

Speech to the Annual Meeting

Chairman of the Board of
Executive Directors of BASF SE

The spoken word applies!



The Chemical Company

BASF SE
Annual Meeting BASF SE
April 24, 2008

Good morning ladies and gentlemen, BASF SE shareholders, I'd like to start by wishing you a very warm welcome here in Mannheim. I'm delighted to note your great interest in BASF – The Chemical Company – and I am glad of this opportunity to report interesting and gratifying news about BASF here today. I know it's what you expect from us – and I promise you won't be disappointed!

2007 was another record year for BASF. These record-breaking results were achieved by the concerted efforts of the BASF team all over the world. We're proud of that. I'm sure I speak on your behalf too in extending my most sincere thanks to all BASF employees for their terrific commitment.

The word has been out for some time now: BASF is a company you can count on!

- Our customers can count on us to deliver solutions for their problems.
- Our employees can count on BASF for attractive jobs and career development opportunities with a global market leader.
- Local communities can count on us to be an active and committed neighbor at our sites all over the world.
- And you, ladies and gentlemen, can count on receiving a rewarding return on your investment in our stock in the long term.

We are passing our success on to you this year again in the form of an attractive dividend of €3.90 per share. That's 30 percent higher than last year's figure, representing another very substantial increase. And we intend to keep increasing the dividend every year, or, at the very least, maintain it at the previous year's level. It's very real proof of our conviction that BASF will continue to grow profitably in the future.

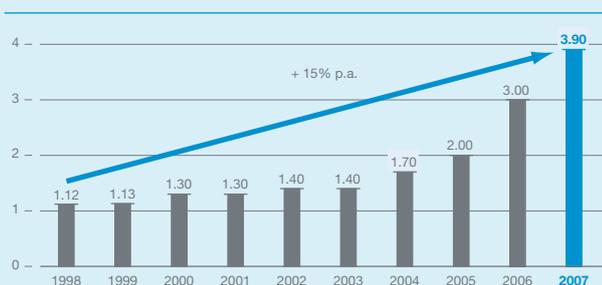
The wisdom of investing in BASF shares can also be seen from a look at the change in our share price over the last 10 years: A person who invested €1,000 in BASF shares at the end of 1997 and re-invested the dividends every time would have increased the value of their holding to €4,250 by the end of 2007. That's an annual return of 15.6 percent! And it far outperforms the EURO STOXX 50 and DAX 30 indices for the same period.

As you can see, ladies and gentlemen, our long-term strategy is paying off. That's something that's most apparent in turbulent times like the ones we're currently seeing in the financial markets. BASF's strategy is not to try to achieve improvements over just a few quarters. Instead, we strive constantly to keep ahead of the global competition over the long term. A key reason is because we want to be a reliable partner, a partner you can count on.

One element in achieving this is that we plan changes in advance and prepare them well. We prepared a number of such changes in 2007 which are taking effect now.

Some changes involve saying goodbye. Our esteemed board member and colleague Eggert Voscherau is going into well-earned retirement when this Annual Meeting ends. Ladies and gentlemen, you will certainly join me in saying that Eggert Voscherau has been absolutely crucial in shaping BASF's success over the years. Dear Eggert, I'd like to thank you very sincerely on behalf of the whole Board of Executive Directors for all you have accomplished as part of our team. My thanks likewise go to my former fellow board members Klaus Peter Löbke and Peter Oakley who left in the past months. Ladies and gentlemen, I'm sure you will join me in expressing our heartfelt thanks.

DIVIDEND PER SHARE (€ PER SHARE)



We have already informed you about further changes, such as our new organizational structure and the conversion of BASF AG to the legal form of a European Society, BASF SE. Other examples are the delisting of BASF shares from the New York Stock Exchange and the SEC deregistration. All of these moves were taken to save money and reduce complexity.

I'd now like to proceed to give you a very brief outline of our 2007 business performance. For detailed facts and figures, please consult our extensive BASF report. You will have been sent a copy of the report upon request, or will have received one today.

We achieved sales of almost €58 billion in 2007, up more than 10 percent year on year. Income from operations (EBIT) before special items rose 5 percent to more than €7.6 billion. We earned our highest ever premium on our cost of capital: €2.9 billion.

We are also continuing on our successful path and have started 2008 with new records: First-quarter sales rose almost 9 percent to nearly €15.9 billion. EBIT before special items was €2.4 billion, an increase of 11 percent.

We are confident going further into 2008 and stand by what we have said before: We intend to increase our sales and achieve a slightly higher EBIT despite a generally difficult and challenging environment. Our estimates are based on a dollar price of \$1.50 per euro and an oil price of \$90 per barrel. "Why are we so confident?," you might ask. I can give you three reasons: First, we have a strong team. Second, we have improved our position and are profitable in all regions, in particular in Asia. And third, our portfolio has become considerably more robust. I will provide more details on this in just a moment. Nevertheless, the slowdown in some parts of the world means we will have to redouble our efforts. But the BASF team has the will and the strength to do so, both here and all over the world.

Sustainability creates long-term value

Ladies and gentlemen, allow me to repeat what I said earlier: We're not interesting in trying to achieve improvements for just a few quarters. We want sustainable success. To achieve that, we pursue a long-term strategy. It is the only way to achieve sustainable value. And that, after all, is what benefits you the most.

Let's take a look back. BASF has changed steadily but fundamentally over the past decades. BASF today is THE Chemical Company. We have reached a whole new level in terms of earnings, and an entirely new dimension in terms of what we are doing and how we do it.

We have made the leap into a new chemical age:

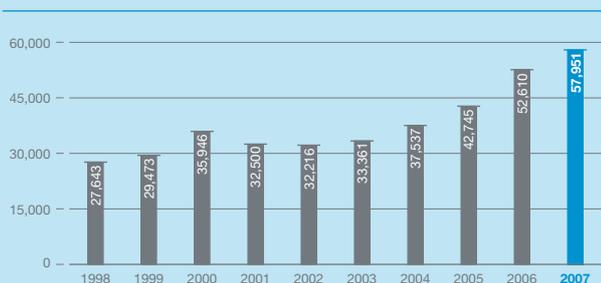
- with a radically revised portfolio,
- with efficient structures,
- integrated into our customers' value chains,
- networked with strong partners,
- a leader in global growth markets,
- and – very importantly – leading the way toward innovative solutions for the big questions of the future.

Our four guidelines show us the way going forward:

- Earn a premium on our cost of capital
- Help our customers to be more successful
- Form the best team in industry
- Ensure sustainable development

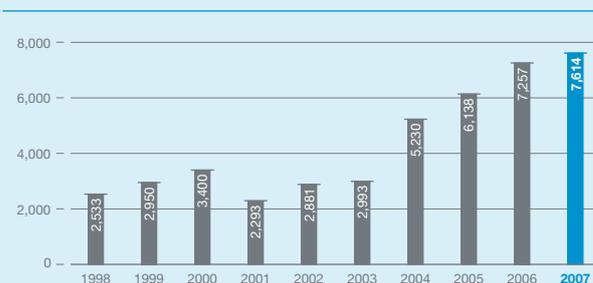
Let's take a look at developments over the past 10 years. We have steadily and systematically worked toward improving BASF's portfolio. The result: We are more profitable and cyclically resilient than ever. We have earned a significant premium on our cost of capital for four years in succession. We are closer to our customers and more sharply focused on the growth markets of the future.

DEVELOPMENT OF SALES 1998–2007 (MILLION €)



INCOME FROM OPERATIONS (EBIT) BEFORE SPECIAL ITEMS

1998–2007 (MILLION €) 1998–2003: IN ACCORDANCE WITH GERMAN GAAP; 2004–2007: IN ACCORDANCE WITH IFRS



Our three major acquisitions in 2006 – Engelhard, Degussa Construction Chemicals and Johnson Polymer – have exceeded our expectations with regard to sales, earnings and growth potential. One element of active portfolio management involves divesting businesses that we can no longer develop profitably. As you know, we are therefore conducting negotiations on the sale of part of our styrenics activities.

Another ongoing task is to increase our efficiency so that we can stay a step ahead of our competitors. We are therefore constantly working to improve BASF's performance. To achieve this, we need employees who continuously improve their skills and who are willing to learn throughout their career. In 2007, we invested more than €130 million worldwide in education and training, and more than 78,000 employees, in other words 82 percent of all employees, participated in our training programs.

Ladies and gentlemen, you know our goal: We want to grow sales 2 percentage points faster than the chemical market average. We are investing in research and development and in new production plants to achieve that goal. Let's look first of all at our investments in new plants.

Asian growth markets are a major priority. We plan to invest almost \$1 billion to expand our Verbund site in Nanjing, China. We are also exploring opportunities for an investment in our Polyurethanes division in the western Chinese city of Chongqing.

In Europe, we are spending a further €1 billion on innovative investments to expand our Antwerp site. Another priority is our "Gas for Europe" concept. Two key elements here are natural gas production in western Siberia and the Baltic Sea pipeline, Nord Stream. We are realizing both these projects with our reliable long-term partner Gazprom. With these investments, we are helping very substantially to secure long-term energy supplies to Europe.

Sustainability creates future

The word "energy" brings us to two topics that are of paramount importance for us at BASF: energy efficiency and climate protection. We were therefore the first industrial company in the world to appoint a climate protection officer, who will coordinate all of BASF activities in this area.

We are also the world's first company to present a comprehensive carbon balance. And the result is 3:1 in favor of the climate! In other words: the use of our products help our customers to save around three times as much climate gas as the amount released from the manufacture through to the disposal of all of BASF's products. Our carbon balance has been checked and validated by the Freiburg Ecoinstitute.

This carbon balance includes not only our own emissions, but also takes into account emissions from the sourcing of raw materials as well as savings from the use of our products. To do this, we drew up a footprint tracing the entire lifecycles of a relevant selection of products. Here are a few examples:

- Our modern insulating materials can reduce the amount of energy needed to heat residential buildings by more than 70 percent.
- Cars are more climate-compatible through the use of BASF products such as plastics, fuel additives and catalysts.
- The use of BASF technology helps our industry partners to protect the climate, for example as a result of technology transfer to emerging economies.

REGIONS (MILLION €)

	Sales by location of company			Sales by location of customer			Income from operations (EBIT)		
	2007	2006	Change in %	2007	2006	Change in %	2007	2006	Change in %
Europe	34,316	31,444	9.1	32,367	29,529	9.6	5,415	5,485	(1.3)
Thereof Germany	24,312	22,963	5.9	11,967	11,062	8.2	4,226	4,125	2.4
North America	12,007	11,415	5.2	11,928	11,522	3.5	762	869	(12.3)
Asia Pacific	8,785	7,450	17.9	9,561	8,102	18.0	828	181	357.5
South America, Africa, Middle East	2,843	2,301	23.6	4,095	3,457	18.5	311	215	44.7
	57,951	52,610	10.2	57,951	52,610	10.2	7,316	6,750	8.4

Segment Overview (million €)

	Sales		Income from operations before depreciation and amortization (EBITDA)		Income from operations (EBIT) before special items	
	2007	2006	2007	2006	2007	2006
Chemicals	14,162	11,572	2,014	1,704	1,995	1,380
Plastics	13,496	12,775	1,327	1,216	1,236	1,192
Performance Products	11,697	10,133	842	848	704	669
Agricultural Products & Nutrition	4,989	4,934	653	435	660	381
Thereof Agricultural Products	3,137	3,079	499	378	489	447
Fine Chemicals	1,852	1,855	154	57	171	(66)
Oil & Gas	10,517	10,687	3,014	3,245	3,014	3,250
Other	3,090	2,509	(236)	(191)	(293)	(122)
	57,951	52,610	7,614	7,257	7,316	6,750

As you can see, climate protection made by BASF does good work all over the world and in all areas of life. But, though the results may be good as they stand today, we have the ambition and the will to do even better in future. We are planning far ahead, working today on solutions for tomorrow. We spend about €400 million annually on improving energy efficiency and climate protection and on conserving resources – that's more than one-third of our entire research budget. The research projects in question include organic light-emitting diodes, organic solar cells, and innovative fuel cells.

Sustainability creates confidence

One of our motivations in pursuing a long-term strategy, ladies and gentlemen, is that we want to help achieve a climate in which more people can look to the future with courage, confidence and trust. The crucial importance of confidence is shown clearly by the current financial crisis and the associated concerns about growth: The more uncertain people are, the shakier markets become.

Many industrial players, BASF most of all, have long recognized that they can do a lot to create reliable, stable structures and hence lay the foundations for sustainable success.

Being a reliable partner to society is an inherent part of BASF's philosophy. You can tell from our many-faceted and long-term commitments to the people who live and work at our sites.

Take the Rhine-Neckar metropolitan region, for example, where we have sponsored many projects over the years, mainly in education and training. Knowledge and expertise, after all, are what our future is made of.

The principle of reliable partnership applies at BASF throughout the world. We improve quality of life and perspectives at all our sites: by implementing global standards in health and environmental protection; work and transportation safety; education and training programs; school and university funding; and by promoting sports and cultural events.

BASF IS A COMPANY YOU CAN COUNT ON. WE PURSUE A LONG-TERM STRATEGY:

- This is how we create long-term value.
- This is how we develop innovative solutions for the future.
- This is how we strengthen people's confidence in the future.

We are also committed to being a reliable partner in ensuring that globalization is a responsible process. We are not in the business of putting up our tents wherever it seems opportune, and departing the camp as soon as we spot a better grazing place elsewhere. On the contrary: When we make a commitment, we do it with long-term, reliable prospects in mind.

We therefore want to help shape the necessary changes in society and advance these processes as an active partner to the political community. Cooperation with other companies, politics and the trade unions has achieved a great deal in recent years. But no one can stand still in the face of international competition. We therefore need further reforms, both in Germany and in Europe.

Unfortunately, politicians seem to be less willing to take decisions and act instead of making use of the economic upswing. But doling out sops to the electorate is not the way forward! The 2009 elections cannot in all seriousness be the limit to our horizon! Because – as we all know – the world continues beyond the horizon! Here, I am thinking above all in terms of a sustainable energy policy, which is crucial to the success of the manufacturing industry in Europe and especially in Germany.

Short-sighted, short-term actions do not create trust, ladies and gentlemen. But we need trust going into the future, if we want to shape our future successfully.

At BASF, we act on the basis of long-term prospects and a long-term strategy. We have shown that this is a successful course to adopt, and that we create sustainable value. And you, our shareholders, appreciate that. I would like to thank you for the trust you place in BASF – and ask you to continue placing your trust in us.

My pledge and that of the entire BASF team is to continue being your partner for success and acting as a partner that you can rely on.

INVESTMENT IN BASF SHARES 1998–2007 AVERAGE ANNUAL PERFORMANCE



IMPORTANT DATES

Interim Report Second Quarter 2008: July 31, 2008
Interim Report Third Quarter 2008: October 30, 2008

ANNUAL MEETING

April 30, 2009, Mannheim

FORWARD-LOOKING STATEMENTS

This publication contains forward-looking statements based on current experience, 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. We do not assume any obligation to update the forward-looking statements contained in this publication.

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