



The Chemical Company

BASF Aktiengesellschaft
Financial Statements 2004

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The Financial Statements and Management's Analysis of BASF Aktiengesellschaft for the financial year 2004 are published in the Federal Gazette and filed in the Commercial Register of the District Court of Ludwigshafen (Rhine) HRB 3000. Management's Analysis of BASF Aktiengesellschaft has been combined with that of BASF Group. This combined analysis is published on

pages 14 to 73 of our Financial Report, and the Report of the Supervisory Board on pages 8 to 10. The Financial Statements of BASF Aktiengesellschaft, the combined Management's Analysis and the List of Shares Held by BASF Aktiengesellschaft are also available on the Internet at www.basf.de/governance_e.

Report of Independent Auditors

We have signed the annual Financial Statements and the Management's Analysis of BASF Aktiengesellschaft for the financial year 2004 – combined with that of BASF Group – with the following unqualified audit opinion:

We have audited the annual Financial Statements, together with the bookkeeping system, and Management's Analysis of BASF Aktiengesellschaft, Ludwigshafen (Rhine), for the financial year from January 1 to December 31, 2004. The maintenance of the books and records and the preparation of the annual Financial Statements and Management's Analysis in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual Financial Statements, together with the bookkeeping system, and the Management's Analysis based on our audit.

We conducted our audit of the annual Financial Statements in accordance with Section 317 of the German Commercial Code (HGB) and the generally accepted standards for the audit of Financial Statements promulgated by the German Institute of Auditors. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual Financial Statements in accordance with German principles of proper accounting and in the Management's Analysis are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination

of audit procedures. The effectiveness of the internal control system set up for monitoring the accounting process and the evidence supporting the disclosures in the books and records, the annual Financial Statements and the Management's Analysis are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual Financial Statements and Management's Analysis. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to any objections.

In our opinion, the annual Financial Statements for the year 2004 give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. On the whole, the Management's Analysis provides a suitable understanding of the company's position and suitably presents the risks of future development.

Frankfurt, February 23, 2005

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Künnemann
Wirtschaftsprüfer

Dr. Beine
Wirtschaftsprüfer

Statement of Income Year ended December 31

Million €	Explanations in Note	2004	2003
Sales	(2)	14,073.9	13,059.7
Cost of sales		10,268.9	9,743.8
Gross profit on sales		3,805.0	3,315.9
Selling expenses		1,724.8	1,735.7
General and administrative expenses		314.8	312.7
Research and development expenses		709.1	737.7
Other operating income	(3)	358.8	315.3
Other operating expenses	(4)	659.9	685.2
Income from operations		755.2	159.9
Income from financial assets		1,543.0	1,638.1
Write-downs of, and losses from, retirement of financial assets as well as securities held as current assets		328.5	355.6
Interest result		(173.2)	(117.5)
Financial result	(5)	1,041.3	1,165.0
Income before taxes		1,796.5	1,324.9
Income taxes	(6)	434.0	221.7
Net income		1,362.5	1,103.2

Balance Sheet at December 31

ASSETS			
Million €	Explanations in Note	2004	2003
Intangible assets	(8)	267.9	349.7
Property, plant and equipment	(9)	1,739.0	1,969.9
Financial assets	(10)	16,600.5	15,029.7
Fixed assets		18,607.4	17,349.3
Inventories	(11)	1,467.5	1,391.8
Accounts receivable, trade		1,399.6	1,011.6
Receivables from affiliated companies		2,706.6	3,527.1
Miscellaneous receivables and other assets		250.5	263.2
Receivables and other assets	(12)	4,356.7	4,801.9
Marketable securities		93.6	67.5
Cash and cash equivalents		1,771.0	233.1
Liquid funds		1,864.6	300.6
Current assets		7,688.8	6,494.3
Deferred taxes	(6)	299.3	359.6
Prepaid expenses	(13)	24.1	19.1
Total assets		26,619.6	24,222.3

STOCKHOLDERS' EQUITY AND LIABILITIES			
Million €	Explanations in Note	2004	2003
Subscribed capital	(14)	1,383.5	1,425.0
Capital surplus	(14)	2,928.9	2,889.5
Retained earnings	(15)	6,032.5	6,303.1
Profit retained	(15)	918.7	779.3
Stockholders' equity		11,263.6	11,396.9
Special reserves	(1)	113.3	116.5
Provisions for pensions and similar obligations	(16)	3,037.3	2,977.3
Provisions for taxes		623.1	435.9
Other provisions	(17)	2,146.1	1,982.6
Provisions		5,806.5	5,395.8
Bonds and other liabilities to capital market		2,250.0	2,304.0
Liabilities to credit institutions		0.0	19.5
Accounts payable, trade		443.8	515.5
Liabilities to affiliated companies		6,272.8	4,001.9
Miscellaneous liabilities		371.3	394.6
Liabilities	(18)	9,337.9	7,235.5
Deferred income		98.3	77.6
Total stockholders' equity and liabilities		26,619.6	24,222.3

Notes to the Financial Statements

Notes to the BASF Aktiengesellschaft Financial Statements

Basis of presentation: The Financial Statements of BASF Aktiengesellschaft ("BASF" or "BASF Aktiengesellschaft") are based on the accounting and valuation principles of the German Commercial Code (*Handelsgesetzbuch*) and the German Stock Corporation Act (*Aktiengesetz*).

(1) Accounting and valuation methods

Revenue recognition: Revenues from product sales and the performance of services are recognized upon shipment to customers or performance of services if ownership and risks are transferred to the buyer. Provisions for discounts, sales returns, rebates to customers, estimated future warranty obligations and other claims are provided for in the same period the related sales are recorded.

Intangible assets: Intangible assets are valued at acquisition cost less scheduled straight-line amortization. The weighted average amortization period was nine years in 2004 and eight years in 2003 based on the following expected useful lives:

	2004	2003
Goodwill	19 years	19 years
Software	4 years	3 years
Patents, licenses, know-how, other rights	8 years	7 years

For reasons of comparability, the average amortization period for goodwill in 2003 was adjusted.

The Company evaluates intangible assets whenever significant events or changes in circumstances occur which might impair recovery of recorded asset costs.

Property, plant and equipment: Property, plant and equipment are stated at acquisition or production cost less scheduled depreciation over their estimated useful lives. Low-value assets are fully depreciated in the year of acquisition and are shown as retirements. Movable depreciable fixed assets that are functionally integrated are treated as a single asset item.

The cost of self-constructed plants includes direct costs and an appropriate proportion of the overhead cost of units involved in the construction, but excludes financing costs, costs for voluntary social benefits and pension costs for the period of construction.

Movable fixed assets are mostly depreciated by the declining balance method, with a change to straight-line depreciation when this results in higher depreciation amounts. Immovable fixed assets are predominantly depreciated using the straight-line method.

The weighted average periods of depreciation are as follows:

	2004	2003
Buildings and structural installations	22 years	22 years
Industrial plant and machinery	11 years	11 years
Working and office equipment and other facilities	10 years	10 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Measurement of an impairment loss for long-lived assets that the Company expects to hold and use is based on the fair value of the asset, which is usually based on the discounted expected future cash flows from the use of the asset and its eventual disposition.

Financial assets: Shares in affiliated or associated companies, other shares, participations and securities held as fixed assets are shown at acquisition cost or, where an other-than-temporary impairment of value occurs, at the appropriate lower values.

Interest-bearing loans are stated at cost; non-interest-bearing loans or loans at below market interest rates are stated at their present value. Loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due. In such circumstances, the Company recognizes an impairment loss based on the estimated fair value of the loan.

Inventories: Inventories are carried at acquisition costs or production costs. They are valued at market values if lower than cost. These lower values are the replacement costs for raw materials and factory supplies and merchandise and, in the case of work in process and finished products, the expected sales proceeds less costs to be incurred prior to sale or lower reproduction cost.

Production costs include, in addition to direct costs, an appropriate allocation of overhead cost of production using normal utilization rates of the production plants. Financing costs, pensions, or voluntary social benefits are not included in production costs.

Construction-in-progress relates mainly to chemical plants under construction for third parties. Profits are recognized at finalization and billing of a project or part of a project. Expected losses are recognized by write-downs to the lower attributable values.

Receivables and other assets: Receivables are generally carried at their nominal value. Notes receivable and loans generating no or a low-interest income are discounted to their present values. Lower attributable values due to risks of collectibility and transferability are covered by appropriate valuation allowances.

Cash and cash equivalents: Cash and cash equivalents comprise marketable securities, cash at banks and cash on hand. Securities are valued at cost. They are valued at quoted or market values if lower than cost.

Deferred tax assets: Deferred tax assets are recorded for taxable temporary differences between the valuation of assets and liabilities in the Financial Statements and the carrying amounts for tax purposes. No valuation allowances were made for deferred tax assets.

Special reserves: To the extent that recognition of special reserves on the balance sheet is required for fiscal acceptance, the amount is set in accordance with fiscal legislation. This refers primarily to tax write-offs.

Provisions: Provisions for pensions are based on actuarial computations made predominantly according to the projected unit credit method. To the extent permissible under the German Commercial Code, the accounting principles conform to U.S. generally accepted accounting principles (U.S. GAAP).

Tax provisions are recognized for German trade income tax and German corporate income tax in the amount necessary to meet the expected payment obligations, less any prepayments that have been made.

Other provisions are recorded for the expected amounts of contingent liabilities and probable losses from pending transactions. Maintenance provisions are established to cover omitted maintenance procedures as of the end of the year, and are expected to be incurred within the first three months of the following year. The amount provided is based on reasonable commercial judgment.

Provisions are established for environmental protection measures and risks if the measures are necessary to comply with legal or regulatory obligations or if conditions are likely to be imposed due to technological developments and do not result in items to be capitalized as production costs. Liabilities for these expenditures are recorded on an undiscounted basis when environmental assessments or clean-ups are probable, the costs can be reasonably estimated and no future economic benefit is expected.

Provisions for required re-cultivation associated with the operation of landfill sites are built up in installments over the expected service lives. In addition, provisions are accrued for regular shutdowns within prescribed intervals of certain large-scale plants as required by technical surveillance authorities. Provisions are accrued in the amount of the expected costs of the measures without costs for shutdown and lost earnings until the next scheduled shutdown.

Provisions for long-service and anniversary bonuses are actuarially calculated, using an interest rate of 5.5%. For pre-retirement part-time programs, the present value of promised supplemental (top-up) payments are set aside in full and the wage and salary payments due during the passive phase of agreements are accrued through installments, discounted at an interest rate of 5.5%. Provisions are recorded for the expected costs of pre-retirement part-time programs that are anticipated to be contracted during the term of the collective bargaining agreements, taking into consideration the ceilings provided in the collective agreements.

Conversion of foreign currency items: The cost of assets acquired in foreign currencies and revenues from sales in foreign currencies are recorded at current rates on transaction dates.

Short-term foreign currency receivables and liabilities are valued at the rate on the balance sheet date. Long-term foreign currency receivables are recorded at the rate prevailing on the acquisition date or at the lower rate on the balance sheet date. Long-term foreign currency liabilities are recorded at the rate prevailing on the acquisition date or at the higher rate on the balance sheet date. Foreign-currency receivables or liabilities that are hedged are carried at hedge rates.

Derivative financial instruments: Derivative financial instruments are treated as pending transactions and are not recorded as assets or liabilities. Underlying transactions and hedging measures are combined and valued together, when applicable. Profits from hedging transactions, which cannot be allocated to a particular underlying transaction, are recorded in income upon maturity. Unrealized losses from hedging transactions, which cannot be allocated to a particular underlying transaction, are recognized in earnings and included in provisions.

The use of derivative financial instruments to hedge against foreign currency, interest rate and price risks are described in detail in Note 20.

Use of estimates in financial statement preparation: The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In the preparation of these financial statements, estimates and assumptions have been made by management concerning the selection of useful lives of property, plant and equipment and intangible assets, the measurement of provisions, the carrying value of investments, and other similar evaluations of assets and obligations. Given the uncertainty regarding the determination of these factors, actual results could differ from these estimates.

(2) Sales

Million €	2004
By segment	
Chemicals	3,507.0
Plastics	3,646.2
Performance Products	3,570.6
Agricultural Products & Nutrition	2,677.1
Other	673.0
	14,073.9
By region	
Europe	10,727.1
Thereof Germany	4,192.0
North America (NAFTA)	842.7
South America	478.0
Asia, Pacific Area, Africa	2,026.1
	14,073.9

(3) Other operating income

Release of special reserves of €9.0 million mainly included the transfer of capital gains from the sale of fixed assets to additions to fixed assets in accordance with Section 6b of the German Income Tax Act.

(4) Other operating expenses

Appropriation to special reserves of €5.8 million primarily related to the transfer of capital gains from the sale of fixed assets in accordance with Section 6b of the German Income Tax Act.

(5) Financial result

Million €	2004	2003
Income from participating interests and similar income	1,080.1	1,188.8
Thereof from affiliated companies	1,062.3	1,162.1
Income from profit transfer agreements	738.6	529.6
Losses from loss transfer agreements	275.7	80.3
Net income from financial assets	1,543.0	1,638.1
Write-downs of, and losses from, retirement of financial assets as well as securities held as current assets	328.5	355.6
Income from other securities and financial assets	15.5	17.4
Thereof from affiliated companies	12.9	14.7
Other interest, income from sale of marketable securities and similar income	69.3	92.0
Thereof from affiliated companies	28.7	16.7
Interest and similar expenses	258.0	226.9
Thereof to affiliated companies	84.0	90.0
Interest result	(173.2)	(117.5)
Financial result	1,041.3	1,165.0

(6) Income taxes

Million €	2004	2003
Current taxes	373.7	249.6
Deferred taxes	60.3	(27.9)
Income taxes	434.0	221.7
Other taxes	17.8	19.7
Tax expense	451.8	241.4

Deferred taxes arise from the following differences between valuations in the Financial Statements and valuations for tax purposes:

Million €	2004	2003
Fixed assets	25.0	35.6
Inventories and accounts receivable	7.7	54.3
Provisions for pensions and similar obligations	117.0	105.9
Other provisions, other	149.6	163.8
Total	299.3	359.6
Thereof short term	45.8	95.7

Deferred taxes are calculated at a tax rate of 38%.

(7) Other information

Cost of materials	2004	2003
Million €		
Cost of raw materials, plant supplies and purchased merchandise	7,944.1	7,216.6
Cost of purchased services	1,365.8	1,428.4
	9,309.9	8,645.0

Personnel costs	2004	2003
Million €		
Wages and salaries	2,188.4	2,229.4
Social security contributions and expenses for pensions and assistance	721.3	664.2
Thereof for pensions	344.9	278.0
	2,909.7	2,893.6

Average number of employees	2004	2003
Non-exempt employees	28,159	29,521
Exempt employees	5,447	5,492
Employees with trainee contracts	1,859	2,034
Employees with limited-term contracts	287	397
	35,752	37,444

Compensation of directors and officers

For the year ended December 31, 2004, compensation paid to the members of the Board of Executive Directors

totalled €14.0 million; the members of the Supervisory Board received €2.7 million.

Million €	2004	2003
Board of Executive Directors emoluments	14.0	11.9
Thereof:		
fixed payments	4.8	4.6
performance-related payments	9.2	7.3
Exercise of option rights granted in 1999 and 2000	0.6	2.3
Supervisory Board emoluments	2.7	2.2
Thereof:		
fixed payments	0.5	0.5
performance-related payments	2.2	1.7
Total emoluments of former members of the Board of Executive Directors and their surviving dependents	6.0	6.7
Exercise of option rights by former members of the Board of Executive Directors and their surviving dependents	1.3	1.3
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	69.9	58.1
Loans to the Board of Executive Directors and the Supervisory Board	–	–
Contingent liability for the benefit of the Board of Executive Directors and the Supervisory Board	–	–

The return on assets is used as the criterion to determine the size of variable performance-related bonuses.

In 2004, the members of the Board of Executive Directors were also granted 120,356 stock options under the BASF stock option program. In 2004, the issue of option rights resulted in additional personnel costs totaling €3.9 million. Of this amount, €0.9 million was related to options issued in 2004, and €3.0 million to options issued in 1999 through 2003.

In 2004, the exercising of option rights granted under the BASF stock option program in 1999 and 2000 resulted in cash payments totaling €0.6 million to members of the Board of Executive Directors and €1.3 million to previous members or their surviving dependants. The cash payment does not influence personnel costs associated with the issuing of option rights.

The compensation of the Supervisory Board is defined in the Articles of Association of BASF Aktiengesellschaft. Pursuant thereto, each member of the Supervisory Board is reimbursed for the past year for out-of-pocket expenses and for value-added tax to be paid with regard to the Board membership. In addition, he or

she receives a fixed annual payment of €25,000 and a variable performance-related bonus amounting to €3,500 for each €0.05 by which the dividend paid to shareholders in a given year exceeds €0.30. For the year ended December 31, 2004, this will be €98,000, on the basis of the proposed dividend of €1.70 that will be submitted to the Annual Meeting on April 28, 2005. The chairman of the Supervisory Board receives a payment of twice and the deputy chairman a payment of 1.5 times this amount. In addition, the company grants members of the Supervisory Board a fee of €500 for attending a meeting of the Supervisory Board or one of its committees. Each member of the Audit Committee of the Supervisory Board receives an additional payment of €25,000. The chairman of this committee receives a payment of twice and a deputy chairman a payment of 1.5 times this additional amount.

The members of the Board of Executive Directors and the Supervisory Board as well as their memberships on other supervisory boards are shown on pages 21 to 24.

(8) Intangible assets

Developments in 2004	Concessions, trade- marks and similar rights and values*	Goodwill	Advance payments	Total
Million €				
Acquisition costs				
Balance as of January 1, 2004	871.5	203.9	–	1,075.4
Additions	23.1	3.1	12.5	38.7
Disposals	72.0	99.9	–	171.9
Transfers	–	–	–	–
Balance as of December 31, 2004	822.6	107.1	12.5	942.2
Amortization				
Balance as of January 1, 2004	618.4	107.3	–	725.7
Additions	105.7 ¹	5.6	–	111.3
Disposals	71.5	91.2	–	162.7
Balance as of December 31, 2004	652.6	21.7	–	674.3
Net book value as of December 31, 2003	170.0	85.4	12.5	267.9
<i>Net book value as of December 31, 2003</i>	<i>253.1</i>	<i>96.6</i>	<i>–</i>	<i>349.7</i>

* Including licenses in such rights and values

¹ Thereof impairment losses of €8.9 million**(9) Property, plant and equipment**

Developments in 2004	Land, land rights and buildings*	Machinery and technical equipment	Miscellaneous equipment and fixtures	Advance payments and construction in progress	Total
Million €					
Acquisition costs					
Balance as of January 1, 2004	2,458.1	9,016.8	1,182.6	327.4	12,984.9
Additions	10.1	110.0	39.8	117.2	277.1
Disposals	16.4	129.3	56.5	62.8	265.0
Transfers	20.4	135.9	28.1	(184.4)	0.0
Balance as of December 31, 2004	2,472.2	9,133.4	1,194.0	197.4	12,997.0
Depreciation					
Balance as of January 1, 2004	1,945.9	8,032.0	1,037.1	–	11,015.0
Additions	44.7 ¹	334.7 ²	59.9 ³	–	439.3
Disposals	14.7	127.4	54.2	–	196.3
Transfers	0.1	(3.0)	2.9	–	0.0
Write-ups	–	–	–	–	–
Balance as of December 31, 2004	1,976.0	8,236.3	1,045.7	–	11,258.0
Net book value as of December 31, 2004	496.2	897.1	148.3	197.4	1,739.0
<i>Net book value as of December 31, 2003</i>	<i>512.2</i>	<i>984.8</i>	<i>145.5</i>	<i>327.4</i>	<i>1,969.9</i>

* Including buildings on land owned by others

¹ Thereof impairment losses of €0.7 million² Thereof impairment losses of €10.5 million³ Thereof impairment losses of €0.3 million

(10) Financial assets

Developments in 2004 Participations Million €	Shares in affiliated companies	Shares in participating interests	Total participations
Acquisition costs			
Balance as of January 1, 2004	13,926.8	876.5	14,803.3
Additions	7,214.3	33.4	7,247.7
Disposals	5,324.1	8.3	5,332.4
Transfers	(3.3)	3.3	0.0
Balance as of December 31, 2004	15,813.7	904.9	16,718.6
Depreciation			
Balance as of January 1, 2004	194.2	73.2	267.4
Additions	77.8	184.3	262.1
Disposals	5.0	3.3	8.3
Write-ups	(3.3)	3.3	0.0
Balance as of December 31, 2004	263.7	257.5	521.2
Net book value as of December 31, 2004	15,550.0	647.4	16,197.4
<i>Net book value as of December 31, 2003</i>	<i>13,732.6</i>	<i>803.3</i>	<i>14,535.9</i>

List of Shares Held

The List of Shares Held by BASF Aktiengesellschaft in accordance with Section 287 of the German Commercial Code is filed in the Commercial Register of the District Court of Ludwigshafen (Rhine) HRB 3000. The List of

Shares Held can be obtained from BASF Aktiengesellschaft and is also available on the Internet at www.basf.de/governance_e.

Developments in 2004 Loans and other investments Million €	Loans to affiliated companies	Loans to participating interests	Other loans and investments	Loans and investments	Total financial assets
Acquisition costs					
Balance as of January 1, 2004	413.7	102.2	24.8	540.7	15,344.0
Additions	19.4	-	7.8	27.2	7,274.9
Disposals	94.6	1.8	8.7	105.1	5,437.5
Balance as of December 31, 2004	338.5	100.4	23.9	462.8	17,181.4
Depreciation					
Balance as of January 1, 2004	14.5	29.0	3.4	46.9	314.3
Additions	10.3	6.3	0.6	17.2	279.3
Disposals	3.7	-	0.6	4.3	12.6
Write-ups	-	-	0.1	0.1	0.1
Balance as of December 31, 2004	21.1	35.3	3.3	59.7	580.9
Net book value as of December 31, 2004	317.4	65.1	20.6	403.1	16,600.5
<i>Net book value as of December 31, 2003</i>	<i>399.2</i>	<i>73.2</i>	<i>21.4</i>	<i>493.8</i>	<i>15,029.7</i>

(11) Inventories

Million €	2004	2003
Raw materials and factory supplies	167.6	171.0
Work-in-process, finished goods and merchandise	1,003.4	1,073.0
Construction in progress	295.7	142.5
Advance payments	0.8	5.3
	1,467.5	1,391.8

“Work-in-process” and “Finished goods and merchandise” are combined into one item due to the production conditions in the chemical industry.

The acquisition or production costs of raw materials, work-in-process, finished goods and merchandise are mainly determined by the last-in-first-out (LIFO) method. Factory supplies are carried predominantly at

average cost. For inventories valued on LIFO basis, LIFO reserves (i.e., the difference between LIFO-valuation and valuation at average cost or lower quoted or market values) are about €18 million (2003: €9 million) for raw materials and approximately €59 million (2003: €44 million) for finished goods and merchandise.

(12) Receivables and other assets

Million €	2004		2003	
		Thereof non-current		Thereof non-current
Accounts receivable, trade	1,399.6	0.3	1,011.6	4.0
Receivables from affiliated companies	2,706.6	–	3,527.1	–
Receivables from associated companies and other participating interests	94.5	–	70.4	–
Other assets	156.0	24.7	192.8	3.1
	4,356.7	25.0	4,801.9	7.1

The accrued items, in particular accrued interest and taxes, amounted to €1.5 million in 2004 and €0.7 million in 2003.

(13) Prepaid expenses

Million €	2004	2003
Discounts	7.4	10.3
Miscellaneous	16.7	8.8
	24.1	19.1

The discount from the issuance of the 5.75% Euro Bond 2000/2005 and the 3.5% Euro Benchmark Bond 2003/2010 are capitalized and amortized as interest

expense over the term of the underlying obligations. Miscellaneous prepaid expenses include prepayments related to ongoing business activities.

(14) Capital and reserves**Subscribed capital**

	Outstanding shares	Subscribed capital €	Capital reserves €
Outstanding shares as of December 31, 2004	541,240,410	1,385,575,449.60	2,928,923,557.45
Repurchased shares intended to be cancelled	(800,000)	(2,048,000.00)	0.00
Outstanding shares as disclosed in the financial statements	540,440,410	1,383,527,449.60	2,928,923,557.45

A total of 16,203,000 shares were repurchased in 2004, of which 15,403,000 shares were cancelled as of December 31, 2004, and the subscribed capital was reduced by the resulting attributable amount of

€39,431,680.00. The remaining 800,000 shares were repurchased with the intent to cancel, therefore the subscribed capital is shown net of these shares.

Million €	Conditional capital		Authorized capital	
	2004	2003	2004	2003
As of January 1	425.3	429.2	500.0	500.0
Cancellation of previously authorized capital at the Annual Meeting on April 29, 2004			(500.0)	
Increase due to authorization to issue new shares against cash or contribution in kind at the Annual Meeting on April 29, 2004			500.0	
Conditional capital for the BASF stock option program BOP 1999/2000, reduction resulting from exercise or expiration of option rights	(1.3)	(3.9)		
As of December 31	424.0	425.3	500.0	500.0

Share repurchase

The Board of Executive Directors received approval at the Annual Meeting on April 29, 2004, to repurchase BASF's shares to a maximum amount of 10% of subscribed capital by October 28, 2005. The shares shall be purchased on the stock exchange or through a public purchase offer addressed to all shareholders. If BASF shares are purchased on a stock exchange, the price paid for the shares may not be higher than the highest market price on the buying day and it may not be lower than 25% of that market price. In the case of a public purchase offer, the price offered by BASF may be a maximum of 25% higher than the highest market price on the third trading day prior to the publishing of the public purchase offer. This authorization supersedes the validity of the prior authorizations to repurchase BASF shares.

In addition, the Board of Executive Directors has been authorized at the Annual Meeting on April 29, 2004, to purchase shares through the use of put and call options. The price paid for options purchased may not exceed the theoretical value calculated with recognized financial models using the same assumptions, such as the strike price, as the options themselves, while the price received for options sold may not fall beneath this value.

The Board of Executive Directors is authorized to cancel repurchased shares without further shareholder approval. A sale of repurchased BASF shares requires the respective authorization through the Annual Meeting unless the shares are utilized to serve options from the BASF Stock Option Programs BOP 1999/2000 and BOP 2001/2005, or with the authorization of the Supervisory Board, to acquire companies, parts of companies or holding in companies in return for the transfer of shares.

In 2004, a total of 16,203,000 shares, or 2.9% of the issued shares were acquired. The average purchase price was €44.79 per share. Of these shares, a total of 15,403,000 shares were cancelled by December 31, 2004. The remaining 800,000 shares of BASF Aktiengesellschaft were acquired for the purpose of cancellation. Therefore, these shares were not capitalized, but rather

the subscribed capital is shown net of these shares at December 31, 2004. During 2003, BASF purchased a total of 13,673,000 shares, or 2.4% of issued shares, at an average price of €36.55 per share. These were cancelled in 2003 and 2004.

Aside from the repurchase of shares on the open market, BASF wrote 2,300,000 put options at an average price of €1.80 per option. These options expired out-of-the-money in 2004. The option premiums received were added to the capital reserves.

During 2004, BASF spent a total of €725.8 million for the share repurchase. €2.1 million thereof were expensed through the reduction of subscribed capital, €4.1 million through the reduction of capital reserves and €719.6 million through the reduction of retained earnings.

Conditional capital

Of the conditioned capital, €384.0 million serves to fulfill the exercising of warrants related to option bonds. The Board of Executive Directors was authorized at the Annual Meeting on April 26, 2001, to do so up until April 1, 2006. An additional €38.4 million is reserved to fulfill stock options granted under the BASF Stock Option Program (BOP) 2001/2005 to the members of the Board of Executive Directors and other senior executives of BASF and its subsidiaries; up to €1.6 million is reserved to fulfill stock options from the Stock Option Program 1999/2000. An amount of less than €0.1 million is reserved to meet compensation claims of former shareholders of Wintershall. These compensation claims expired in mid-2004.

Authorized capital

At the Annual Meeting of April 29, 2004, shareholders authorized the Board of Executive Directors, with the approval of the Supervisory Board, to increase subscribed capital by issuing new shares in an amount of up to €500.0 million against cash or contribution in kind through May 1, 2009. The Board of Executive Directors is empowered to decide on the exclusion of shareholders' subscription rights for these new shares.

Capital reserves	
Million €	2004
As of January 1	2,889.5
Addition of option premiums received for the issuance of put options on own shares	4.1
Reclassification of retained earnings corresponding to the nominal amount of shares repurchased and cancelled during 2004	39.4
Reduction resulting from the share repurchase	(4.1)
As of December 31	2,928.9

(15) Retained earnings and profit retained

Million €	2004
Other retained earnings	
As of January 1	6,303.1
Share repurchase	(719.6)
Transfer from net income	449.0
As of December 31	6,032.5
Profit retained	
Retained earnings	5.2
Net income	1,362.5
Transfer to other retained earnings	(449.0)
As of December 31	918.7

(16) Provisions for pensions and similar obligations

BASF Aktiengesellschaft employees are granted basic benefits by BASF Pensionskasse VVaG, a legally independent BASF pension fund, which is financed from the

return on its financial assets, from members' contributions and by the company. Additional company pension commitments are financed by pension provisions.

Assumptions used to determine the projected benefit obligation (weighted average)		
	2004	2003
Interest rate	5.25%	5.75%
Projected increase of wages and salaries	2.50%	2.50%
Projected pension increase	1.50%	1.50%

Assumptions used to determine net benefit cost (weighted average)	2004	2003
	Interest rate	5.75%
Projected increase of wages and salaries	2.50%	2.50%
Projected pension increase	1.50%	1.50%

(17) Other provisions

Million €	2004		2003	
		Thereof current		Thereof current
Environmental protection and remediation costs	147.8	14.3	150.5	9.2
Personnel costs	998.6	573.0	844.8	423.1
Sales risks	100.6	100.6	123.5	120.3
Integration, shutdown and restructuring costs	267.9	263.7	266.4	249.2
Legal, damage claims, guarantees and related commitments	295.7	8.1	342.7	20.7
Maintenance and repair costs	56.3	26.1	70.6	33.6
Outstanding billings from suppliers	42.3	42.3	54.1	54.1
Other	236.9	185.7	130.0	84.7
	2,146.1	1,213.8	1,982.6	994.9

(18) Liabilities

Liabilities to affiliated companies	2004	2003
	Million €	
Accounts payable, trade	839.4	799.3
Advances received on account of orders	40.2	59.8
Other liabilities	5,393.2	3,142.8
	6,272.8	4,001.9

Miscellaneous liabilities		
Million €	2004	2003
Advances received on account of orders	8.0	7.1
Liabilities to companies in which participations are held	139.3	129.1
Other miscellaneous liabilities	224.0	258.4
Thereof taxes	38.9	35.1
Thereof liabilities relating to social security	47.8	49.4
	371.3	394.6

Maturities of liabilities	2004		2003	
	Current	Over 5 years	Current	Over 5 years
Bonds and other liabilities to the capital market	1,250.0	1,000.0	54.0	1,000.0
Liabilities to credit institutions	–	–	19.5	–
Accounts payable, trade	440.1	–	511.5	–
Liabilities to affiliated companies	5,725.1	480.0	3,972.9	–
Advances received on account of orders	8.0	–	7.1	–
Liabilities to companies in which participations are held	139.0	–	83.9	–
Other miscellaneous liabilities	220.0	1.5	253.8	2.1
	7,782.2	1,481.5	4,902.7	1,002.1

Secured liabilities		
Million €	2004	2003
Miscellaneous liabilities	39.9	39.0

The above liabilities are collateralized by securities. In addition, BASF Aktiengesellschaft has given covenants in favor of BASF Pensionskasse VVaG with regard to

adhering to certain balance sheet ratios and to forgo encumbering property as security for creditors.

(19) Contingent liabilities and other financial commitments

The contingent liabilities listed below are stated at nominal value.

Contingent liabilities		
Million €	2004	2003
Bills of exchange	5.4	4.2
Thereof to affiliated companies	0.2	0.3
Guarantees	622.8	383.7
Thereof to affiliated companies	208.7	370.9
Warranties	853.7	1,001.8
Thereof to affiliated companies	774.4	433.7
	1,481.9	1,389.7

Other financial obligations		
Million €	2004	2003
	936.6	1,313.2

Other financial obligations contain €143.5 million (€48.3 million in 2003) to affiliated companies.

Long-term contracts for purchase commitments

BASF purchases raw materials globally, both on the basis of long-term contracts and in spot markets. The

fixed and determinable portions of long-term purchase contracts with a remaining term of more than one year as of December 31, 2003, are as follows:

Million €	2004	2003
	5,475.4	5,346.0

(20) Financial instruments and derivative instruments

Derivative instruments

The Company is exposed to foreign currency, interest rate and commodity price risks during the normal course of business. In cases where the Company intends to hedge against these risks, derivatives are used, including forward exchange contracts, currency options, interest rate/currency swaps or combined instruments, or

commodity derivatives. In addition, derivative instruments are used to replace transactions in original financial instruments, such as shares or fixed-interest securities. Derivative instruments are only used if they have a corresponding underlying position or planned transaction arising from the operating business, cash investments and financing. The leverage effect that can be achieved with derivatives is deliberately not used. The derivative instruments held by the Company are not held for the purpose of trading.

Where derivatives have a positive market value, the Company is exposed to credit risks in the event of non-performance of their counterparts. The credit risk is minimized by exclusively trading contracts with major creditworthy financial institutions and partners.

To ensure efficient risk management, market risks are commercially centralized at BASF Aktiengesellschaft, except when certain subsidiaries have been authorized to close derivative contracts under the principles mentioned above. The Company has developed and implemented internal guidelines based on the principles of separation of functions for completion and execution of derivative instruments.

The risks arising from changes in exchange rates, interest rates and prices as a result of the underlying transactions and the derivative transactions concluded to secure them are monitored constantly. The same is

true of the derivative instruments, which are used to replace transactions in original financial instruments. For this purpose, market quotations or computer or mathematical models are used to determine the current market values not only of the underlying transactions but also of the derivative transactions, and these are compared with each other.

Foreign exchange and interest rate risk management

Foreign currency derivatives are primarily aimed at hedging the exchange rate risk against the U.S. dollar, the British pound, the Japanese yen, the Canadian dollar, and the Singapore dollar.

Foreign exchange contracts, or combined interest/currency derivatives were concluded to hedge loans granted to Group companies.

Fair value of financial instruments

Million €	2004	2003
Forward exchange contracts	31.2	21.0
Currency options	76.4	1.8
Combined interest rate and currency swaps	41.2	31.1
Interest rate swaps	(35.0)	-
Commodity derivatives and other derivatives	(5.6)	(2.3)
	108.2	51.6

The fair market values correspond to the difference between the cost and resale value, which is determined from market quotations or by the use of option pricing models or, in the case of unlisted contracts, the termination amount in the event of premature cancellation. Offsetting changes in the valuation of the underlying transactions are not taken into account.

Of the total nominal value of €6.4 billion, forward exchange contracts account for €3.5 billion and cur-

rency options account for €1.9 billion. The nominal values are the totals of the purchases and sales of the particular derivatives on a gross basis.

Commodity derivatives are used to hedge raw material prices, e.g., for naphtha.

Provisions for probable losses from fluctuations of foreign exchange rates, interest rates or prices amounted to €53.2 million in 2004 (€12.2 million in 2003).

Management and Supervisory Boards

Board of Executive Directors

As of December 31, 2004, there were eight members on the Board of Executive Directors of BASF Aktiengesellschaft.

DR. JÜRGEN HAMBRECHT

Chairman

Responsibilities: Legal, Taxes & Insurance; Strategic Planning & Controlling; Executive Management & Development; Communications BASF Group; Investor Relations

First appointed: 1997 (Chairman since 2003)

Term expires: 2007

Memberships:

Supervisory board memberships (excluding internal memberships):

Bilfinger Berger AG (supervisory board member)

EGGERT VOSCHERAU

Vice Chairman

Responsibilities: Industrial Relations Director; Human Resources; Environment, Safety & Energy; Ludwigshafen Verbund Site; Antwerp Verbund Site; Occupational Medicine & Health Protection; Europe; BASF Schwarzheide GmbH

First appointed: 1996

Term expires: 2006

Memberships:

Supervisory board memberships (excluding internal memberships):

HDI Haftpflichtverband der Deutschen Industrie VVaG (supervisory board member)

Talanx AG (supervisory board member)

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

BASF Schwarzheide GmbH (supervisory board chairman)

Comparable German and non-German controlling bodies:

Basell N.V. (supervisory board member)

BASF Antwerpen N.V. (administrative council member)

DR. KURT BOCK

Responsibilities: Finance; Global Procurement & Logistics; Information Services; Corporate Audit; South America

First appointed: 2003

Term expires: 2007

Memberships:

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

Wintershall AG (supervisory board member)

Comparable German and non-German controlling bodies:

Basell N.V. (supervisory board member)

The Germany Fund Inc. (member of the board of directors)

DR. JOHN FELDMANN

Responsibilities: Styrenics; Performance Polymers; Polyurethanes; Oil & Gas; Polymer Research

First appointed: 2000

Term expires: 2009

Memberships:

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

Wintershall AG (supervisory board chairman)

Comparable German and non-German controlling bodies:

Basell N.V. (supervisory board chairman)

DR. ANDREAS KREIMEYER

Responsibilities: Functional Polymers; Performance Chemicals; Asia

First appointed: 2003

Term expires: 2007

Memberships:

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

BASF Coatings AG (supervisory board member)

KLAUS PETER LÖBBE

Responsibilities: Coatings; North America (NAFTA)

First appointed: 2002

Term expires: 2006

Memberships:

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

BASF Coatings AG (supervisory board chairman)

DR. STEFAN MARCINOWSKI

Responsibilities: Research Executive Director; Inorganics; Petrochemicals; Intermediates; Chemicals Research & Engineering; Corporate Engineering; University Relations & Research Planning; BASF Future Business GmbH

First appointed: 1997

Term expires: 2007

Memberships:

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

Wintershall AG (supervisory board member)

PETER OAKLEY

Responsibilities: Agricultural Products; Fine Chemicals; Specialty Chemicals Research; BASF Plant Science GmbH

First appointed: 1998

Term expires: 2008

Supervisory Board

The Supervisory Board of BASF Aktiengesellschaft comprises 20 members. Ten members are elected by shareholders at the Annual Meeting, and the remaining 10 are elected by employees. With the exception of Hans Dieter Pötsch, the shareholder representatives were elected at the Annual Meeting on May 6, 2003. Hans Dieter Pötsch was appointed by the district court of Ludwigshafen on March 2, 2004 to replace Helmut Werner, who died on February 6, 2004. With the exception of Ralf Sikorski and Michael Vassiliadis, the employee

representatives were elected on February 25, 2003 in accordance with the German Codetermination Act.

Effective August 7, 2003, Ralf Sikorski was appointed by the district court of Ludwigshafen to replace Gerhard Zibell, who resigned from the Supervisory Board with effect from July 31, 2003. Effective August 1, 2004, Michael Vassiliadis, who had been elected to the Supervisory Board by employees, replaced Dr. Jürgen Walter, who retired effective July 31, 2004. The current term of all members of the Supervisory Board expires at the end of BASF Aktiengesellschaft's Annual Meeting in 2008.

Members of the Supervisory Board

(as of December 31, 2004)

DR. JÜRGEN F. STRUBE, Mannheim

Chairman of the Supervisory Board of BASF Aktiengesellschaft

Former Chairman of the Board of Executive Directors of BASF Aktiengesellschaft

Supervisory board memberships (excluding internal memberships):

- Allianz Lebensversicherungs-AG
(supervisory board member)
- Bayerische Motoren Werke AG
(supervisory board member)
- Bertelsmann AG (supervisory board deputy chairman)
- Commerzbank AG (supervisory board member)
- Fuchs Petrolub AG (supervisory board chairman)
- Hapag-Lloyd AG (supervisory board member)
- Linde AG (supervisory board member)

ROBERT OSWALD, Altrip

Deputy Chairman of the Supervisory Board of BASF Aktiengesellschaft

Chairman of the works council of the Ludwigshafen site of BASF Aktiengesellschaft and chairman of the joint works council of the BASF Group

RALF BASTIAN, Neuhofen

Member of the works council of the Ludwigshafen site of BASF Aktiengesellschaft

WOLFGANG DANIEL, Limburgerhof

Deputy chairman of the works council of the Ludwigshafen site of BASF Aktiengesellschaft

PROFESSOR DR. FRANÇOIS N. DIEDERICH, Zurich

Professor at Zurich Technical University

MICHAEL DIEKMANN, Munich

Chairman of the Board of Management of Allianz AG

Supervisory board memberships (excluding internal memberships):

- Linde AG (supervisory board deputy chairman)
- Lufthansa AG (supervisory board member)

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

- Allianz Global Investors AG (supervisory board chairman)
- Allianz Lebensversicherungs-AG (supervisory board chairman)
- Allianz Versicherungs-AG (supervisory board chairman)
- Dresdner Bank AG (supervisory board chairman)

Comparable German and non-German controlling bodies:

- Assurances Générales de France
(administrative council member)
- Riunione Adriatica di Sicurtà S.p.A.
(administrative council member)

DR. TESSEN VON HEYDEBRECK, Frankfurt (Main)

Member of the Board of Managing Directors of

Deutsche Bank AG

Supervisory board memberships (excluding internal memberships):

- BVV Versicherungsverein des Bankgewerbes a.G.
(supervisory board member)
- Dürr AG (supervisory board member)

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

- Deutsche Bank Privat- und Geschäftskunden AG
(supervisory board member)
- DWS Investment GmbH (supervisory board member)

Comparable German and non-German controlling bodies:

- Deutsche Bank OOO (supervisory board chairman)
- Deutsche Bank Luxembourg S.A.
(administrative council chairman)
- Deutsche Bank Polska S.A. (supervisory board chairman)
- Deutsche Bank Rt. (supervisory board chairman)
- Deutsche Bank Trust Corp. (supervisory board member)
- DB Trust Company America (supervisory board member)

ARTHUR L. KELLY, Chicago

Chief executive of KEL Enterprises L.P.

Supervisory board memberships (excluding internal memberships):

Bayerische Motoren Werke AG
(supervisory board member)

Comparable German and non-German controlling bodies:

Data Card Corporation (member of the board of directors)
Deere & Company (member of the board of directors)
Northern Trust Corporation
(member of the board of directors)
Snap-on Incorporated (member of the board of directors)

ROLF KLEFFMANN, Wehrbleck

Chairman of the works council of Wintershall AG's Barnstorf oil plant

MAX DIETRICH KLEY, Heidelberg

Lawyer

Former Vice Chairman of the Board of Executive Directors of BASF Aktiengesellschaft

Supervisory board memberships (excluding internal memberships):

Bayerische HypoVereinsbank AG
(supervisory board member)
HeidelbergCement AG (supervisory board member)
Infineon Technologies AG (supervisory board chairman)
Schott AG (supervisory board member)
SGL Carbon AG (supervisory board chairman)

PROFESSOR DR. RENATE KÖCHER, Allensbach

Managing Director of the Institut für Demoskopie Allensbach, Gesellschaft zum Studium der öffentlichen Meinung mbH

Supervisory board memberships (excluding internal memberships):

Allianz AG (supervisory board member)
MAN AG (supervisory board member)
Since January 25, 2005:
Infineon Technologies AG (supervisory board member)

EVA KRAUT, Ludwigshafen

Chairman of the works council of BASF IT Services GmbH, Ludwigshafen

ULRICH KÜPPERS, Ludwigshafen

Regional manager of the Rhineland-Palatinate/Saarland branch of the Mining, Chemical and Energy Industries Union (IG BCE)

Supervisory board memberships (excluding internal memberships):

Klinikum der Stadt Ludwigshafen gGmbH
(supervisory board deputy chairman)
Saarenergie AG (supervisory board deputy chairman)
Technische Werke Ludwigshafen AG (TWL)
(supervisory board deputy chairman)
Verkehrsbetriebe Ludwigshafen GmbH
(supervisory board member)
Villeroy & Boch AG (supervisory board member)

KONRAD MANTEUFFEL, Bensheim

Member of the works council of the Ludwigshafen site of BASF Aktiengesellschaft

Supervisory board memberships (excluding internal memberships):

BASF Pensionskasse VVaG
(supervisory board deputy chairman)
LUWOGÉ Wohnungsunternehmen der BASF GmbH
(supervisory board member)

DR. KARLHEINZ MESSMER, Weisenheim am Berg

Plant manager at the Ludwigshafen site of BASF Aktiengesellschaft

HANS DIETER PÖTSCH, Wolfsburg

Member of the Board of Management of Volkswagen AG

Supervisory board memberships (excluding internal memberships):

Allianz Versicherungs AG (supervisory board member)
Bizerba GmbH (supervisory board member)

DR. HERMANN SCHOLL, Stuttgart

Chairman of the Supervisory Council of Robert Bosch GmbH and Managing Director of Robert Bosch Industrietreuhand KG

Supervisory board memberships (excluding internal memberships):

Allianz AG (supervisory board member)
Robert Bosch GmbH (supervisory board chairman)

Comparable German and non-German controlling bodies:

Robert Bosch Internationale Beteiligungen AG
(administrative council member)
Robert Bosch Corporation
(member of the board of directors)
Sanofi-Aventis S.A. (administrative council member)

RALF SIKORSKI, Ludwigshafen

Manager of the Ludwigshafen branch of the Mining, Chemical and Energy Industries Union (IG BCE)

Supervisory board memberships (excluding internal memberships):

Pirelli Deutschland AG (supervisory board member)

ROBERT STUDER, Zurich

Former Chairman of the Supervisory Board of the Union Bank of Switzerland

Comparable German and non-German controlling bodies:

Espirito Santo Financial Group S.A.

(administrative council member)

Renault S.A. (administrative council member)

Schindler Holding AG (administrative council member)

Directors and officers liability insurance (D&O insurance)

BASF has taken out liability insurance that covers the activities of members of the Board of Executive Directors and the Supervisory Board (D&O insurance). The policy provides for a suitable level of deductibles.

Share ownership by members of the Board of Executive Directors and the Supervisory Board

No member of the Board of Executive Directors or the Supervisory Board owns shares in BASF Aktiengesellschaft and related options or other derivatives that account for 1% or more of the share capital. Furthermore, the entire holdings by members of the Board of Executive Directors and the Supervisory Board account for less than 1% of the shares issued by the company.

Since July 1, 2002, in accordance with Section 15a of the German Securities Trading Act, all members of the Board of Executive Directors and the Supervisory Board, as well as certain of their relatives, are required to disclose the purchase or sale of BASF shares and other related rights to the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) and to the company if transactions within 30 days

MICHAEL VASSILIADIS, Hemmingen

Member of the Central Board of Executive Directors of the Mining, Chemical and Energy Industries Union (IG BCE)

Supervisory board memberships (excluding internal memberships):

Henkel KGaA (supervisory board member)

K+S AG (supervisory board deputy chairman)

K+S Kali GmbH (supervisory board deputy chairman)

mg Technologies AG (supervisory board member)

Retired effective February 6, 2004:

HELMUT WERNER, Stuttgart

(died February 6, 2004)

Retired effective July 31, 2004:

DR. JÜRGEN WALTER, Neustadt am Rübenge

exceed the threshold of €25,000. Since the German Investor Protection Act came into force on October 30, 2004, this threshold is €5,000 per year. In 2004, there were a total of seven reportable transactions in which members of the Board of Executive Directors and Supervisory Board purchased or sold BASF shares. The transactions involved between 500 and 3,000 shares with a per-share price of between €42.50 and €50. All reported transactions are published on the Internet at www.basf.de/governance_e.

Declaration of Conformity

The Board of Executive Directors and the Supervisory Board of BASF Aktiengesellschaft have issued a Declaration of Conformity with regard to the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporations Act. The Declaration of Conformity is available on the Internet at www.basf.de/governance_e.

Ludwigshafen, February 22, 2005

The Board of Executive Directors

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