

BASF Aktiengesellschaft
55th Annual Meeting
April 26, 2007

Speech to the Annual Meeting

Dr. Jürgen Hambrecht
Chairman of the Board of Executive Directors
of BASF Aktiengesellschaft
The spoken word applies!



The Chemical Company

Good morning ladies and gentlemen,
It is my pleasure to welcome you all to BASF Aktiengesellschaft's Annual Meeting.

Ladies and gentlemen, shareholders, you are the owners of a world-class company: *BASF –The Chemical Company*. And I am proud to be able to tell you on behalf of the whole BASF team that we added another chapter to the BASF success story in 2006.

- We exceeded the magic €50 billion mark in terms of sales,
- we set a new record in earnings, and
- we took BASF's share price to a new all-time high.

The achievements of the entire BASF team were truly excellent, and my very sincere thanks go to all our employees worldwide.

The fruits of these labors go to you, ladies and gentlemen. In 2006, BASF's share price rose 17.5 percent. This clearly shows that our stock is a rewarding investment, especially over the long term: €1,000 invested 10 years ago in BASF shares added up to a very substantial €3,291 at the end of 2006. This corresponds to an average annual return of 12.7 percent. BASF stock thus outperformed the DAX and EURO STOXX 50 indices over the same period.

In addition, we are also proposing to increase our dividend very substantially from €2.00 to €3.00 per share. In doing so, we are signaling a highly ambitious goal: We plan to increase the dividend annually from now on, or at least maintain it at the previous year's level.

You also benefit from our plans to buy back BASF shares for a total of €3 billion in 2007 and 2008. Today, we are therefore requesting your authorization to repurchase further shares.

I will be very brief in presenting the key data for 2006. Please consult our extensive financial report for details and figures. You will have been sent a copy of the report upon request or have received one today.

We increased BASF Group sales 23 percent to €52.6 billion. The businesses we acquired in 2006 contributed a total of €4.2 billion to sales.

We improved our income from operations – or EBIT for short – before special items by 18 percent to more than €7.2 billion. We again earned a high premium of €2.1 billion on our cost of capital – and that was despite the integration costs associated with the acquisitions. That is a particularly significant achievement.

The results for the first quarter of 2007 show that this successful trend is continuing. Sales climbed 17 percent to €14.6 billion, and we increased EBIT before special items by over 13 percent to more than €2.1 billion.

After this strong start, we are confident going into 2007. We expect significantly higher sales based on the acquisitions made in 2006 and on organic growth. We expect to at least match the previous year's strong EBIT before special items. That is an ambitious goal, since we expect an average oil price of \$55/barrel in 2007 – \$10 less than in 2006.

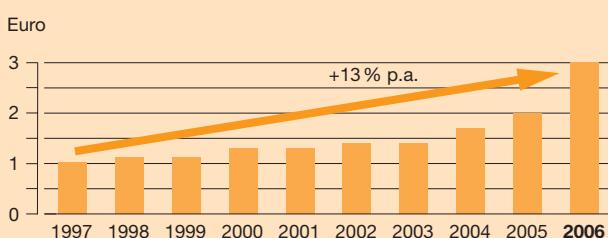
Ladies and gentlemen, you have been following BASF's fortunes for many years and have placed your trust in us because you know:

We create sustainable value.

And you know that BASF pursues a long-term strategy. I have presented our four strategic guidelines to you on a number of occasions. I am repeating them today quite deliberately because they present our recipe for success clearly and concisely:

Earn a premium on our cost of capital – BASF proved the truth of that once more in 2006, ladies and gentlemen. We have sustainably improved our earnings power thanks to a combination of cost discipline, continuous improvements and portfolio measures. Our new, even more ambitious goal is: We aim to earn at least our cost of capital every year, whatever the state of the economy.

Dividend per share 1997–2006



Help our customers to be more successful – We do this with the strength of our many ideas. Together with our customers, we put these ideas into practice in the form of new products, system solutions and services that make our customers even more competitive.

Form the best team in industry – We shape the best team by offering attractive tasks, performance-related pay, extensive training and international development opportunities. Our top performance in 2006 and in the first quarter of the present year offers proof of this.

And finally: Ensure sustainable development – You are familiar with the current climate debate. BASF has been a forerunner in the areas of energy efficiency and climate protection for many years. I need only mention the words “Verbund” and “eco-efficiency.” When you arrived this morning, I am sure that you saw that we are providing information on what BASF is doing to protect the climate at today’s annual meeting. Please take the opportunity to find out more.

Our four guidelines, ladies and gentlemen, point the way to the future. To a constantly changing world that brings new opportunities, but also confronts us with major, and sometimes difficult, challenges.

We, the BASF management team, take very seriously our responsibility for shaping the future to the benefit of all our stakeholders. We aim to achieve profitable growth and create sustainable value:

- to ensure a successful future for BASF, and
- to ensure quality of life for us all in the future.

These two objectives are closely related because we will achieve sustainable growth by using BASF’s success to make things better for all concerned.

What are we doing to ensure a successful future for BASF?

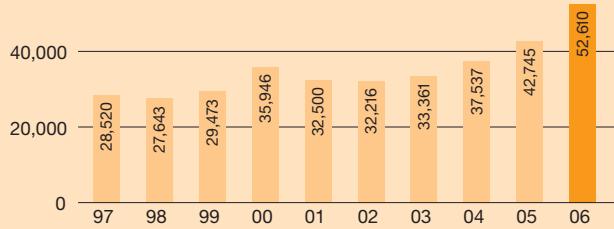
We are working steadily to make BASF even more customer-focused, innovative, and cyclically resilient.

A key task is therefore to continue to improve our portfolio. Over the past number of years, we sold businesses with competitive disadvantages or that were not expected to offer sufficient growth as part of BASF’s Verbund. The most recent examples are generic crop protection products and vitamin premixes. On the other hand, all of the acquisitions we made in 2006 – Engelhard’s catalysts business, Degussa’s construction chemicals business, the resins systems from Johnson Polymer, but also CropDesign and the fuel cell component manufacturer PEMEAS – meet our stringent criteria of:

- bringing us even closer to our customers;
- expanding our expertise and strengthening our innovativeness;
- ensuring above-average growth; and
- finally, and very importantly, enabling us to become more cyclically resilient overall.

These are the crucial elements of our future success. Success, ladies and gentlemen, that is already apparent, because the acquired businesses contributed to earnings in 2006. In addition, the future synergy effects from these acquisitions are significantly higher than expected at €290 million per year. We expect to achieve the full amount by 2010.

Development of sales 1997–2006
Million €



**Income from operations (EBIT)
before special items 1997–2006**

Million €, 1997–2003: in accordance with German GAAP;
2004–2006: in accordance with IFRS



Acquisitions are not the only key to making BASF fit for the future. We pursue the same goal by investing in our existing innovative and high-growth businesses. For example in a new production plant for propylene oxide that operates using a completely new, even more competitive, process. Or by investing in our successful climate protector, the insulating material Neopor®, which we are now going to start producing in Korea for the first time.

A third key factor for future success is our presence in global growth markets.

Our global partnerships are a key BASF competence and major strength: Sinopec, Petronas, Dow, Gazprom and, most recently, Monsanto are part of our global network of strong partners. Such partnerships allow us to act even more rapidly and successfully in the global markets.

We are continuing to expand these partnerships. With our long-standing Chinese partner Sinopec, for example, we intend to invest \$900 million in the expansion of our extremely successful Nanjing Verbund site to increase synergy and growth potentials.

Another example is Gazprom, our reliable Russian partner in oil and gas: In the period up to 2010, we plan to invest more than €3.5 billion in exploring and producing oil and gas, transporting the gas through the new Nord-Stream Pipeline and in distributing it in Europe. In this way, we are helping to ensure secure energy supplies in Europe.

We recently gained a strong partner in plant biotechnology research, development and commercialization in the form of the U.S. company Monsanto. Together, we plan to develop crops that are more tolerant to adverse environmental conditions and offer higher yields per hectare. This is our contribution to solving the question of how to provide sufficient food for a growing population on ever less land, while simultaneously generating renewable raw materials. The joint budget for our cooperation is potentially up to \$1.5 billion.

For all our global activities, we know where our roots are: here in Germany, at the heart of Europe. Our home market is Europe and will remain so. That is something we are committed to.

As a globally operating company with its home in Europe, we therefore want to give ourselves a contemporary legal form. We intend to transform BASF Aktiengesellschaft into a European Company named BASF SE. The move gives BASF a pioneering role in the European chemical industry. We request your approval today for all the measures necessary for the transformation.

Ladies and gentlemen, the entire BASF management team has a major responsibility. Our duty is to you, the owners of our company. We take our responsibility very seriously in our commitment to creating sustainable value with your money. I believe I can say that the best proof is the very successful and steady increase in the value of your investment in BASF. The result is the BASF you see today: A company that constantly aims to develop new potentials for increasing its earnings power.

The responsibility of creating value has two dimensions for me: One is *that* we create value, with all the dedication and endurance it takes to do so. The second dimension is *the way* we create value.

Region	Sales by location of company			Sales by location of customer			Income from operations (EBIT)		
	2006	2005	Change in %	2006	2005	Change in %	2006	2005	Change in %
Million €									
Europe	31,444	25,093	25.3	29,529	23,755	24.3	5,485	4,385	25.1
Thereof Germany	22,963	17,100	34.3	11,062	8,865	24.8	4,125	3,019	36.6
North America (NAFTA)	11,415	9,542	19.6	11,522	9,479	21.6	869	855	1.6
Asia Pacific	7,450	6,042	23.3	8,102	6,500	24.6	181	297	(39.1)
South America, Africa, Middle East	2,301	2,068	11.3	3,457	3,011	14.8	215	293	(26.6)
	52,610	42,745	23.1	52,610	42,745	23.1	6,750	5,830	15.8

Segment overview

Million €	Sales		Income from operations (EBIT) before special items		Income from operations (EBIT)	
	2006	2005	2006	2005	2006	2005
Chemicals	11,572	8,103	1,704	1,488	1,380	1,326
Plastics	12,775	11,718	1,216	1,031	1,192	1,015
Performance Products	10,133	8,267	848	890	669	863
Agricultural Products & Nutrition	4,934	5,030	435	693	381	623
Thereof Agricultural Products	3,079	3,298	378	671	447	681
Fine Chemicals	1,855	1,732	57	22	(66)	(58)
Oil & Gas	10,687	7,656	3,245	2,410	3,250	2,410
Other	2,509	1,971	(191)	(374)	(122)	(407)
	52,610	42,745	7,257	6,138	6,750	5,830

I come to this second point now by answering the question:

What is BASF doing to ensure a better quality of life in the future?

Let's start with the foundation stone for our future: our children. What they learn today determines tomorrow's opportunities, prosperity and quality of life for our society as a whole. In recognition of this, BASF is committed to better education and training.

One example of many is our involvement in the Knowledge Factory, which we set up with other German companies. Early childhood development is a priority area of the Knowledge Factory. A study by the Economics Institute in Cologne shows very clearly that every euro invested in education in early childhood yields high returns for both the state and the economy. We were very pleased and gratified that President Köhler recently became patron of the Knowledge Factory and recommended the initiative as an exemplary project worthy of emulation.

Naturally, BASF's commitment is greatest on our own doorstep: Here in the Rhine-Neckar metropolitan region, where we have our roots. I don't intend to list all the projects we support, and frankly, we wouldn't have the time. Suffice it to say: The bulk of our support in the region is spent on education and training. An annual €5 million goes to our "Action on Education" initiative alone.

I would now like to turn to a major set of issues upon which much of our future depends: The issue of how we can secure our supply of energy and resources, while at the same time remaining competitive and protecting our climate.

Research and innovation are essential. BASF spent almost €1.3 billion on research and development in 2006, 20 percent more than in the previous year. We plan to increase the amount figure to approximately €1.4 billion in 2007. Approximately one-third of the budgeted figure will be dedicated to energy efficiency, resource conservation and climate protection.

"We aim to achieve profitable growth and create sustainable value:

- To ensure a successful future for BASF
- To ensure quality of life for all of us in the future"

We group our research and development into five growth clusters: energy management, raw materials change, nanotechnology, plant biotechnology and white (industrial) biotechnology. Each of these five clusters features projects of relevance to energy and climate issues.

In this way, we want to play a pioneering role in the area of energy efficiency and make an active contribution to climate protection, both today and in the future. Since BASF was founded more than 140 years ago, we have relied on our Verbund. This offers us the most efficient ways of using raw materials and energy in the integrated production of chemical products.

Ever since, we have done our utmost to enlarge our efficiency know-how, and indeed to share it with others. The greater the number who engage in good energy efficiency practices, the better it will be for all of us.

The same principle applies for our customers and us alike: Energy efficiency increases a company's competitive edge. Conservation of resources and high efficiency are good for the balance sheet, or better still, for the eco-balance. When I say "eco," I mean it with respect to both economy and ecology. They are two sides of the same coin – and together they add up to ensuring sustainable development and creating value for a greater quality of life.

You may be asking yourselves, what does BASF do specifically to help? Let me close by providing a few examples:

- We help to ensure even more efficient and clean production in our Verbund. Our new combined heat and power plant in Ludwigshafen alone saves 500,000 metric tons of CO₂ per year. That's the amount of CO₂ emitted by the cars in Mannheim and Ludwigshafen.
- We help to ensure a good living climate. I have already mentioned our insulating material Neopor. If all older dwellings in Germany were to be systematically insulated, it would save more than 80 million metric tons of CO₂ – more than half of the amount emitted by all the cars in Germany every year.

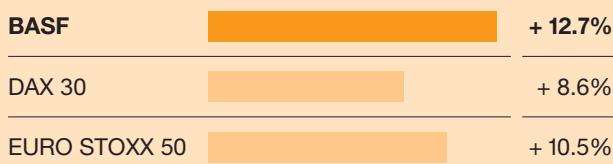
- We are helping to produce more light with less energy with our research into organic light-emitting diodes (OLEDs) with the goal of halving the amount electricity used compared with conventional low-energy light bulbs.
- We help pave the way for renewable raw materials by enabling higher yielding plants to be grown as potential fuel sources.
- We help to ensure the energy of the future, for example by developing extremely versatile and environmentally friendly fuel cells. BASF Fuel Cell GmbH was set up two weeks ago. We expect the fuel cell market to grow from €1 billion to more than €20 billion between 2010 and 2020.

What we would like to see is a political framework that actively supports this future with common sense and courage, and without ideological blinkers. Here, Germany is in a bad state in many regards, especially when it comes to green biotechnology and the acceptance of new technologies.

Ladies and gentlemen, with all these and many more activities, we are helping to ensure your investment. We are building the future of BASF. And, with BASF, we are building the future.

I wish to thank you for the support you have shown. Continue to place your trust in us. I am confident that our strong BASF team has what it takes to make BASF – *The Chemical Company* even more effective and attractive.

Investment in BASF shares 1997–2006 average annual performance



IMPORTANT DATES

Interim Report Second Quarter 2007: August 1, 2007

Interim Report Third Quarter 2007: October 30, 2007

ANNUAL MEETING

April 24, 2008, Mannheim

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. The Report on Form 20-F is available on the Internet at corporate.bASF.com/20-F-Report. We do not assume any obligation to update the forward-looking statements contained in this publication.

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