Investor Release

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2nd Quarter 2008 Analyst Conference Call

July 31, 2008, 15.00 p.m. (CEST)

Ludwigshafen

Dr. Jürgen Hambrecht

Dr. Kurt Bock

Dr. Stefan Marcinowski

Analyst Conference Call Script

The spoken word applies.

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Dr. Jürgen Hambrecht

Good afternoon Ladies and Gentlemen,

2nd Quarter 2008 Highlights

In the second quarter 2008, BASF again posted new records for sales and earnings.

Sales rose by 11% to € 16.3 billion. Disregarding negative currency effects, sales increased by 19%. EBIT before special items amounted to € 2.4 billion, 19% more than in the second quarter of 2007. Earnings per share were up by 34% — to € 1,39 (This figure is of course adjusted for the stock split.). Between the beginning of 2008 and June, we spent € 1.1 billion on share repurchases and thus completed our € 3 billion share buyback program for 2007 and 2008 ahead of schedule. In July, we started a new € 3 billion share buyback program scheduled to be completed by mid-2010.

These are excellent results, especially in light of the current macroeconomic environment. Even more important is that our confident outlook for the full year remains unchanged.

Kurt Bock will now take you through BASF's second quarter 2008 in more detail.

Dr. Kurt Bock

Ladies and Gentlemen,
Good day and thank you for joining us.

Components of sales development

In Q2 we were able to increase volumes by 5% and prices by even 15%. Agricultural Solutions achieved the highest percentage volume growth, but demand in our chemical activities also remained robust or increased. Only Functional Solutions recorded a slight decrease due to weaker demand in the North American automotive and construction industries.

BASF's strong organic sales growth of 20% was partially offset by the weak U.S. dollar and related currencies, which had a negative impact of 8% on sales. Overall, portfolio changes of minus 1% had only a minor effect on second-quarter sales.

Income statement highlights

Second-quarter EBIT before special items rose to € 2.4 billion, an increase of 19% compared with the same period last year.

Net special charges amounted to about € 50 million and were mainly related to restructuring measures expected in 2008.

The financial result improved by € 27 million to minus € 38 million due to income from the valuation of derivatives at fair market value. Income before taxes and minority interests rose by 20% to € 2.3 billion.
The tax rate was 41% compared with 45% in the second quarter of 2007. This lower rate mainly resulted from lower tax rates in Europe, for example the reduction of the German corporate income tax in 2008.

Non-compensable foreign income taxes on oil production rose by € 246 million to € 577 million in the second quarter of 2008. Of this increase, about € 50 million was due to the German corporate tax reform; the rest is attributable to the steep increase in the oil price. The average crude oil price in the second quarter 2008 was 121 dollars per barrel compared with 69 dollars per barrel in the second quarter of 2007. In euro terms, this corresponds to an increase of € 27 to approximately € 78 per barrel.

Minority interests amounted to € 73 million and were primarily related to our partners in the Oil & Gas and the Chemicals segments. The increase resulted from Gazprom taking a stake in a German Wintershall subsidiary that holds exploration and production rights to onshore concessions in Libya.

Net income rose by 27% to € 1.3 billion. Earnings per share climbed by 34% to € 1,39; this increase was also supported by our share buyback program.

"Segment performance

Our second quarter interim report provides in-depth information on our segment results, so I will only focus on the highlights and most important changes compared with the second quarter of 2007.

In **Chemicals,** the strong sales growth was driven by all divisions. However, price increases were not sufficient to offset higher raw material costs. Earnings in Petrochemicals decreased, mainly due to lower cracker margins as well as due to scheduled maintenance shutdowns completed in the second quarter.

Although sales in the **Plastics** segment rose, earnings declined compared with the second quarter of 2007. In Performance Polymers, business was impacted by lower demand, particularly in the North American automotive and construction markets. Due to high raw material costs, most of the product lines suffered from margin pressure. In Polyurethanes, earnings matched the high level recorded in the second quarter of 2007 thanks to persistently robust demand in Asia and Europe.

Sales in **Performance Products** matched last year's level. Earnings growth was driven by the strong performance in Care Chemicals and reduced fixed-costs as a result of our restructuring efforts. The significant increase in raw material and energy costs put pressure on margins for acrylic monomers and paper binders.

Sales in the **Functional Solutions** segment rose 2% in the second quarter. Earnings in Coatings almost matched previous year's level. Higher sales of automotive coatings in Europe, Asia and South America compensated for weaker demand for automotive coatings in North America. Earnings in Catalysts and especially in Construction Chemicals were significantly impacted by weaker demand from customers in North America.

Agricultural Solutions had another very successful quarter. Stefan Marcinowski will elaborate on these results in a few minutes.

Sales in **Oil & Gas** rose strongly by 41 percent as a result of higher natural gas production, increased volumes in natural gas trading and higher oil prices. Natural gas production from the Siberian Yuzhno Russkoye field currently stands at 40 million cubic meters per day. In Libya, oil production declined slightly. With new exploration licenses in Argentina and Chile, Wintershall continues to expand its activities in

South America. Income from operations increased again due to the higher contribution from E&P, whereas the gas trading business was negatively impacted by the time-lag effect. This is now the 5th quarter in which we reported insufficient earnings in Natural Gas Trading. And this will continue until the trend is reversed by a decline in or at least stable oil prices.

Taking a look at the income statement for the Oil & Gas segment, EBIT improved by 44% to € 1.0 billion. Net income increased slightly by 5% to 202 million. These gains were achieved despite higher income taxes on oil production and increased minority interests resulting from our asset swap with Gazprom.

EBIT before special items in **"Other"** improved by € 202 million to € 13 million. This includes earnings resulting from hedging for raw material prices that are not allocated to the business segments. The valuation of the BASF option program at fair value also contributed to this improvement.

I will now briefly discuss our cash flow statement, which refers to the first half of the year.

Statement of cash flows

At € 2.6 billion, cash provided by operating activities was € 114 million lower than in the same period of 2007. The level of net working capital rose as a result of the expansion of our business.
Cash used in investing activities amounted to € 1 billion.
We spent € 1 billion on additions to tangible and intangible assets. This was again below the corresponding depreciation and amortization of € 1.3 billion.

During the first half of the year, BASF bought back shares for € 1.1 billion, thus completing our € 3 billion share buyback program 6 months ahead of schedule.

Outlook 2008

Our forecast for 2008 is based on the following macroeconomic assumptions, which we updated at our recent Chemicals Segment Day:

We continue to expect global economic growth of 2.8%; the assumption for chemical production growth in 2008 has been reduced to 2.4% in 2008. We assume an average oil price (Brent) of 120 dollars per barrel and an average dollar/euro exchange rate of one dollar fifty-five per euro.

Despite an increasingly challenging economic environment with high raw material costs, we are confident that we will achieve the goals we have set for 2008. We aim to increase sales and to improve EBIT before special items slightly.

Now let me hand over to Stefan Marcinowski who will briefly lead you through the results in our Agricultural Solutions segment.

Dr. Stefan Marcinowski

Thank you, Kurt. Let me explain the very positive results in our Agricultural Solutions business.

Performance 2nd Quarter / 1st Half 2008

In the second quarter of 2008, sales for our crop protection products grew by 21%. On a currency-adjusted basis, the increase was an even stronger 30%.
The positive business development was triggered by persistently high prices for agricultural commodities and strong demand for our innovative crop protection products. Strong volume growth of 24% and price increases of 6% more than offset negative currency effects of about minus 9%, mainly caused by the weak U.S. dollar.
EBIT before special items improved by 51%, thanks to price increases and a larger share of highly profitable products, above all our fungicides.

Sales by indication H1 2008

By indication, our fungicides business grew by 36% (or 44% on a currency adjusted basis).
Our insecticide and herbicide businesses were impacted by the weak U.S. dollar and continued pressure on the U.S. non-crop business.

Sales by region H1 2008

On a currency-adjusted basis, we posted record double-digit sales increases in all regions: Europe and North America both recorded 18% sales growth, South America 39% and Asia Pacific 26%.
In Europe, high demand in the fungicides segment, especially for cereal fungicides, resulted in the strong sales increase in our main markets.
In North America, the crop business performed very well, driven by strong demand for fungicides and herbicides. The wet conditions in the U.S. Midwest contributed to increased sales of our plant health

product Headline®. The U.S. business with non-crop applications, however, remained under pressure.
High demand for our fungicides and herbicides, especially in Brazil, triggered the strong growth in South America. We saw unusually early orders for the new season, for soy and corn in particular.
In Asia Pacific, we recorded strong growth, in particular in India and Japan, especially with our soybean herbicide product Pursuit® and our rice fungicide Arashi®.

Outlook 2008 and beyond

Our profitability target is to reach an EBITDA margin (before special items) of 25% which we will achieve in 2008 despite very unfavorable exchange rates.
Significantly higher raw material and energy costs as well as major increases in registration costs, especially for the European market, will force us to continuously increase prices.
In the mid-term, we expect consistently high demand for our innovative crop protection products. We have therefore decided to expand our capacities for important active ingredients. Besides our capacity investment for our new herbicide Kixor™ we will additionally spend more than € 150 million in capacity expansions for products such as our fungicides F 500® and Boscalid, as well as for Fipronil and Metazachlor.

Plant biotechnology *(without chart)*

Finally, I would like to give you a short update on our activities in the area of plant biotechnology: Our joint efforts with Monsanto to increase yields of major crops are progressing rapidly and successfully. We will provide more details on this in the autumn.

The situation with regard to the approval of our starch potato Amflora is rather different. Even though we have met all the requirements placed on us in this long process and even though Amflora has repeatedly been shown to be safe for humans and the environment, the E.U. Commission is still delaying its approval. We have therefore filed an action with the European Court of First Instance in Luxembourg against the EU Commission for failure to act.

Since we are committed to plant biotechnology, we will continue to invest in the development of this key technology and will fight for its acceptance.