Dedicated Marketing Strategies for the Global AgChem Markets

Michael Heinz
Group Vice President
Global Strategic Marketing
Agricultural Products Division

BASF
The Chemical Company

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BASF – Top Player in Agricultural Products

BASF
The Chemical Company

Strategy: Focus on high-value

- Markets
- Products
- Innovation

1 | Presence in the Right Segments

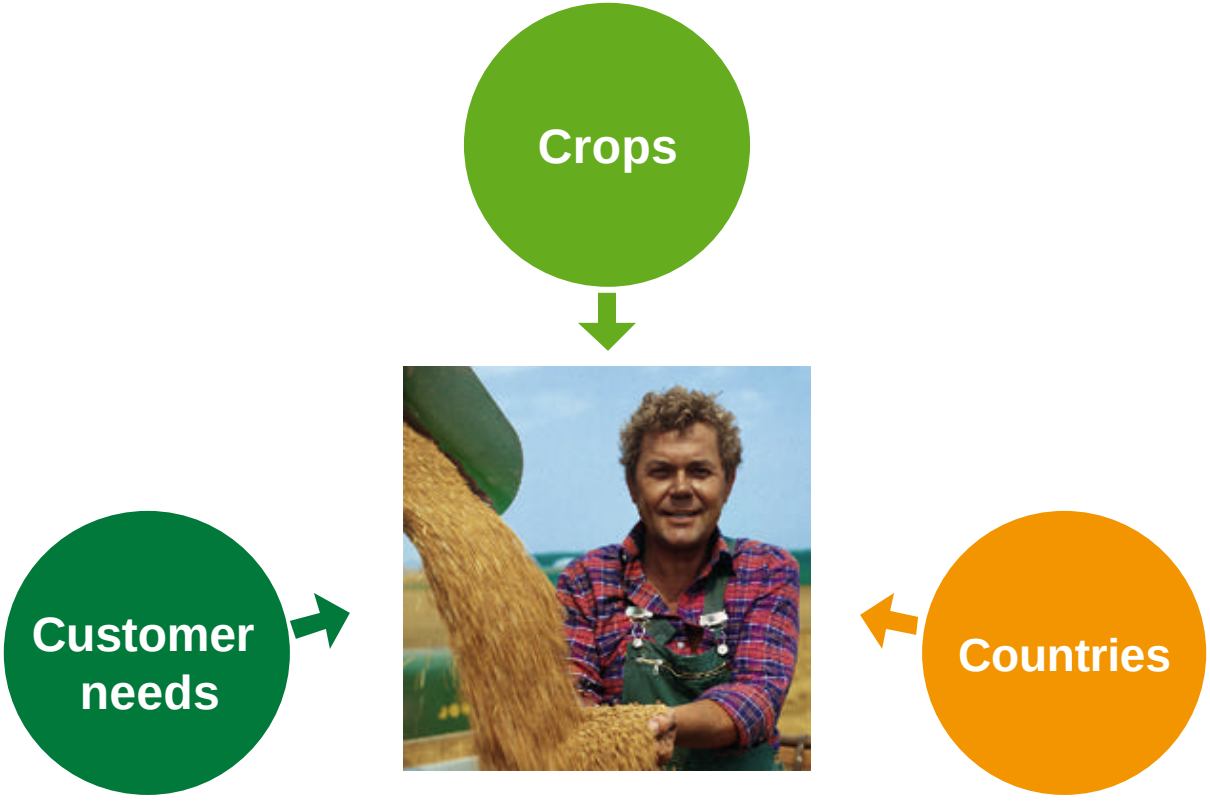
2 | Have the Right Technologies

3 | Successful Partnerships

4 | Growing the Future

Market Segmentation Drives Strategy

Combination of Customer Needs, Crops and Countries



Focus on attractive market segments is key

Global AgChem Market 2004

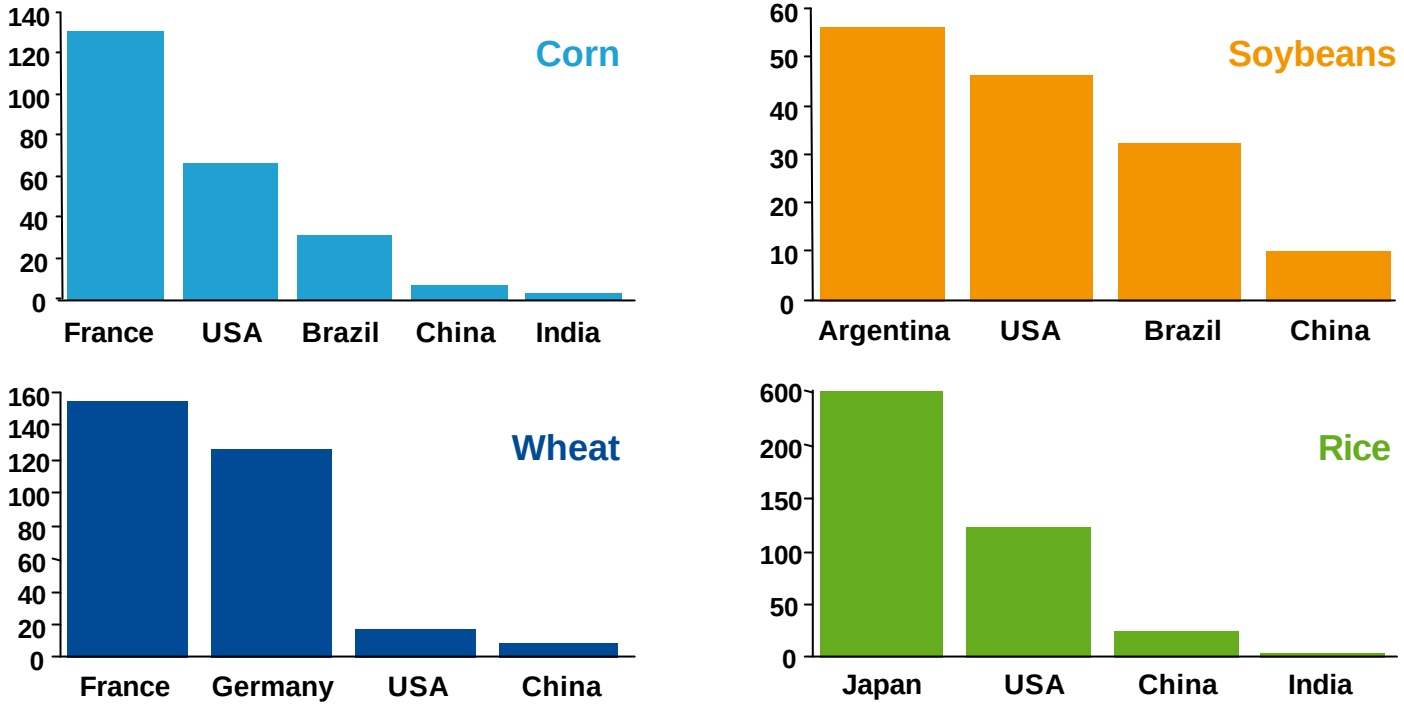
Region	Market Size	Share	Major Crops	Key Characteristics
N. America	USD 9 bn	26%	Corn, Soybeans, Cereals, Cotton	Strong biotech impact, emergence of fungicides
Europe	USD 11 bn	32%	Cereals, Vines/Grapes Fruits & Vegetables, Oilseeds	Biotech aversion, middle and eastern European countries joining EU
Asia	USD 9 bn	25%	Rice, Fruits & Vegetables, Cotton, Sugar Cane	Fast population growth and rising buying power, change in dietary patterns
S. America	USD 6 bn	17%	Soybeans, Sugar cane, Fruits & Vegetables	Strong biotech impact, emergence of fungicides

Our focus is on North America, Europe, Japan and Brazil

Source: Phillips McDougall, BASF

Focus on the Right Crops and Countries

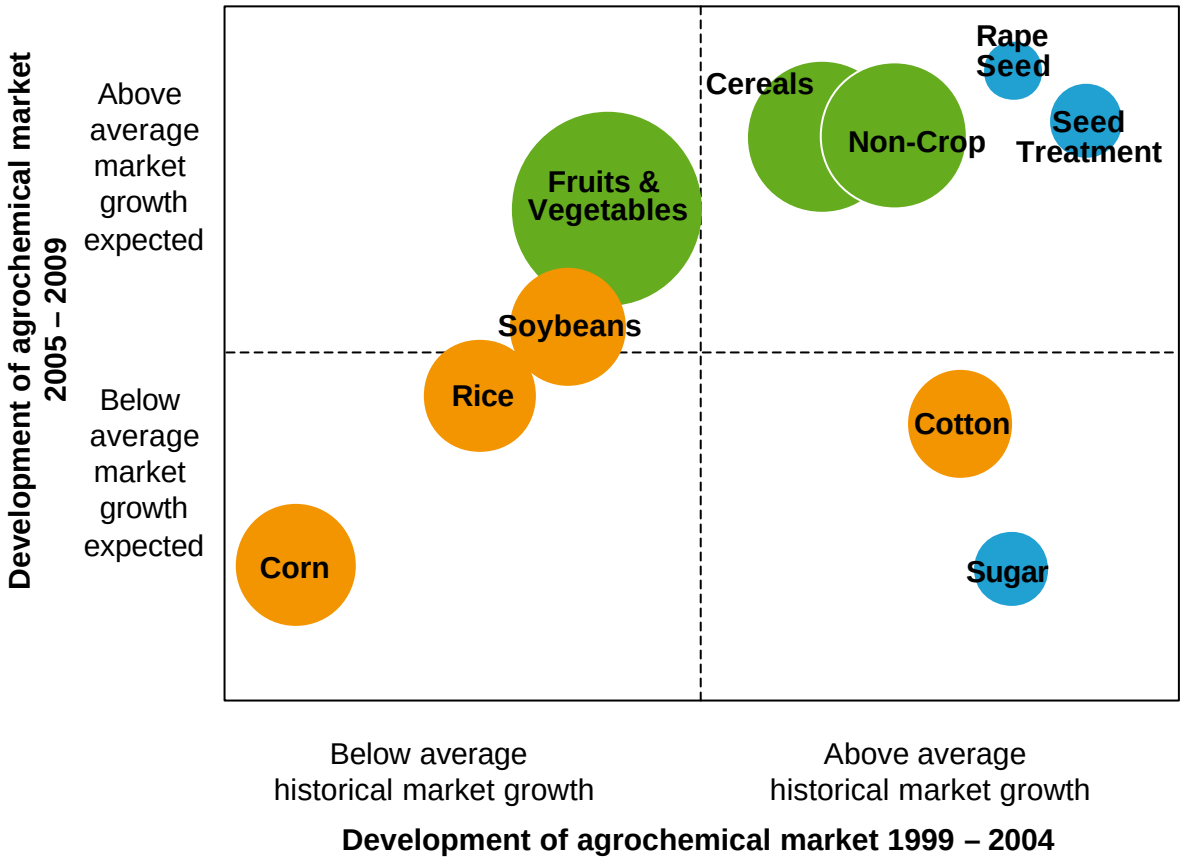
2003 Spending for Crop Protection USD/ha



Spending in high value markets is one determining factor for BASF activities

Source: Global insight 2003

Global AgChem Market by Crops



Crop market drivers

- Technology shifts
- Change in dietary patterns
- Renewable energies

Circle size = agrochemical market 2004

- >4 bn USD
- 2- 4 bn USD
- 1-2 bn USD

Source: Phillips McDougall, BASF data

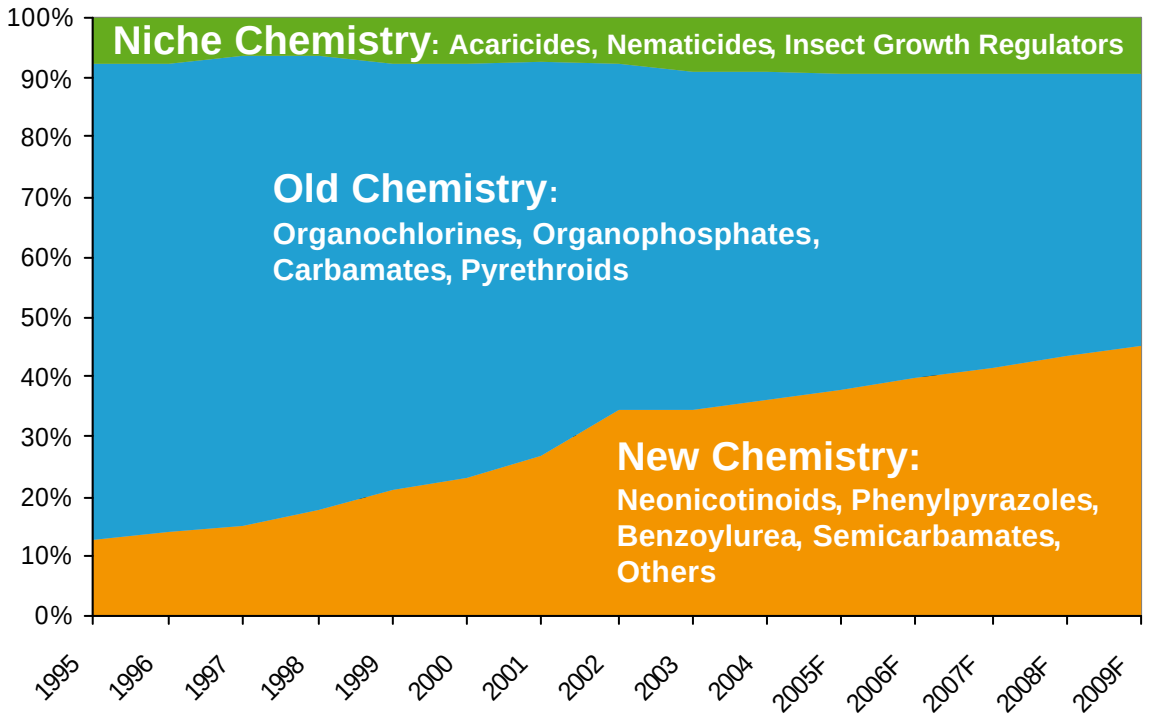
We Focus on Important Customer Needs

Customer Needs	Indications	Long-Term Market Growth
New diseases and resistance trigger high demand for innovations	**Fungicides**	↗ >2% p.a.
Phase out of old products and resistance trigger high demand for innovations	**Insecticides**	↗ 2% p.a.
Only few unmet needs (glyphosate gaps, cereal graminicide) limit demand for innovations	**Herbicides**	↘ -1% p.a.
Increased yield and quality requirements create opportunity for plant health products High value segments, e.g. seed treatment, termites	**New Opportunities**	↑

Attractive Intra-Segment Shifts

High Growth Potential With Innovative Solutions

Example Insecticides



- Top-line insecticide market growth of 2% p.a.
- Regulatory pressure and resistance issues demand new modes of action
- New chemistry classes to grow by more than 5% p.a.
- Mature “old” chemistry being steadily substituted

Source: Phillips McDougall, BASF data, crop applications only

We Hold Leading Positions in Attractive Market Segments

Cereals	Fungicide EUR Fungicide USA Fungicide BRA	Opera®, Opus® Headline® Opera®, Caramba®
Corn	Herbicides USA Fungicide BRA	Guardsman® Max, Outlook ® Opera®
Rice	Herbicides BRA Herbicides USA Insecticides JAP	Facet®, Clearfield®, Aura® Newpath®, Facet® Prince®
Soybeans	Insecticide Brazil Herbicides USA Fungicide BRA	Standack® Raptor®, Extreme® Opera®
Specialty Crops	Fungicide Citrus ARG Insecticide Grape EUR Fungicide Coffee BRA	Comet® RAK®, Cascade® Opera®, Opus®
Non Crop Uses	Insecticide USA Insecticide AUS Insecticide USA	Termidor® Termidor® Phantom®

Top 3 ranking brands

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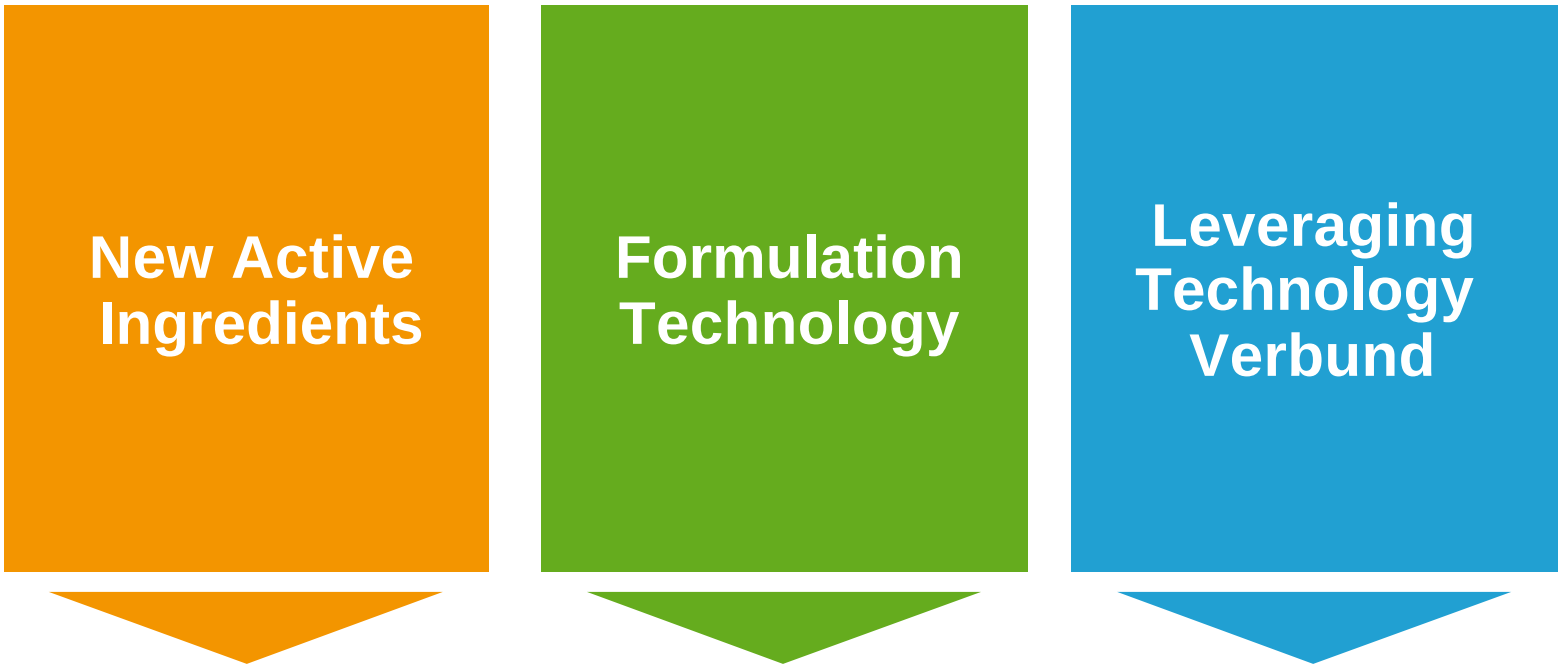
We Have the Right Technology Mix



All three dimensions of technology drive market success

Powerful Pipeline with New Technologies

New Active Ingredients for Areas of True Opportunity

	In Launch	In Development	
Row Crops	F500 (F) Dimoxystrobin (F) Tritosulfuron (H) Picolinafen (H) Dimethenamid-P (H)	2 new Fungicides 2 new Herbicides 1 HT Project*	
Specialty Crops	Boscalid (F)	2 new Fungicides 1 new Insecticide	
Non Crop Uses	Boscalid (F) Chlorfenapyr (I)	1 new Herbicide 1 new Insecticide	
Seed Treatment		3 Fungicides	

*Herbicide tolerant soybeans

Challenge for Soybean Growers

Asian Soybean Rust

Asian Soybean Rust

- Major threat to growers
- High damage potential

Customers' needs

- Excellent plant protection preventative and curative
- Peace of mind
- Enhancing quantity and quality of harvest

Market size in South America ~ USD 800 million. Additional potential in North America larger than USD 300 million.

Healthy Soybean Pods

Soybean Pods infected with Asian Soybean Rust

We are Benchmark for Soybean Growers

F500® with Plant Health™ Effect

Build on first-mover and market leader experience in South America

Leverage BASF knowledge on Plant Health™ benefits of strobilurins that go beyond disease control: plant growth efficiency and plant tolerance to stress

New opportunity for BASF and our customers

- Improved grower profitability
- Increased marketable crop yields
- Strengthens BASF´s portfolio in the US

Objective: Identify new products with effects beyond classical crop protection

Plant Health™ with

F500 it works.

Plant Health effect on soybean yield

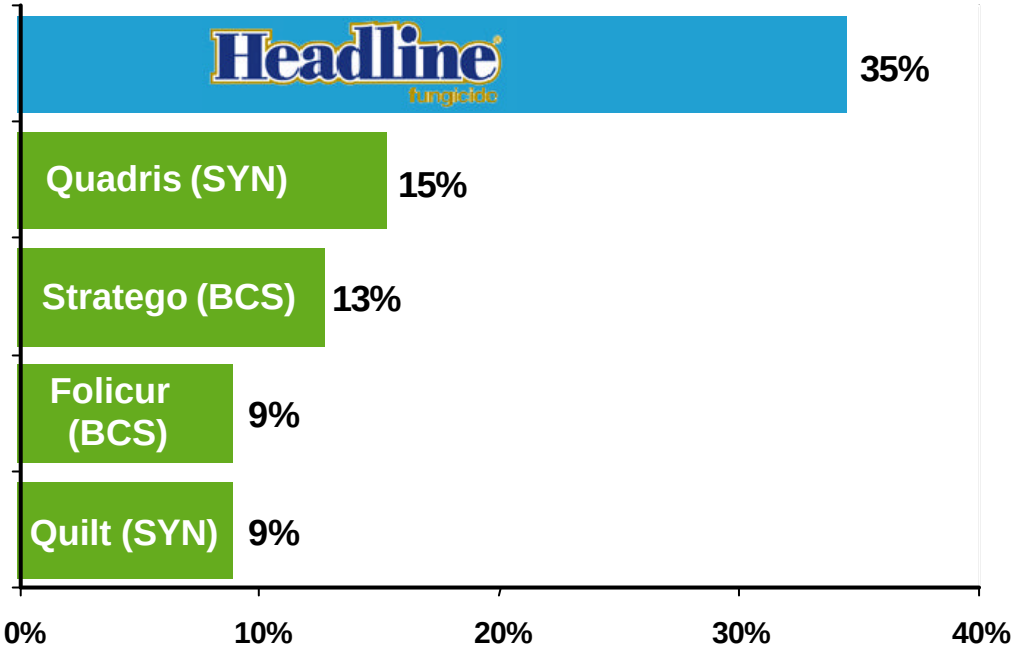
US Soybean Growers Trust in BASF's Competence

F500® – US market leader in cereals, peanuts, fruits and vegetables in less than two years

Headline® – product of choice in soybeans in first year

Plant Health™ – BASF develops new market segment in USA

Soybean Fungicides Grower Purchase Intentions for 2005



Source: Stratus Survey April 2005

Boscalid: Flagship of Our Growing Speciality Crop Business

Boscalid – Innovative new mode of action active ingredient to control multiple fungal diseases in a variety of specialty crops like grapes, fruits & vegetables

Pristine FUNGICIDE
Bellis®
Signum®

Customers' needs

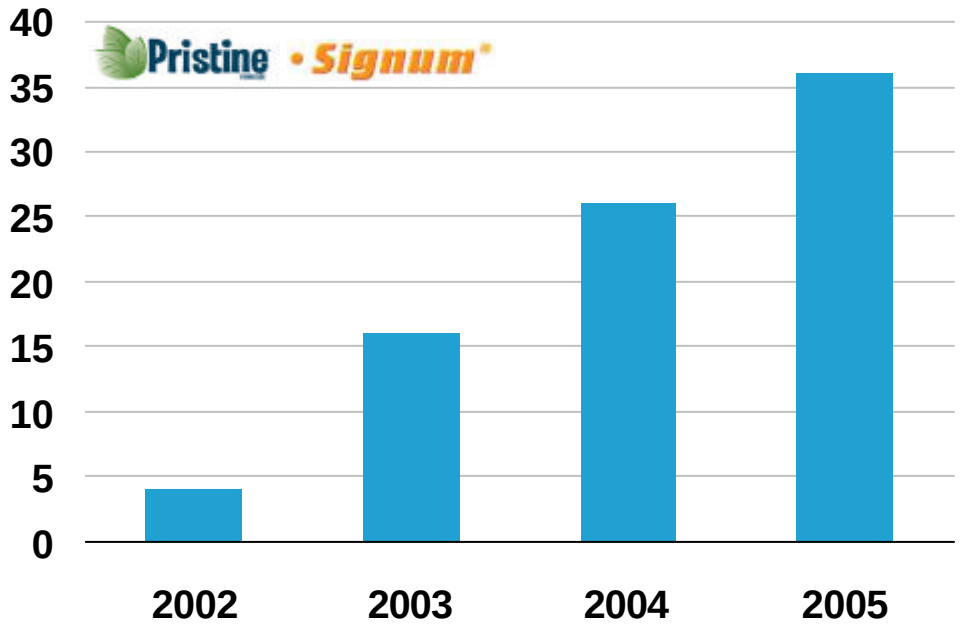
- Safeguarding quantity and quality of produce
- Broad spectrum activity

BASF solution

- New mode of action
- Broad spectrum of fungal diseases controlled
- New tool for resistance management

We Set Benchmark in Specialty Crops

Number of countries with Boscalid registered



- Solution for a great variety of customer needs
- First registered in 2002
- Sales target >150 million EUR
- Registered in 36 countries
- Registered for over 100 crops

Formulation Technology

Tailor-made Formulations for Specific Customer Needs

Formulation is the process of converting an active ingredient into an applicable plant protection product

Active Ingredient

- crystalline
- oily
- resin-like
- etc.

Formulation

- suspension
- concentrate
- granule
- etc.

Performance

- bioavailability
- uptake by plant
- photo stability
- residual action
- concentration
- shelf life
- etc.

We Develop Innovative Formulations

Prowl H_2O – Microencapsulated Pendimethalin Herbicide

Customer need – improve original formulation, characterized by loss in efficacy over time, staining of equipment/clothes and unpleasant odor

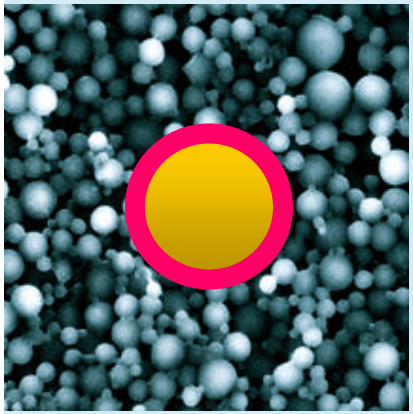
BASF solution:

AquaCap™ Technology
Innovative, patented formulation technology (water-based microencapsulation)

Prowl H_2O launched 2003

- Reduced staining potential, virtually no odor
- Enhanced persistence, i.e. long-lasting effect
- Reduced use of organic solvents
- Smart extension of product lifecycle
- 15% of Pendimethalin sales in year two after launch are patent-protected

PROWL herbicide



Microencapsulated pendimethalin

PROWL H_2O

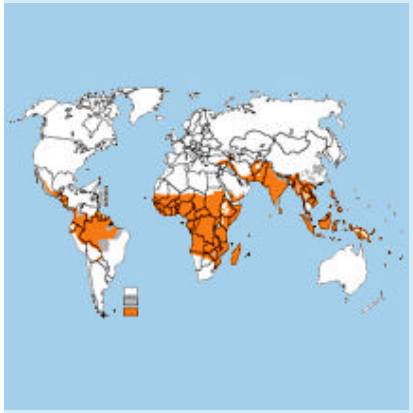
Leveraging Technology Verbund

Fight Against Malaria – Deadly Threat to Millions

Malaria kills more than one million people and causes over 300 million acute illnesses per year

Customers' needs

- Effective insect control
- Protection especially against malaria
- Ease of use, i.e. no retreatment of nets necessary



WHO recommends insecticide treated bed nets

Market potential of USD 200 million (institutional buyers)

WHO figures

We Set Benchmark in Malaria Control

Long-Lasting Insecticide-Treated Nets

Technology Verbund at work:

Agricultural Products Division:

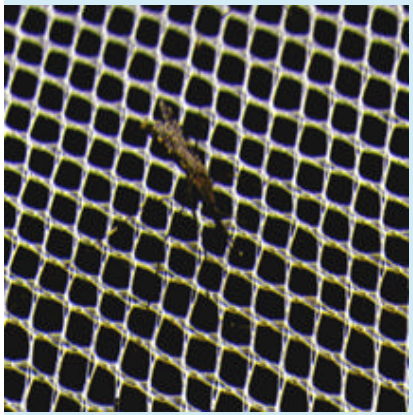
- Insecticide Technology

Specialty Chemicals Division:

- Textile Technology

BASF Solution – Long-lasting Insecticide-Treated Nets

- No need for retreatment
- >95% knock-down of mosquitoes after 20 washes
- BASF ensures quality by managing entire value chain
- Submission for WHO approval
- Market launch expected in 2006



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Problem for Rice Growers

Red Rice Control

Grower problem: Red Rice weed

- Difficult to distinguish from crop
- Difficult to control
- High damage potential (up to 100% yield loss)
- Conventional herbicides not satisfactory

Red Rice (Oryza Sativa)

Customers' need

- Safe and reliable solution to control red rice weed

Rice Crop

We Set Benchmark in Red Rice Control

CLEARFIELD® Rice Production System Introduced in 2002

BASF solution for rice growers

System of Newpath™ Herbicide + herbicide resistant CLEARFIELD® Rice

- Superior control of red rice and broad leaf weeds
- High reliability
- Ease of use
- High-yielding, non-GMO varieties
- Certified CLEARFIELD® quality

NEWPATH® HERBICIDE | for CLEARFIELD rice

+

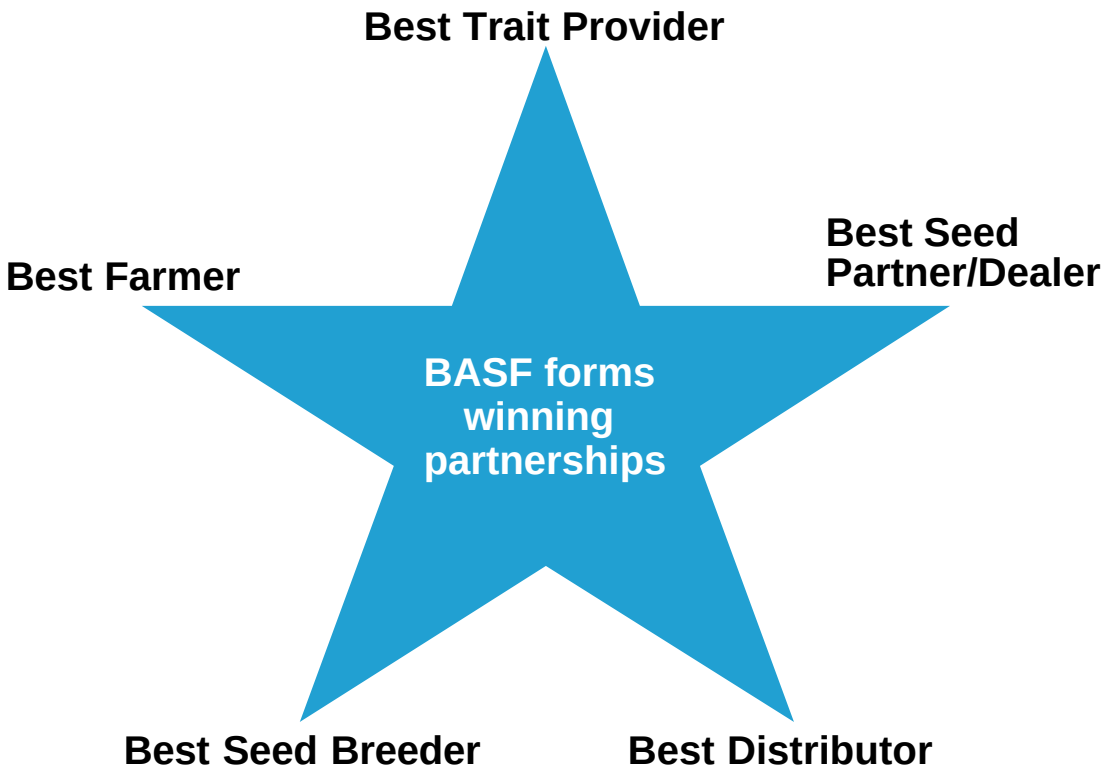
=

30% market share in the US

We Partner With the Best in Seed

"Virtual Seed Company"

CLEARFIELD® – Network and alliance model to deliver trait technology to the farmer



CLEARFIELD production system

CLEARFIELD crops

- Canola
- Lentils
- Sunflower
- Rice
- Wheat

Peak Sales Potential
200 million EUR
(not included in pipeline)

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Seed Treatment – A New Opportunity

Driver for Long Term Profitable Growth

2003: Seed treatment assets and technology acquired with “Fipronil Package” from Bayer

BASF Strategy

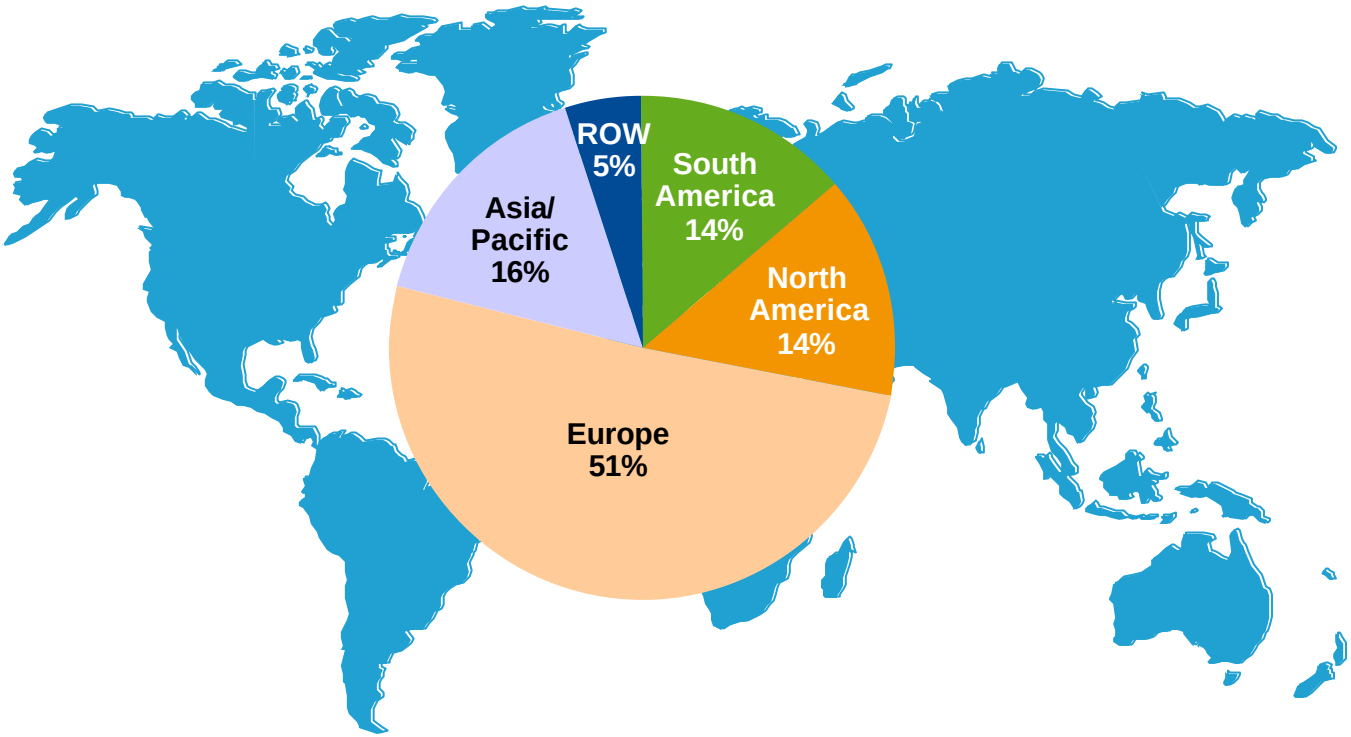
- Maximize the synergies of acquired product range
- Develop seed treatment solutions based on our existing innovative BASF active ingredient portfolio
- Use BASF Verbund to find and establish new innovations and high value solutions around the seed

Sales 2004 approx. 100 million EUR

Seed Treatment World Market

Growth Opportunity for BASF

Total 2004: approx. USD 1.2 billion



World market growing strongly with more than 5% p. a.

We Protect the Crop Beyond the Farm Gate

Fruit & Vegetable Grower — Harvest — Fruit Company – Retailer – Consumer

Pristine FUNGICIDE with Boscalid

FreshSeal

Pre-Harvest Disease Control

- New mode of action fungicide
- Excellent performer in high value specialty crops like fruits and vegetables on value determining diseases
- Safeguarding quantity and quality of harvest

Post-Harvest Freshness Preservation

- Water-based liquid polymer coating
- Preserves fruits and vegetables
- Very cost effective
- Commercially available and FDA approved
- Extends shelf-life and improves quality of produce

Key Messages

- BASF focuses on high-profit segments
- BASF brings leading technologies to the market
- BASF forms winning partnerships
- BASF is exploiting new growth opportunities

We Set Benchmark in Customer Satisfaction

BASF in the eye of our customers:

Country	Year 2001	Year 2004/5
USA	#3	#1
Brazil	n.a.	#1
France	#5	#1
Germany	#1	#1
UK	#2	#1
Italy	#2	#1
Japan	#9	#7

Source: Various independent customer satisfaction studies
Stratus (USA), A Granja (Brazil), Eider (France), DLG (Germany), B2C (UK), CIF (Italy), Crecon (Japan)

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