

# **BASF SE**

# **Financial Statements 2011**



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## Management's Analysis of BASF SE

### Corporate structure

As the publicly-traded parent company of the BASF Group, BASF SE takes a central position: Directly or indirectly, it holds the shares in the companies that belong to the BASF Group and is also the Group's largest operating company.

The BASF Group's six business segments contain 15 divisions which bear operational responsibility and manage our 70 global and regional business units.

The operational business of BASF SE represents a portion of the overall global business, for which the Consolidated Financial Statements of the BASF Group provide a complete insight. To assess the net income of BASF SE, a differentiation must be made between income from operations from BASF SE's own production and from the sale of products of other European BASF Group companies as well as the income from the function of BASF SE as a parent company. This function as a parent company is primarily reflected in the financial result.

### Accounting principles

The Consolidated Financial Statements of the BASF Group incorporate the Financial Statements of BASF SE, which are prepared in accordance with International Financial Reporting Standards (IFRS).

In the following, we comment on the Financial Statements of BASF SE, which are prepared in accordance with the German Commercial Code (Handelsgesetzbuch, henceforth HGB).

### Corporate Governance Statement according to Section 289a HGB

The Corporate Governance Statement according to Section 289a HGB, printed on pages 12 to 17 (Corporate Governance Report, Declaration of Conformity) is an element of the Management's Analysis. Disclosures in the Corporate Governance Report in accordance with Section 317(2) Clause 3 HGB are not included in the audit of the external auditor, with the exception of the disclosures according to Section 289(4) HGB.

### Trends in the global economy

The strong growth momentum from the previous year continued in the first half of 2011. However, this economic upturn was followed by significantly weaker growth in all regions in the second half of the year. This development was influenced by uncertainty in the financial markets as a result of the intensification of the national debt crises in the eurozone and the United States. Compared with the previous year, global gross domestic product therefore did not rise as sharply (+2.7%) as we had originally forecast for 2011 (+3.3%).

Following the previous year's strong upturn (+7.2%), growth in global industrial production reached a high level in 2011 (+4.7%), but was lower than our forecast (+5.0%). Of all regions, Asia's emerging markets posted the strongest growth in industrial production (+10.4%). Growth was considerably weaker in the industrialized countries of the OECD (+2.2%), mostly as a result of production outages in Japan following the earthquake and tsunami disaster in March 2011.

2011 was a successful year overall for the chemical industry. Global chemical production (excluding pharmaceuticals) grew by 4.8% – slightly slower than we had originally forecast for 2011 (+5.2%). Following strong development in the first half of the year, economic growth slowed down in the second half. Overall, growth in chemical production (excluding pharmaceuticals) stabilized at a high level.

## Business Development

### Results of operations

Million €	2011	2010
<b>Sales</b>	<b>21,599</b>	<b>20,741</b>
<b>Gross profit on sales</b>	<b>5,229</b>	<b>5,283</b>
<b>Income from operations (EBIT)</b>	<b>1,522</b>	<b>1,403</b>
Income from participations	2,827	3,033
Interest result	(474)	(220)
Other financial result	(4)	15
<b>Financial result</b>	<b>2,349</b>	<b>2,828</b>
<b>Extraordinary result</b>	<b>-</b>	<b>(39)</b>
<b>Income before taxes<sup>1</sup></b>	<b>3,871</b>	<b>4,192</b>
<b>Net income</b>	<b>3,506</b>	<b>3,737</b>

<sup>1</sup> Income before taxes less extraordinary result corresponds to income from ordinary operations.

### Sales

#### Change

	2011		2010	
	Million €	%	Million €	%
Change in volumes	(831)	(4.0)	4,947	35.1
Change in prices	1,630	7.8	1,519	10.8
Currency effects	(233)	(1.1)	282	2.0
Commissions, licenses, other businesses, etc.	292	1.4	(86)	(0.6)
	<b>858</b>	<b>4.1</b>	<b>6,662</b>	<b>47.3</b>

### Regions (million €)

	2011	2010
Europe	16,014	15,310
Thereof Germany	5,733	5,236
North America	1,495	1,440
Asia Pacific	2,810	2,636
South America, Africa, Middle East	1,280	1,355
	<b>21,599</b>	<b>20,741</b>

### Income from operations

In 2011, BASF SE's sales increased by 4.1% compared with the previous year. The rise in sales resulted primarily from higher sales prices. Lower sales volumes – mostly due to the transfer of our styrenics activities to Styrolution GmbH on January 1, 2011 – had a negative impact on sales growth. The integration of the Cognis businesses acquired in the previous year partly compensated for this decline in volumes. Increasing raw materials prices and energy costs led to slight losses in margins.

Compared with the previous year, the gross profit on sales decreased by €54 million as a result of lower capacity utilization in production facilities due to scheduled shutdowns in the second half of 2011, and to weaker demand at the end of the year. Income from operations rose by €119 million to €1,522 million, in part because stock-price-based variable compensation was €151 million lower than in the previous year.

## Financial result

The financial result decreased by €479 million due to lower income from participations. Gains from the sale of shares in K+S AG were accompanied by lower dividend yields. Lower interest income and higher interest expenses further reduced the financial result.

## Net income

Net income in 2011 amounted to €3,506 million, representing a decrease of €231 million, or 6.2%, compared with the previous year.

Higher income from operations was accompanied by a weaker financial result. Lower current taxes, primarily due to decreased income from subsidiary companies, led to a reduction in income taxes.

## Balance sheet structure and financial position

	2011		2010	
	Million €	%	Million €	%
Fixed assets	26,624	64.5	25,429	64.6
Current assets and other assets	14,639	35.5	13,947	35.4
<b>Total assets</b>	<b>41,263</b>	<b>100.0</b>	<b>39,376</b>	<b>100.0</b>
Stockholders' equity	12,700	30.8	11,214	28.5
Provisions	2,474	6.0	2,558	6.5
Liabilities and other liabilities	26,089	63.2	25,604	65.0
<b>Total stockholders' equity and liabilities</b>	<b>41,263</b>	<b>100.0</b>	<b>39,376</b>	<b>100.0</b>

## Balance sheet structure

The balance sheet total increased by €1,887 million, or 4.8%, to €41,263 million.

The increase of €1.195 million in fixed assets resulted primarily from the rise in the value of financial assets due to capital increases at subsidiaries and Group internal acquisitions of participations.

The growth in current assets is attributable to increased receivables from affiliated companies as well as higher liquid funds and inventories.

The €1,486 million increase in stockholders' equity resulted from the fact that net income was higher than the dividend paid in 2011. Provisions decreased slightly.

Liabilities and other liabilities increased by €485 million. While financial indebtedness was reduced by €2,396 million, liabilities to affiliated companies in particular grew by €2,880 million.

## Financial position

In 2011, we generated cash from operating activities of €2,480 million (2010: €4,263 million). This 41.8% reduction compared with the previous year was essentially the result of lower net income and lower dividend distributions from subsidiaries.

Cash flow from investing activities amounted to minus €668 million (2010: minus €6,208 million). Higher revenue from the disposal of financial assets, especially through the sale of shares in K+S AG, led to a reduced capital requirement. Capital requirement was further lowered as a result of reduced intercompany financial investments and higher capital repayment by subsidiaries.

Cash flow from financing activities amounted to minus €1,535 million (2010: €1,563 million), and was affected by the repayment of bonds and commercial papers as well as the payment of dividends; these effects were partially offset by internal Group borrowing.

Cash and cash equivalents were adjusted according to the definition used by the Group Financial Statements and now comprise, in addition to cash on hand and balances with banks, the securities of current assets which represent cash equivalents. Thanks to the previously mentioned cash flows, cash and cash equivalents grew by €277 million to €852 million.

Corporate bonds form the basis of our medium- to long-term debt financing. These are issued in euros and other currencies with different maturities to ensure a balanced maturity profile and diverse range of investors, and to optimize our debt capital financing conditions.

On May 10, 2011, Standard & Poor's raised its long-term rating for BASF by one notch from "A" to "A+," maintaining a stable outlook. Moody's last confirmed BASF's A1 long-term rating on December 6, 2011, and rated the outlook as stable. BASF's short-term ratings were confirmed by both agencies. With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook stable" from Moody's, BASF has good credit ratings, also compared with its competitors in the chemical industry.

## Employees and Society

### Employees

The best team needs committed, performance-driven employees. We want to recruit and retain the best talent, and in doing so, we value diversity in our teams. We invest in our attractiveness as an employer, offer our employees career development opportunities and support them in achieving work-life balance.

With variable compensation systems, we allow employees to share in the company's success and be rewarded for their individual performance. The same basic principles apply to all employees. The variable component is determined by the economic success of the BASF Group – measured by the return on assets – and the employee's individual performance. The bonus payment for 2011 will once again exceed the high level of the previous year.

BASF SE's personnel costs decreased to €3 billion in 2011 from €3.2 billion in 2010, primarily as a result of lower stock price-based variable compensation compared with the previous year. The company had 33,761 employees as of December 31, 2011 (December 31, 2010: 32,910).

In numerous Group companies, employees are able to acquire shares in BASF SE. The "plus" share program promotes the long-term participation of our employees in the company through incentive shares, allowing them to invest part of their compensation in BASF shares. In 2011, employees of BASF SE purchased 556,205 shares under this program.

Since 1999, BASF has offered its senior executives the opportunity to participate in a stock price-based compensation program. This long-term incentive (LTI) program ties a proportion of their compensation to the long-term performance of BASF shares. In 2011, 94% of the approximately 1,100 executives eligible participated in the LTI program worldwide, investing up to 30% of their variable compensation.

### Innovation

Innovation based on research and development is the foundation of BASF's strategy for profitable growth and long-term business success. Highly-qualified employees are working in international and interdisciplinary teams to find answers to the challenges of the future. With our innovative products and processes, we provide solutions for nearly all industrial sectors.

An integral component of our Know-How Verbund is a network of around 1,950 cooperative partnerships around the world with universities, research institutions, partners in industry and start-up companies. One way in which a company measures its innovative power is by the number and quality of its patents. In 2011, BASF Group filed for around 1,050 new patents worldwide. BASF SE had 5,302 employees working in research and development in 2011. Expenditures on research and development amounted to €969 million.

### Environmental protection and safety

We are committed to global climate protection. We make an important contribution with our climate protection products and our efforts to further reduce emissions along our value-adding chain. In 2011, we set ourselves a new goal for climate protection. One focus of our research and development is on continually improving the cost effectiveness of climate protection solutions. We measure our performance with a transparent corporate carbon footprint.

The conservation of resources is one of our fundamental principles. We use efficient energy-generation technologies, energy-efficient production processes and comprehensive energy management. We also make products that help conserve resources.

BASF SE's expenditures for environmental protection totaled €410 million in 2011 (2010: €463 million). This amount includes both end-of-pipe measures as well as integrated environmental protection measures. Provisions established for environmental protection measures and remediation amounted to €114 million as of December 31, 2011 (December 31, 2010: €103 million).

We never compromise on safety. Our management systems for occupational safety and health protection are based on extensive preventive measures and the participation of all employees working at our sites. The number of work-related accidents of BASF employees and employees from other companies at the Ludwigshafen site has been stable at a low level for years; yet we aim to improve even further in the future, contributing to BASF's long-term business success.

Our global safety and security concepts serve to protect our employees and neighbors as well as to prevent property damage and to protect information. They also aim to prevent production stoppages and damage to the environment. Our regulations and measures for transportation and warehouse safety comprise the delivery, storage and distribution of chemicals among BASF sites, suppliers and customers. Our global directives also set out consistent standards for the transportation and storage of chemical products in rented warehouse facilities.

We expanded our network for transportation, distribution and warehouse safety in 2011. Furthermore, we introduced a new global directive for the uniform assessment of transportation safety in deep-sea tankers. At sites which have joined the BASF Group as a result of acquisitions, we reevaluated the transportation risks for selected critical products and improved their transport processes, making these safer.

If an incident occurs despite all of our preventive measures worldwide, we provide swift and specially coordinated assistance. Our transportation safety advisors are involved in these processes and procedures, and they subsequently evaluate all of the information. More than 150 employees are active around the world as trained transportation safety advisors. They collaborate within a global network, helping us to establish proper measures and to avoid incidents in the future.

### Principles and objectives of our financial management

Financial management in the BASF Group is centralized and supported by regional finance units. Our value-based financing principles are aimed at securing liquidity at all times, limiting the risks associated with financing and optimizing our cost of capital, also possibly through the use of share buybacks. We preferably meet our financing needs on international capital markets. We aim to maintain at least a solid A rating.

## Opportunities and Risks Report

The goal of BASF's risk management is to identify and evaluate opportunities and risks as early as possible and to take appropriate measures in order to seize opportunities and limit business losses. The aim here is to avoid risks that pose a threat to BASF's continued existence and to make improved managerial decisions to create lasting value.

We understand risk to be any event that can negatively impact the achievement of our short-term operational or long-term strategic goals. We define opportunities as possible successes that exceed our defined goals.

### Overall assessment

We expect the global economy to continue to grow in the next two years. However, the national debt crises in Europe and the United States as well as inflationary trends in Asia all pose considerable risks. A new economic crisis could result if market uncertainty continues or demand is negatively impacted by extensive fiscal austerity measures. Important opportunities and risks for our earnings are also associated with uncertainty regarding the development of key customer industries and raw material prices, as well as volatility in foreign currency exchange rates and margins.

According to our assessment, there are still no significant individual risks that pose a threat to the continued existence of BASF SE. The same applies to the sum of individual risks, even in the case of another economic crisis.

### Risk management process

The BASF Group's risk management process is based on the international risk management standard COSO II Enterprise Risk Management – Integrated Framework, and has the following key features:

### Organization and responsibilities

- Risk management is the responsibility of the Board of Executive Directors, which also determines the processes for approving investments, acquisitions and divestitures.
- The Board of Executive Directors is supported by the corporate divisions Finance, Strategic Planning & Controlling and Legal, Taxes & Insurance, as well as the Corporate Controlling unit and the Chief Compliance Officer. They coordinate the risk management process at a Group level and provide the structure and appropriate methodology. Opportunity and risk management is thus integrated in the strategy, planning and budgeting processes.

- A network of risk managers in the business and central units advances the implementation of appropriate risk management practices in daily operations.
- The management of specific opportunities and risks is largely delegated to the business units and is steered at a local level. Risks relating to exchange rates and raw material prices are an exception. In this case, there is an initial consolidation at the Group-wide level before derivative hedging instruments, for example, are used.
- The internal auditing unit is responsible for regularly auditing the risk management system to be established by the Board of Executive Directors in accordance with Section 91(2) of the German Stock Corporation Act (Aktengesetz, AktG). Furthermore, as part of its monitoring of the Board of Executive Directors, the Supervisory Board considers the effectiveness of the risk management system. An external auditor evaluates the establishment and suitability of an early detection system for risks.

### Instruments

- The Risk Management Process Manual, applicable throughout the Group, forms the framework for risk management and is adapted by the business units to suit their particular business conditions.
- A catalog of opportunity and risk categories helps to identify all relevant opportunities and risks as comprehensively as possible.
- Standardized evaluation and reporting tools are available for the identification and evaluation of risks. The aggregation of opportunities, risks and sensitivities at the division and Group level using a Monte Carlo simulation helps us to identify effects and trends across the organization.
- Company management is informed about operational opportunities and risks (observation period of up to one year) in the monthly management report produced by the Corporate Controlling unit. In addition, the corporate divisions Strategic Planning & Controlling and Finance provide information twice a year about the aggregated opportunity/risk exposure of the BASF Group. Furthermore, if a new individual risk is identified which has an impact on earnings of more than €10 million, it must be immediately reported.
- As part of our strategy development, the Strategic Planning & Controlling unit conducts strategic opportunity/risk analyses with a ten-year assessment period. These analyses are annually reviewed during the course of the strategic controlling and are adapted if necessary.

When BASF was included in the Dow Jones Sustainability Index in September 2011, the company once again received special recognition for its risk management system.

### **Significant features of the internal control and risk management system with regard to the financial reporting process (Section 289(5) HGB)**

The Financial Statements are prepared by a unit in the corporate division Finance. BASF SE's accounting process is based on a uniform accounting guideline that sets out accounting policies and the significant processes and deadlines on a Group-wide basis. There are binding directives for the internal reconciliations and other accounting operations. Standard software is used to carry out the accounting processes for the Financial Statements. There are clear rules for the access rights of each participant in these processes.

Employees involved in the accounting and reporting process meet the qualitative requirements and participate in training on a regular basis. There is a clear assignment of responsibilities between the specialist units, companies and regional service units involved. We strictly adhere to the principles of segregation of duties and dual control. Complex actuarial reports and evaluations are produced by specialized service providers or specially qualified employees.

Our internal control system for financial reporting continuously monitors these principles. To this end, methods are provided for the structured and Group-wide uniform evaluation of the internal control system in financial reporting.

A central risk catalog covers the significant risks for BASF SE regarding a reliable control environment and proper financial reporting. The risk catalog is revised and updated annually.

In a centralized selection process, units are identified that are exposed to particular risks, that have a material impact on the Financial Statements of BASF SE or that provide service processes. The selection process is conducted annually. In the relevant units, one person is given responsibility to coordinate and monitor the execution of the steps.

The annual evaluation process consists of the following steps:

#### **– Evaluation of the control environment**

The adherence to internal and external guidelines that are relevant for the maintenance of a reliable control environment is checked by means of a standardized questionnaire. The assessment is performed by checking the rules awareness of the employees involved and is supported by sample taking.

#### **– Identification of the control activities**

In order to mitigate the risks to the financial reporting process listed in our central risk catalog, corresponding control activities are conducted.

#### **– Assessment of the control activities**

After documentation, a test is performed to verify whether the described controls are capable of adequately mitigating the risks. In the subsequent test phase, samples are taken to test whether the controls were effective in practice.

#### **– Monitoring of control weaknesses**

The managers responsible receive reports on any control weaknesses identified and their resolution, and an interdisciplinary committee investigates their relevance for the BASF Group. The Board of Executive Directors is informed if control weaknesses have been identified that have a considerable impact on the financial reporting.

#### **– Internal confirmation of the internal control system**

The managing director and chief financial officer responsible for each consolidated Group company confirm to the Board of Executive Directors of BASF SE at the end of the annual cycle the effectiveness of the internal control system with regard to accounting as well as the reliability of financial reporting.

### **Short-term opportunities and risks**

**Demand fluctuation due to volatility in market growth:** The development of demand in our sales markets is one of the strongest drivers of opportunities and risks. We plan to achieve volume growth in nearly all segments. In addition, we also consider risk scenarios. These include, for example, an intensification of the national debt crises in Europe and the United States, which would dampen private demand and limit the ability of businesses to get refinancing. There could also be strong negative effects on consumer and industrial demand from extensive fiscal austerity measures in the form of tax increases and cuts to government spending. In these risk scenarios, a demand-driven decline in oil prices can be expected.

Our average capacity utilization rate is already at a very high level. However, in some cases, there is still the possibility to take advantage of increased demand as far as our idle production capacities allow.

### **Margin volatility due to fluctuating raw material prices and/or product oversupply/shortage:**

We anticipate stable margins in 2012. For some products and value-adding chains, however, there is likely to be pressure on margins, which would have a negative effect on our earnings.

The average oil price (Brent crude) in 2011 was around \$110 per barrel, which was attributable primarily to high demand from emerging markets, in particular from China. For 2012, we also anticipate an average oil price of \$110 per barrel. We therefore expect the price level of the raw materials and petrochemical basic products that are important to our business to remain high. Due to the good demand situation until now, we have largely been able to pass raw material costs on to our customers. If there were a considerable decline in demand, this could lead to significant narrowing of our margins and the need to write down our inventories.

Our dependence on the oil price is reduced through the contribution of the Oil & Gas business within the BASF Group.

**Regulation and political risks:** Due to the European chemicals regulation REACH, which came into force in 2007, BASF and our European customers face the risk of being placed at a disadvantage to our non-European competitors due to the cost-intensive test and registration procedures.

Under the E.U. emissions trading scheme, it is likely that the CO<sub>2</sub> certificates allotted to BASF Group will exceed our demand during the current (second) trading period (2008-2012). One major reason for this is that we invested early on in highly efficient gas power plants (combined heat and power, or CHP, plants) for our energy supply infrastructure.

In the third trading period, which begins in 2013, all certificates for industrial electricity supplies will have to be purchased. For chemical production, on the other hand, the number of CO<sub>2</sub> certificates allocated free-of-charge is based on very ambitious benchmarks. As a result of the above-average efficiency, we expect allocation for our chemical plants to be nearly sufficient. However, due to the auctioning of all certificates for electricity generation, we expect that, overall, the BASF Group will face an annual undersupply; the number of certificates we need each year ranges in the middle of the single-digit millions. The extent to which this can negatively affect the global competitiveness of our European sites depends on the trading price of these CO<sub>2</sub> certificates.

Other risks for us include further regulation, for example, of the use of chemicals or in the gas business as well as the intensification of geopolitical tensions, the destabilization of political systems and the erection of trade barriers (for example, OPEC quotas for oil production).

On the other hand, regulatory decisions also offer opportunities that we want to exploit: As a result of Germany's decision to phase out the use of nuclear power, as well as global programs to support the expansion of renewable energy and measures to increase energy efficiency, we expect higher demand for our products. Our building insulation materials are used in the energy-efficient renovation of housing and office buildings. Furthermore, we offer a diverse range of solutions for the construction and operation of wind turbines, such as intermediates, coatings and foams for rotor manufacturing as well as construction chemicals for the base and supports. Our catalysts business benefits from the tightening of vehicle emissions regulations.

**Delivery bottlenecks resulting from interruptions in production or the supply chain and raw material shortages:**

We try to prevent unplanned plant shutdowns by adhering to high technical standards and continuously improving our plants.

China continues to limit the export of rare earths, which are used in the production of our catalysts, for example. We minimize procurement risks through our broad portfolio, our global purchasing activities and the purchase of additional quantities of raw materials on spot markets. If possible, we avoid procuring raw materials from a single supplier. When this cannot be avoided, we try to foster competition or we knowingly enter into this relationship and assess the consequences of potential non-delivery. We continuously monitor the credit risk of important business partners, both customers as well as suppliers.

**Information technology risks:** BASF relies on a number of IT systems in order to carry out its day-to-day operations. The non-availability of critical IT systems and applications can have a direct impact on production and logistic processes. If data are lost or manipulated, this can negatively affect process safety and the accuracy of our financial reporting. Unauthorized access to sensitive data, such as personnel records, competition-related information or research results, can result in legal consequences or jeopardize our competitive advantage.

To minimize such risks, BASF has implemented application-specific measures such as stable and redundantly designed IT systems, back-up processes, virus and access protection and encryption systems as well as integrated, Group-wide standardized IT infrastructure and applications. The systems used for information security are continuously tested and updated. In addition, our employees receive regular training on information and data protection. IT-related risk management is conducted using uniform regulations for organization and application, as well as an internal control system based on these regulations.

**Litigation and claims:** In order to assess the risks from current legal disputes and proceedings and any potential need to recognize provisions, we prepare our own analysis and assessment of the circumstances and claims considered. In addition, in individual cases, we consider the results of comparable proceedings and independent legal opinions. Furthermore, we make assumptions regarding the probability of claims being successful and their potential financial impact. The actual costs can deviate from these estimates.

We use an internal control system to limit risks from potential wrongdoing or legal infringements. For example, we try to avoid patent and licensing disputes whenever possible with the help of extensive clearance research. As part of our Group-wide Compliance Program, our employees receive regular training.

**Financial opportunities and risks**

The management of liquidity, currency and interest rate risks is conducted in the Treasury unit. The management of commodity price risks takes place in the Global Procurement & Logistics competence center or in the appropriately authorized Group companies. Detailed guidelines and procedures exist for dealing with financial risks. Among other things, they provide for the segregation of trading and back office functions.

**Exchange rate volatility:** Our competitiveness on global markets is influenced by fluctuations in exchange rates. For BASF, opportunities and risks arise in particular on the sales side when the U.S. dollar exchange rate fluctuates. A full-year rise in the value of the U.S. dollar would result in an increase in BASF's earnings, assuming other conditions remain the same.

We incorporate planned purchase and sales transactions in foreign currencies in our financial foreign currency risk management. These risks are hedged using derivative instruments, if required.

**Interest rate risks:** Interest rate risks result from potential changes in prevailing market interest rates. These can cause a change in the present value of fixed-rate instruments and fluctuations in the interest payments for variable-rate instruments, which would positively or negatively affect earnings. To hedge these risks, interest rate swaps and combined interest rate and currency derivatives are used in individual cases.

In addition to market interest rates, BASF's financing costs are determined by the payable credit risk premiums. These are mainly influenced by our credit rating and the market conditions at the time of issue. In the short to medium term, BASF is largely protected from the possible effects on its interest result thanks to the well-balanced maturity profile of its financial debt.

**Liquidity risks:** Risks from fluctuating cash flows are recognized in a timely manner as part of our liquidity planning. We have access to extensive liquidity at any time thanks to our good ratings, the commercial paper program and committed bank credit lines. In the short to medium term, BASF is largely protected against potential refinancing risks thanks to the balanced maturity profile of our financial indebtedness as well as diversification in various financial markets.

**Risk of asset losses:** We limit country-specific risks by internally determining country ratings, which are continuously updated to reflect changing environment conditions. We selectively use export credit insurance and investment guarantees to limit specific country-related risks. We lower credit risks for our financial investments by engaging in transactions only with banks with good credit ratings and by adhering to fixed limits. The credit ratings are continuously monitored and the limits are adjusted accordingly. We reduce the risk of default on receivables by continuously monitoring the creditworthiness and payment behavior of our customers and by setting appropriate credit limits. Thanks to the worldwide activities and diversified customer structure of the BASF Group, there is no large concentration of credit default risk. Risks are also limited through the use of credit insurance and bank guarantees.

**Impairment risks:** The risk of an asset impairment occurs if the assumed interest rate in an impairment test increases or the forecast cash flows decline. In the current business environment, we consider the risk of impairment of individual assets such as customer relationships, technologies and brands, as well as goodwill, to be low.

**Long-term incentive program for executives:** Our executives have the opportunity to participate in a stock-price-based compensation program. The need for provisions for this program varies according to the development of the BASF share price; this leads to a corresponding increase or decrease in personnel costs.

**Risks from pension obligations:** We predominantly finance company pension obligations externally through separate plan assets. This applies particularly to BASF Pensionskasse VVaG and BASF Pensionstreuhand e.V. in Germany. To address the risk of underfunding due to market-related fluctuations in plan assets, we have investment strategies that align return and risk optimization to the structure of the pension obligations. Stress scenarios are also simulated regularly by means of portfolio analyses. Furthermore, new employees are almost always offered defined contribution plans.

#### **Long-term opportunities and risks**

**Long-term demand development:** In our "We create chemistry" strategy, we expect chemical production (excluding pharmaceuticals) to grow worldwide by 4.0% annually until 2020, faster than global gross domestic product and also more rapidly than in the previous 10 years. We want to increase our sales significantly faster using our market-oriented and innovative portfolio, which we will further strengthen in the coming years through investments in new production capacity, R&D activities and acquisitions.

If the current national debt crises result in a long-lasting stagnation in the markets of the West, these goals could prove to be too ambitious. As a result of our high degree of diversification across various customer industries and regions, we would still expect our growth to be above the market average, even under these conditions.

#### **Development of the competitive and customer landscape:**

We expect that competitors from emerging markets will become increasingly important in the coming years. Furthermore, we anticipate that many raw material suppliers will broaden their value-adding chains.

We are addressing this risk through active portfolio management. In order to remain competitive, we continuously improve our operational excellence. We exit markets where risks outweigh opportunities, and in which we do not see satisfactory opportunities to stand out from our competitors in the long term. One example of divestitures and carve-outs in 2011 is the styrenics business, which was transferred to a joint venture with INEOS.

In order to achieve long-term profitable growth, our research and business focus is on highly innovative business areas, which we sometimes enter into through strategic cooperative partnerships.

**Portfolio development through investments:** Our decisions on the type, size and locations of our investment projects are based on assumptions related to the long-term development of markets, margins and costs, as well as raw material availability and country, currency and technology risks. Opportunities and risks arise when real developments deviate from our assumptions.

In the implementation phase, we make use of our experience in project management and controlling, in order to minimize the risk of cost overruns or missed deadlines.

**Innovation:** We are observing a trend toward more sustainability in our customer industries. We want to take advantage of the resulting opportunities with innovations – particularly in the growth fields we have identified. These include battery materials for electric mobility, Functional Crop Care to improve agricultural efficiency, solutions for water treatment and technologies for the use of renewable energy (wind, solar thermal, and photovoltaic power).

We also address the risk of the technical or economic failure of research and development projects by maintaining a balanced and diversified project portfolio.

We optimize the effectiveness and efficiency of our research activities through our global Know-How Verbund as well as through collaboration with partners and customers. Furthermore, in a program and project management process, we continuously review the chances of success and the underlying assumptions of research projects; this review includes all phases from idea generation to product launch. The trust of customers and consumers is essential for the successful introduction of new technologies. That is why we enter into dialog with stakeholders at an early stage of development.

**Acquisitions:** In the future, we will continue to refine our portfolio through acquisitions that promise above-average profitable growth, are innovation-driven and offer added value for our customers while reducing the cyclicity of our earnings.

The evaluation of opportunities and risks already plays a significant role during the assessment of potential acquisition targets. A detailed analysis and quantification are conducted as part of due diligence. Examples of risks include increased staff turnover, delayed realization of synergies, and the assumption of obligations that were not precisely quantifiable in advance. If our expectations in this regard are not fulfilled, risks could arise, such as the need to impair intangible assets; yet there could also be opportunities, for example, from additional synergies.

**Recruitment and long-term retention of qualified employees:** The continued improvement in the economic environment in the past two years has led to an increase in global competition for highly-qualified specialists and managers. This will likely be intensified in the medium to long term due to demographic developments. As a result, there is an increased risk that job vacancies cannot be filled with suitable applicants, or only with a significant delay. Business could be negatively affected in the medium and long term by the loss of expertise in North America and Europe due to disproportionately high retirement numbers.

We address these risks by making BASF an attractive employer and retaining our employees in the long term through our global programs Generations@Work and Diversity + Inclusion, the Employee Development BASF Group project, employer branding and a greater emphasis on human capital development as well as additional regional initiatives.

**Sustainability:** BASF is committed to integrating environmental protection and socially responsible conduct into its business activities. Infringements of our voluntary commitments and legal violations represent a reputational risk and could lead to operational or strategic risks. We use the results of our global issue management for sustainability to initiate change processes in the company in order to be prepared for any potential risks and to exploit opportunities. We have established global monitoring systems which also include our supply chain – these enable us to ensure adherence to laws and our voluntary commitments in the areas of environment, safety, security and health as well as to labor and social standards. In order to assure society's acceptance of our business activities, we engage in ongoing dialog with relevant stakeholders. Before acquiring a company, we take into account its focus on sustainability and we consider this in the acquisition process.

## Outlook

### Global economic environment

We expect global economic growth to continue in 2012. However, uncertainty in the financial markets will dampen growth prospects. Positive impetus for the chemical industry will mainly come from the emerging markets.

For the year 2012, we expect the following economic conditions:

- Global economic growth at prior year's level (+2.7%)
- Continued solid growth in global chemical production (+4.1%)
- Significantly weaker growth in industrialized countries (+1.5%)
- Slow growth in gross domestic product in the European Union (+0.5%)
- Stronger growth in the United States (+2.0%) compared with prior year; continued high growth in Asia (excluding Japan) (+6.6%); stronger growth in Japan (+2.4%) thanks to substantial economic recovery; growth in South America at previous year's level (+3.9%)
- An average exchange rate of \$1.30 per euro
- An average annual oil price of \$110 per barrel

For the medium term, we expect an average global growth trend of +3.1% for gross domestic product.

The relevant opportunities and risks are presented on pages 6 through 10.

### Sales and earnings forecast

We expect a sales increase in 2012 – without taking into account acquisitions or divestitures. We anticipate increasing pressure on margins in some divisions in 2012, particularly in the Chemicals segment, owing to continued high raw material prices. In light of these conditions, we will continue to rigorously implement our efficiency and restructuring programs. Overall, we aim to exceed the record 2011 level in income from operations.

Provided the economic growth continues, we anticipate a further increase in sales and income from operations in 2013.

### Investment forecast

The planned investment in property, plant and equipment for the years 2012 to 2014 will total around €2.50 billion, especially due to the construction of a TDI plant in Ludwigshafen. Investments are therefore likely to significantly exceed the level of depreciation. We aim to finance these planned expenditures from cash provided by operating activities. This figure does not include acquisitions.

### Dividend

We stand by our ambitious dividend policy and offer our shareholders an attractive dividend yield. We aim to increase our dividend each year, or at least maintain it at the previous year's level.

→ Information on the proposed dividend can be found on page 28.

### Significant events subsequent to the balance sheet date

Since the beginning of the financial year 2012, there have not been any significant changes affecting BASF's situation and industry environment.

# Corporate Governance Statement According to Section 289a HGB

## Corporate Governance Report

**Corporate governance refers to the entire system for managing and supervising a company, including its organization, its values, business policies and guidelines, as well as all internal and external regulatory and monitoring mechanisms. Effective and transparent corporate governance guarantees that BASF is managed and monitored in a responsible manner focused on value creation. This fosters the confidence of our domestic and international investors, the financial markets, our customers and other business partners, employees and the public in the company.**

### Management and supervision

BASF has the legal form of a European Company (Societas Europaea, SE). The legal foundations of its corporate constitution are primarily the SE Council Regulation of the European Union, the German SE Implementation Act and the German Stock Corporation Act (Aktiengesetz, AktG). The fundamental elements of BASF SE's corporate governance system correspond to the proven principal components of the German Aktiengesellschaft's corporate constitution: these are the two-tier system consisting of BASF's Board of Executive Directors and the Supervisory Board, the equal representation of shareholders and employees in the Supervisory Board and the shareholders' rights of co-administration and supervision at the Shareholders' Meeting.

### Direction and management by the Board of Executive Directors

Under the two-tier management system of BASF SE, the Board of Executive Directors is responsible for the management of the company, and represents BASF SE in business undertakings with third parties. BASF's Board of Executive Directors is strictly separated from the Supervisory Board: A member of the Board of Executive Directors cannot simultaneously be a member of the Supervisory Board. The Board of Executive Directors agrees on the BASF Group's corporate goals and strategic alignment. It also manages and monitors the business units of the BASF Group through the planning and setting of the corporate budget, the allocation of resources and management capacities, the monitoring and decision making regarding significant individual measures and the control of the operational management. The Board aligns its actions and decisions are aligned with the company's best interests. It is committed to the goal of sustainably increasing the company's value. Decisions that are reserved for the Board as a whole by law, through the Board of Executive's Rules of Procedure or through resolutions adopted by the Board, are made based on a simple majority. In the case of a tied vote, the casting vote is given by the Chairman of the Board. However, the Chairman of the Board does not have the right to veto the decisions of the Board of Executive Directors. Members of the Board of Executive Directors are authorized to make decisions individually in their assigned business areas.

The Board of Executive Directors informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to planning, business development, risk situation, risk management and compliance. Furthermore, the Board of Executive Directors coordinates the company's strategic approach with the Supervisory Board. The Statutes of BASF SE define certain transactions that require the Board of Executive Directors to obtain the Supervisory Board's approval prior to their conclusion. Such cases include the acquisition and disposal of enterprises and parts of enterprises, as well as the issue of bonds or comparable financial instruments, provided the acquisition or disposal price or the amount of the issue in an individual case exceeds 3% of the equity reported in the last approved Consolidated Financial Statements of the BASF Group.

→ **The members of the Board of Executive Directors, including their memberships on the supervisory bodies of other companies, are listed on page 23. Compensation of the Board of Executive Directors is described in detail in the Compensation Report on pages 18 to 22.**

### Supervision of company management by the Supervisory Board

The Supervisory Board appoints the members of the Board of Executive Directors and supervises and advises the Board on management issues. Members of the Supervisory Board cannot simultaneously be members of the Board of Executive Directors. Structurally, this ensures a high level of autonomy with regard to the supervision of the Board of Executive Directors.

Together with the SE Council Regulation, the relevant statutory foundations for the size and composition of the Supervisory Board are the Statutes of BASF SE and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement). The latter was signed on November 15, 2007 by the company management and the representatives of the BASF Group's European employees upon the conversion of BASF Aktiengesellschaft into BASF SE. The Codetermination Act, which is the relevant statutory foundation regarding the size and composition of the Supervisory Board of a German Aktiengesellschaft, does not apply to the SE.

→ **For more on the Statutes of BASF SE and the Employee Participation Agreement, see [basf.com/investor/cg\\_e](http://basf.com/investor/cg_e)**

The Supervisory Board of BASF SE comprises twelve members. Six members are elected by the shareholders at the Shareholders' Meeting. The remaining six members are elected by the BASF Europa Betriebsrat (European Works Council), the European employee representation body of the BASF Group, as agreed to in the Employee Participation Agreement.

→ **The members of the Supervisory Board of BASF SE, including their memberships on the supervisory bodies of other companies, are listed on page 25. Compensation of the Supervisory Board is described in detail in the Compensation Report on pages 18 to 22.**

It is very important for good corporate governance that the company ensures that seats on the responsible corporate bodies, the Board of Executive Directors and the Supervisory Board, are appropriately filled. Criteria in this case include professional and personal qualifications, the diversity of the board members and the independence of the Supervisory Board. Seats on the Board of Executive Directors and Supervisory Board should be filled with members who as a group ensure a well-balanced consideration all the necessary knowledge, skills and personal qualifications to manage and supervise BASF as a large, globally operating, capital market-oriented company in the chemical industry.

The Supervisory Board has agreed upon objectives for the composition of the Supervisory Board in accordance with Section 5.4.1 of the German Corporate Governance Code. According to these objectives, the Supervisory Board shall be composed in such a way that the members as a group possess knowledge, ability and expert experience

- in the management of an internationally operating company,
- in cross-industry value creation along different value-adding chains,
- in the application of accounting principles and internal control procedures, and
- in the field of technical and scientific innovations in the chemical sector and associated industries as well as in the sectors using chemical products.

With regard to diversity, the Supervisory Board shall consider a variety of professional and international experience as well as the participation of women. Individuals who may have a conflict of interest shall not be nominated for election to the Supervisory Board. The same applies to candidates who will have reached the age of 70 by the day of the election.

In accordance with these objectives, the Shareholders' Meeting voted on May 6, 2011, to approve the Supervisory Board's nomination of Anke Schäferkordt as a member of the Supervisory Board. As a result, there are two women among the twelve members of the Supervisory Board. We are committed to maintaining or, if possible, raising the proportion of women at the next scheduled election to the Supervisory Board in 2014. The Nomination Committee will include both appropriately qualified women and candidates with international experience in its selection process. We firmly believe the current formation of the Supervisory Board already largely fulfills the objectives agreed on by the Supervisory Board regarding its composition on October 21, 2010.

Resolutions of the Supervisory Board are passed by a simple majority vote of the participating members. In the event of a tie, the vote of the Chairman of the Supervisory Board, who must always be a shareholder representative, shall be the casting vote. This resolution process is also applicable for the appointment and dismissal of members of the Board of Executive Directors by the Supervisory Board.

BASF SE's Supervisory Board has established a total of three Supervisory Board Committees: the Personnel Committee, the Audit Committee and the Nomination Committee.

The Personnel Committee's duties include preparing the appointment of members to the Board of Executive Directors by the Supervisory Board and the employment contracts to be entered into with members of the Board of Executive Directors. When making recommendations on appointments to the Board of Executive Directors, the Personnel Committee takes into account their professional qualifications, international experience and leadership skills as well as long-term succession planning, diversity and, in particular, the appropriate consideration of women. It also prepares the resolutions made by the Supervisory Board with regard to the system and determination of the amount of compensation paid to members of the Board of Executive Directors. The committee comprises Supervisory Board Chairman Dr. h.c. Eggert Voscherau (Chairman), Supervisory Board Deputy Chairmen Michael Diekmann and Robert Oswald, as well as Michael Vassiliadis.

The Audit Committee prepares the negotiations and resolutions of the Supervisory Board for the approval of the Financial Statements and Consolidated Financial Statements, and discusses the quarterly and first-half financial reports with the Board of Executive Directors prior to their publication. It also deals with monitoring the financial reporting process, the annual audit, the effectiveness of the internal control system, the risk management system, and the internal auditing system as well as compliance issues. The Audit Committee is also responsible for business relations with the company's external auditor: It prepares the Supervisory Board's proposal to the Shareholders' Meeting regarding the selection of an auditor, monitors the auditor's independence, defines the focus areas of the audit together with the auditor, negotiates auditing fees and establishes the conditions for the provision of the auditor's non-audit services. The Audit Committee is authorized to request any information that it deems necessary from the auditor or Board of Executive Directors. It can also view all of BASF's business documents and examine these and all other assets belonging to BASF. The Audit Committee can also engage experts such as auditors or lawyers to carry out these inspections. The members of this committee are Max Dietrich Kley (Chairman), Ralf-Gerd Bastian, Franz Fehrenbach and Michael Vassiliadis. Max Dietrich Kley has particular knowledge and experience in the application of accounting principles and internal audit procedures, as he was Chief Financial Officer of BASF Aktiengesellschaft until April 2003.

According to the recommendation of the German Corporate Governance Code, BASF SE's Supervisory Board established a Nomination Committee that prepares the nominations for the Supervisory Board members to be elected at the Shareholders' Meeting. The members of the Nomination Committee are the members of the Supervisory Board elected at the Shareholders' Meeting: Dr. h.c. Eggert Voscherau, Prof. Dr. François Diederich, Michael Diekmann, Franz Fehrenbach, Max Dietrich Kley and Anke Schäferkordt.

### Shareholders' rights

Shareholders exercise their rights of co-administration and supervision at the Shareholders' Meeting. The Shareholders' Meeting elects half of the members of the Supervisory Board and, in particular, decides on the formal discharge of the Board of Executive Directors and the Supervisory Board, the distribution of profits, capital measures, the authorization of share buy-backs, changes to the Statutes and the selection of the auditor.

Each BASF SE share represents one vote. Following the conversion of BASF shares to registered shares in August 2010, those BASF shareholders who are listed in the share register are entitled to vote. Shareholders are obliged to provide the information necessary for registration in the share register, in accordance with the German Stock Corporation Act (AktG). There are no registration restrictions and there is no limit to the number of shares that can be registered to one shareholder. Shareholders may exercise their voting rights at the Shareholders' Meeting either personally, through a representative of their choice or through a company-appointed proxy authorized by the shareholders to vote according to their instructions. There are neither voting caps to limit the number of votes a shareholder may cast nor special voting rights. BASF has fully implemented the principle of "one share, one vote."

All shareholders entered in the share register are entitled to participate in the Shareholders' Meetings, to have their say concerning any item on the agenda and to request information about company issues insofar as it serves to help make an informed judgment about the item on the agenda under discussion. Registered shareholders are also entitled to file motions pertaining to proposals for resolutions made by the Board of Executive Directors and Supervisory Board at the Shareholders' Meeting and to contest resolutions of the Shareholders' Meeting. Shareholders who hold at least €100,000 of the company's share capital are entitled to request that an item be added to the agenda of the Shareholders' Meeting.

### German Corporate Governance Code

BASF accords great importance to good corporate governance. Therefore, BASF supports the German Corporate Governance Code, which is regarded as an important tool in the capital market-focused continuing development of corporate governance and control, and advocates responsible corporate governance that focuses on sustainably increasing the value of the company.

BASF SE follows all recommendations of the German Corporate Governance Code in its most recently revised version of May 2010. This also applies to the Code's new recommendations regarding the composition of the Board of Executive Directors and the Supervisory Board as well as in the staffing of executive positions. The joint Declaration of Conformity 2011 of the Board of Executive Directors and Supervisory Board of BASF SE is rendered at the end of this section on page 17.

In the same manner, BASF fulfills nearly all of the non-obligatory suggestions of the German Corporate Governance Code. We have not implemented the suggestion to enable shareholders to follow the proceedings of the entire Shareholders' Meeting online. The Shareholders' Meeting is openly accessible to all via online broadcast until the end of the speech by the Chairman of the Board of Executive Directors. The subsequent discussion of items on the agenda is not accessible online in order to preserve the character of the Shareholders' Meeting as a meeting attended by our shareholders on-site. The Supervisory Board's annual variable compensation component based on earnings per share is aligned with long-term profit increases insofar as the earnings per share required to attain the same variable compensation increase annually. This creates an incentive to devote particular attention to the company's long-term development and sustainably increase its enterprise value in the shareholders' interests.

→ For more on the Declaration of Conformity 2011, an overview of the implementation of the Code's suggestions and the German Corporate Governance Code, see [basf.com/governance\\_e](http://basf.com/governance_e)

### Compliance

Our Group-wide Compliance Program aims to ensure adherence to legal regulations and the company's internal guidelines. The foundations of this program are our value "We strictly adhere to our compliance standards" and the globally established Codes of Conduct, which provide the content framework and show employees possible courses of action in doubtful cases.

Our efforts are principally aimed at preventing violations from the outset. To this end, all employees are required within a prescribed timeframe to take part in basic compliance training, refresher courses and special courses dealing with, for example, antitrust law or trade control regulations. In 2011, more than 73,000 employees worldwide took part in around 78,500 hours of compliance training.

BASF's Chief Compliance Officer (CCO) manages the implementation of the program, supported by around 100 Compliance Managers worldwide. The CCO regularly reports to the Board of Executive Directors on progress in the program's implementation as well as on any significant findings; furthermore, the CCO reports to the Supervisory Board's Audit Committee in at least one of its meetings each year on the status of the Compliance Program as well as any major developments. In the event of significant incidents, the Audit Committee is immediately informed by the Board of Executive Directors.

BASF's Corporate Audit department monitors adherence to compliance principles. In 2011, 75 Group-wide audits of this kind were performed (2010: 48).

If violations occur despite preventive measures, we aim to investigate and rectify these as quickly as possible. In 2011, 264 calls and emails were received by our 47 external hotlines worldwide. These related to topics ranging from questions about personnel management to the handling of company property and information on the behavior of business partners. We launch an investigation into all cases of suspected misconduct that we become aware of. Confirmed violations are penalized and can lead to dismissal.

In 2011, we continued the evaluation of our suppliers. We also expanded the checklist-based evaluation of other business partners, in particular agents, distributors and contractors.

Outside of our company as well, we support the fight against corruption as well as the respect of human rights. We are a member of the U.N. Global Compact as well as Transparency International Deutschland, and are active in the Partnering Against Corruption Initiative (PACI) of the World Economic Forum in Davos, Switzerland. We actively support the implementation of these organizations' objectives.

As a result of good experience with the compliance survey carried out in BASF SE in 2010, we have decided to add this topic to our global employee survey in 2012 in order to gain more information that will help to improve our compliance standards and adherence to them.

#### **Disclosure according to Section 289(4) HGB and the explanatory report of the Board of Executive Directors according to Section 176(1) Clause 1 of the German Stock Corporation Act (AktG)**

As of December 31, 2011, the subscribed capital of BASF SE was €1,175,652,728.32, divided into 918,478,694 registered shares with no par value. Each share shall, at a Shareholders' Meeting, entitle the holder to one vote. Restrictions on the right to vote or transfer shares do not exist. The same rights and duties apply to all shares. According to the Statutes, shareholders are not entitled to receive share certificates. There are neither different classes of shares nor shares with preferential voting rights (golden shares).

The appointment and dismissal of members of the Board of Executive Directors is legally governed by the regulations in Article 39 of the SE Council Regulation, Section 16 of the SE Implementation Act and Sections 84, 85 of the German Stock Corporation Act (AktG), as well as Article 7 of the BASF SE Statutes. According to these regulations, members of the Board of Executive Directors are appointed and dismissed by the Supervisory Board. The members of the Board of Executive Directors are appointed for a maximum of five years, and re-appointments are permissible. The Supervisory Board can dismiss a member of the Board of Executive Directors if there is serious cause to do so. Serious cause includes, in particular, a gross breach of the duties pertaining to the Board of Executive Directors and a vote of no confidence at the Shareholders' Meeting. The Supervisory Board decides on appointments and dismissals according to its own dutiful discretion.

According to Article 59(1) SE Council Regulation, amendments to the Statutes of BASF SE require a resolution of the Shareholders' Meeting adopted with at least a two-thirds majority of the votes cast, provided that the legal provisions applicable to German stock corporations under the German Stock Corporation Act (AktG) do not stipulate or allow for larger majority requirements. In the case of amendments to the Statutes, the Section 179(2) AktG requires a majority of at least three quarters of the subscribed capital represented. Pursuant to Article 12 Clause 6 of the Statutes of BASF SE, the Supervisory Board is authorized to resolve upon amendments to the Statutes that merely concern their wording. This applies in particular to the alignment of share capital and the number of shares after a BASF share buyback and after a new issue of shares from the authorized capital.

Until April 30, 2014, the Board of Executive Directors of BASF SE is empowered by a resolution passed at the Annual Shareholders' Meeting of April 30, 2009 to increase the subscribed capital by a total amount of €500 million through the issue of new shares (authorized capital). This must have the approval of the Supervisory Board. A right to subscribe to the new shares shall be granted to shareholders. This can also be done by a credit institution acquiring the new shares with the obligation to offer these to shareholders (indirect subscription right). The Board of Executive Directors is authorized to exclude the statutory subscription right of shareholders in certain exceptional cases that are narrowly defined in Section 5 Clause 8 of the BASF SE Statutes. This applies in particular if, for capital increases in return for cash contributions, the issue price of the new shares is not substantially lower than the stock market price of BASF shares and the total number of shares issued under this authorization is not more than 10% of the subscribed capital on the date of issue.

In the event of a change of control, members of the Board of Executive Directors shall, under certain additional conditions, receive compensation (details of which are listed in the Compensation Report on pages 20 and 21). A change of control is assumed when a shareholder informs BASF of a shareholding of at least 25% or the increase of such a holding. In addition, employees of BASF SE and its subsidiaries who are classed as "senior executives" (Obere Führungskräfte) will receive a severance payment if their contract of employment is terminated by BASF within 18 months of the occurrence of a change of control, provided the employee has not given cause for the termination. The employee whose service contract has been terminated in such a case will receive a maximum severance payment of 1.5 times the annual salary (fixed component) depending on the number of months that have passed since the change-of-control event.

The remaining specifications stipulated in Section 289(4) of the German Commercial Code refer to situations that are not applicable to BASF SE.

**Directors' and Officers' liability 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). This policy provides for the level of deductibles for the Board of Executive Directors as prescribed by Section 93(2) Clause 3 AktG and for the level of deductibles for the Supervisory Board as recommended in Section 3.8(3) of the German Corporate Governance Code.

**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 SE and related options or other derivatives that account for 1% or more of the share capital. Furthermore, the total volume of BASF SE shares and related financial instruments held by members of the Board of Executive Directors and the Supervisory Board accounts for less than 1% of the shares issued by the company.

**Share dealings of the Board of Executive Directors and Supervisory Board (Directors' Dealings under Section 15a of German Securities Trading Act)**

In accordance with Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz), all members of the Board of Executive Directors and the Supervisory Board, as well as certain members of their families, 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 the calendar year exceed the threshold of €5,000.

In 2011, a total of 18 purchases subject to disclosure as Directors' Dealings by members of the Board of Executive Directors and the Supervisory Board and members of their families subject to disclosure were reported, involving between 130 and 5,000 BASF shares. The price per share was between €44.00 and €65.98. The volume of the individual trades was between €8,577.40 and €220,000.00. The disclosed share transactions are published on the website of BASF SE.

-> For more on directors' dealings in 2011, see [basf.com/governance/sharedealings\\_e](http://basf.com/governance/sharedealings_e)

**Declaration of Conformity 2011**

of the Board of Executive Directors and the Supervisory Board of BASF SE

**The Board of Executive Directors and the Supervisory Board of BASF SE hereby declare pursuant to § 161 AktG (Stock Corporation Act)**

The recommendations of the Government Commission on the German Corporate Governance Code from May 26, 2010, as published by the Federal Ministry of Justice on July 2, 2010, in the official section of the electronic Federal Gazette, are being complied with; furthermore, they have been complied with since the submission of the last Declaration of Conformity on December 16, 2010.

Ludwigshafen, December 15, 2011

**The Supervisory Board**  
of BASF SE

**The Board of Executive Directors**  
of BASF SE

## Compensation Report

**This report outlines the main principles of the compensation for the Board of Executive Directors and discloses the amount and structure of the compensation of each Board member. Furthermore, it provides information on end-of-service undertakings with respect to Board members, as well as information on the compensation of Supervisory Board members.**

### Compensation of Board members

This report meets the disclosure requirements of the German Commercial Code, supplemented by the additional requirements based on the German Act on Disclosure of Management Board Remuneration (Vorstandsvergütungs-Offenlegungsgesetz) as well as the German Act on the Appropriateness of Management Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung), and is aligned with the recommendations of the German Corporate Governance Code.

Based on a proposal by the Personnel Committee (see page 13), the Supervisory Board (see page 25) determines the amount and structure of compensation of members of the Board. The amount of compensation is determined by the company's size and financial position, as well as the performance of the Board of Executive Directors. Globally operating companies based in Germany and Europe serve as a reference. A review of the structure and amount of compensation of Board members takes place at regular intervals.

The compensation of Board members comprises:

1. a fixed annual salary,
2. an annual variable bonus,
3. a stock-price-based long-term incentive (LTI) program,
4. non-monetary compensation and other additional compensation in varying amounts, and
5. company pension benefits.

The compensation of the Board of Executive Directors is designed to promote sustainable corporate development. It is marked by a pronounced variability in relation to the performance of the Board of Executive Directors and BASF Group's return on assets.

The compensation components are shown in detail below:

1. The annual fixed compensation is paid in equal monthly payments.
2. The annual variable compensation (variable bonus) of the Board of Executive Directors is based on the performance of the entire Board and the return on assets. The return on assets is also used to determine the variable compensation of all other employee groups.

In order to assess the sustainable performance of the Board of Executive Directors, each year the Supervisory Board sets

a target agreement with the entire Board of Executive Directors that primarily contains medium- and long-term goals. The Supervisory Board assesses the achievement of goals in relation to the last three years. A performance factor with a value between 0 and 1.5 is determined on the basis of the goal achievement ascertained by the Supervisory Board. The variable bonus for the prior fiscal year is payable after the Annual Shareholders' Meeting.

Board members, as other employee groups, may contribute a portion of their annual variable gross bonus into a deferred compensation program. For members of the Board of Executive Directors, as well as for all other senior executives of the German BASF Group, the maximum amount that can be contributed to this program is €30,000. Board members have taken advantage of this offer to varying degrees.

3. A stock-price-based remuneration program (a long-term incentive, or LTI program) exists for members of the Board of Executive Directors. It is also offered to all other senior executives of BASF Group. Members of the Board of Executive Directors are subject to a stricter set of rules than are contained in the general program conditions: They are required to participate in the LTI program with at least 10% of their gross bonus. This mandatory investment consisting of BASF shares is subject to a holding period of four years. For any additional voluntary investment of up to 20% of the gross bonus, the general holding period of two years applies. Under the LTI program, members of the Board of Executive Directors may only exercise their options at least four years after they have been granted (vesting period).
4. Non-monetary compensation and other additional compensation include: delegation allowances, accident insurance premiums and other similar benefits, as well as the personal use of, or benefit from, communication equipment, company cars and security measures made available by the company. The members of the Board did not receive loans or advances from the company in 2011.
5. For details on the company pension benefits, see page 20.

Based on the principles listed above, individual Board members received the following compensation:

**Total compensation of the Board of Executive Directors** (thousand €)

	Non-performance related compensation			Performance related compensation	Options granted			Total compensation (cash compensation plus options granted)
	Year	Fixed salary	Non-monetary & other additional compensation	Variable bonus <sup>1</sup>	Total cash compensation	Number	Market value at option grant date	
Dr. Kurt Bock Chairman (since May 6, 2011)	2011	1,044 <sup>2</sup>	504 <sup>3</sup>	2,948	4,496	29,460	757	5,253
	2010	695 <sup>2</sup>	1,174 <sup>3</sup>	1,620	3,489	20,620	384	3,873
Dr. Jürgen Hambrecht Chairman (until May 6, 2011)	2011	423	53	1,179	1,655	50,044	1,286	2,941
	2010	1,100	129	3,240	4,469	41,244	768	5,237
Dr. Martin Brudermüller Vice Chairman (since May 6, 2011)	2011	767 <sup>2</sup>	691 <sup>3</sup>	2,158	3,616	29,460	757	4,373
	2010	578 <sup>2</sup>	753 <sup>3</sup>	1,620	2,951	20,620	384	3,335
Dr. Hans-Ulrich Engel	2011	635 <sup>2</sup>	525 <sup>3</sup>	1,769	2,929	29,460	757	3,686
	2010	550	109	1,620	2,279	20,620	384	2,663
Dr. John Feldmann (until May 6, 2011)	2011	211	37	590	838	25,020	643	1,481
	2010	550	82	1,620	2,252	20,620	384	2,636
Michael Heinz (since May 6, 2011)	2011	391	148	1,179	1,718	9,912	255	1,973
	2010	–	–	–	–	–	–	–
Dr. Andreas Kreimeyer	2011	600	144	1,769	2,513	29,460	757	3,270
	2010	550	105	1,620	2,275	20,620	384	2,659
Dr. Stefan Marcinowski	2011	600	111	1,769	2,480	29,460	757	3,237
	2010	550	89	1,620	2,259	20,620	384	2,643
Dr. Harald Schwager	2011	600	119	1,769	2,488	29,460	757	3,245
	2010	550	108	1,620	2,278	20,620	384	2,662
Margret Suckale (since May 6, 2011)	2011	391	52	1,179	1,622	7,148	184	1,806
	2010	–	–	–	–	–	–	–
	<b>Total 2011:</b>	<b>5,662</b>	<b>2,384</b>	<b>16,309</b>	<b>24,355</b>	<b>268,884</b>	<b>6,910</b>	<b>31,265</b>
	Total 2010:	5,123	2,549	14,580	22,252	185,584	3,456	25,708

<sup>1</sup> The basis for the variable bonus is the return on assets adjusted for special items and the performance factor. These include all contributions made to the deferred compensation program.

<sup>2</sup> Payment is made in local currency based on a theoretical net salary in Germany (on a pro rata basis, where applicable).

<sup>3</sup> Includes payments to cover additional costs of delegates, such as assumption of prevailing local rental fees.

The options granted led to expenses (personnel expense) in 2011. This personnel expense refers to the sum of all options from the LTI programs 2003 to 2011. It is calculated as the difference in the value of the options on December 31, 2011, compared with the value on December 31, 2010, considering the options exercised and granted in 2011. The value of the options is based primarily on the development of the BASF share price and its outperformance compared with the benchmark indices specified for the LTI programs 2003 to 2011.

The personnel expenses reported below are purely accounting figures which do not equate with the actual cash gains should options be exercised. The members of the Board may each decide on the timing and scope of the exercise of options of the individual years, while taking into account the general terms and conditions and ceilings of the LTI program. The personnel expenses for the year 2011 relating to all options issued were as follows: Dr. Kurt Bock €182 thousand (2010: €4,919 thousand); Dr. Martin Brudermüller €182 thousand (2010: €4,087 thousand); Dr. Hans-Ulrich Engel €517 thousand (2010: €3,198 thousand); Michael Heinz €748 thousand; Dr. Andreas

Kreimeyer €346 thousand (2010: €3,449 thousand); Dr. Stefan Marcinowski €1,897 thousand (2010: €4,034 thousand); Dr. Harald Schwager €385 thousand (2010: €3,105 thousand); and Margret Suckale €107 thousand.

The members of the Board are covered by loss liability insurance concluded by the company (D&O insurance) which includes a deductible.

### Pension benefits

Annual pension units are accrued for the members of the Board ("Board Performance Pension"). The method of determination of the amount of the pension benefits generally corresponds to that used for other employee groups. The method is designed such that both the performance of the company and the progression of the individual Board member's career significantly affect the pension entitlement.

The annual pension benefits accruing to Board members in a given reporting year (pension unit) are composed of a fixed and a variable component. The fixed component is calculated by multiplying the annual fixed compensation above the Social Security Contribution Ceiling by 32% (contribution factor). The resulting amount is converted into a lifelong pension using actuarial factors based on an actuarial interest rate (5%), the probability of death, invalidity and bereavement (Heubeck-Richttafeln, 2005G) and an assumed pension increase (1.5% per annum). This is the amount that is payable upon retirement. The variable component of the pension unit depends on the return on assets in the reporting year and the performance factor, which is also decisive for the bonus. The variable component of the pension unit is based on a return on assets of 12% and on a performance factor of 1.0 at which point the variable component is equal in value to the fixed component. With regard to the return on assets, there is a linear relationship between the variable component and the return on assets figures between 10% and 14%. Should the return on assets exceed 14%, the variable component levels off; should the return on assets fall below 10%, the decline accelerates. With regard to the performance factor, there is a linear relationship between the variable component of the pension unit and a goal achievement of more than 50% and less than 125%. The performance factor ranges between 0 for a goal achievement of 50% or less and 1.5 for a goal achievement of 125% and more. The fixed and the variable components together result in the acquired pension unit for the reporting year. The sum of the pension units accumulated over the reporting years determines the respective Board member's pension benefit in the event of a claim. The pension benefit takes effect at the end of service upon reaching retirement age of 60 years, or disability or death. Pension payments are adjusted on an annual basis, by at least 1% annually, in accordance with changes in the German consumer price index.

The pension units also include survivor benefits. Upon the death of an active or former member of the Board, the surviving spouse receives a survivor pension amounting to 60% of the Board member's pension entitlement. The orphan pension amounts to 10% for each half-orphan, 33% for an orphan, 25% each for two orphans and 20% each for three or more orphans of the pension entitlement of the deceased (former) Board member. The survivor benefits may not exceed 75% of the Board member's total pension entitlement. If the survivor pensions exceed the upper limit, they will be proportionately reduced.

Board members are members of the BASF Pensionskasse VVaG, as are generally all employees of BASF SE. Contributions and benefits are determined by the Statutes of the BASF Pensionskasse VVaG and the General Conditions of Insurance.

The service costs attributable to 2011 according to German commercial law are as follows: Dr. Kurt Bock €732 thousand (2010: €430 thousand); Dr. Jürgen Hambrecht (until

May 6, 2011) €0 thousand (2010: €9 thousand); Dr. Martin Brudermüller €542 thousand (2010: €414 thousand); Dr. Hans-Ulrich Engel €464 thousand (2010: €439 thousand); Dr. John Feldmann (until May 6, 2011) €55 thousand (2010: €236 thousand); Michael Heinz (since May 6, 2011) €214 thousand; Dr. Andreas Kreimeyer €477 thousand (2010: €456 thousand); Dr. Stefan Marcinowski €483 thousand (2010: €460 thousand); Dr. Harald Schwager €444 thousand (2010: €420 thousand); and Margret Suckale (since May 6, 2011) €250 thousand.

The present value of pension benefits (defined benefit obligation) is an accounting figure for the entitlements that the Board members have accumulated in their years of service at BASF. The benefit obligations up to and including 2011 as defined by German commercial law are as follows: Dr. Kurt Bock €8,242 thousand (2010: €7,040 thousand); Dr. Martin Brudermüller €5,433 thousand (2010: €4,578 thousand); Dr. Hans-Ulrich Engel €4,308 thousand (2010: €3,580 thousand); Michael Heinz (since May 6, 2011) €2,876 thousand; Dr. Andreas Kreimeyer €7,544 thousand (2010: €6,529 thousand); Dr. Stefan Marcinowski €8,690 thousand (2010: €7,556 thousand); Dr. Harald Schwager €3,977 thousand (2010: €3,295 thousand); and Margret Suckale (since May 6, 2011) €954 thousand.

### End-of-service benefits

In the event that a member of the Board of Executive Directors retires from employment before the age of 60, either because the appointment was not extended or was revoked for an important reason, the member is entitled to pension benefits if the term served on the Board was at least ten years or if the time needed to reach legal retirement age is less than ten years. The company is entitled to offset compensation received for any other work done against pension benefits until the legal retirement age is reached.

The following applies to end-of-service due to a change-of-control event: A change-of-control event, in terms of this provision, occurs when a shareholder informs BASF of a shareholding of at least 25%, or the increase of such a holding.

If a Board member's position is revoked within one year following a change-of-control event, the Board member will receive the contractually agreed payments for the remaining contractual term of office as a one-off payment (fixed compensation and variable bonus based on a return on assets of 12% as well as performance factor of 1.0). Furthermore, the Board member may receive the fair value of the option rights acquired in connection with the LTI program within a period of three months or may continue to hold the existing rights under the terms of the program. For the determination of the accrued pension benefits from the "Board Performance Pension," the time up to the regular expiry of office is included in consideration.

There is a general limit on severance pay (severance payment cap) for all Board members. Accordingly, payments made to a Board member upon premature termination of their contract, without serious cause, may not exceed the value of two years' compensation nor compensate more than the remaining term of the contract. The severance payment cap is to be calculated on the basis of the total compensation for the past full financial year and, if appropriate, also the expected total compensation for the current financial year. If membership of

the Board of Executive Directors is terminated prematurely as the result of a "Change of Control," the payments may not exceed 150% of the severance compensation cap.

### Former Board members

Total compensation for previous Board members and their surviving dependents amounted to €12.8 million in 2011 (2010: €13.2 million). This figure also contains payments that previous Board members have themselves financed through the deferred compensation program and personnel expense for the year 2011 relating to options that previous members of the Board still hold from the time of their active service period. The continuation of the options that have not yet been exercised at the time of retirement, along with the continuation of the associated holding period for individual investment in BASF shares under the conditions of the program, is intended in order to particularly emphasize how sustainability is incorporated into the compensation for the Board members. Pension provisions for previous Board members and their surviving dependents, calculated according to German commercial law, amounted to €110.3 million (2010: €90.5 million).

### Compensation of Supervisory Board members

The disclosure of compensation of the Supervisory Board is based on the German Commercial Code and is aligned with the recommendations of the German Corporate Governance Code. The compensation of the Supervisory Board is regulated by the Articles of Association of BASF SE passed by the Shareholders' Meeting.

Each member of the Supervisory Board receives an annual fixed compensation of €60,000 and a performance-oriented variable compensation for each full €0.01 by which the earnings per share of the BASF Group, as declared in the BASF Group Consolidated Financial Statements for the year for which the remuneration is paid, exceeds the minimum earnings per share. The minimum earnings per share figure for the year 2011 is €1.50. The performance-oriented variable remuneration is €800 for each full €0.01 of earnings per share up to an earnings per share of €2.25, €600 for each further €0.01 of earnings per share up to an earnings per share of €2.75, and €400 for each €0.01 beyond this. The performance-oriented variable remuneration is limited to a maximum amount of €120,000. The minimum earnings per share and the corresponding thresholds shall increase by €0.05 for each subsequent financial year. Based on the earnings per share of €6.74 published in the BASF Group Consolidated Statements 2011, the performance-oriented compensation reached the maximum amount of €120,000. The chairman of the Supervisory Board receives two-and-a-half times and a deputy chairman one-and-a-half times the compensation of an ordinary member.

Members of the Supervisory Board who are members of a committee, except for the Nomination Committee, shall receive a further fixed compensation for this purpose in the amount of €12,500. For the Audit Committee, the further fixed compensation shall be €50,000 (2010: €25,000). The chairman of a committee shall receive twice and a deputy chairman one-and-a-half times the further fixed compensation.

The company reimburses members of the Supervisory Board for out-of-pocket expenses and value-added tax to be paid with regard to their activities as members of the Supervisory Board or of a committee. The company further grants the members of the Supervisory Board a fee of €500 for attending a meeting of the Supervisory Board or one of its committees to which they belong and includes the performance of the duties of the members of the Supervisory Board in the cover of a loss liability insurance concluded by it (D&O insurance), which includes a deductible.

Total compensation of the Supervisory Board of BASF SE for the activity in 2011, including attendance fees, was €3.0 million (2010: €2.9 million). The compensation of the individual Supervisory Board members is as follows:

**Compensation of the Supervisory Board of BASF SE** (thousand €)

	Fixed compensation		Performance-oriented variable compensation		Payment for committee membership(s)		Total compensation	
	2011	2010	2011	2010	2011	2010	2011	2010
Dr. h.c. Eggert Voscherau, Chairman of the Supervisory Board <sup>1</sup>	150.0	150.0	300.0	300.0	25.0	25.0	475.0	475.0
Michael Diekmann, Vice Chairman of the Supervisory Board <sup>2</sup>	90.0	90.0	180.0	180.0	12.5	12.5	282.5	282.5
Robert Oswald, Vice Chairman of the Supervisory Board <sup>2</sup>	90.0	90.0	180.0	180.0	12.5	12.5	282.5	282.5
Ralf-Gerd Bastian <sup>4</sup>	60.0	60.0	120.0	120.0	50.0	25.0	230.0	205.0
Wolfgang Daniel	60.0	60.0	120.0	120.0	-	-	180.0	180.0
Prof. Dr. François Diederich	60.0	60.0	120.0	120.0	-	-	180.0	180.0
Franz Fehrenbach <sup>4</sup>	60.0	60.0	120.0	120.0	50.0	25.0	230.0	205.0
Stephen K. Green (from April 30, 2009 until Dec. 16, 2010)	-	60.0	-	120.0	-	-	-	180.0
Max Dietrich Kley <sup>3</sup>	60.0	60.0	120.0	120.0	100.0	50.0	280.0	230.0
Anke Schäferkordt (since Dec. 17, 2010)	60.0	5.0	120.0	10.0	-	-	180.0	15.0
Denise Schellemans	60.0	60.0	120.0	120.0	-	-	180.0	180.0
Ralf Sikorski	60.0	60.0	120.0	120.0	-	-	180.0	180.0
Michael Vassiliadis <sup>2, 4</sup>	60.0	60.0	120.0	120.0	62.5	37.5	242.5	217.5
<b>Total:</b>	<b>870.0</b>	<b>875.0</b>	<b>1,740.0</b>	<b>1,750.0</b>	<b>312.5</b>	<b>187.5</b>	<b>2,922.5</b>	<b>2,812.5</b>

<sup>1</sup> Chairman of the Personnel Committee

<sup>2</sup> Member of the Personnel Committee

<sup>3</sup> Chairman of the Audit Committee

<sup>4</sup> Member of the Audit Committee

Compensation for Supervisory Board membership and membership of Supervisory Board committees is payable after the Annual Shareholders' Meeting, which approves the Consolidated Financial Statements upon which the variable compensation is based. Accordingly, compensation relating to the year 2011 will be paid following the Annual Shareholders' Meeting on April 27, 2012.

In 2011, as in 2010, the company paid the Supervisory Board member Prof. Dr. François Diederich a total of CHF 38,400 (2011: approximately €31,200; 2010: approximately €27,800) plus value-added taxes and out-of-pocket expenses for consulting work in the area of chemical research based on a consulting contract approved by the Supervisory Board.

Beyond this, no other Supervisory Board members received any compensation in 2011 for services rendered personally, in particular, the rendering of advisory and agency services.

→ For more on share ownership by members of the Board of Executive Directors and the Supervisory Board, see page 16

## Management and Supervisory Boards

### Board of Executive Directors

**As of December 31, 2011, there were eight members on the Board of Executive Directors of BASF SE.**

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#### Dr. Kurt Bock

Chairman of the Board of Executive Directors (since May 6, 2011)

**Responsibilities:** Legal, Taxes & Insurance; Strategic Planning & Controlling; Communications & Government Relations; Global Executive Human Resources; Investor Relations; Compliance

**First appointed:** 2003

**Term expires:** 2016

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#### Dr. Martin Bruder Müller

Vice Chairman of the Board of Executive Directors (since May 6, 2011)

**Responsibilities:** Performance Polymers; Polyurethanes; Market & Business Development Asia Pacific; Regional Functions & Country Management Asia Pacific

**First appointed:** 2006

**Term expires:** 2016

**Comparable German and non-German controlling bodies:**

Styrolution Holding GmbH (Vice Chairman of Advisory Board since October 1, 2011)

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#### Dr. Hans-Ulrich Engel

**Responsibilities:** Finance; Catalysts; Corporate Controlling; Corporate Audit; Information Services & Supply Chain Management; Market & Business Development North America; Regional Functions North America

**First appointed:** 2008

**Term expires:** 2016

**Internal memberships as defined in Section 100(2) AktG:**

Wintershall Holding GmbH (Supervisory Board Chairman until May 6, 2011)  
Wintershall AG (Supervisory Board Chairman until May 6, 2011)  
BASF Personal Care and Nutrition GmbH (formerly Cognis GmbH) (Supervisory Board member)

**Comparable German and non-German controlling bodies:**

Nord Stream AG, Zug, Switzerland (member of the Shareholders' Committee until September 15, 2011)

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#### Michael Heinz (since May 6, 2011)

**Responsibilities:** Dispersions & Pigments; Care Chemicals; Nutrition & Health; Paper Chemicals; Performance Chemicals; Advanced Materials & Systems Research

**First appointed:** 2011

**Term expires:** 2014

**Internal memberships as defined in Section 100(2) AktG:**

BASF Coatings GmbH (Supervisory Board member since May 7, 2011)  
BASF Personal Care and Nutrition GmbH (formerly Cognis GmbH) (Supervisory Board member since May 7, 2011, Supervisory Board Chairman since May 11, 2011)

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#### Dr. Andreas Kreimeyer

**Responsibilities:** Inorganics; Petrochemicals; Intermediates; Process Research & Chemical Engineering; BASF Future Business

**First appointed:** 2003

**Term expires:** 2015

**Internal memberships as defined in Section 100(2) AktG:**

Wintershall Holding GmbH (Supervisory Board member)

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#### Dr. Stefan Marcinowski

**Responsibilities:** Crop Protection; Coatings; BASF Plant Science; Biological & Effect Systems Research; Region South America

**First appointed:** 1997

**Term expires:** 2012

**Supervisory Board memberships (excluding internal memberships):**

DWS Investment GmbH (Supervisory Board member)

**Internal memberships as defined in Section 100(2) AktG:**

Wintershall Holding GmbH (Supervisory Board member)  
BASF Coatings GmbH (Supervisory Board Chairman)

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#### Dr. Harald Schwager

**Responsibilities:** Oil & Gas; Construction Chemicals; Procurement; Region Europe

**First appointed:** 2008

**Term expires:** 2016

**Internal memberships as defined in Section 100(2) AktG:**

Wintershall Holding GmbH (Supervisory Board Chairman since May 7, 2011)  
Wintershall AG (Supervisory Board Chairman since May 7, 2011)

**Comparable German and non-German controlling bodies:**

BASF Antwerpen N.V., Belgium (Chairman of Administrative Council until May 6, 2011)  
Nord Stream AG, Zug, Switzerland (member of the Shareholders' Committee since September 16, 2011)

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#### Margret Suckale (since May 6, 2011)

**Responsibilities:** Human Resources; Engineering & Maintenance; Environment, Health & Safety; Verbund Site Management Europe

**First appointed:** 2011

**Term expires:** 2014

**Comparable German and non-German controlling bodies:**

BASF Antwerpen N.V., Belgium (Chairwoman of the Administrative Council since May 7, 2011)

**The following members left the Board of Executive Directors upon conclusion of the Annual Shareholders' Meeting on May 6, 2011:**

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**Dr. Jürgen Hambrecht**

Chairman of the Board of Executive Directors

**Responsibilities:** Legal, Taxes & Insurance; Strategic Planning & Controlling; Communications & Government Relations; Global HR – Executive Management & Development; Investor Relations; Compliance

**First appointed:** 1997 (Chairman 2003 until 2011)

**Term expired:** 2011

**Supervisory Board memberships (excluding internal memberships):**

Daimler AG (Supervisory Board member)  
Lufthansa AG (Supervisory Board member)

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**Dr. John Feldmann**

**Responsibilities:** Construction Chemicals; Dispersions & Pigments; Care Chemicals; Nutrition & Health; Paper Chemicals; Performance Chemicals; Polymer Research

**First appointed:** 2000

**Term expired:** 2011

**Supervisory Board memberships (excluding internal memberships):**

Bilfinger Berger SE (Supervisory Board member)

**Internal memberships as defined in Section 100(2) AktG:**

BASF Coatings GmbH (Supervisory Board member until May 6, 2011)  
BASF Personal Care and Nutrition GmbH (formerly Cognis GmbH )  
(Supervisory Board Chairman until May 6, 2011)

## Supervisory Board

**In accordance with the Statutes, the Supervisory Board of BASF SE comprises twelve members.**

Pursuant to Section 35 Paragraph 1 of the Act on the Participation of Employees in a European Company (SE-Beteiligungsgesetz – “SEBG”) and the Agreement Concerning the Involvement of Employees in BASF SE (Employee Participation Agreement) signed on November 15, 2007 by company management and the representatives of BASF Group’s European employees, seats on the board are accorded following the principle of parity. The six shareholder representatives on the Supervisory Board of BASF SE are elected by the Shareholders’ Meeting. By way of derogation from Section 40(2) of the Council Regulation (EC) No. 2157/2001, the six employee representatives are not elected by the Shareholders’ Meeting, but appointed by the representative body of the employees, the BASF Europa Betriebsrat, in accordance with the Employee Participation Agreement. The term of office of the Supervisory Board commenced following the Annual Shareholders’ Meeting on April 30, 2009, in which the shareholder representatives on the Supervisory Board were elected. It terminates upon conclusion of the Annual Shareholders’ Meeting which resolves on the discharge of members of the Supervisory Board for the fourth complete financial year after the term of office commenced; this is the Annual Shareholders’ Meeting in 2014. Stephen K. Green, Supervisory Board member elected at the Annual Shareholders’ Meeting on April 30, 2009, resigned from the Supervisory Board at the close of December 16, 2010, to take on the role as the United Kingdom’s Minister of State for Trade and Investment at the beginning of 2011. On May 6, 2011, the Annual Shareholders’ Meeting elected Anke Schäferkordt to succeed Stephen K. Green as a member of the Supervisory Board. Anke Schäferkordt had already been appointed to the Supervisory Board, effective December 17, 2010, upon request of the Chairman of the Supervisory Board, by decision of the Ludwigshafen district court on November 18, 2010. The Supervisory Board comprises the following members:

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**Dr. h.c. Eggert Voscherau, Wachenheim, Germany**

**Chairman of the Supervisory Board of BASF SE**

**Former Vice Chairman of the Board of Executive Directors of BASF SE**

**Supervisory Board memberships (excl. internal memberships):**

Hochtief AG (Supervisory Board member since May 12, 2011)

**Comparable German and non-German controlling bodies:**

Zentrum für Europäische Wirtschaftsforschung GmbH (ZEW)  
(Supervisory Board Vice Chairman)

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**Michael Diekmann, Munich, Germany**

**Vice Chairman of the Supervisory Board of BASF SE**

**Chairman of the Board of Management of Allianz SE**

**Supervisory Board memberships (excl. internal memberships):**

Linde AG (Supervisory Board Vice Chairman)

Siemens AG (Supervisory Board member)

**Internal memberships as defined in Section 100(2) AktG:**

Allianz Deutschland AG (Supervisory Board member)

Allianz Global Investors AG (Supervisory Board Chairman)

**Comparable German and non-German controlling bodies:**

Allianz France S.A. (Vice Chairman of the Administrative Council)

Allianz S.p.A. (member of the Administrative Council)

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**Robert Oswald, Altrip, Germany**

**Vice Chairman of the Supervisory Board of BASF SE**

**Chairman of the Works Council of the Ludwigshafen site of BASF SE and of the Joint Works Council of the BASF Group**

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**Ralf-Gerd Bastian, Neuhofen, Germany**

**Member of the Works Council of the Ludwigshafen site of BASF SE**

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**Wolfgang Daniel, Heidelberg, Germany**

**Vice Chairman of the Works Council of the Ludwigshafen site of BASF SE**

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**Prof. Dr. François Diederich, Zurich, Switzerland**

**Professor at the Swiss Federal Institute of Technology Zurich**

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**Franz Fehrenbach, Stuttgart, Germany**

**Chairman of the Board of Management of Robert Bosch GmbH**

**Comparable German and non-German controlling bodies:**

Robert Bosch Corporation (member of the Board of Directors)

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**Max Dietrich Kley, Heidelberg, Germany**

**Lawyer**

**Supervisory Board memberships (excl. internal memberships):**

SGL Carbon SE (Supervisory Board Chairman)

HeidelbergCement AG (Supervisory Board member)

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**Anke Schäferkordt, Cologne, Germany**

**Chief Executive Officer, Mediengruppe RTL Deutschland and RTL Television**

**Supervisory Board memberships (excl. internal memberships):**

Software AG (Supervisory Board member)

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**Denise Schellemans, Kalmthout, Belgium**

**Full-time trade union delegate**

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**Ralf Sikorski, Wiesbaden, Germany**

**Regional manager of the Rhineland-Palatinate/Saarland branch of the Mining, Chemical and Energy Industries Union**

**Supervisory Board memberships (excl. internal memberships):**

Villeroy & Boch AG (Supervisory Board member)

Villeroy & Boch Fliesen GmbH (Supervisory Board member)

Evonik Power Saar GmbH (Supervisory Board Vice Chairman)

Evonik New Energies GmbH (Supervisory Board Vice Chairman)

KSBG Kommunale Verwaltungsgesellschaft mbH

(Supervisory Board Vice Chairman)

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**Michael Vassiliadis, Hanover, Germany**

**Chairman of the Central Board of Executive Directors of the Mining, Chemical and Energy Industries Union**

**Supervisory Board memberships (excl. internal memberships):**

K+S AG (Supervisory Board Vice Chairman)

Henkel AG & Co. KGaA (Supervisory Board member)

Steag GmbH (Supervisory Board Vice Chairman)

## Report of the Supervisory Board

### Dear Shareholder,

Despite the ongoing national debt crisis in the eurozone and the related uncertainty in the global financial markets, 2011 was once again a successful year for BASF, with very good results in sales and earnings. With the transfer of the styrenics business to the Styrolution joint venture and the divestiture of the fertilizer business, BASF has continued to successfully focus on fast-growing and innovative business areas. The BASF strategy "We create chemistry" sets out clear guidelines for BASF's successful future development.

The Board of Executive Directors demonstrated impressive company leadership. BASF continues to occupy an excellent position under its new management and in 2011, took full advantage of the business opportunities which presented themselves. The high-quality, interconnected work of the entire team of the Board of Executive Directors and employees was once again crucial to BASF's success. Again and again, maintaining continuity while embracing change has proven to be one of BASF's strengths.

### Monitoring and consultation in an ongoing dialog with the Board of Executive Directors

In 2011, the Supervisory Board of BASF SE exercised its duties required by law and the Statutes with the utmost care. We regularly monitored the management of the Board of Executive Directors and provided advice on the company's strategic development and important individual measures. To this end, the Supervisory Board requested detailed information from the Board of Executive Directors at five meetings, in the form of written and verbal reports. The topics included: business policies and the business situation, as well as the company's performance, profitability, global HR policy and planning with regard to finances, capital expenditures and human resources at BASF SE and its major subsidiaries. Information was also provided about any deviations of business performance from planning. The Supervisory Board discussed in detail the reports from the Board of Executive Directors and also discussed prospects for the company as a whole and its individual business areas with the Board of Executive Directors. Outside of Supervisory Board meetings, the Chairman of the Supervisory Board also regularly requested information from the Chairman of the Board of Executive Directors regarding current developments and company-relevant items. The Supervisory Board was always involved at an early stage in decisions of major importance. The Supervisory Board discussed and voted on all of those individual measures taken by the Board of Executive Directors, which by law or the Statutes required the approval of the Supervisory Board. In 2011, these related to the expansion of the cooperation with Gazprom through the planned asset swap in the oil and gas business, as well as the divestiture of BASF's fertilizer business.

The members of the Supervisory Board elected by shareholders and those elected by the employees prepared for the meetings in separate preliminary discussions. All twelve members took part in all Supervisory Board meetings in 2011.

In all of its meetings, the Supervisory Board discussed the further development of the BASF Group's business activities through acquisitions, divestitures and investment projects and advised the Board of Executive Directors on these significant questions impacting the future of the company. A highlight for the work of the Supervisory Board was the close consultation with the Board of Executive Directors on July 21, 2011, regarding the update of the BASF Group's strategy. The Supervisory Board is convinced that the "We create chemistry" strategy contains the right answers to the question of which path BASF should take to master the challenges of a changing world and to continue on its successful track.

Furthermore, in 2011 we also addressed the strategies, status and prospects of individual business areas. These included the Agricultural Solutions segment, with the crop protection business and plant biotechnology activities, during the meeting on July 21, 2011. The Polyurethanes division, where BASF wants to continue to grow with major investments in new production facilities such as the MDI plant in Chongqing, China, and the planned TDI plant in Ludwigshafen, Germany, were topics during the meeting on October 20, 2011. We devoted our attention to the Oil & Gas segment, particularly given the changes in Germany's energy policy, during the meetings on March 3 and October 20, 2011. At four meetings of the Supervisory Board, we received information, including examples of innovation, about research and development topics and the development of future markets, such as electric mobility, and we discussed these with the Board of Executive Directors. At the meeting on December 15, 2011, we discussed and approved the Board of Executive Directors' operative and financial planning for 2012. Furthermore, we once again empowered the Board of Executive Directors to procure necessary financing in 2012.

The Supervisory Board thoroughly considered the personnel issues concerning the Board of Executive Directors during the meetings on October 20 and December 15, 2011. At the meeting on October 20, 2011, the Supervisory Board discussed and approved the suitability, composition and level of the compensation for the Board of Executive Directors. At the meeting on December 15, 2011, the Supervisory Board discussed the composition of the Board of Executive Directors and nominated Wayne T. Smith, an American and currently head of the Polyurethanes division, for a three-year appointment as a member of the Board of Executive Directors, effective as of the end of the Annual Shareholders' Meeting on April 27, 2012. Dr. Stefan Marcinowski will retire from the Board of Executive Directors at this time. The appointment of Dr. Andreas Kreimeyer to the Board of Executive Directors, which was set to expire upon conclusion of the Annual Shareholders' Meeting 2012, was

extended until the conclusion of the Annual Shareholders' Meeting in 2015. Furthermore, at this meeting the Supervisory Board and the Board of Executive Directors discussed and agreed upon the goals for the Board of Executive Directors for 2012 to 2014. In addition, the performance assessment for the Board of Executive Directors for 2011 was decided; this, along with the return on assets of the BASF Group, determines the performance-related component of the compensation of the Board of Executive Directors.

## Committees

BASF SE's Supervisory Board has a total of three committees: 1) the committee for personnel affairs of the Board of Executive Directors as well as the granting of loans in accordance with Section 89(4) of the German Stock Corporation Act (Personnel Committee), 2) the Audit Committee and 3) the Nomination Committee. Following each Committee meeting, the Chairmen of the Committees reported in detail about the meetings and the activities of the Committees at the next meeting of the Supervisory Board.

The **Personnel Committee** comprises Supervisory Board Chairman Dr. h.c. Eggert Voscherau (chairman), Supervisory Board Deputy Chairmen Michael Diekmann and Robert Oswald, as well as Supervisory Board member Michael Vassiliadis. The Personnel Committee met on December 14, 2011. At this meeting, the Committee dealt primarily with new appointments and the extension of mandates on the Board of Executive Directors as well as the target agreement process between the Supervisory Board and Board of Executive Directors, the corresponding target agreements for 2012 to 2014, and the achievement of targets in 2011. The Committee made recommendations to the Supervisory Board regarding all issues discussed at this meeting. The Supervisory Board adopted the recommended proposals at its meeting on December 15, 2011.

The **Audit Committee** consists of Supervisory Board members Max Dietrich Kley, Ralf Gerd Bastian, Franz Fehrenbach and Michael Vassiliadis. The Chairman of the Audit Committee is Max Dietrich Kley, who has also been appointed "Audit Committee Financial Expert." The Audit Committee is responsible for all the tasks of an audit committee listed in Section 107(3) Clause 2 of the German Stock Corporation Act and in subsection 5.3.2 of the German Corporate Governance Code from May 26, 2010. The Audit Committee met five times in 2011. All committee members attended all committee meetings. Following each Committee meeting, the Chairman of the Audit Committee reported on the agenda items and audit work of the Committee at the subsequent Supervisory Board meeting. The core duties were to review BASF SE's Financial Statements and Consolidated Financial Statements, as well as to discuss the quarterly and first-half financial reports with the Board of Executive Directors prior to their publication. Other important activities included advising the Board of Executive Directors on accounting issues, the internal control system and discussing and defining the focus of the annual audit with the auditor. The topics internal auditing system and compliance in the BASF Group were each a focus at one meeting of the Audit Committee. In these meetings, the head of the Corporate Audit department and the Chief Compliance Officer reported to the Audit Committee and answered its questions. The business

relations with the auditor, apart from the annual audit, were regulated with the adoption of a resolution allowing the granting of contracts for the provision of non-audit services by the auditor. These kind of services are generally not permitted. The Audit Committee will be informed of any approved individual contracts. The committee also reached an agreement with the auditor on the auditing fees and discussed questions related to the auditor's independence. Furthermore, the Audit Committee recommended to the Supervisory Board that KPMG once again be nominated as the auditor at the Annual Shareholders' Meeting 2012.

The members of the **Nomination Committee** are the members of the Supervisory Board elected at the Annual Shareholders' Meeting: Dr. h.c. Eggert Voscherau, Prof. Dr. François Diederich, Michael Diekmann, Franz Fehrenbach, Max Dietrich Kley and Anke Schäferkordt. The Nomination Committee is responsible for preparing candidate proposals for the election of those Supervisory Board members who are elected by the Shareholders' Meeting. Following Stephen K. Green's resignation from the Supervisory Board as of December 16, 2010, the members of the Nomination Committee discussed his succession and recommended that the Supervisory Board nominate Anke Schäferkordt for election to the Supervisory Board at the Annual Shareholders' Meeting 2011. The Nomination Committee based its recommendation on the objectives for the composition of the Supervisory Board decided by the Supervisory Board at its meeting on October 21, 2010.

## Corporate Governance and Declaration of Conformity

In 2011, the Supervisory Board again addressed in detail the corporate governance standards applied by BASF and their implementation in the company. The Corporate Governance Report of the BASF Group provides extensive information on BASF's corporate governance. It also includes the compensation report, containing full details on the structure and amount of the compensation for the Board of Executive Directors and the Supervisory Board, including the pension benefits of the members of the Board of Executive Directors, which can be found on pages 18 to 22.

At its meeting on December 15, 2011, the Supervisory Board approved the joint Declaration of Conformity by the Supervisory Board and the Board of Executive Directors in accordance with Section 161 of the German Stock Corporation Act. BASF complies with the recommendations of the German Corporate Governance Code in its version of May 26, 2010, without exception. The complete wording of the Declaration of Conformity is provided on page 17 and is also available to shareholders on BASF's website.

The Supervisory Board has affirmed the independence of its members and determined that there are no conflicts of interest.

### Annual Financial Statements of BASF SE and Consolidated Financial Statements

KPMG AG Wirtschaftsprüfungsgesellschaft, the auditor elected by the Annual Shareholders' Meeting for the fiscal year 2011, has audited the Financial Statements of BASF SE and the BASF Group Consolidated Financial Statements, including the Management's Analysis and the accounting records from which they were prepared, and have approved them free of qualification. Furthermore, the auditor certified that the Board of Executive Directors had taken the measures incumbent on it under Section 91(2) of the German Stock Corporation Act in an appropriate way. In particular, it had instituted an appropriate information and monitoring system that met the needs of the company and appeared suitable, both in design and application in practice, to provide early warning of developments that pose a threat to the continued existence of the company.

The documents to be examined and the auditor's reports were sent in a timely manner to every member of the Supervisory Board. The auditor attended the accounts review meeting of the Audit Committee on February 22, 2012, as well as the accounts meeting of the Supervisory Board on February 23, 2012, and reported on the main findings of his audit. The auditor also provided detailed explanations of his reports on the day before the accounts meeting of the Supervisory Board.

The Audit Committee reviewed the audits and Management's Analysis at its meeting on February 22, 2012, and discussed them in detail with the auditor. The Chairman of the Audit Committee gave a detailed account of the preliminary review at the Supervisory Board meeting on February 23, 2012.

On the basis of this preliminary review by the Audit Committee, the Supervisory Board has examined the Financial Statements and Management's Analysis of BASF SE for 2011, the proposal by the Board of Executive Directors for the appropriation of profit as well as the Consolidated Financial Statements and Management's Analysis for the BASF Group for 2011. We have reviewed, acknowledged and approved the auditor's reports. The results of the preliminary review by the Audit Committee and the results of our own examination fully concur with those of the audit. The Supervisory Board sees no grounds for objection to the management and submitted reports.

At the Supervisory Board's accounts meeting on February 23, 2012, we approved the Financial Statements of BASF SE and the Consolidated Financial Statements of the BASF Group prepared by the Board of Executive Directors, making the Financial Statements final. We concur with the proposal of the Board of Executive Directors regarding the appropriation of profit and the payment of a dividend of €2.50 per share.

### Composition of the Supervisory Board

The Annual Shareholders' Meeting on May 6, 2011, elected Anke Schäferkordt as a member of the Supervisory Board. Ms. Schäferkordt had previously been legally appointed to the Supervisory Board by the Ludwigshafen am Rhein district court with effect from December 17, 2010.

### Thanks

The Supervisory Board thanks the management and all employees of the BASF Group worldwide for the work they performed in 2011.

Ludwigshafen, February 23, 2012

The Supervisory Board



**Dr. h.c. Eggert Voscherau**

Chairman of the Supervisory Board

## Financial Statements of BASF SE

### Statement of Income

#### Statement of Income (million €)

	Explanations in Note	2011	2010
<b>Sales</b>	<b>(2)</b>	<b>21,599</b>	<b>20,741</b>
Cost of sales		16,370	15,458
<b>Gross profit on sales</b>		<b>5,229</b>	<b>5,283</b>
Selling expenses		1,874	1,822
General and administrative expenses		440	385
Research and development expenses		969	939
Other operating income	(3)	475	315
Other operating expenses	(4)	899	1,049
<b>Income from operations</b>		<b>1,522</b>	<b>1,403</b>
Income from participations		2,827	3,033
Interest result		(474)	(220)
Other financial result		(4)	15
<b>Financial result</b>	<b>(5)</b>	<b>2,349</b>	<b>2,828</b>
<b>Extraordinary result</b>		<b>-</b>	<b>(39)</b>
<b>Income before taxes<sup>1</sup></b>		<b>3,871</b>	<b>4,192</b>
Income taxes	(6)	365	455
<b>Net income</b>		<b>3,506</b>	<b>3,737</b>

<sup>1</sup> Income before taxes less extraordinary result corresponds to income from ordinary operations.

## Balance Sheet

### Assets (million €)

	Explanations in Note	December 31, 2011	December 31, 2010
Intangible assets	(8)	681	764
Property, plant and equipment	(9)	1,533	1,545
Financial assets	(10)	24,410	23,120
<b>Fixed assets</b>		<b>26,624</b>	<b>25,429</b>
<b>Inventories</b>	<b>(11)</b>	<b>1,823</b>	<b>1,645</b>
Accounts receivable, trade		1,748	1,789
Receivables from affiliated companies		9,550	9,173
Miscellaneous receivables and other assets		426	466
<b>Receivables and other assets</b>	<b>(12)</b>	<b>11,724</b>	<b>11,428</b>
Marketable securities		178	6
Cash on hand and cash at bank		680	575
<b>Liquid funds</b>	<b>(13)</b>	<b>858</b>	<b>581</b>
<b>Current assets</b>		<b>14,405</b>	<b>13,654</b>
<b>Deferred tax assets</b>	<b>(6)</b>	<b>192</b>	<b>258</b>
<b>Prepaid expenses</b>	<b>(14)</b>	<b>42</b>	<b>35</b>
<b>Total assets</b>		<b>41,263</b>	<b>39,376</b>

### Stockholders' equity and liabilities (million €)

	Explanations in Note	December 31, 2011	December 31, 2010
Subscribed capital	(15)	1,176	1,176
Capital surplus		3,139	3,139
Retained earnings	(16)	4,879	2,547
Profit retained	(16)	3,506	4,352
<b>Stockholders' equity</b>		<b>12,700</b>	<b>11,214</b>
<b>Special reserves</b>	<b>(1)</b>	<b>95</b>	<b>101</b>
Provisions for pensions and similar obligations	(17)	130	76
Provisions for taxes		934	938
Other provisions	(18)	1,410	1,544
<b>Provisions</b>		<b>2,474</b>	<b>2,558</b>
Financial indebtedness		4,269	6,665
Accounts payable, trade		592	623
Liabilities to affiliated companies		20,543	17,663
Miscellaneous liabilities		398	329
<b>Liabilities</b>	<b>(19)</b>	<b>25,802</b>	<b>25,280</b>
<b>Deferred income</b>		<b>192</b>	<b>223</b>
<b>Total stockholders' equity and liabilities</b>		<b>41,263</b>	<b>39,376</b>

## Notes

**Accounting principles:** The Financial Statements of BASF SE are prepared according to the German Commercial Code (Handelsgesetzbuch, HGB) and the German Stock Corporation Act (Aktiengesetz, AktG). The Statement of Income is prepared using the cost-of-sales method.

Since January 1, 2010, BASF SE has applied the regulations of the German Act to Modernize Accounting Law (Bilanzrechtsmodernisierungsgesetz, BilMoG). The effects of the conversion recognized through profit or loss were reported in the extraordinary result in 2010.

### 1 – Accounting and valuation methods

**Revenue recognition:** Revenues from goods or services are recognized upon the transfer of ownership and risk to the buyer or when the services are rendered. Allowances are made for rebates and trade discounts. Provisions are recognized to cover the expected return of products, estimated future warranty obligations and other claims, taking into account the individual circumstances.

**Intangible assets:** Intangible assets are valued at cost less scheduled straight-line amortization. In 2011, the weighted average amortization period was 10 years and was based on the following useful lives:

	2011	2010
Goodwill	12 years	12 years
Software	4 years	4 years
Patents, licenses, know-how other rights	9 years	9 years

The average useful life of 12 years for goodwill reflects the future economic use potential of intangible goods. The useful lives of individual goodwill items are determined by the expected economic use of the acquired businesses or are based on expert opinions of the useful lives of patents, licenses, know-how and other rights purchased as part of the acquisition.

Write-downs are made when there is an other-than-temporary impairment. If the reason for the impairment no longer exists in subsequent years, the asset is written up to an amount which may not exceed the amortized cost. For goodwill, the lower carrying amount is maintained.

BASF SE does not make use of the optional right under the Act to Modernize Accounting Law (BilMoG) to capitalize internally generated intangible assets forming part of fixed assets.

**Property, plant and equipment:** They are stated at acquisition or production cost less scheduled depreciation over their estimated useful lives. In 2008 and 2009, assets whose costs exceeded €150 but were less than €1,000 were allocated to a low-value asset pool and depreciated on a straight-line basis over five years. From January 1, 2010, additions that cost more than €150 but not more than €410 are written off immediately in the year of purchase. Items that cost less than €150 are recognized directly as expenses. Movable depreciable fixed assets that are functionally integrated are treated as a single asset item.

The cost of self-constructed plants includes direct costs, appropriate allocations of material and manufacturing costs, and a share of the general and administrative costs of the divisions associated with the construction of the plants. Financing costs, costs for social services, costs for voluntary social benefits and pension costs are not capitalized.

Both movable and immovable fixed assets are depreciated using the straight-line method. Declining-balance depreciation of additions from previous years will be continued. For declining-balance depreciations, a systematic transition to straight-line depreciation takes place if this results in higher depreciation amounts.

The weighted-average depreciation periods used remained unchanged as follows:

	2011	2010
Buildings and structural installations	24 years	24 years
Machinery and technical equipment	11 years	11 years
Factory and office equipment and other facilities	9 years	9 years

Write-downs are made when there is an other-than-temporary impairment. Measurement is based on the expected future cash flows from the use of the asset less costs for its removal. A write-down is made in the amount of the difference between the current book value and the discounted future cash flows. If the reason for the impairment no longer exists in subsequent years, the asset is written up to an amount which may not exceed the amortized cost.

**Financial assets:** In accordance with the principle of individual valuation, shares in affiliated companies and participating interests are carried at cost, or in the case of an other-than-temporary impairment, at the lower fair value. Interest-bearing loans are stated at cost; loans bearing no interest or below-market interest rates are stated at their present value. Existing risks are recognized through an impairment loss based on the estimated fair value of the loan. If the reason for the impairment no longer exists in subsequent years, the asset is written up to an amount which may not exceed the acquisition cost.

Financial activities are shown under income from participations, interest result and miscellaneous financial result in the Statement of Income.

**Inventories:** Inventories are carried at cost. They are valued at quoted, market or fair 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. The acquisition or production costs of raw materials, work-in-process, finished goods and merchandise are determined by the last-in-first-out (LIFO) method.

Production costs include, in addition to direct costs, an appropriate allocation of overhead cost of production using normal utilization rates of the production plants. Furthermore, depreciation of fixed assets is reported in cost of sales provided this is necessitated by the production. Financing costs, social services, voluntary social benefits and pensions are not included in production costs.

Construction in progress relates mainly to chemical plants under construction for BASF Group companies. Profits are recognized upon the final invoicing of a project or the invoicing of part of a project. Expected losses are recognized by write-downs to the lower fair values.

**Receivables and other assets:** Receivables are generally carried at their nominal value. Notes receivable and loans generating no or low interest income are discounted to their present values. For risks of collectability, transfer risks and general credit risks appropriate valuation allowances and write-downs are carried out to take into account lower fair values.

**Liquid funds:** This position includes 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 taxes:** Deferred taxes are recorded for temporary differences between the valuation of assets and liabilities in the Financial Statements and the corresponding carrying values for tax purposes. Deferred tax assets are recognized if the net temporary difference is an asset balance.

**Offsetting of assets as well as income and expenses:** Assets that cannot be accessed by any other creditors and that only serve to meet debts allocated to these assets arising from obligations related to pensions, early retirement programs and working-time accounts are offset with these debts. The fair value of the plan assets generally corresponds to the market value. If there is no active market, the fair value is calculated using options pricing models such as the Black-Scholes model. If the obligation is found to exceed the plan assets, the remaining difference is reported as part of provisions. If the plan assets exceed the corresponding obligation, the difference is reported as an excess of plan assets over obligations.

For pensions, early retirement programs and working-time accounts, income and expenses from plan assets are offset with the income and expenses of the corresponding obligation. These balances are reported under the interest result.

**Special reserves:** The special reserves were maintained pursuant to Section 67(3) Clause 1 EGHGB, as these were established before the year in which the conversion to the BilMoG provisions took place. This referred primarily to transmissions of revealed inner reserves in accordance with Section 6b of the German Income Tax Act (Einkommenssteuergesetz, EStG). Since January 1, 2010, no new special reserves have been established.

**Provisions:** Provisions for pensions are determined on the basis of actuarial assumptions made according to the internationally accepted projected unit credit method. The valuation of the obligation is based on the 2005 G mortality tables by Prof. Dr. Klaus Heubeck modified by the mortality and invalidity expectations for the BASF population as well as taking into consideration expected future salary increases and pension adjustments. The discount rate is the average market interest rate of the past seven years as published by Deutsche Bundesbank with an assumed residual period of 15 years. The discount rate used is 5.14%.

Tax provisions are recognized for German trade income tax and German corporate income tax in the amount necessary to meet the expected payment obligations.

Other provisions are recognized for liabilities of uncertain timing or amount and onerous contracts. Maintenance provisions are established to cover omitted maintenance procedures as of the end of the year, which will be carried out within the first three months of the following year. The amounts provided are based on reasonable commercial judgment of the amount necessary to meet obligations, while taking into consideration expected future price and cost increases. Provisions with a maturity of more than one year are discounted in accordance with their maturity with the average market interest rate of the past seven years, as published by the Deutsche Bundesbank.

Provisions are established for environmental protection measures and risks if the measures are likely to be necessary to comply with legal or regulatory obligations, provided these measures do not lead to the capitalization of costs.

Provisions for recultivation obligations associated with the operation of landfill sites are built up in installments over the expected service lives.

Provisions for long-service bonuses and pre-retirement part-time programs are calculated based on actuarial principles corresponding to the projected unit credit method taking into account the rate of compensation increase and the adequate periodical interest rate pursuant to Section 253 (2) HGB.

**Translation of foreign-currency items:** The cost of assets acquired in foreign currencies and revenues from sales in foreign currencies are recorded at the exchange rate on the date of the transaction.

Short-term foreign-currency receivables and liabilities are valued at the average spot currency exchange rate on the balance sheet date. Long-term foreign-currency receivables are recorded at the rate prevailing on the acquisition date or at the rate on the balance sheet date if lower. Long-term foreign-currency liabilities are recorded at the rate prevailing on the acquisition date or at the rate on the balance sheet date if higher. 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. The associated underlying transactions and derivatives are combined into valuation units. Profits from hedging transactions, which cannot be allocated to a particular underlying transaction, are realized upon maturity. Unrealized losses from derivative financial instruments are recognized through profit or loss and included in provisions.

The use of derivative financial instruments to hedge against foreign currency, interest rate and price risks is described in detail in section "23 - Derivative instruments."

**Use of estimates and assumptions in the preparation of the Financial Statements:** The carrying amount of assets, liabilities and provisions, contingent liabilities and other financial obligations in the Financial Statements depends on the use of estimates and assumptions. They are based on the circumstances and estimates on the balance sheet date and affect the reported amounts of income 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 amount of investments, and other similar evaluations of assets and obligations. Although uncertainty is appropriately incorporated in the valuation factors, actual results can differ from these estimates.

**Customer facilities:** The energy facilities operated by BASF to produce electricity and gas are customer facilities for internal supply in accordance with Section 3 No. 24b of the German Energy Act (Energiewirtschaftsgesetz, EnWG). BASF SE is therefore not subject to the regulatory requirements for network operators under the EnWG.

## 2 – Sales

### Sales by segment (million €)

	2011	2010
Chemicals	5,381	4,889
Plastics	3,787	3,208
Performance Products	8,662	7,840
Functional Solutions	403	350
Agricultural Solutions	2,128	1,918
Other	1,238	2,536
	<b>21,599</b>	<b>20,741</b>

### Sales by region (million €)

	2011	2010
Europe	16,014	15,310
Thereof Germany	5,733	5,236
North America	1,495	1,440
Asia Pacific	2,810	2,636
South America, Africa, Middle East	1,280	1,355
	<b>21,599</b>	<b>20,741</b>

## 3 – Other operating income

Other operating income rose by €160 million, largely as a result of the reversal of provisions through profit or loss amounting to €142 million (previous year: €91 million). Furthermore, additional income of €45 million resulted in 2011 from a contractually agreed compensation payment. Other operating income included out-of-period income from insurance claims amounting to €21 million.

Gains on foreign-currency transactions stood at €14 million (previous year: €28 million). Release of special reserves of €6 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 (Einkommensteuergesetz, EStG).

## 4 – Other operating expenses

Other operating expenses declined by €150 million, mainly as a result of the decrease of €151 million in stock-priced-based variable compensation (LTI program).

In 2011, losses from foreign-currency transactions amounted to €12 million (previous year: €38 million).

## 5 – Financial result

Million €	2011	2010
Income from participations and similar income	1,293	1,807
Thereof from affiliated companies	236	1,765
Income from profit transfer agreements	1,698	1,280
Income from tax allocation to affiliated companies	61	245
Losses from loss transfer agreements	210	213
Write-downs of, and losses from, disposal of participations	15	86
<b>Income from participations</b>	<b>2,827</b>	<b>3,033</b>
Income from other securities and long-term loans	4	2
Thereof from affiliated companies	-	-
Other interest and similar income	136	179
Thereof from affiliated companies	75	52
Interest and similar expenses	614	401
Thereof from affiliated companies	239	121
<b>Interest result</b>	<b>(474)</b>	<b>(220)</b>
Write-downs of, and losses from, disposal of long-term loans and marketable securities	1	11
Miscellaneous other financial result	(3)	26
<b>Other financial result</b>	<b>(4)</b>	<b>15</b>
<b>Financial result</b>	<b>2,349</b>	<b>2,828</b>

The decline in income from participations resulted in particular from lower income from participations and similar income. This was attributable to lower dividend payments from affiliated companies, which were only partially offset by higher gains on the disposal of participations (mainly from the divestiture of the shares in K+S AG as well as the contribution of the styrene monomer business into the joint venture with INEOS Industries Holdings Limited).

In the interest result, income and expenses from plan assets were offset with the income and expenses of the corresponding obligation. Under interest and similar expenses, €134 million arose from the offset of expenses and income related to pension obligations (2010: income of €78 million) while €19 million resulted from the accrual of interest on provisions (2010: €16 million).

## 6 – Income taxes

Million €	2011	2010
Current taxes	299	464
Deferred taxes	66	(9)
Thereof on extraordinary income	–	(39)
<b>Income taxes</b>	<b>365</b>	<b>455</b>
Other taxes	30	24
<b>Tax expense</b>	<b>395</b>	<b>479</b>

The decline in current taxes resulted in particular from significantly lower income from the tax group subsidiaries. Deferred taxes resulting from the temporary differences recognized in profit or

loss between valuations in the Financial Statements and valuations for tax purposes were as follows:

Million €	2011	2010
Fixed assets	8	39
Inventories and accounts receivable	(77)	(54)
Pension provisions	196	185
Other provisions, other liabilities	65	104
<b>Subtotal</b>	<b>192</b>	<b>274</b>
Conversion to the regulations of the German Act to Modernize Accounting Law (BilMoG)	–	(16)
<b>Total</b>	<b>192</b>	<b>258</b>

In 2010, as part of the conversion to the regulations of the German Act to Modernize Accounting Law (BilMoG), deferred taxes were booked directly in retained earnings; in subsequent periods, these will be reversed through profit or loss.

An overall tax rate of 29% was applied to determine deferred taxes in 2010 and 2011.

## 7 – Other information

### Cost of materials (million €)

	2011	2010
Cost of raw materials, plant supplies and purchased merchandise	13,615	12,857
Cost of purchased services	2,408	2,097
	<b>16,023</b>	<b>14,954</b>

### Personnel costs (million €)

	2011	2010
Wages and salaries	2,382	2,511
Social security contributions and expenses for pensions and assistance	620	685
Thereof for pensions	249	290
	<b>3,002</b>	<b>3,196</b>

The decrease in wages and salaries was mainly due to lower stock-price-based variable compensation.

**Average number of employees**

	2011	2010
Non-exempt employees	25,264	25,283
Exempt employees	6,643	6,185
Apprentices and trainees	1,238	1,199
Temporary staff	202	180
	<b>33,347</b>	<b>32,847</b>

**Compensation for the Board of Executive Directors and Supervisory Board**

Million €	2011	2010
Performance-related and fixed payments to the Board of Executive Directors	24.4	22.2
Market value of options granted to the Board of Executive Directors in the fiscal year on date of grant	6.9	3.5
<b>Total compensation for the Board of Executive Directors</b>	<b>31.3</b>	<b>25.7</b>
Service cost of the Board of Executive Directors	3.7	2.9
Compensation for the Supervisory Board	3.0	2.9
Total compensation for former members of the Board of Executive Directors and their surviving dependents	12.8	13.2
Pension provisions for former members of the Board of Executive Directors and their surviving dependents	110.3	90.5

Performance-related compensation for the Board of Executive Directors is based on the return on assets, as well as the performance of the entire Board. Return on assets corresponds to earnings before taxes plus borrowing costs as a percentage of average assets.

Moreover, in 2011, the members of the Board of Executive Directors were granted 268,884 options under the long-term incentive (LTI) program. The options of active and former members of the Board resulted in personnel expenses of €8 million in 2011. In 2010, options resulted in expenses of €46 million.

- **More information on the compensation of members of the Board of Executive Directors is available from page 18 onward**
- **More information on the members of the Supervisory Board and Board of Executive Directors, including their memberships on other boards, is available from page 23 onward**

**Declaration of Conformity:** The declaration of conformity with the German Corporate Governance Code (see page 17) according to Section 161 of the German Stock Corporation Act (Aktengesetz, AktG) was signed by the Board of Executive Directors and the Supervisory Board of BASF SE on December 15, 2011, and is published online at:

→ [basf.com/governance\\_e](http://basf.com/governance_e)

## 8 – Intangible assets

### Developments in 2011 (million €)

	Purchased commercial concessions, trademarks and similar rights and values <sup>1</sup>	Goodwill	Advance payments	Total
<b>Acquisition costs</b>				
Balance as of January 1, 2011	487	655	1	1,143
Additions	42	-	3	45
Disposals	63	-	-	63
Transfers	-	-	-	-
Balance as of December 31, 2011	466	655	4	1,125
<b>Accumulated valuation adjustments</b>				
Balance as of January 1, 2011	241	138	-	379
Additions	66	60	-	126
Disposals	61	-	-	61
Write-ups	-	-	-	-
Balance as of December 31, 2011	246	198	-	444
<b>Net carrying amount as of December 31, 2011</b>	<b>220</b>	<b>457</b>	<b>4</b>	<b>681</b>
Net carrying amount as of December 31, 2010	246	517	1	764

<sup>1</sup> Including licenses in such rights and values

## 9 – Property, plant and equipment

### Developments in 2011 (million €)

	Land, land rights and buildings <sup>1</sup>	Machinery and technical equipment	Factory, office equipment and other facilities	Advance payments and construction in progress	Total
<b>Cost</b>					
Balance as of January 1, 2011	2,525	10,431	1,398	181	14,535
Additions	13	87	57	197	354
Disposals	4	181	48	1	234
Transfers	10	53	17	(80)	-
Balance as of December 31, 2011	2,544	10,390	1,424	297	14,655
<b>Accumulated valuation adjustments</b>					
Balance as of January 1, 2011	2,140	9,626	1,224	-	12,990
Additions	33	258 <sup>2</sup>	70	-	361
Disposals	2	181	46	-	229
Transfers	-	-	-	-	-
Write-ups	-	-	-	-	-
Balance as of December 31, 2011	2,171	9,703	1,248	-	13,122
<b>Net carrying amount as of December 31, 2011</b>	<b>373</b>	<b>687</b>	<b>176</b>	<b>297</b>	<b>1,533</b>
Net carrying amount as of December 31, 2010	385	805	174	181	1,545

<sup>1</sup> Including buildings on land owned by others

<sup>2</sup> Thereof impairments of €1 million

## 10 – Financial assets

### Developments in 2011 (million €) Participations

	Shares in affiliated companies	Shares in other participating interests	Total participations
<b>Acquisition costs</b>			
Balance as of January 1, 2011	22,978	467	23,445
Additions	6,252	277	6,529
Disposals	5,285	151	5,436
Transfers	-	-	-
Balance as of December 31, 2011	23,945	593	24,538
<b>Accumulated valuation adjustments</b>			
Balance as of January 1, 2011	389	26	415
Additions	12	3	15
Disposals	67	-	67
Write-ups	2	-	2
Balance as of December 31, 2011	332	29	361
<b>Net carrying amount as of December 31, 2011</b>	<b>23,613</b>	<b>564</b>	<b>24,177</b>
Net carrying amount as of December 31, 2010	22,589	441	23,030

Participations increased mainly as a result of capital increases at subsidiaries for which BASF SE provides the financing function as the parent company of BASF Group. In addition, BASF SE acquired participations within the Group and made contribution in kind to the joint venture with INEOS Industries Holdings Limited.

This was contrasted in particular by capital repayments by subsidiaries as well as the divestiture of shares in K+S AG.

### Developments in 2011 (million €) Loans and other financial assets

	Loans to affiliated companies	Loans to other participating interests	Other loans and other financial assets	Total loans and other financial assets	Total financial assets
<b>Acquisition costs</b>					
Balance as of January 1, 2011	28	8	92	128	23,573
Additions	145	2	.	147	6,676
Disposals	-	6	2	8	5,444
Balance as of December 31, 2011	173	4	90	267	24,805
<b>Accumulated valuation adjustments</b>					
Balance as of January 1, 2011	18	1	19	38	453
Additions	-	.	.	.	15
Disposals	-	1	1	2	69
Write-ups	2	.	-	2	4
Balance as of December 31, 2011	16	.	18	34	395
<b>Net carrying amount as of December 31, 2011</b>	<b>157</b>	<b>4</b>	<b>72</b>	<b>233</b>	<b>24,410</b>
Net carrying amount as of December 31, 2010	10	7	73	90	23,120

## 11 – Inventories

Million €	2011	2010
Raw materials and factory supplies	337	260
Work-in-process, finished goods and merchandise	1,435	1,332
Services in process	50	52
Advance payments	1	1
	<b>1,823</b>	<b>1,645</b>

Work-in-process, 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 as well as work-in-process, finished goods and merchandise are determined by the last-in-first-out (LIFO) method. Factory supplies are carried predominantly at average cost. For inventories valued according to the LIFO method, LIFO reserves (i.e., the difference between LIFO valuation and valuation at average cost or lower quoted or market values) were €65 million for raw materials (2010: €44 million), and €177 million for finished goods and merchandise (2010: €113 million).

The valuation adjustment rates for the use of technical materials were reduced based on the experience of recent years. This led to a decline in valuation adjustments of €27 million in 2011.

## 12 – Receivables and other assets

Million €	2011		2010	
		Thereof non-current		Thereof non-current
Accounts receivable, trade	1,748	.	1,789	–
Receivables from affiliated companies	9,550	35	9,173	7
Thereof from trade accounts receivable	2,045	–	1,787	1
Receivables from other participating interests	114	–	158	–
Other assets	312	28	308	35
	<b>11,724</b>	<b>63</b>	<b>11,428</b>	<b>42</b>

In 2011, accrued income totaled €18 million (2010: €22 million).

## 13 – Liquid funds

In 2011, marketable securities rose by €172 million and cash and cash equivalents by €105 million.

## 14 – Prepaid expenses

Million €	2011	2010
Discounts	12	16
Other	30	19
	<b>42</b>	<b>35</b>

Discounts from the issuance of bonds (section “19 – Liabilities”: Financial indebtedness) are capitalized and amortized over the term of the obligations. Other prepaid expenses include prepayments related to ongoing business activities.

## 15 – Subscribed capital

### Subscribed capital

The subscribed capital of BASF SE is €1,175,652,728.32 and is divided into 918,478,694 registered shares with no par value.

### Share buyback/own shares

BASF SE did not acquire any of its own shares in 2011 and did not hold any of its own shares as of December 31, 2011.

### Announcements pursuant to Section 21(1) of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG)

BlackRock Inc., New York, notified us that its share of voting rights exceeded the threshold of 5% on September 6, 2010, and amounted to 5.35% on this date.

The voting rights are accorded to the holders pursuant to Section 22(1) Clause 1, No. 6 in connection with Section 22(1) Clause 2 WpHG and pursuant to Section 22(1) Clause 1 No. 1 WpHG.

### Conditional capital

A residual amount of less than €10,000 is reserved to meet compensation claims of former shareholders of Wintershall. These compensation claims expired in 2004. BASF SE will therefore issue no more shares from conditional capital nor fulfill compensation claims.

### Authorized capital

The Annual Shareholders' Meeting of April 30, 2009 authorized the Board of Executive Directors to increase subscribed capital by issuing new shares in an amount of up to €500 million against cash with the approval of the Supervisory Board through April 30, 2014. The Board of Executive Directors can, following the approval of the Supervisory Board, decide on the exclusion of shareholders' subscription rights for these new shares in certain predefined cases covered by the enabling resolution. Until now, this option has not been exercised and no new shares have been issued.

## 16 – Retained earnings and profit retained

Million €	2011
<b>Other retained earnings</b>	
Balance as of January 1	2,547
Allocation from profit retained (in accordance with the resolution of the Annual Shareholders' Meeting 2011)	2,332
<b>Balance as of December 31</b>	<b>4,879</b>
<b>Profit retained</b>	
Profit carried forward	–
Net Income	3,506
Transfer to other retained earnings	–
<b>Balance as of December 31</b>	<b>3,506</b>

### Information on amounts subject to dividend payout restrictions

The difference between the acquisition cost and the fair value of plan assets for pension and early-retirement program obligations resulted, less deferred tax liabilities, in an amount of €305 million subject to dividend payout restrictions.

Deferred tax assets exceeded by €316 million the amount of deferred tax liabilities plus deferred tax liabilities from the valuation of plan assets at fair value.

The amounts subject to dividend payout restrictions were €621 million while freely available reserves amounted to €4,980 million. There is therefore no dividend payout restriction for the profit retained.

## 17 – Provisions for pensions and similar obligations

BASF SE employees are granted basic benefits by BASF Pensionskasse VVaG, a legally independent BASF pension fund that is financed from the return on its financial assets, from members' contributions and by the company. BASF SE will ensure the necessary contributions to adequately finance the benefits promised by BASF Pensionskasse VVaG. Additional company pension commitments are covered by pension provisions.

BASF SE approved a 1% per year increase in pensions from BASF Pensionskasse VVaG.

The valuation of the pension obligations is based on the following assumptions:

in %	2011
Projected pension increase	2.00
Salary trend	2.75
Interest rate (Section 253(2) Clause 2 HGB)	5.14

Amounts offset in the balance sheet as of December 31, 2011:

Million €	2011
Fair value of pension plan assets	4,203
Pension obligations with plan assets	4,317
<b>Net total</b>	<b>(114)</b>
Historic acquisition costs for pension plan assets	3,794

Pension obligations without plan assets amounted to €16 million in 2011.

Income and expenses from plan assets are offset with the expense for accrued interest of the corresponding obligation. Amounts offset in the interest result are as follows:

Million €	2011	2010
Income from pension plan assets	213	340
Interest expense for interest accrued	339	249
<b>Net interest result</b>	<b>(126)</b>	<b>91</b>

## 18 – Other provisions

Million €	2011		2010	
		Thereof current		Thereof current
Environmental protection and remediation costs	114	12	103	12
Employee obligations	956	712	1,075	712
Sales and purchase risks	64	64	85	83
Integration, shutdown and restructuring costs	.	.	1	1
Legal and damage claims, guarantees and related commitments	11	9	57	16
Maintenance and repair	20	20	20	20
Other	245	223	203	160
	<b>1,410</b>	<b>1,040</b>	<b>1,544</b>	<b>1,004</b>

In 2011, provisions in the amount of €142 million were reversed to income and reported under other operating income (2010: €91 million).

The item Other primarily consists of provisions for onerous contracts and outstanding invoices.

The obligations for early-retirement programs amounted to €352 million while the fair value of the assets to be offset was €241 million. The historic acquisition costs for the assets amounted to €236 million. The assets comprise fixed income funds. Amounts offset in the interest result are as follows:

Million €	2011	2010
Income from plan assets of early retirement	4	1
Interest expense for interest accrued	12	14
<b>Net interest result</b>	<b>(8)</b>	<b>(13)</b>

Obligations from working-time accounts amounting to €221 million were offset with assets of the same amount. The historic acquisition costs for the assets amounted to €213 million. The assets comprise mixed funds. The interest result contains income of €5 million from the plan assets, netted against interest expenses of €5 million from the additions to provisions.

Provisions that were maintained pursuant to the optional right according to Section 67 of the implementation law of the German Commercial Code (Einführungsgesetz zum HGB, EGHGB) were overendowed by €1 million as a result of the non-discounting of interest.

## 19 – Liabilities

### Financial indebtedness (million €)

	2011	2010
3.375% Euro Bond 2005/2012	1,400	1,400
4% Euro Bond 2006/2011	–	1,000
4.5% Euro Bond 2006/2016	500	500
5.875% GBP Bond 2009/2017	434	434
3.75% Euro Bond 2009/2012	1,350	1,350
4.625% Euro Bond 2009/2017	300	300
4.25% Euro Bond 2009/2016	200	200
Commercial papers	–	1,403
<b>Bonds and other liabilities to the capital markets</b>	<b>4,184</b>	<b>6,587</b>
Liabilities to credit institutions	85	78
	<b>4,269</b>	<b>6,665</b>

### Liabilities to affiliated companies (million €)

	2011	2010
Accounts payable, trade	1,813	1,791
Other liabilities	18,730	15,872
	<b>20,543</b>	<b>17,663</b>

### Miscellaneous liabilities (million €)

	2011	2010
Advances received on account of orders	8	10
Liabilities to other participating interests	53	31
Other miscellaneous liabilities	337	288
Thereof taxes	45	53
Thereof liabilities relating to social security	21	27
	<b>398</b>	<b>329</b>

### Maturities of liabilities (million €)

	2011		2010	
	Less than 1 year	More than 5 years	Less than 1 year	More than 5 years
Financial indebtedness	2,768	734	2,415	1,434
Accounts payable, trade	592	–	623	–
Liabilities to affiliated companies	18,889	497	16,010	1,647
Advances received on account of orders	8	–	10	–
Liabilities to other participating interests	53	–	31	–
Other miscellaneous liabilities	307	3	255	1
	<b>22,617</b>	<b>1,234</b>	<b>19,344</b>	<b>3,082</b>

**Secured liabilities** (million €)

	2011	2010
Other liabilities	1	1

Liabilities are collateralized by securities.

**20 – Shares in investment assets**

As of December 31, 2011, BASF SE held more than 10% of the following shares in investment assets as defined by Sections 1 and 2(9) of the German Investment Act (Investmentgesetz, InvG):

Million €	Fair value/ carrying amount December 31, 2011	Dividend payment 2011	Returnable daily
Fixed income funds	800	30	yes
Equity funds	1,540	18	yes
Mixed funds	215	–	yes

The shares serve as plan assets for obligations relating to pensions, early retirement programs and working-time accounts.

**21 – Contingent liabilities and other financial obligations**

The contingent liabilities and other financial commitments listed below are stated at nominal value.

**Contingent liabilities** (million €)

	2011	2010
Bills of exchange	8	6
Thereof to affiliated companies	–	–
Guarantees	5,990	6,016
Thereof to affiliated companies	5,979	6,007
Warranties	733	1,109
Thereof to affiliated companies	712	742
	<b>6,731</b>	<b>7,131</b>

Contingent liabilities are primarily related to guarantees for bonds issued by BASF Finance Europe N. V. (based in Arnhem, the Netherlands) and Ciba Spezialitätenchemie Finanz AG (based in Basel, Switzerland), which serve to finance the BASF Group. Contingent liabilities are entered into only after careful consideration of risks and only in connection with the business activities of BASF SE or its affiliated companies. The risk of

claims against contingent liabilities was assessed as low on the basis of the existing knowledge about the balance sheet structure, financial position and results of operations of the subsidiaries. At the time the balance sheet was prepared, the identifiable risks were recognized with appropriate provisions in the balance sheet.

**Other financial obligations** (million €)

	2011	2010
<b>Other financial obligations</b>	<b>876</b>	<b>533</b>
Thereof to affiliated companies	326	38

**Long-term purchase commitments** (million €)

	2011	2010
<b>Long-term purchase commitments</b>	<b>7,933</b>	<b>6,189</b>
Thereof to affiliated companies	1,465	1,854

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

**22 – Related party transactions**

Since 2010, BASF SE has granted profit participation capital to BASF Pensionskasse VVaG. In 2011, this profit participation capital amounted to €71 million.

Apart from this, no further non-standard material transactions with related parties were carried out.

**23 – Derivative instruments****The use of derivative instruments**

BASF SE is exposed to foreign currency, interest rate and commodity price risks during the normal course of business. These risks are hedged through a centrally determined strategy employing derivative instruments. In addition, derivative instruments are used to replace transactions in original financial instruments, such as shares or fixed-interest securities. Hedging is only employed for underlying positions from the operating business, cash investments, financing or planned sales and raw material purchases.

Where derivatives have a positive market value, BASF SE is exposed to credit risks in the event of nonperformance of their counterparts. This credit risk is minimized by trading contracts exclusively with creditworthy banks and partners within pre-defined credit limits and by the use of collateral.

To ensure effective risk management, risk positions are centralized at BASF SE and certain Group companies. Contracting and execution of derivative financial instruments for hedging purposes are conducted according to internal guidelines, and are subject to strict control mechanisms.

The risks arising from the underlying transactions and the derivative transactions concluded to hedge them are monitored constantly. The same is true of the derivative instruments that 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.

**Fair value of derivative financial instruments** (million €)

	2011	2010
Foreign currency forwards contracts	(7)	(25)
Foreign currency options	17	58
Interest rate swaps	66	41
Combined interest and cross-currency swaps	41	17
Commodity derivatives	5	7
Index swaps	514	390
Options for disposal of participations	(47)	–
	<b>589</b>	<b>488</b>

The fair values correspond to the difference between the cost and redemption value, which is determined from market quotations or by the use of options pricing models such as the Black-Scholes model. They are based on the exchange rates published by the European Central Bank and the applicable market interest rates and volatilities based on the remaining term to maturity. In the case of unlisted contracts, the fair value corresponds to the redemption value in the event of premature cancellation.

The total of the nominal values amounts to €18.20 billion, comprised of: €10.63 billion in foreign currency forward contracts, €2.80 billion in currency options, €1.75 billion in index swaps, €1.65 billion in interest rate swaps, €0.82 billion in options for disposal of participations as well as €0.55 billion in commodity derivatives and combined interest and cross-currency swaps.

The nominal values are the totals of the purchases and sales of the particular derivatives on a gross basis.

Foreign currency derivatives are primarily aimed at hedging the exchange rate risk against the U.S. dollar, the British pound and the Swiss franc. Commodity derivatives are used to hedge purchase and sales market price risks. Index swaps are used to replace primary financial instruments, especially in duplication of fixed-rate securities.

When it transferred the styrenics activities to the joint venture with INEOS Industries Holdings Limited, BASF SE negotiated options for the disposal of participations. These are pending transactions and are not recorded as assets or liabilities because no loss can arise when they are executed.

Acquisition costs of €283 million for derivatives were capitalized and largely offset against the corresponding obligations. Provisions were only recognized for expected losses from currency fluctuations and amounted to €42 million. Losses of €24 million were recognized as liabilities under Miscellaneous liabilities.

To hedge risks from cash flow and changes in fair value for certain underlying positions in the balance sheet, these are combined with hedging transactions as micro hedges, as they have similar significant risk parameters. The accounting treatment was undertaken according to the net hedge presentation method. The retrospective and prospective effectiveness was determined using the critical terms match method; no ineffectiveness was found.

#### Valuation units (million €)

Underlying transaction		Hedging transaction	
Balance sheet item	Carrying amount	Type of hedging transaction	Nominal value
<b>Hedged assets</b>	<b>14</b>	<b>Derivatives to hedge assets</b>	<b>14</b>
Loans to affiliated companies	12	Foreign currency forward contracts	12
Loans to other participations	2	Foreign currency forward contracts	2
<b>Hedged liabilities</b>	<b>3,566</b>	<b>Derivatives to hedge liabilities</b>	<b>3,566</b>
Liabilities to third parties	17	Foreign currency forward contracts	17
Liabilities to affiliated companies	1,765	Hedging transactions for liabilities to affiliated companies	1,765
– in foreign currencies	1,465	– Foreign currency forward contracts	1,465
– in EUR	300	– Interest rate swaps	300
Bonds	1,784	Hedging transactions for bonds	1,784
– in foreign currencies	434	– Interest and cross-currency swaps	434
– in EUR	1,350	– Interest rate swaps	1,350

The receivables and liabilities hedged with foreign currency forward contracts generally balance each other out within a year. Interest rate swaps were concluded to hedge internal BASF Group loans (maturity: June 2018) and the bond issued in 2009 (maturity: October 2012). Interest and cross currency swaps were concluded to hedge the GBP bond issued in 2009 (maturity: March 2017).

The table does not include foreign currency forward and currency option contracts concluded with subsidiaries which are also inversely concluded with external contractual partners.

The term of these contracts is generally less than one year.

In addition, commodity derivatives that are used to hedge price risks with a nominal value of €49 million and the underlying expected high-probability purchase and sales transactions were combined into a valuation unit.

## 24 – Services provided by the external auditor

Information on the services provided by KPMG AG Wirtschaftsprüfungsgesellschaft to BASF SE can be found in Note 31 of the BASF Group's Consolidated Financial Statements.

## 25 – BASF SE List of Shares Held 2011 pursuant to Section 285, No. 11 and No. 11a of the German Commercial Code

Companies acquired in 2011 and included in results as of the date of acquisition. The List of Shares Held contains all direct and indirect participations of BASF SE as well as affiliated companies considered in the Consolidated Financial Statements. In the separate financial statements of BASF SE, only the direct participations are reported under financial assets.

### I. Fully, proportionally and equity consolidated subsidiaries and associated companies accounted for in the Consolidated Financial Statements

#### 1. Fully consolidated subsidiaries

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
Axaron Bioscience AG	Ludwigshafen (Rhine)	99.97		16.6	*	EUR
BASF Agro Trademarks GmbH	Ludwigshafen (Rhine)	100.0		9.3	*	EUR
BASF Akquisitions GmbH	Ludwigshafen (Rhine)	100.0		431.3	*	EUR
BASF Bautechnik GmbH	Trostberg	100.0		1.2	*	EUR
BASF Beteiligungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0	291.4	*	EUR
BASF Catalysts Germany GmbH	Hanover	100.0		92.1	*	EUR
BASF Catalysts Grundbesitz GmbH	Ludwigshafen (Rhine)	100.0		8.9	*	EUR
BASF Coatings GmbH	Münster	100.0	10.0	268.9	*	EUR
BASF Construction Chemicals GmbH	Trostberg	100.0		306.8	*	EUR
BASF Construction Chemicals Grundbesitz GmbH & Co. KG	Ludwigshafen (Rhine)	100.0	6.0	19.8	0.8	EUR
BASF Construction Polymers GmbH	Trostberg	100.0		13.2	*	EUR
BASF Finance Malta GmbH	Ludwigshafen (Rhine)	100.0	100.0	5,031.8	31.8	EUR
BASF Grenzach GmbH	Grenzach-Wyhlen	100.0		36.7	*	EUR
BASF Handels- und Export GmbH	Ludwigshafen (Rhine)	100.0	100.0	7,664.1	*	EUR
BASF Immobilien Pigment GmbH	Ludwigshafen (Rhine)	100.0		10.8	*	EUR
BASF Isocyanate China Investment GmbH	Ludwigshafen (Rhine)	100.0		0.0	*	EUR
BASF IT Services Consult GmbH	Hamburg	100.0		4.1	*	EUR
BASF IT Services GmbH	Ludwigshafen (Rhine)	100.0		37.6	2.9	EUR
BASF IT Services Holding GmbH	Ludwigshafen (Rhine)	100.0		55.8	*	EUR
BASF Lampertheim GmbH	Lampertheim	100.0		155.7	*	EUR
BASF Leuna GmbH	Leuna	100.0		8.8	*	EUR
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhine)	100.0	99.99	6.6	0.4	EUR
BASF Performance Polymers GmbH	Rudolstadt	100.0		41.7	*	EUR
BASF Personal Care and Nutrition GmbH	Monheim	100.0		826.1	*	EUR
BASF PharmaChemikalien GmbH & Co. KG	Ludwigshafen (Rhine)	100.0	100.0	41.5	2.3	EUR
BASF Pigment GmbH	Ludwigshafen (Rhine)	100.0		20.3	*	EUR
BASF Plant Science Company GmbH	Ludwigshafen (Rhine)	100.0	100.0	197.7	*	EUR
BASF Plant Science GmbH	Ludwigshafen (Rhine)	100.0		3.1	*	EUR
BASF Polyurethane Licensing GmbH	Lemförde	100.0		39.7	39.0	EUR
BASF Polyurethanes GmbH	Lemförde	100.0	10.0	120.7	*	EUR
BASF Schwarzheide GmbH	Schwarzheide	100.0	10.0	250.4	*	EUR
BASF Services Europe GmbH	Berlin	100.0		0.9	*	EUR
BASF Specialty Chemicals Marketing GmbH	Ludwigshafen (Rhine)	100.0		99.5	*	EUR
BASF US Verwaltung GmbH	Ludwigshafen (Rhine)	100.0		83.3	*	USD
BASF Wall Systems GmbH & Co. KG	Marktredwitz	100.0		9.4	(3.2)	EUR
BASF Wall Systems Verwaltungs-GmbH	Marktredwitz	100.0		0.0	0.0	EUR
BASF watertechnologies Beteiligungs GmbH	Schwarzheide	100.0	100.0	0.1	(2.3)	EUR
BASF watertechnologies GmbH & Co. KG	Ludwigshafen (Rhine)	100.0		0.0	0.0	EUR
BPG Immobilien GmbH	Ludwigshafen (Rhine)	100.0	10.0	9.6	*	EUR
BPS-Finanzbeteiligungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0		9.3	*	EUR

\* Profit/loss transfer agreement

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BTC Speciality Chemical Distribution GmbH	Cologne	100.0		3.0	*	EUR
Cognis Holding GmbH	Ludwigshafen (Rhine)	100.0		256.4	*	EUR
Cognis International GmbH	Monheim	100.0		478.8	*	EUR
Cognis IP Management GmbH	Düsseldorf	100.0		79.1	*	EUR
Construction Research & Technology GmbH	Trostberg	100.0		339.9	*	EUR
Dr. Wolman GmbH	Sinzheim	100.0	10.0	3.5	*	EUR
GEWOGGE Wohnungsunternehmen der BASF GmbH	Ludwigshafen (Rhine)	97.0	10.0	116.4	*	EUR
Grünau Illertissen GmbH	Illertissen	100.0		49.3	*	EUR
Guano-Werke GmbH & Co. KG	Ludwigshafen (Rhine)	100.0		16.7	(0.8)	EUR
inge GmbH	Greifenberg	100.0		9.8	5.6	EUR
LUWOGGE GmbH	Ludwigshafen (Rhine)	100.0	10.0	47.4	*	EUR
Metanomics GmbH	Berlin	100.0		0.1	*	EUR
OPAL NEL TRANSPORT GmbH	Kassel	50.02		0.1	8.0	EUR
PCI Augsburg GmbH	Augsburg	100.0		126.1	*	EUR
PolyAd Services GmbH	Lampertheim	100.0		0.3	*	EUR
Relius Coatings Beteiligungs-GmbH	Oldenburg (Oldb)	100.0		0.3	0.0	EUR
Relius Coatings GmbH & Co. KG	Oldenburg (Oldb)	100.0		28.3	(48.2)	EUR
SunGene GmbH	Gatersleben	100.0		0.1	*	EUR
Untertage-Speicher-Gesellschaft mbH	Kassel	100.0		4.0	2.3	EUR
WINGAS GmbH & Co. KG	Kassel	50.02		650.9	*	EUR
WINGAS Holding GmbH	Kassel	50.02		230.0	*	EUR
WINGAS TRANSPORT GmbH	Kassel	50.02		445.7	*	EUR
Wintershall AG	Kassel	51.0		302.6	44.3	EUR
Wintershall Erdgas Beteiligungs-GmbH	Kassel	100.0		834.9	*	EUR
Wintershall Holding GmbH	Kassel	100.0	10.29	1,637.8	*	EUR
Wintershall Norwegen Explorations- und Produktions- GmbH	Kassel	100.0		0.0	*	EUR
Wintershall Russia Holding GmbH	Kassel	100.0		0.0	*	EUR
Wintershall Vermögensverwaltungsgesellschaft mbH	Kassel	100.0		0.0	*	EUR
<b>Europe (excluding Germany)</b>						
Allied Colloids Group plc	Cheadle, United Kingdom	100.0		261.4	0.0	GBP
BASF AB	Gothenburg, Sweden	100.0	100.0	28.2	11.2	SEK
BASF Agri-Production S.A.S.	Ecully, France	100.0		47.0	4.4	EUR
BASF Agro B.V.	Arnhem, the Netherlands	100.0		879.7	298.6	EUR
BASF Agro S.A.S.	Ecully, France	100.0		38.2	7.4	EUR
BASF Agrochemical Products B.V.	Arnhem, the Netherlands	100.0		451.4	292.3	USD
BASF Antwerpen N.V.	Antwerp, Belgium	100.0		6,431.5	882.7	EUR
BASF AS	Asker, Norway	100.0	100.0	11.3	(15.1)	NOK
BASF A/S	Copenhagen, Denmark	100.0	100.0	157.9	38.2	DKK
BASF Beauty Care Solutions France S.A.S.	Lyon, France	100.0		40.5	6.5	EUR
BASF Belgium Coordination Center Comm.V.	Antwerp, Belgium	100.0		14,361.3	93.9	EUR
BASF Catalysts Asia B.V.	Arnhem, the Netherlands	100.0		347.6	49.9	EUR
BASF Catalysts Canada B.V.	Arnhem, the Netherlands	100.0		367.8	0.0	EUR
BASF Catalysts Holding Asia B.V.	Arnhem, the Netherlands	100.0		435.7	(0.1)	EUR
BASF Catalysts Investment Europe B.V.	De Meern, the Netherlands	100.0		357.2	0.0	EUR
BASF Catalysts NL Finance C.V.	Arnhem, the Netherlands	100.0		69.2	0.5	EUR
BASF Catalysts UK Holdings Limited	London, United Kingdom	100.0		28.7	1.9	GBP
BASF Coatings Ltd.	Flintshire, United Kingdom	100.0		4.5	1.2	GBP
BASF Coatings S.A.	Guadalajara, Spain	99.71		33.8	5.8	EUR
BASF Coatings S.A.S.	Clermont de l'Oise, France	100.0		58.6	15.1	EUR
BASF Coatings SpA	Cesano Maderno, Italy	100.0		17.2	0.9	EUR
BASF Construction Chemicals Belgium N.V.	Ham, Belgium	100.0		23.2	0.5	EUR
BASF Construction Chemicals España S.L.	L'Hospitalet del Llobregat, Spain	100.0		170.5	(9.8)	EUR
BASF Construction Chemicals Europe AG	Zurich, Switzerland	100.0		369.4	(32.8)	CHF

\* Profit/loss transfer agreement

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF Construction Chemicals France S.A.S.	Evry, France	100.0		10.9	0.5	EUR
BASF Construction Chemicals Italia SpA	Treviso, Italy	100.0		18.4	(1.0)	EUR
BASF Construction Chemicals (UK) Ltd.	Cheadle, United Kingdom	100.0		6.6	4.8	GBP
BASF Engelhard Finland B.V.	Arnhem, the Netherlands	100.0		23.6	0.0	EUR
BASF Engelhard Germany B.V.	Arnhem, the Netherlands	100.0		397.1	0.1	EUR
BASF Engelhard Italy B.V.	Arnhem, the Netherlands	100.0		122.8	0.0	EUR
BASF Engelhard South Africa B.V.	Arnhem, the Netherlands	100.0		169.3	0.0	EUR
BASF Engelhard Sweden B.V.	Arnhem, the Netherlands	100.0		0.4	0.0	EUR
BASF Engelhard Switzerland B.V.	Arnhem, the Netherlands	100.0		209.2	0.0	EUR
BASF Engelhard UK B.V.	Arnhem, the Netherlands	100.0		220.6	0.0	EUR
BASF Española S.L.	Tarragona, Spain	100.0	100.0	197.8	129.0	EUR
BASF Finance Europe N.V.	Arnhem, the Netherlands	100.0	100.0	11.3	2.6	EUR
BASF France S.A.S.	Levallois-Perret, France	100.0	100.0	698.4	(5.6)	EUR
BASF Health and Care Products France S.A.S.	Saint-Fargeau-Ponthierry, France	100.0		29.9	(6.4)	EUR
BASF Hellas S.A.	Agia Paraskevi, Greece	100.0	100.0	0.6	(1.3)	EUR
BASF Hungária Kft.	Budapest, Hungary	100.0	100.0	5,596.6	55.6	HUF
BASF Industrial Metals LLC	Moscow, Russian Federation	100.0		41.0	2.0	RUB
BASF Intertrade AG	Zug, Switzerland	100.0	100.0	78.4	52.5	USD
BASF Ireland Ltd.	Cork, Ireland	100.0	100.0	19.0	4.1	EUR
BASF Italia Srl	Cesano Maderno, Italy	100.0	100.0	81.2	18.3	EUR
BASF Malta Ltd.	St. Julians, Malta	100.0	99.99	0.0	34.1	EUR
BASF Malta Trading Ltd.	St. Julians, Malta	100.0		2.7	(2.6)	EUR
BASF Metals GmbH	Zug, Switzerland	100.0		58.9	5.3	USD
BASF Metals Recycling Ltd.	Cinderford, United Kingdom	100.0		6.1	1.8	GBP
BASF Minerals Oy	Helsinki, Finland	100.0		6.5	0.8	EUR
BASF Nederland B.V.	Arnhem, the Netherlands	100.0	100.0	6,814.9	626.1	EUR
BASF Operations B.V.	Arnhem, the Netherlands	100.0		52.3	29.2	EUR
BASF Österreich GmbH	Vienna, Austria	100.0	1.0	29.1	(0.3)	EUR
BASF Oy	Helsinki, Finland	100.0	100.0	2,891.2	41.2	EUR
BASF Performance Products France S.A.S.	Lyon, France	100.0		74.2	0.5	EUR
BASF Performance Products GmbH	Zwentendorf, Austria	100.0		18.7	0.4	EUR
BASF Performance Products plc	Cheadle, United Kingdom	100.0		29.5	(13.2)	GBP
BASF Pharma (Evionnaz) S.A.	Evionnaz, Switzerland	100.0		91.7	(17.2)	CHF
BASF Pharma (St. Vulbas) S.A.S.	Saint-Vulbas, France	100.0		21.4	0.0	EUR
BASF plc	Cheadle, United Kingdom	100.0		44.3	8.6	GBP
BASF Poliuretán Hungária Kft.	Solyvár, Hungary	100.0		603.6	226.0	HUF
BASF Poliüretan Sanayi ve Ticaret Ltd. Sirketi	Istanbul, Turkey	100.0		6.0	1.9	TRY
BASF Poliuretani Italia SpA	Villanova d'Asti, Italy	100.0		55.8	8.1	EUR
BASF Poliuretanos Iberia S.A.	Barcelona, Spain	100.0		9.5	2.4	EUR
BASF Polska Sp. z o.o.	Warsaw, Poland	100.0	100.0	143.9	34.3	PLN
BASF Polyurethanes Benelux B.V.	Boxtel, the Netherlands	100.0		9.3	2.4	EUR
BASF Polyuréthanes France S.A.S.	Mitry-Mory, France	100.0		2.1	0.4	EUR
BASF Polyurethanes U.K. Ltd.	Alfreton, United Kingdom	100.0		4.6	2.0	GBP
BASF Portuguesa S.A.	Prior Velho, Portugal	100.0		5.8	0.0	EUR
BASF Schweiz AG	Basel, Switzerland	100.0		725.6	51.6	CHF
BASF Slovensko spol s.r.o.	Bratislava, Slovakia	100.0	100.0	10.6	1.6	EUR
BASF Sonatrach PropanChem S.A.	Tarragona, Spain	51.0		96.9	23.4	EUR
BASF spol s.r.o.	Prague, Czech Republic	100.0	100.0	267.6	53.6	CZK
BASF Stavební hmoty Česká republika s.r.o.	Chrudim, Czech Republic	100.0		480.5	44.4	CZK
BASF Taiwan B.V.	Arnhem, the Netherlands	100.0		147.2	17.3	EUR
BASF Türk Kimya Sanayi ve Ticaret Ltd. Sirketi	Istanbul, Turkey	100.0		186.5	26.8	TRY
BASF UK Holdings Ltd.	Cheadle, United Kingdom	100.0	99.99	31.2	2.7	GBP
BASF UK Ltd.	Cheadle, United Kingdom	100.0		24.6	5.7	GBP
BASF Yapi Kimyasallari Sanayi A.S.	Istanbul, Turkey	100.0		67.0	(0.2)	TRY
Ciba Holding Nederland B.V.	Maastricht, the Netherlands	100.0		17.3	0.1	EUR

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
Ciba Scandinavia AB	Västra Frölunda, Sweden	100.0		47.1	(0.4)	SEK
Ciba Services AG	Basel, Switzerland	100.0		0.7	0.6	CHF
Ciba Specialty Chemicals Finance Luxembourg S.A.	Luxembourg, Luxembourg	100.0		53.5	(7.1)	EUR
Ciba Specialty Chemicals Overseas Ltd.	Cheadle, United Kingdom	100.0		0.0	0.0	GBP
Ciba Specialty Chemicals Water Treatments Ltd.	Bradford, United Kingdom	100.0		269.6	0.0	GBP
Ciba Spezialitätenchemie Finanz AG	Basel, Switzerland	100.0		15.7	(4.7)	CHF
Ciba UK Investment plc	Cheadle, United Kingdom	100.0		(191.0)	2.1	GBP
Cognis B.V.	Arnhem, the Netherlands	100.0		931.9	259.6	EUR
Cognis Holdings UK Ltd.	Southampton, United Kingdom	100.0		26.2	(33.7)	GBP
Cognis Scandinavia A.S.	Drammen, Norway	100.0		32.5	(29.7)	NOK
Cosmetic Rheologies Ltd.	Bury, United Kingdom	100.0		2.3	0.0	GBP
CropDesign N.V.	Gent, Belgium	100.0		31.5	(1.2)	EUR
Engelhard International Ltd.	London, United Kingdom	100.0		53.4	1.8	USD
Engelhard Metals Ltd.	London, United Kingdom	100.0		58.6	6.0	USD
Low Moor Securities Ltd.	Cheadle, United Kingdom	100.0		20.3	0.0	GBP
Macany S.A.R.L.	Saint-Fargeau-Ponthierry, France	100.0		100.9	62.9	EUR
OOO BASF Stroitelnye Sistemy	Moscow, Russian Federation	100.0		482.0	361.1	RUB
OOO BASF Wostok	Pavlovsky Posad, Russian Federation	100.0		325.8	150.2	RUB
PCI Bauprodukte AG	Zurich, Switzerland	100.0		1.2	1.6	CHF
Relius France S.A.S.	Ostwald, France	100.0		(1.9)	(3.8)	EUR
Relius Nederland B.V.	Deurne, the Netherlands	100.0		1.1	(3.2)	EUR
Société Foncière et Industrielle S.A.S.	Clermont de l'Oise, France	92.9		8.2	0.1	EUR
Sorex Holding Ltd.	Widnes, United Kingdom	100.0		37.4	6.8	GBP
Wintershall (E&P) Ltd.	London, United Kingdom	100.0		21.3	(3.1)	GBP
Wintershall Nederland B.V.	Rijswijk, the Netherlands	100.0		863.0	80.2	EUR
Wintershall Noordzee B.V.	Rijswijk, the Netherlands	100.0		105.6	84.6	EUR
Wintershall Norge ASA	Stavanger, Norway	100.0		1,958.8	(95.5)	NOK
Wintershall Oil AG	Zug, Switzerland	100.0		401.0	(2.6)	USD
Wintershall Petroleum (E&P) B.V.	Rijswijk, the Netherlands	100.0		91.9	27.2	EUR
Wintershall (UK North Sea) Ltd.	Aberdeen, United Kingdom	100.0		24.1	7.6	GBP
ZAO BASF	Moscow, Russian Federation	100.0	100.0	1,246.7	186.4	RUB
ZAO Gazprom YRGM Trading	Krasnoselkup, Russian Federation	25.0*		60,176.5	16,619.9	RUB
<b>North America</b>						
BASF Americas Corporation	Florham Park, New Jersey, USA	100.0		4,807.9	0.0	USD
BASF California Inc.	Florham Park, New Jersey, USA	100.0		370.2	(0.1)	USD
BASF Canada Inc.	Mississauga, Ontario, Canada	100.0	100.0	336.5	21.8	CAD
BASF Catalyst Canada ULC	Halifax, Nova Scotia, Canada	100.0		544.3	(0.2)	CAD
BASF Catalysts Delaware LLC	Florham Park, New Jersey, USA	100.0		1,388.7	(0.3)	USD
BASF Catalysts Holding China LLC	Florham Park, New Jersey, USA	96.25		(6.5)	16.1	USD
BASF Catalysts Holding LLC	Florham Park, New Jersey, USA	100.0		1,183.4	189.6	USD
BASF Catalysts LLC	Florham Park, New Jersey, USA	100.0		531.0	(0.4)	USD
BASF Corporation	Florham Park, New Jersey, USA	100.0		2,746.6	690.2	USD
BASF de Costa Rica S.A.	San José, Costa Rica	100.0	100.0	11,101.3	3,697.8	CRC
BASF de Mexico S.A. de C.V.	México D.F., Mexico	100.0	99.99	289.8	50.8	USD
BASF Dominicana S.A.	Santo Domingo, Dominican Republic	100.0	100.0	214.0	67.3	DOP
BASF Fina Petrochemicals LP	Port Arthur, Texas, USA	60.0		849.2	369.7	USD
BASF Interservicios S.A. de C.V.	México D.F., Mexico	100.0	0.01	8.1	3.0	USD
BASF Intertrade Corporation	Houston, Texas, USA	100.0		0.3	(0.1)	USD
BASF Investments Canada Inc.	New Westminster, British Columbia, Canada	100.0		378.0	3.6	USD
BASF Mexicana S.A. de C.V.	México D.F., Mexico	100.0		371.2	40.1	USD

\* Fully consolidated according to Standing Interpretations Committee 12 of the International Accounting Standards Board (IASB)

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF Panamá S.A.	Panama City, Panama	100.0	100.0	1.1	0.3	PAB
BASF Pipeline Holdings LLC	Houston, Texas, USA	100.0		10.6	0.7	USD
BASF Plant Science LP	Raleigh, North Carolina, USA	100.0		82.3	5.1	USD
BASF Properties Inc.	Mississauga, Ontario, Canada	100.0		9.3	0.5	USD
BASF Qtech Inc.	Mississauga, Ontario, Canada	60.0		66.9	(3.1)	CAD
BASFIN Corporation	Florham Park, New Jersey, USA	100.0		4,102.4	368.0	USD
Chemical Insurance Company Ltd.	Hamilton, Bermuda	100.0		164.4	10.8	CHF
Ciba Specialty Chemicals Eurofinance Ltd.	Hamilton, Bermuda	100.0		25.3	1.0	EUR
Cognis USA LLC	Cincinnati, Ohio, USA	100.0		716.9	(39.4)	USD
Engelhard Asia Pacific LLC	Florham Park, New Jersey, USA	100.0		93.8	0.0	USD
Lumerica Insurance Company	Burlington, Vermont, USA	100.0		100.4	4.1	USD
Oliver Warehouse Inc.	Florham Park, New Jersey, USA	100.0		51.1	0.0	USD
PolyAd Services LLC	Earth City, Missouri, USA	100.0		11.3	3.8	USD
ProCat Testing Holdings Inc.	Florham Park, New Jersey, USA	100.0		11.7	0.0	USD
ProCat Testing LLC	Wixom, Michigan, USA	100.0		26.0	(0.7)	USD
Tradewinds Chemicals Corporation	Florham Park, New Jersey, USA	100.0		493.0	159.2	USD
Tradewinds Holding LLC	Florham Park, New Jersey, USA	100.0		464.0	0.0	USD
Watson Bowman Acme Corp.	Amherst, New York, USA	100.0		18.5	2.9	USD
<b>Asia Pacific</b>						
BASF Asia Pacific (India) Pvt. Ltd.	Mumbai, India	100.0		67.1	(0.4)	INR
BASF Asia Pacific Service Centre Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0		13.6	(0.4)	MYR
BASF Australia Ltd.	Southbank, Victoria, Australia	100.0		22.6	(23.5)	AUD
BASF Auxiliary Chemicals Company Ltd.	Shanghai, China	100.0		1,974.1	101.6	CNY
BASF Care Chemicals (Shanghai) Co. Ltd.	Shanghai, China	100.0		723.7	113.0	CNY
BASF Catalysts (Guilin) Co. Ltd.	Guilin, China	96.25		178.7	14.5	CNY
BASF Catalysts India Pvt. Ltd.	Maraimalainagar, India	95.0		1,820.5	336.6	INR
BASF Catalysts (Shanghai) Co. Ltd.	Shanghai, China	96.25		547.8	41.2	CNY
BASF Central Asia LLP	Almaty, Kasachstan	100.0		941.5	(444.6)	KZT
BASF Chemcat (Thailand) Ltd.	Rayong, Thailand	80.0		809.7	412.4	THB
BASF Chemicals Company Ltd.	Shanghai, China	100.0		5.4	(10.8)	CNY
BASF (China) Company Ltd.	Shanghai, China	100.0	100.0	2,208.8	387.3	CNY
BASF Coatings Japan Ltd.	Kanagawa, Japan	100.0		13,618.0	(92.0)	JPY
BASF Company Ltd.	Seoul, South Korea	100.0		907,974.0	197,973.0	KRW
BASF Construction Chemicals (China) Co. Ltd.	Shanghai, China	100.0		(538.6)	(205.6)	CNY
BASF Construction Chemicals (Sichuan) Co. Ltd.	Qinglong, China	100.0		(31.6)	(75.0)	CNY
BASF East Asia Regional Headquarters Ltd.	Hong Kong, China	100.0		908.3	53.9	HKD
BASF Electronic Materials (Shanghai) Co. Ltd.	Shanghai, China	100.0		(95.1)	(51.1)	CNY
BASF Gao-Qiao Performance Chemicals (Shanghai) Co. Ltd.	Shanghai, China	75.0		602.6	22.2	CNY
BASF HOCK Mining Chemical (China) Co. Ltd.	Ji'ning, China	75.0		332.9	22.1	CNY
BASF Hong Kong Ltd.	Hong Kong, China	100.0		481.8	191.1	HKD
BASF Idemitsu Co. Ltd.	Tokyo, Japan	67.0	67.0	1,852.0	259.0	JPY
BASF India Ltd.	Mumbai, India	73.33	48.37	10,295.0	1,132.8	INR
BASF Japan Ltd.	Tokyo, Japan	100.0		31,914.0	1,646.0	JPY
BASF (Malaysia) Sdn. Bhd.	Shah Alam, Malaysia	100.0		230.1	7.8	MYR
BASF Metals Japan Ltd.	Tokyo, Japan	100.0	100.0	3,344.0	(19.0)	JPY
BASF Metals (Shanghai) Co. Ltd.	Shanghai, China	100.0		27.0	6.2	CNY
BASF New Zealand Ltd.	Auckland, New Zealand	100.0	100.0	8.7	0.9	NZD
BASF Pakistan (Private) Ltd.	Karachi, Pakistan	100.0	100.0	475.0	200.3	PKR
BASF Paper Chemicals (Jiangsu) Co. Ltd.	Jiangsu, China	100.0		178.3	36.8	CNY
BASF Performance Products Ltd.	Shanghai, China	100.0		609.0	322.8	CNY
BASF Performance Products Trading (Shanghai) Ltd.	Shanghai, China	100.0		108.6	14.9	CNY
BASF PETRONAS Chemicals Sdn. Bhd.	Shah Alam, Malaysia	60.0		381.4	329.2	USD
BASF PJPC Neopentylglycol Company Ltd.	Jilin, China	60.0	50.0	215.7	61.8	CNY
BASF Polyurethane Specialties (China) Co. Ltd.	Shanghai, China	100.0	7.0	349.5	102.1	CNY
BASF Polyurethanes (China) Co. Ltd.	Guangzhou, China	100.0		202.4	43.3	CNY

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
BASF Polyurethanes (Chongqing) Co. Ltd.	Chongqing, China	100.0	100.0	285.6	(108.6)	CNY
BASF Pozzolith Ltd.	Tokyo, Japan	100.0		7,023.0	431.0	JPY
BASF Qingdao Pigments Co. Ltd.	Qingdao, China	91.35		182.5	7.9	CNY
BASF Services (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100.0	100.0	184.8	(3.9)	MYR
BASF Shanghai Coatings Company Ltd.	Shanghai, China	60.0		232.6	150.3	CNY
BASF South East Asia Pte. Ltd.	Singapore	100.0		698.3	169.0	USD
BASF Specialty Chemicals (Nanjing) Co. Ltd.	Nanjing, China	100.0		106.6	39.4	CNY
BASF Taiwan Ltd.	Taipei, Taiwan R.O.C.	100.0		4,345.8	1,494.1	TWD
BASF (Thai) Ltd.	Bangkok, Thailand	100.0	99.99	(2,279.9)	(9.9)	THB
BASF Vietnam Co. Ltd.	Binh Duong, Vietnam	100.0		(5,164.0)	(43,665.0)	VND
BASF Vitamins Company Ltd.	Shenyang, China	100.0	60.0	228.6	36.5	CNY
Ciba (Australia) Pty. Ltd.	Thomastown, Victoria, Australia	100.0		0.1	0.0	AUD
Cognis Australia Pty. Ltd.	Tullamarine, Victoria, Australia	100.0		38.2	1.3	AUD
Cognis Chemicals (HK) Ltd.	Hong Kong, China	100.0		25.2	12.4	HKD
Cognis Chemicals Trade (Shanghai) Co. Ltd.	Shanghai, China	100.0		23.4	1.9	CNY
Cognis Korea Ltd.	Seoul, South Korea	100.0		11,055.0	2,789.0	KRW
Cognis Taiwan Ltd.	Taipei, Taiwan R.O.C.	100.0		134.9	46.6	TWD
Engelhard China Ltd.	Shanghai, China	100.0	100.0	(149.7)	9.7	CNY
Hachiyo Consultant Co. Ltd.	Tokyo, Japan	60.0		809.0	(6.0)	JPY
P.T. BASF Care Chemicals Indonesia	Jakarta, Indonesia	84.7		271,830.0	29,447.0	IDR
P.T. BASF Indonesia	Jakarta, Indonesia	99.99	99.99	596,675.0	112,212.0	IDR
Shanghai BASF Polyurethane Company Ltd.	Shanghai, China	70.0		2,310.4	546.8	CNY
<b>South America, Africa, Middle East</b>						
BASF Argentina S.A.	Buenos Aires, Argentina	100.0		251.8	73.2	ARS
BASF Chile S.A.	Santiago de Chile, Chile	100.0		32,505.0	9,263.0	CLP
BASF Construction Chemicals Algeria S.A.R.L.	Algiers, Algeria	60.0		497.9	400.0	DZD
BASF Construction Chemicals Egypt (SAE)	Cairo, Egypt	50.0*		37.9	21.0	EGP
BASF Construction Chemicals Limitada	Santiago de Chile, Chile	100.0		5,832.0	264.0	CLP
BASF Construction Chemicals South Africa (Pty) Ltd.	Midrand, South Africa	100.0		69.5	(17.5)	ZAR
BASF Construction Chemicals UAE LLC	Dubai, United Arab Emirates	49.0*		195.4	(4.3)	AED
BASF Corporate Services Chile S.A.	Santiago de Chile, Chile	100.0	99.93	18,706.0	5,393.0	CLP
BASF FZE	Dubai, United Arab Emirates	100.0	100.0	183.3	64.3	AED
BASF Holdings South Africa (Pty.) Ltd.	Midrand, South Africa	100.0		884.4	11.6	ZAR
BASF Peruana S.A.	Lima, Peru	99.79	99.79	51.6	14.3	PEN
BASF Poliuretanos Ltda.	Mauá, Brazil	100.0		74.2	(10.3)	BRL
BASF Quimica Colombiana S.A.	Bogotá, Colombia	100.0		49,991.0	9,338.0	COP
BASF S.A.	São Paulo, Brazil	100.0		1,839.6	348.7	BRL
BASF South Africa (Pty.) Ltd.	Midrand, South Africa	100.0		662.1	6.7	ZAR
Ciba Especialidades Químicas Ltda.	São Paulo, Brazil	100.0		73.1	(5.3)	BRL
Cognis S.A.	Buenos Aires, Argentina	100.0		61.5	7.4	ARS
Saudi BASF for Building Materials Co. Ltd.	Al Khobar, Saudi Arabia	60.0		91.5	59.4	SAR
Wintershall Energía S.A.	Buenos Aires, Argentina	100.0		1,158.1	905.8	ARS

\* BASF exercises a controlling influence over financial and corporate policy

## 2. Proportionally consolidated affiliates

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
Wintershall Erdgas Handelshaus GmbH & Co. KG	Berlin	50.0		0.8	*	EUR
<b>Europe (excluding Germany)</b>						
BASF DOW HPPO Holding B.V.	Hoek, the Netherlands	50.0		274.7	16.2	EUR
BASF DOW HPPO Production B.V.B.A.	Antwerp, Belgium	50.0		304.8	18.2	EUR
Ellba C.V.	Rotterdam, the Netherlands	50.0		108.3	105.0	EUR
HPPO Holding and Finance C.V.	Hoek, the Netherlands	50.0		90.9	13.2	EUR
Produits et Engrais Chimiques du Rhin S.A.	Ottmarsheim, France	50.0	50.0	51.6	10.0	EUR
WIEE Romania S.R.L.	Bucharest, Romania	50.0		(14.1)	(18.5)	RON
WINGAS Storage Enterprise Ltd.	London, Great Britain	25.01		0.9	(0.3)	GBP
WINGAS Storage UK Ltd.	London, Great Britain	25.01		43.3	(12.1)	GBP
Wintershall Erdgas Handelshaus Zug AG	Zug, Switzerland	50.0		50.1	75.9	USD
Zandvliet Power N.V.	Antwerp, Belgium	50.0		28.3	0.2	EUR
ZAO Achimgaz	Novy Urengoi, Russian Federation	50.0		9,316.0	3,247.9	RUB
<b>North America</b>						
Industrias Polioles S.A. de C.V.	México D.F., Mexico	49.9		3.3	0.1	USD
Polioles, S.A. de C.V.	Lerma, México, Mexico	50.0		76.8	23.0	USD
Sabina Petrochemicals LLC	Houston, Texas, USA	60.0		(18.9)	(153.4)	USD
<b>Asia Pacific</b>						
BASF INOAC Polyurethanes, Ltd.	Shinshiro, Japan	50.0		4,532.0	1,148.0	JPY
BASF-YPC Company Ltd.	Nanjing, China	50.0	10.0	15,065.7	2,500.6	CNY
Ellba Eastern Private Ltd.	Singapore	50.0		(170.0)	(25.2)	USD
Heesung Catalysts Corporation	Seoul, South Korea	50.0		294,805.0	42,720.0	KRW
Heesung PMTech Corporation	Ansan, South Korea	40.05		31,070.0	12,164.0	KRW
N.E. Chemcat Corporation	Tokyo, Japan	50.0		35,210.0	4,316.0	JPY
Shanghai Gao Qiao-BASF Dispersions Co. Limited	Shanghai, China	50.0	40.0	421.2	147.1	CNY
Thai Ethoxylate Co. Ltd.	Bangkok, Thailand	50.0		1,260.8	270.2	THB
Toray BASF PBT Resin Sdn. Bhd.	Kuala Lumpur, Malaysia	50.0	50.0	89.3	8.7	MYR

## 3. Equity consolidated subsidiaries

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
BASF Future Business GmbH	Ludwigshafen (Rhine)	100.0	100.0	65.7	*	EUR
BASF Venture Capital GmbH	Ludwigshafen (Rhine)	100.0		62.8	*	EUR
Lucura Rückversicherungs AG	Ludwigshafen (Rhine)	100.0		105.4	10.7	EUR
Wintershall Wolga Petroleum GmbH	Kassel	100.0		0.2	*	EUR

## 4. Equity consolidated affiliates

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
Solvin GmbH & Co. KG**	Hanover	25.0	25.0	603.2	24.8	EUR
Styrolution Holding GmbH	Frankfurt (Main)	50.0	15.95	1,633.3	(42.8)	EUR

\* Profit/loss transfer agreement

\*\* Includes earnings of consolidated subsidiaries

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Europe (excluding Germany)</b>						
BASF Huntsman Shanghai Isocyanate Investment B.V.	Arnhem, the Netherlands	50.0		80.1	2.7	EUR
BASF Interox H2O2 Production N.V.	Elsene, Belgium	25.0		7.2	12.5	EUR
CIMO Compagnie industrielle de Monthey S.A.*	Monthey, Switzerland	50.0		118.7	24.1	CHF
Indurisk Rückversicherung AG	Luxembourg, Luxembourg	50.0		29.2	(4.4)	EUR
Nord Stream AG*	Zug, Switzerland	15.5**		1,865.8	(13.4)	EUR
OAO Severneftegazprom*	Krasnoselkup, Russian Federation	25.0***		50,709.4	8,570.3	RUB
<b>Asia Pacific</b>						
Shanghai Lianheng Isocyanate Company Ltd.	Shanghai, China	35.0		1,308.6	64.5	CNY

\* Preliminary Financial Statements for 2011

\*\* BASF exercises significant influence over financial and corporate policy

\*\*\* Share of earnings totaling 35% through an additional preference share

## II. Other subsidiaries, associated companies and other participating interests

### 1. Subsidiaries not consolidated due to immateriality

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
<b>Germany</b>			
Ausbildungsplatzinitiative Pfalz GmbH	Ludwigshafen (Rhine)	97.0	97.0
Axaron GmbH	Ludwigshafen (Rhine)	99.97	
baseclick GmbH	Tutzing	90.0	
BASF Akquisitions- und Objektverwertungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
BASF Battery Technology Investment GmbH & Co. KG	Ludwigshafen (Rhine)	100.0	
BASF Biorenewable Beteiligungs GmbH & Co. KG	Ludwigshafen (Rhine)	100.0	
BASF Chemikalien GmbH	Ludwigshafen (Rhine)	100.0	100.0
BASF ChemTrade GmbH	Burgbernheim	100.0	100.0
BASF Coatings Services GmbH	Dortmund	100.0	
BASF Color Solutions Germany GmbH	Cologne	100.0	
BASF Fuel Cell GmbH	Frankfurt (Main)	100.0	
BASF Immobilien-Gesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
BASF Innovationsfonds GmbH	Ludwigshafen (Rhine)	100.0	100.0
BASF Jobmarkt GmbH	Ludwigshafen (Rhine)	100.0	100.0
BASF Lizenz GmbH	Ludwigshafen (Rhine)	100.0	
BASF Mobilienleasing GmbH	Ludwigshafen (Rhine)	100.0	
BASF VC Beteiligungs- und Managementgesellschaft	Ludwigshafen (Rhine)	100.0	
BFC Research GmbH	Ludwigshafen (Rhine)	100.0	
Cela Farbenfabrik C. Lagoni & Sohn GmbH & Co. KG	Kiel	100.0	
Cela Farbenfabrik C. Lagoni Verwaltungs-GmbH	Kiel	100.0	
Cognis Trust Management GmbH	Düsseldorf	100.0	
Elastogran Innovationsprojekte Beteiligungsgesellschaft mbH	Lemförde	100.0	
Elfte BASF Projektentwicklungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
Fünfzehnte BASF Erwerbsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Fünfzehnte BASF Finanzbeteiligungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Fünfzehnte BASF Projektentwicklungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Gesellschaft zur Förderung der Lackkunst mbH	Münster	100.0	
Gewerkschaft des konsolidierten Steinkohlenbergwerks Breitenbach GmbH	Ludwigshafen (Rhine)	100.0	100.0
Gewerkschaft Röchling GmbH	Kassel	100.0	
Guano-Werke Pensionsverwaltung GmbH	Ludwigshafen (Rhine)	100.0	
Guano-Werke Verwaltungs-GmbH	Ludwigshafen (Rhine)	100.0	
Haidkopf GmbH	Kassel	100.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
hte Aktiengesellschaft the high throughput experimentation company	Heidelberg	75.0	
LUCARA Immobilienverwaltungs GmbH	Ludwigshafen (Rhine)	100.0	100.0
LUWOGЕ consult GmbH	Ludwigshafen (Rhine)	100.0	
ME Projektentwicklung GmbH	Ludwigshafen (Rhine)	100.0	
Metanomics Health GmbH	Berlin	100.0	
Nordkaspische Explorations- und Produktions GmbH	Kassel	100.0	
Projektentwicklungs-GmbH Friesenheimer Insel	Ludwigshafen (Rhine)	100.0	100.0
SEWOGЕ Service- und Wohnungsunternehmen GmbH	Schwarzheide	100.0	100.0
SGS-Schwarzheider Gastronomie und Service GmbH	Schwarzheide	100.0	
Ultraform Verwaltungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	100.0
Vierzehnte BASF Erwerbsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
Vierzehnte BASF Projektentwicklungsgesellschaft mbH	Ludwigshafen (Rhine)	100.0	
WINGAS GbR	Kassel	100.0	
WINGAS Verwaltungs-GmbH	Kassel	50.02	
Wintershall Lenkoran GmbH	Kassel	100.0	
Wintershall Libyen Oil & Gas GmbH	Kassel	100.0	
Wintershall Middle East GmbH	Kassel	100.0	
Wintershall Russland GmbH	Kassel	100.0	
Zweite BASF Immobilien-Gesellschaft mbH	Ludwigshafen (Rhine)	100.0	95.0
<b>Europe (excluding Germany)</b>			
Alcotech Ltd.	Cheadle, Great Britain	100.0	
Allied Colloids Overseas Ltd.	Cheadle, Great Britain	100.0	
Amylogene Handelsbolaget	Svalöv, Sweden	100.0	
AntFertia N.V.	Antwerp, Belgium	100.0	
Atlas Interlates Ltd.	Cheadle, Great Britain	100.0	
AWIAG Ltd.	Birkirkara, Malta	100.0	
BASF Coatings Boya Sanayi ve Ticaret A.S.	Istanbul, Turkey	100.0	0.01
BASF Coatings Refinish Ltd.	Didcot, Great Britain	100.0	
BASF Coatings Services A.B.	Hisings Kärä, Sweden	100.0	
BASF Coatings Services AG	Au, Switzerland	100.0	
BASF Coatings Services B.V.	Maarsse, the Netherlands	100.0	
BASF Coatings Services GmbH	Eugendorf, Austria	100.0	
BASF Coatings Services Italy Srl	Cesano Maderno, Italy	100.0	
BASF Coatings Services S.A.	Bornem, Belgium	100.0	
BASF Coatings Services S.A.	Guadalajara, Spain	99.71	
BASF Coatings Services S.A.	Prior Velho, Portugal	99.71	
BASF Coatings Services S.A.S.	Compans, France	100.0	
BASF Coatings Services Sp. z o.o.	Kobylnica, Poland	100.0	
BASF Coatings Services S.R.L.	Bucharest, Romania	100.0	
BASF Coatings Services s.r.o.	Bratislava, Slovakia	100.0	
BASF Coatings Storitve d.o.o.	Ljubljana, Slovenia	100.0	
BASF Color Solutions France S.A.S.	Clermont de l'Oise, France	100.0	
BASF Construction Chemicals BH d.o.o.	Sarajevo, Bosnia-Herzegovina	100.0	
BASF Controls Ltd.	Widnes, Great Britain	100.0	
BASF Cork Ltd.	Cork, Ireland	100.0	
BASF Croatia d.o.o.	Zagreb, Croatia	100.0	100.0
BASF EOOD	Sofia, Bulgaria	100.0	100.0
BASF Industrial Water Management France S.A.S.	Lyon, France	100.0	
BASF IT Services Holding Ltd.	Cheadle, Great Britain	100.0	
BASF IT Services Ltd.	Cheadle, Great Britain	100.0	
BASF IT Services N.V.	Waterloo, Belgium	100.0	
BASF IT Services S.A.	Tarragona, Spain	100.0	
BASF IT Services SpA	Cesano Maderno, Italy	100.0	
BASF Poliuretany Polska Sp.z o.o.	Srem, Poland	100.0	
BASF Polyuretány Slovensko s.r.o.	Malacky, Slovakia	100.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
BASF Polyurethanes Nordic AB	Angered, Sweden	100.0	
BASF Slovenija d.o.o.	Ljubljana, Slovenia	100.0	100.0
BASF Srbija d.o.o.	Belgrade, Serbia	100.0	100.0
BASF S.R.L.	Bucharest, Romania	100.0	100.0
BASF T.O.V.	Kiew, Ukraine	100.0	
BASF UAB	Vilnius, Lithuania	100.0	100.0
Boots Galenika d.o.o.	Belgrade, Serbia	51.0	51.0
BTC Speciality Chemical Distribution A/S	Copenhagen, Denmark	100.0	
BTC Speciality Chemical Distribution Ltd.	Cheadle, Great Britain	100.0	
BTC Speciality Chemical Distribution N.V.	Waterloo, Belgium	100.0	
BTC Speciality Chemical Distribution S.A.S.	Levallois-Perret, France	100.0	
BTC Speciality Chemical Distribution S.L.	Barcelona, Spain	100.0	
BTC Speciality Chemical Distribution SpA	Cesano Maderno, Italy	100.0	
Bumblebee Ltd.	Cork, Ireland	100.0	
Catstyecam Ltd.	Cork, Ireland	100.0	
Chemiquip Ltd.	Cheadle, Great Britain	100.0	
Chem2U AG	Basel, Switzerland	100.0	
Ciba Specialty Chemicals (RC-GB) Ltd.	Cheadle, Great Britain	100.0	
Ciba Specialty Chemicals Water Treatments B.V.	Maastricht, the Netherlands	100.0	
Ciba Specialty Chemicals Water Treatments N.V.	Groot-Bijgaarden, Belgium	100.0	
Ciba UK Pension Trust Ltd.	Cheadle, Great Britain	100.0	
Cognis Austria GmbH	Vienna, Austria	100.0	
Cognis Benelux B.V.	Hoofddorp, the Netherlands	100.0	
Cognis Pension Trustee Ltd.	Southampton, Great Britain	100.0	
Cognis Performance Chemicals UK Ltd.	Southampton, Great Britain	100.0	
Cognis Specialty Organics Far East Ltd.	Southampton, Great Britain	100.0	
Engelhard Arganda S.L.	Tarragona, Spain	100.0	100.0
Esuco Beheer B.V.	Nijehaske, the Netherlands	100.0	
Hythe Chemicals Ltd.	Southampton, Great Britain	100.0	
Inca Bronze Powders Ltd.	Cheadle, Great Britain	100.0	
Interlates Ltd.	Cheadle, Great Britain	100.0	
Lipogene AB	Svalöv, Sweden	100.0	
Magenta Master Fibers Srl	Milan, Italy	60.0	
MetalFX Technology Ltd.	Cheadle, Great Britain	100.0	
OOO Cognis Rus	Moscow, Russian Federation	100.0	
Plant Science Sweden AB	Svalöv, Sweden	100.0	
SCI ZS	Ostwald, France	100.0	
Sorex Ltd.	Widnes, Great Britain	100.0	
Tasfiye Halinde BASF Performans Kimyasallari Ticaret Ltd. Sti.	Istanbul, Turkey	100.0	
Tasfiye Halinde Meges Boya Sanayi ve Ticaret A.S.	Istanbul, Turkey	75.46	
The Sheffield Smelting Co. Ltd.	Cheadle, Great Britain	100.0	
Wingas Belgium B.V.B.A.	Brussels, Belgium	50.02	
WINGAS UK Limited	Richmond, Great Britain	50.02	
Wintershall Exploration and Production International C.V.	Rijswijk, the Netherlands	100.0	
Wintershall Gas spol. s.r.o.	Prague, Czech Republic	100.0	
Wintershall Global Support B.V.	Rijswijk, the Netherlands	100.0	
Wintershall Nederland Transport and Trading B.V.	Rijswijk, the Netherlands	100.0	
Wintershall Services B.V.	Rijswijk, the Netherlands	100.0	
Wintershall (UK) Ltd.	Aberdeen, Great Britain	100.0	
<b>North America</b>			
4290097 Canada Inc.	Mississauga, Ontario, Canada	60.0	
Automotive Refinish Technologies Inc.	Mississauga, Ontario, Canada	100.0	
Automotive Refinish Technologies LLC	Southfield, Michigan, USA	100.0	
BASF Construction Canada Holdings Inc.	Mississauga, Ontario, Canada	100.0	
BASF de El Salvador, S.A. de C.V.	San Salvador, El Salvador	100.0	99.95

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
BASF de Guatemala S.A.	Guatemala City, Guatemala	100.0	99.0
BASF de Nicaragua S.A.	Managua, Nicaragua	99.92	
BASF Fuel Cell Inc.	Somerset, New Jersey, USA	100.0	
BASF Metasheen	Smiths Falls, Ontario, Canada	100.0	
BASF Venture Capital America Inc.	Fremont, California, USA	100.0	
Ciba Metasheen Investment Inc.	Smiths Falls, Ontario, Canada	100.0	
Ciba S.A.	Guatemala City, Guatemala	100.0	
DNA LandMarks Inc.	St.-Jean-sur-Richelieu, Quebec, Canada	100.0	
Engelhard Energy Corporation	Florham Park, New Jersey, USA	100.0	
Engelhard Power Marketing Inc.	Florham Park, New Jersey, USA	100.0	
Mustang Property Corporation	Florham Park, New Jersey, USA	100.0	
Styrolution Mexicana S.A. de C.V.	México D.F., Mexico	51.0	
Thousand Springs Trout Farms Inc.	Florham Park, New Jersey, USA	100.0	
Whitmire Micro Gen Research Laboratories Inc.	Florham Park, New Jersey, USA	100.0	
<b>Asia Pacific</b>			
Allied Colloids (Asia) Ltd.	Hong Kong, China	100.0	
Allied Colloids (Australia) Pty. Ltd.	Wyong, New South Wales, Australia	100.0	
Allied Colloids Chemicals (Far East) Pte. Ltd.	Singapore	100.0	
Azuma Bussan Ltd.	Fukushima, Japan	60.0	
BASF Bangladesh Ltd.	Dhaka, Bangladesh	76.41	76.41
BASF Chemicals and Polymers Pakistan (Private) Ltd.	Karachi, Pakistan	100.0	100.0
BASF China Ltd.	Hong Kong, China	100.0	
BASF Coatings + Inks Philippines Inc.	Makati, Metro Manila, Philippines	100.0	
BASF Coatings Australia Pty. Ltd.	Wetherill Park, New South Wales, Australia	100.0	
BASF Coatings International Trade (Shanghai) Co. Ltd.	Shanghai, China	100.0	
BASF Construction Chemicals Australia Pty. Ltd.	Seven Hills, New South Wales, Australia	100.0	
BASF Construction Chemicals (Beijing) Co. Ltd.	Peking, China	100.0	
BASF Construction Chemicals Malaysia Sdn. Bhd.	Petaling Jaya, Malaysia	100.0	16.93
BASF Construction Systems (China) Co. Ltd.	Huzhou, China	100.0	
BASF Grameen Ltd.	Dhaka, Bangladesh	99.5	99.5
BASF Heesung Trading Corporation	Seoul, South Korea	60.0	
BASF Lanka (Private) Limited	Colombo, Sri Lanka	100.0	99.99
BASF LLC	Ulaanbaatar, Mongolia	100.0	
BASF Paper Chemicals (Huizhou) Co. Ltd.	Huizhou, China	100.0	
BASF Philippines Inc.	Taguig, Philippines	100.0	100.0
BASF Polyurethanes (Malaysia) Sdn. Bhd	Shah Alam, Malaysia	100.0	
BASF Polyurethanes (Tianjin) Co. Ltd.	Tianjin, China	100.0	
BASF See Sen Sdn. Bhd.	Kuala Lumpur, Malaysia	70.0	70.0
BASF Trading (Shanghai) Co. Ltd.	Shanghai, China	100.0	
BNC Color Techno Co. Ltd.	Fukuoka, Japan	100.0	
Ciba (Malaysia) Sdn. Bhd.	Shah Alam, Malaysia	100.0	
Cognis (Malaysia) Sdn. Bhd.	Subang Jaya, Malaysia	100.0	
Cognis Specialty Chemicals Pvt. Ltd.	Mumbai, India	100.0	
Cognis Thai Ltd.	Bangkok, Thailand	100.0	
Contec Co. Ltd.	Tokyo, Japan	84.0	
Doobon Fine Chemical Co. Ltd.	Chungwon, South Korea	63.0	
Engelhard (Shanghai) Co. Ltd.	Shanghai, China	100.0	
Lig Ace Co. Ltd.	Fukui, Japan	100.0	
P.T. Intercipta Kimia Pratama	Serang, Indonesia	60.0	
P.T. Kapo Kimia Kencana	Jakarta, Indonesia	100.0	
Shanghai MBT & SCG High-Tech Construction Chemical Co. Ltd.	Shanghai, China	60.0	
Taiko Shoji Ltd.	Saitama, Japan	60.0	
Yueyang Tairui Specialty Chemicals Co. Ltd.	Yueyang, China	55.0	
Yugen Kaisha Sankyo Shoji	Osaka, Japan	70.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
<b>South America, Africa, Middle East</b>			
Aislapol S.A.	Santiago de Chile, Chile	100.0	
BASF Bolivia S.r.l.	Santa Cruz de la Sierra, Bolivia	100.0	99.99
BASF Coatings (Pty.) Ltd.	Johannesburg, South Africa	100.0	
BASF Coatings Services (Pty.) Ltd.	Milnerton, South Africa	100.0	
BASF Commerce Venezuela S.A.	Caracas, Venezuela	100.0	1.0
BASF Construction Chemicals ORIA FZE	Dubai, United Arab Emirates	100.0	
BASF Construction Chemicals Perú S.A.	Lima, Peru	70.0	
BASF East Africa Ltd.	Nairobi, Kenya	100.0	99.9
BASF Ecuatoriana S.A.	Quito, Ecuador	100.0	99.84
BASF Iran (Private Joint Stock) Company	Tehran, Iran	100.0	
BASF Kaspian Yapi kimyasallari Sanayi mehud mesuliyetli cemiyeti	Sumgayit, Azerbaijan	80.0	
BASF Ltd.	Cairo, Egypt	100.0	99.0
BASF Maroc S.A.	Casablanca, Morocco	100.0	100.0
BASF Paraguay S.A.	Asunción, Paraguay	100.0	99.95
BASF Plastic Additives Middle East S.P.C.	Al Hidd, Bahrain	100.0	
BASF Poliuretanos Colombia Ltda.	Cartagena, Colombia	100.0	
BASF Polyurethanes Pars (Private Joint Stock) Company	Tehran, Iran	100.0	
BASF Polyurethanes South Africa (Pty.) Ltd.	Edenvale, South Africa	51.0	
BASF S.p.A.	Algiers, Algeria	100.0	100.0
BASF Uruguay S.A.	Montevideo, Uruguay	100.0	100.0
BASF Venezolana S.A.	Caracas, Venezuela	100.0	73.67
Ciba Middle East W.L.L.	Manama, Bahrain	100.0	
Ciba (Pty.) Ltd.	Spartan, South Africa	100.0	
Cognis de Colombia S.A.	Yumbo, Colombia	100.0	
Cognis Guyane Société en Participation	Cayenne, French Guiana	75.0	
Cognis South Africa (Pty.) Ltd.	Gauteng, South Africa	100.0	
Cyanamid Limited	Lilongwe, Malawi	100.0	
Cyanamid Zimbabwe (Pvt.) Ltd.	Workington, Zimbabwe	100.0	
Engelhard Peru S.A.	Lima, Peru	100.0	
Engelhard South Africa (Pty.) Ltd.	Port Elizabeth, South Africa	100.0	
Jordanian Swiss Company for Manufacturing & Marketing Construction Chemicals Company Ltd.	Amman, Jordan	80.0	
Wintershall BM-C-10 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall BM-C-19 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall BM-ES-1 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall BM-ES-7 Ltda.	Rio de Janeiro, Brazil	100.0	
Wintershall Chile Lda.	Santiago de Chile, Chile	100.0	
Wintershall do Brasil Serviços Ltda.	Rio de Janeiro, Brazil	100.0	

## 2. Subsidiaries not consolidated due to immateriality

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
ARG Verwaltungs GmbH	Duisburg	20.0	20.0
Aurentum Innovationstechnologien GmbH	Mainz	48.2	
Cavis Microcaps GmbH	Mainz	24.46	
EPS Ethylen-Pipeline Süd GmbH & Co. KG	Munich	20.1	20.1
Erdgas Münster GmbH	Münster	28.77	
Erdgas Münster Transport GmbH & Co. KG	Münster	28.77	
GAG Ludwigshafen am Rhein AG für Wohnungs-, Gewerbe- und Städtebau	Ludwigshafen (Rhine)	30.0	
InfraLeuna Beteiligungs-GmbH	Leuna	27.0	
KARANTO Corrosion Protection Technologies GmbH	Düsseldorf	50.0	
KARANTO Corrosion Protection Technologies GmbH	Düsseldorf	50.0	

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
KNK Carbo Store GmbH & Co. KG	Frankfurt (Main)	50.0	
KNK Kraftwerksbeteiligung GmbH & Co. KG	Frankfurt (Main)	50.0	
KNK Ocean Breeze Windkraft-Beteiligungs GmbH & Co. KG	Frankfurt (Main)	50.0	
KNK Ocean Breeze GmbH	Frankfurt (Main)	50.0	
KNK Onventus GmbH	Frankfurt (Main)	50.0	
KNK Thermo Solar Power GmbH	Frankfurt (Main)	50.0	
KNK Verwaltungs-GmbH	Frankfurt (Main)	50.0	
KNK Wind GmbH	Frankfurt (Main)	39.59	
KTL Kombi-Terminal Ludwigshafen GmbH	Ludwigshafen (Rhine)	40.0	40.0
M-Exchange AG	Frankfurt (Main)	46.5	
Projektförderung Initiative für Beschäftigung für Westfalen GmbH	Münster	25.0	
PSG Procurement Service GmbH	Lohmar	50.0	
Rheingas ErdgasleitungsCompany mbH	Hanover	50.0	50.0
Solvin Europe GmbH	Hanover	25.2	25.2
S.T.E.P. PersonalentwicklungsCompany mbH	Ludwigshafen (Rhine)	33.4	33.4
tecpol Technologieentwicklungs GmbH für ökoefiziente Polymerverwertung	Hanover	20.27	6.11
WIEH Verwaltungs-GmbH	Kassel	50.0	
WV Energie AG	Frankfurt (Main)	50.0	
WV Service GmbH	Frankfurt (Main)	50.0	
WV Versicherungsmakler GmbH	Frankfurt (Main)	25.0	
ZEMBET EntwicklungsCompany mbH	Ulm	50.0	
<b>Europe (excluding Germany)</b>			
ARA Kaisten AG	Kaisten, Switzerland	25.0	
BASF DOW HPPO B.V.	Hoek, the Netherlands	50.0	
BASF DOW HPPO Technology B.V.	Hoek, the Netherlands	50.0	
BASF IBC Admixture Systems Limited	Dublin, Ireland	50.0	
bci Betriebs-AG	Basel, Switzerland	42.54	
Combinant N.V.	Antwerp, Belgium	45.0	
CSEBER Non-Profit Közhasznú Kft.	Budapest, Hungary	22.72	
Ellba B.V.	Arnhem, the Netherlands	50.0	
Forest Pilot Center Oy	Raisio, Finland	45.0	
Gestio de Residus Especiales de Catalunya S.A.	Tarragona, Spain	33.34	
Kiinteistö Oy Raisio Koepainolaitos	Raisio, Finland	25.0	
OOO Elastokam	Nishnekamsk, Russian Federation	50.0	
OOO Wolgodeminoil	Wolgograd, Russian Federation	50.0	
Société de Participation dans l'industrie et le Transport du Pétrole S.A.R.L.	Neuilly-sur-Seine, France	27.22	27.22
TAPP A.I.E. Terminal de Atraque de Prod. Petroquim	Tarragona, Spain	50.0	
WIEE Bulgaria EOOD	Sofia, Bulgaria	50.0	
WIEE Hungary Kft.	Budapest, Hungary	50.0	
WIROM Gas S.A.	Bucharest, Romania	25.56	
<b>North America</b>			
Buckeye Products Pipeline LP	Houston, Texas, USA	22.0	
Fort Amanda Specialities LLC	Lima, Ohio, USA	50.0	
Gulf Coast Pipeline LP	Houston, Texas, USA	22.0	
NanoMas Inc.	Binghamton, New York, USA	33.45	
Sion Power Corporation	Tucson, Arizona, USA	20.0	
Splice Sleeve North America Inc.	Ontario, California, USA	32.5	
<b>Asia Pacific</b>			
Nihon Splice Sleeve Ltd.	Tokyo, Japan	32.5	
Nippon Alkyl Phenol Co. Ltd.	Tokyo, Japan	50.0	
Nisso BASF Agro Co. Ltd.	Tokyo, Japan	45.0	45.0

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)
Pigment Manufactures of Australia Ltd.	Laverton, Victoria, Australia	50.0	
Santoku BASF Pte. Ltd.	Singapore	49.0	49.0
Shandong Ruikang Specialty Chemicals Co. Ltd.	Shouguang, China	49.0	
Xiangtan Chemicals & Pigments Co. Ltd.	Xiangtan, China	49.0	
<b>South America, Africa, Middle East</b>			
BASF Construction Chemicals LLC	Muscat, Oman	34.3	
BASF Kanoo Gulf FZE	Dubai, United Arab Emirates	49.0	
BASF Kanoo Gulf LLC	Dubai, United Arab Emirates	49.0	49.0
BASF Kanoo Polyurethane Systems LLC	Dubai, United Arab Emirates	49.0	
BASF Trading Egypt (SAE)	Cairo, Egypt	48.0	
BASF Tunisie S.A.	Tunis, Tunisia	49.0	49.0
Elastogran Kanoo Polyurethane Systems LLC	Abu Dhabi, United Arab Emirates	49.0	
Extractive Technologies (Pty.) Ltd.	Sasolburg, South Africa	23.0	

### 3. Participating interests of between 5 and 20 percent in major corporations (Section 285, No. 11 of the German Commercial Code)

Company	Headquarters	Participating interest (%)	Thereof BASF SE (%)	Stockholders' equity (millions)	Net income (millions)	Currency (ISO code)
<b>Germany</b>						
InfraLeuna GmbH	Leuna	6.62		402.5*	19.3*	EUR
SYGNIS Pharma AG	Heidelberg	13.49	11.77	53.6***	(0.8***)	EUR
VNG-Verbundnetz Gas AG	Leipzig	15.79		734.4*	59.4*	EUR
<b>Europe (excluding Germany)</b>						
Société du Pipeline Sud-Européen S.A.	Neully-sur-Seine, France	14.28	10.0	16.9*	5.6*	EUR
<b>Asia Pacific</b>						
Eternal Specialty Chemical (Zhuhai) Co. Ltd.	Zhuhai, China	10.0		389.3**	39.8**	CNY

\* Financial Statements 2010

\*\* Preliminary Financial Statements for 2011

\*\*\* Financial Statement as of March 31 (business year 2010/2011)

### III. Information on subsidiaries

The German subsidiaries listed below, which have the legal form of either a corporation or a partnership, make use of the exemptions offered by Section 264, [3] or Section 264 b of the German Commercial Code, respectively:

Company	Headquarters
BASF Agro Trademarks GmbH	Ludwigshafen (Rhine)
BASF Akquisitions GmbH	Ludwigshafen (Rhine)
BASF Bautechnik GmbH	Trostberg
BASF Beteiligungsgesellschaft mbH	Ludwigshafen (Rhine)
BASF Catalysts Germany GmbH	Hanover
BASF Catalysts Grundbesitz GmbH	Ludwigshafen (Rhine)
BASF Coatings GmbH	Münster
BASF Construction Chemicals GmbH	Trostberg
BASF Construction Chemicals Grundbesitz GmbH & Co. KG	Ludwigshafen (Rhine)
BASF Construction Polymers GmbH	Trostberg
BASF Grenzach GmbH	Grenzach-Wyhlen
BASF Handels- und Export GmbH	Ludwigshafen (Rhine)
BASF Immobilien Pigment GmbH	Ludwigshafen (Rhine)

<b>Company</b>	<b>Headquarters</b>
BASF Isocyanate China Investment GmbH	Ludwigshafen (Rhine)
BASF IT Services Consult GmbH	Hamburg
BASF IT Services Holding GmbH	Ludwigshafen (Rhine)
BASF Lampertheim GmbH	Lampertheim
BASF Leuna GmbH	Leuna
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhine)
BASF Performance Polymers GmbH	Rudolstadt
BASF Personal Care and Nutrition GmbH	Monheim
BASF PharmaChemikalien GmbH & Co. KG	Ludwigshafen (Rhine)
BASF Pigment GmbH	Ludwigshafen (Rhine)
BASF Plant Science Company GmbH	Ludwigshafen (Rhine)
BASF Plant Science GmbH	Ludwigshafen (Rhine)
BASF Polyurethanes GmbH	Lemförde
BASF Services Europe GmbH	Berlin
BASF Specialty Chemicals Marketing GmbH	Ludwigshafen (Rhine)
BASF US Verwaltung GmbH	Ludwigshafen (Rhine)
BASF Wall Systems GmbH & Co. KG	Marktredwitz
BASF watertechnologies GmbH & Co. KG	Ludwigshafen (Rhine)
BPG Immobilien GmbH	Ludwigshafen (Rhine)
BPS-Finanzbeteiligungsgesellschaft mbH	Ludwigshafen (Rhine)
BTC Specialty Chemical Distribution GmbH	Cologne
Cognis Holding GmbH	Ludwigshafen (Rhine)
Cognis International GmbH	Monheim
Cognis IP Management GmbH	Düsseldorf
Construction Research & Technology GmbH	Trostberg
Dr. Wolman GmbH	Sinzheim
GEWOGGE Wohnungsunternehmen der BASF GmbH	Ludwigshafen (Rhine)
Grünau Illertissen GmbH	Illertissen
Guano-Werke GmbH & Co. KG	Ludwigshafen (Rhine)
LUWOGGE GmbH	Ludwigshafen (Rhine)
Metanomics GmbH	Berlin
PCI Augsburg GmbH	Augsburg
PolyAd Services GmbH	Lampertheim
Relius Coatings GmbH & Co. KG	Oldenburg (Oldb)
SunGene GmbH	Gatersleben
Wintershall Erdgas Beteiligungs-GmbH	Kassel
Wintershall Norwegen Explorations- und Produktions- GmbH	Kassel
Wintershall Russia Holding GmbH	Kassel
Wintershall Vermögensverwaltungsgesellschaft mbH	Kassel

Disclosures pursuant to Section 285, No. 11a of the German Commercial Code (position of BASF SE as shareholder with unlimited liability)

<b>Company</b>	<b>Headquarters</b>
BASF Ludwigshafen Grundbesitz SE & Co. KG	Ludwigshafen (Rhine)

Ludwigshafen am Rhein, February 22, 2012

Board of Executive Directors

## Assurance pursuant to Sections 264(2), 289(1) of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the Financial Statements of BASF SE give a true and fair view of the assets, liabilities, financial position and profit situation of BASF SE, and Management's Analysis of BASF SE includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of BASF SE.

Ludwigshafen am Rhein, February 22, 2012



**Dr. Kurt Bock**

Chairman of the Board of Executive Directors



**Dr. Martin Brudermüller**

Vice Chairman of the Board of Executive Directors



**Dr. Hans-Ulrich Engel**

Chief Financial Officer



**Michael Heinz**



**Dr. Andreas Kreimeyer**



**Dr. Stefan Marcinowski**



**Dr. Harald Schwager**



**Margret Suckale**

## Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the Management's Analysis of BASF SE, Ludwigshafen am Rhein, for the business year from January 1, 2011 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements and management report 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 § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). 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 expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system 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 led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and 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. The Management's Analysis is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 22, 2012

KPMG AG  
Wirtschaftsprüfungsgesellschaft

**Prof. Dr. Schindler**  
Wirtschaftsprüfer

**Fischer**  
Wirtschaftsprüferin

## Further information

You can find this and other BASF publications on the internet at [www.basf.com](http://www.basf.com)

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