation of the Financial Statements of BASF Aktiengesellschaft and the BASF Group Consolidated Financial Statements for 2004; presentation of Management's Analysis for BASF Aktiengesellschaft and the BASF Group for 2004; presentation of the Report of the Supervisory Board**

2. **Adoption of a resolution on the appropriation of profit**

The Board of Executive Directors and the Supervisory Board propose to pay a dividend of €1.70 per qualifying share from the profit retained by BASF Aktiengesellschaft in 2004 in the amount of €918,748,697.00. If the shareholders approve this proposal, a total dividend of €913,478,000.00 will be payable on the 537,340,000 qualifying shares as of the date of approval of the Financial Statements for 2004 (February 22, 2005).

The Board of Executive Directors and the Supervisory Board propose that the remaining profit retained of €5,270,697.00 be carried forward and the profit carried forward be increased accordingly if the number of shares qualifying for dividend and the total dividend paid out are further reduced in the event that further shares are bought back up to date of the Annual Meeting.

3. **Adoption of a resolution giving formal approval to the actions of the Supervisory Board**

The Board of Executive Directors and the Supervisory Board propose that formal approval be given to the actions of the Supervisory Board in 2004.

4. **Adoption of a resolution giving formal approval to the actions of the Board of Executive Directors**

The Board of Executive Directors and the Supervisory Board propose that formal approval be given to the actions of the Board of Executive Directors in 2004.

5. **Election of an auditor for the financial year 2005**

The Supervisory Board proposes that Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt (Main), Germany, be appointed auditors of BASF Aktiengesellschaft and the BASF Group for the financial year 2005.

6. **Authorization to buy back shares and to put them to further use including the authorization to redeem bought-back shares and reduce capital**

The Board of Executive Directors and the Supervisory Board propose that the following resolution be adopted:

The company is authorized to purchase shares of the company in an amount of up to 10 percent of the company's share capital. The shares will be purchased at the discretion of the Board of Executive Directors, via the stock exchange or a public purchase offer addressed to all shareholders. The purchase price per share to be paid by the company may not, subject to sentence 5, exceed the highest market price (plus costs and charges) quoted on the floor or electronically on the Frankfurt Stock Exchange on the date of pur-

chase. It must not be less than 75 percent of this highest price. In the event of a public offer to buy back shares, the purchase price offered and paid for each share may exceed the highest market price by up to 10 percent on the third trading day prior to the publication of the share buyback offer.

Subject to sentences 8 to 11, the Board of Executive Directors may only sell shares purchased on the basis of this authorization after a corresponding additional resolution has been adopted at the Annual Meeting by a majority comprising at least three-quarters of the share capital represented at the meeting. Irrespective of this, the Board of Executive Directors is authorized to redeem the shares purchased on the basis of this authorization without the adoption of a further resolution by the Annual Meeting and to reduce the share capital by the part of the share capital accounted for by the redeemed shares.

The Board of Executive Directors is authorized to use shares acquired on the basis of this authorization to service option rights arising from stock options that have been, or may in the future be, issued in connection with the BASF Stock Option Program (BOP 1999/2000) presented at the Annual Meeting of April 29, 1999 or on the basis of the BASF Stock Option Program presented at the Annual Meeting of April 26, 2001 (BOP 2001/2005). As far as the issue of company shares to the members of the Board of Executive Directors is concerned, these authorizations apply to the Supervisory Board. The Board of Executive Directors is also authorized to use, with the approval of the Supervisory Board, shares acquired by virtue of this authorization for the acquisition of companies, parts of companies or holdings in companies in return for the transfer of shares. The subscription right of shareholders is excluded in respect of these company shares if the shares are sold or transferred under the authorizations specified in preceding sentences 8 to 10.

The authorizations to buy back shares and/or to redeem or resell them may be exercised wholly or partially one or more times. The authorizations to buy back company shares and to resell them may also be carried out, at the discretion of the Board of Executive Directors, by companies of the BASF Group or by third parties for the account of the company or Group companies. The authorization to buy back shares will expire on October 27, 2006.

The authorization to buy back company shares granted by the Annual Meeting on April 29, 2004, terminates with the coming into effect of this new authorization as far as the Board of Executive Directors is authorized to purchase shares. The authorizations, granted at the same time, to redeem shares purchased thereunder, to reissue shares for servicing subscription rights from share options of senior executives and to use the shares for acquiring companies, parts of companies or holdings in companies remain valid.

7. Authorization to acquire own shares using derivative financial instruments

The Board of Executive Directors and Supervisory Board propose the adoption of the following resolution on the use of derivative financial instruments for the buyback of shares in addition to the authorization to buy back shares proposed under Item 6 of the Agenda above:

The buyback of shares on the basis of the authorization decided by the Annual Meeting on April 28, 2005 under Item 6 of the Agenda may also be effected by using put and call options apart from the acquisition on the stock exchange or by a public acquisition offer. The acquisition price paid by the company for options must not be more than, and the selling price for options received by the company must not be less than, the theoretical

market value of the options in question determined by recognized time-adjusted methods, in the determination of which, for example, the agreed strike price must be taken into account. When shares are acquired using put and call options, the acquisition price to be paid by the company corresponds to the strike price agreed in the financial instrument. If, for the buyback of shares, options were used taking into account the preceding sentences 1 to 3, shareholders have no claim, in analogy to Section 186 (3), sentence 4, of the German Stock Corporation Act, to concluding such option transactions with the company.

8. Amendment of Article 15 of the Articles of Association

The Board of Executive Directors and the Supervisory Board propose that the following resolution be adopted:

a) Article 15 shall be amended and reworded as follows:

- “1. An Annual Meeting shall be called with at least thirty days’ notice prior to the day by the end of which the shareholders have to notify their attendance at the Meeting.
2. The right to attend and vote at an Annual Meeting shall be restricted to those shareholders who have notified their attendance before the Annual Meeting in writing, by fax or in text form. The notification must be received by the office specified in the convening not later than the end of the seventh day prior to the Annual Meeting. The company must be provided with evidence of the right to attend the Annual Meeting and exercise the voting right. Evidence of the shareholding shall be provided in writing, by fax or in text form. Confirmation by the depository holding the shares shall suffice as evidence. The evidence shall be provided in German or English. It shall refer to the date specified in the convening prior to the Annual Meeting and shall be received by the office specified in the convening not later than the end of the seventh day prior to the Annual Meeting.
3. Each of the deadlines according to the provisions of Article 15 shall be calculated backward from the date of the Annual Meeting, which itself does not count; in the event that the deadline does not end on a working day, the previous working day that counts shall apply.
4. The shareholder can issue power of attorney and voting instructions in writing or in another manner that is specified by the Board of Executive Directors and made known by the company in the convening of the Annual Meeting.

b) The amendment to the Articles of Association shall on no account be notified for entry in the Commercial Register until the provisions of company law relating to the convening have a content substantially similar to Section 123 of the German Stock Corporation Act in the Government draft of November 17, 2004 of the Act on Corporate Integrity and Modernization of the Right of Rescission and the appropriate act has been published in the German Federal Law Gazette.”

Attendance at the Annual Meeting

Shareholders who deposit their shares at one of the depositories specified below during normal business hours until the end of the Annual Meeting shall be entitled to attend the Annual Meeting and to exercise their right to vote. Any German notary and any collective securities deposit bank also qualify as a depository. Shares shall also be deemed to have been fully deposited if, with the agreement of a depository, they are held for the latter at a bank until the end of the Annual Meeting.

Deposition shall only be valid if made not later than April 21, 2005. Deposition with a notary shall only be valid if the attestation in this respect to be issued by the latter is submitted to one of the depositories not later than April 22, 2005, the serial numbers of the deposited shares to be specified in the attestation.

Depositories in Germany are the company's depository at Carl-Bosch-Str. 38, Ludwigshafen am Rhein, Germany, Building C 100, Room No. 541, and Deutsche Bank Aktiengesellschaft.

Depositories outside Germany are as follows:

Paris:
Société Générale

London:
Deutsche Bank AG, London

Zurich, Basel, Bern and Geneva:
Credit Suisse

If you wish to receive a copy of the Financial Statements of BASF Aktiengesellschaft, the 2004 Financial Report with the BASF Group Consolidated Financial Statements or the Corporate Report, please contact

BASF Aktiengesellschaft
Media Center, GPB/BS – D 107
67056 Ludwigshafen
Germany
Phone: +49 621 60-91827
Fax: +49 621 60-20162
E-mail: info.service@basf-ag.de
Internet: www.basf.de/mediaorders

The reports mentioned and further information about the 2005 Annual Meeting are published on the Internet at www.basf.com via the "Annual Meeting" link and can be viewed there.

Shareholders' motions to be made available according to the German Stock Corporation Act will be published by us on the Internet at www.basf.com via the "Annual Meeting" link if they are received at the following address not later than two weeks before the date of the Annual Meeting:

BASF Aktiengesellschaft
Corporate Legal Department, ZRR – D 100
67056 Ludwigshafen
Germany
Fax: +49 621 60-6641475
or +49 621 60-6649255

Reports of the Board of Executive Directors to the Annual Meeting on April 28, 2004

1. In respect of item 6 of the Agenda, the Board of Executive Directors submits, in accordance with Section 71 (1) No. 8 in combination with Section 186 (4), sentence 2, of the German Stock Corporation Act and Section 193 (2) No. 4, of the German Stock Corporation Act, the following

Report on the exclusion of the subscription right in the event of the reissue of the company's own shares

The resolution proposed to the Annual Meeting under Item 6 of the Agenda (Authorization to buy back shares and on the further use thereof) is also intended to enable the Board of Executive Directors and, where shares are assigned to members of the Board of Executive Directors, the Supervisory Board, to use company shares that have been, or may in the future be, purchased under the buyback authorization to service subscription rights arising from stock options issued under BASF's Stock Option Programs for senior executives submitted to the 47th Annual Meeting held on April 29, 1999 (BOP 1999/2000) and to the 49th Annual Meeting held on April 26, 2001 (BOP 2001/2005). This reissue authorization definitively determines the group of persons to whom the shares may be sold for the purposes of BASF's Stock Option Programs. It is impossible to apply the legal subscription right of shareholders as a result of this arrangement. The Board of Executive Directors reported in detail on the reasons for introducing Stock Option Programs for the senior executives of the BASF Group and the form of Stock Option Programs BOP 1999/2000 and BOP 2001/2005 to the Annual Meetings of April 29, 1999 and April 26, 2001. The Annual Meetings of April 29, 1999 and April 26, 2001 approved the creation of additional capital for servicing subscription rights issued in connection with the Stock Option Programs. These approval resolutions also authorized the company to service the subscription rights with existing company shares.

The use of the company's own existing shares to fulfill the subscription rights arising from the stock options granted to participants is an appropriate way of preventing the dilution of capital holdings and share voting rights as would occur in the case of the fulfillment of subscription rights with newly created shares from conditional capital. The Board of Executive Directors and, if subscription rights are exercised by a member of the Board of Executive Directors, the Supervisory Board, will decide whether to fulfill subscription rights by means of the company's own existing shares or by the creation of new shares from conditional capital, and on the extent to which this is to occur, solely on the basis of the interests of the shareholders and the company. According to the option conditions, the company is also entitled to choose a cash settlement instead of supplying shares in exercising options. Up to now, all subscription rights that have been exercised by the company have been compensated by way of a cash settlement.

As in the previous year, the Board of Executive Directors is to be authorized to use, with the approval of the Supervisory Board, company shares acquired by virtue of the buyback authorization for the acquisition of companies, parts of companies, or holdings in companies in return for the transfer of shares. This reissue authorization will significantly increase the company's room for maneuver in company mergers or the acquisition of companies and holdings. Particularly with the increasingly large corporate units that are involved in such transactions, the considerations can frequently not, or not alone, be met with money without putting undue strain on the company's liquidity or raising its indebtedness to an undesirable extent. The Board of Executive Directors will study on a case-by-case basis whether the reissue or transfer of shares for the purpose of acquiring a company and the associated

exclusion of the subscription rights, also taking into consideration the interests of the previous shareholders, is in the well-understood interests of the company.

2. In respect of Item 7 of the Agenda, we submit the following report:

The resolution proposed to the Annual Meeting under Item 7 of the Agenda (Authorization to buy back shares using derivative financial instruments) is intended, as in the previous year, to authorize the Board of Executive Directors to acquire shares of the company on the basis of the authorization proposed under Item 6 of the Agenda not only via the stock exchange or by means of a public acquisition offer, but to use share capital derivatives in the form of put and call options in acquiring the company's own shares. Through this additional alternative course of action, the company extends its possibilities of structuring the acquisition of its own shares optimally. The Board of Executive Directors intends to use put and call options only as a supplement to the conventional buyback of shares and to buy back, using derivative financial instruments, at most 25 percent of the shares that are acquired under the authorization.

It can be an advantage to the company to sell put options or acquire call options instead of acquiring company shares direct.

When selling put options, the company grants the acquirer of put options the right to sell BASF shares to the company at a price laid down in the put option (strike price). As writer, BASF is obligated to acquire the number of BASF shares laid down in the put option at the strike price. In return, when selling the put option, the company receives an option bonus that corresponds to the value of the disposal right taking into consideration the strike price, the term of the option and the volatility of the BASF share. If the put option is exercised, the option bonus paid by the acquirer of the put option reduces the countervalue rendered as a whole by the company for the acquisition of the share. The acquisition of the put option makes economic sense for the beneficiary when the price of the BASF share is lower than the strike price, since it can then sell the shares to the company at the higher strike price. From the company's point of view, the advantage of the share buyback using put options is that the strike price is fixed on the day that the option is concluded. However, the liquidity does not flow until the exercise date. Furthermore, the acquisition price of the shares for the company is lower than the share price when the option is concluded because of the option bonus collected. In the event that the option is not exercised, since the share price on the exercise date is higher than the strike price, the company is unable to acquire any of its own shares in this way. However, it does have the option bonus collected on the settlement date.

When a call option is acquired, the company, on paying an option bonus, receives the right to buy a previously fixed number of shares at a previously fixed price (strike price) from the seller of the option, the writer. In other words, the company buys the right to acquire its own shares. Exercising the call option makes economic sense for the company when the price of the BASF share is higher than the strike price, since it can buy back the shares from the writer at the lower strike price. From the company's point of view, the acquisition of call options can make sense if subscription rights from share options are to be serviced with the company's own shares. Beside the conventional share buyback, there is the acquisition of call options against payment of an option bonus. The company covers itself against rising share prices. In addition, the company's liquidity is not affected, since the fixed acquisition price for the share does not have to be paid until the call options are exercised.

The acquisition price to be paid by the company for the shares is the strike price fixed in the particular put or call option. The strike price can be higher or lower than the BASF share

price on the stock exchange when the put option is sold or the call option acquired. The option bonus agreed by the company when selling the put options or acquiring the call options must not be lower than (in the case of put options) or higher than (in the case of call options) the theoretical market value on the settlement day determined by recognized time-adjusted methods, in the determination of which, for example, the agreed strike price is taken into account.

A claim by a shareholder to conclude such option transactions with the company is ruled out in analogy to Section 186 (3) of the German Stock Corporation Act. As the result of the laying down of the option bonus and strike price described above, it can be ruled out that shareholders are put at an economic disadvantage in the acquisition of company shares using put and call options. Since the company collects or pays a fair market price, the shareholders involved in the option transactions do not lose any value. This corresponds to the position of shareholders when buying back shares on the stock exchange, where in fact not all shareholders can sell shares to the company. The equal treatment of shareholders is ensured in the same way as with buying back shares via the stock exchange by laying down the fair market price. This is also in line with the provisions of Section 186 (3), sentence 4, of the German Stock Corporation Act, according to which the exclusion of subscription rights is justified if the shareholders' pecuniary interests are safeguarded.

The Board of Executive Directors will report on the use of derivative financial instruments for the acquisition of the company's own shares at next year's Annual Meeting.

Ludwigshafen am Rhein, March 9, 2005

BASF Aktiengesellschaft

Board of Executive Directors

Key data BASF Group 2004

Sales (million €)	
BASF Group sales	37,537
Sales by segment	
Chemicals	7,020
Plastics	10,532
Performance Products	8,005
Agricultural Products & Nutrition	5,147
Oil & Gas	5,263
Other	1,570
Sales by region (location of customer)	
Europe	20,967
Thereof Germany	7,382
North America (NAFTA)	8,182
South America	2,064
Asia, Pacific Area, Africa	6,324
Earnings (million €)	
Income from operations (EBIT)	4,856
Income before taxes and minority interests	4,019
Net income	1,883
Net income in accordance with U.S. GAAP	1,863
Other key data	
Equity ratio (%)	46.5
Return on assets (%)	12.9
Research and development expenses (million €)	1,173
Additions to fixed assets (million €)	2,186
Number of employees (December 31, 2004)	81,955
Key BASF share data (€)	
Year-end price	53.00
High	53.00
Low	40.49
Per-share information:	
Dividend	1.70
Earnings per share	3.43

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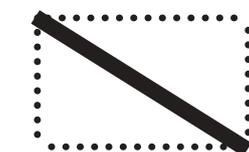
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