

BASF Aktiengesellschaft
Annual Meeting of BASF Aktiengesellschaft
on May 4, 2006



Invitation
to the Annual Meeting
on May 4, 2006

Dear Shareholders,

The 54th 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, May 4, 2006. 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 with the detailed agenda of the Annual Meeting required by law and two reports from the Board of Executive Directors.

We would like to supply the following supplementary information on Items 2 and 6 to 8 of the Agenda: In 2005, we bought back a total of 26,062,229 shares using the buyback authorizations granted by the Annual Meeting. Of this amount, 25,382,229 have been canceled. In 2005, we also canceled 800,000 shares that had already been bought back in 2004. The company's share capital has been reduced by a total of € 67,026,506.24 by these measures. From the beginning of the year up to the date of approval of the Consolidated Financial Statements by the Board of Executive Directors, we bought back an additional 5,369,000 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 of 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 the 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 the acquisition of companies or 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 various adaptations of the Articles of Association. With the amendment of paragraph 5 of Article 8, the Articles of Association will be adapted to the statutory regulation on the removal of members of the Supervisory Board. The new version of Article 12 will reregulate the remuneration of the Supervisory Board and its committees from 2006. With the new regulation, we are following the recommendations and suggestions of the German Corporate Governance Code and the German Share Institute. The following objectives are being pursued in particular: Creation of an appreciable, but not excessive share of the success-oriented variable remuneration in relation to the total remuneration, taking the chairmanship and deputy chairmanship of the Supervisory Board and the activities on the committees into account in the remuneration and granting of remuneration components oriented to the long-term success. The German Act on Corporate Integrity and Modernization of the Right of Rescission (UMAG), which came into force in 2005, creates the conditions for regulating reasonable restrictions on the question and speaking times by the chairman of the meeting, if an appropriate regulation is incorporated in the Articles of Association. With the amendment of paragraph 2 of Article 16, the Articles of Association will be adapted to the German Act on Corporate Integrity and Modernization of the Right of Rescission.

Attendance and proxies

We have a particular interest again this year 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 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 2005 is also enclosed with this letter. It includes key financial data. Once again, we are not sending copies of the Corporate Report, the Financial Statements of BASF Aktiengesellschaft or the Financial Report 2005 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 <http://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, May 4, 2006, 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 2005; presentation of Management's Analysis for BASF Aktiengesellschaft and the BASF Group for 2005; 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 € 2.00 per qualifying share from the profit retained by BASF Aktiengesellschaft in 2005 in the amount of € 1,288,410,497.55. If the shareholders approve this proposal, a total dividend of € 1,018,020,000.00 will be payable on the 509,010,000 qualifying shares as of the date of approval of the Financial Statements for 2005 (February 20, 2006).

The Board of Executive Directors and the Supervisory Board propose that the remaining profit retained of € 270,390,497.55 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 the 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 2005.

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 2005.

5. Election of an auditor for the financial year 2006

The Supervisory Board proposes that KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt be appointed auditors of BASF Aktiengesellschaft and the BASF Group for the financial year 2006.

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 purchase. 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 and 9, 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, 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 the preceding sentence 8.

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 November 3, 2007.

The authorization to buy back company shares granted by the Annual Meeting on April 28, 2005, 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 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 the 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 May 4, 2006, 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 Articles 8, 12 and 16 of the Articles of Association

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

- a) Article 8, paragraph 5, sentence 2, shall be reworded as follows:
 “Any member elected by the Annual Meeting can, by a resolution passed by a majority of three-quarters of the votes cast, be removed from office prior to the end of the term for which such member has been elected.”
- b) Article 12 shall be amended with effect for the first time for the 2006 financial year that began on January 1, 2006, and reworded as follows:
 “Remuneration of the Supervisory Board
 1. Each member of the Supervisory Board shall receive annually
 - (a) a fixed remuneration of € 60,000 and
 - (b) a success-oriented variable remuneration for each full € 0.01 by which the earnings per share (EPS) of the BASF Group declared in the BASF Group Consolidated Financial Statements for the year for which the remuneration is being paid exceeds the

minimum EPS. The minimum EPS for the 2006 financial year shall be € 2.50. The success-oriented variable remuneration shall be € 400 for each full € 0.01 of EPS up to an EPS of € 4.00, € 300 for each further € 0.01 of EPS up to an EPS of € 5.00 and € 200 for each € 0.01 beyond this.

The success-oriented variable remuneration shall be limited to a maximum amount of € 120,000. The minimum EPS shall increase by € 0.10 for each subsequent financial year. This shall apply mutatis mutandis to the threshold values specified in sentence 3.

The chairman of the Supervisory Board shall receive twice and a deputy chairman one and a half times the remuneration of an ordinary member.

2. Members of the Supervisory Board who are members of a committee, with the exception of the Mediation Committee formed in accordance with Section 27 (3) of the German Codetermination Act, shall receive a further fixed remuneration for this purpose in the amount of € 12,500. For the Audit Committee, the further fixed remuneration shall be € 25,000. The chairman of a committee shall receive twice and a deputy chairman one and half times the further fixed remuneration.
3. The Company shall reimburse members of the Supervisory Board for out-of-pocket expenses and value added tax to be paid with regard to their activities as members of the Supervisory Board or of a committee. The Company shall further grant the members of the Supervisory Board a fee of € 500 for attending a meeting of the Supervisory Board or one of its committees to which they belong and shall include the performance of the duties of the members of the Supervisory Board in the cover of a consequential loss liability insurance concluded by it.

4. Members of the Supervisory Board or of a committee who have been members of the Supervisory Board or the committee for only part of a financial year shall receive one twelfth of the remuneration for each month of their membership that they have begun.

5. The remuneration pursuant to paragraphs 1 and 2 shall become due after the end of the Annual Meeting that is presented with the BASF Group Consolidated Financial Statements specified in paragraph 1 or decides on the approval thereof.”

c) Article 16, paragraph 2, shall be reworded as follows:

“The chairman of the Meeting may determine a sequence of the items of the agenda different from the sequence announced in the agenda. The chairman shall determine the course of the proceedings at the Annual Meeting, especially the sequence of the speakers as well as the mode, form and sequence of the voting. At the beginning or in the course of the Annual Meeting, the chairman may reasonably restrict, in terms of time, the right of shareholders to put questions and speak for the whole course of the Annual Meeting, for the discussion on individual items of the agenda as well as for individual questions and speeches.”

Attendance at the Annual Meeting

Shareholders who have registered in writing, by telefax or in text form prior to the Annual Meeting shall be entitled to attend the Annual Meeting and to exercise their right to vote. The registration must be received by the registration office specified below not later than the end of April 27, 2006. Evidence must be provided of the authorization to attend the Annual Meeting and to exercise one's voting right, for example by confirmation from the depository institute. The evidence must be provided in writing, by telefax or in text form. The evidence must be in German or English. It must refer to April 13, 2006, and must be received by the registration office specified below not later than the end of April 27, 2006.

The address of the registration office mentioned above is:

BASF Aktiengesellschaft
c/o Deutsche Bank AG
–General Meetings–
60272 Frankfurt/Main
Telefax: +49 69 910-86045
E-Mail: WP.HV@Xchanging.com

If you wish to receive a copy of the Financial Statements of BASF Aktiengesellschaft, the 2005 Financial Report with the BASF Group Consolidated Financial Statements or the Corporate Report, please contact

BASF Aktiengesellschaft
Mediencenter, GPB/BS – D 107
67056 Ludwigshafen
Germany
Telephone: + 49 621 60-91827
Telefax: +49 621 60-20162
E-Mail: global.info@basf.com
Internet: www.basf.de/mediaorders

The reports mentioned and further information about the 2006 Annual Meeting are published on the Internet at <http://www.basf.com> via the "Annual Meeting" link and can be viewed there.

Shareholders' motions to be made available in accordance with the German Stock Corporation Act will be published by us on the Internet at <http://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
Telefax: +49 621 60-6641475
or +49 621 60-6649255

Reports of the Board of Executive Directors to the Annual Meeting on May 4, 2006

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 intended to enable the Board of Executive Directors 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. We submit the following report in respect of Item 7 of the Agenda:

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 previous years, 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 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 directly.

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.

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 17, 2006

BASF Aktiengesellschaft

Board of Executive Directors

Key data BASF Group 2005

Million €	2005	2004	Change in %
Sales	42,745	37,537	13.9
Income from operations before interest, taxes, depreciation and amortization (EBITDA)	8,233	7,685	7.1
Income from operations (EBIT) before special items	6,138	5,230	17.4
Income from operations (EBIT)	5,830	5,193	12.3
Income before taxes and minority interests	5,926	4,347	36.3
Net income	3,007	2,004	50.0
Earnings per share (€)	5.73	3.65	57.0
Income from operations (EBIT) before special items in percent of sales	14.4	13.9	–
Cash provided by operating activities	5,250*	4,634	13.3
Additions to fixed assets**	2,523	2,163	16.6
Excluding acquisitions	1,937	2,071	(6.5)
Amortization and depreciation**	2,403	2,492	(3.6)
Segment assets (as of December 31)***	29,180	26,300	11.0
Personnel costs	5,574	5,615	(0.7)
Number of employees (as of December 31)	80,945	81,955	(1.2)

* Before external financing of pension obligations (see page 19)

** Tangible and intangible fixed assets (including acquisitions)

*** Tangible and intangible fixed assets, inventories and business-related receivables

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