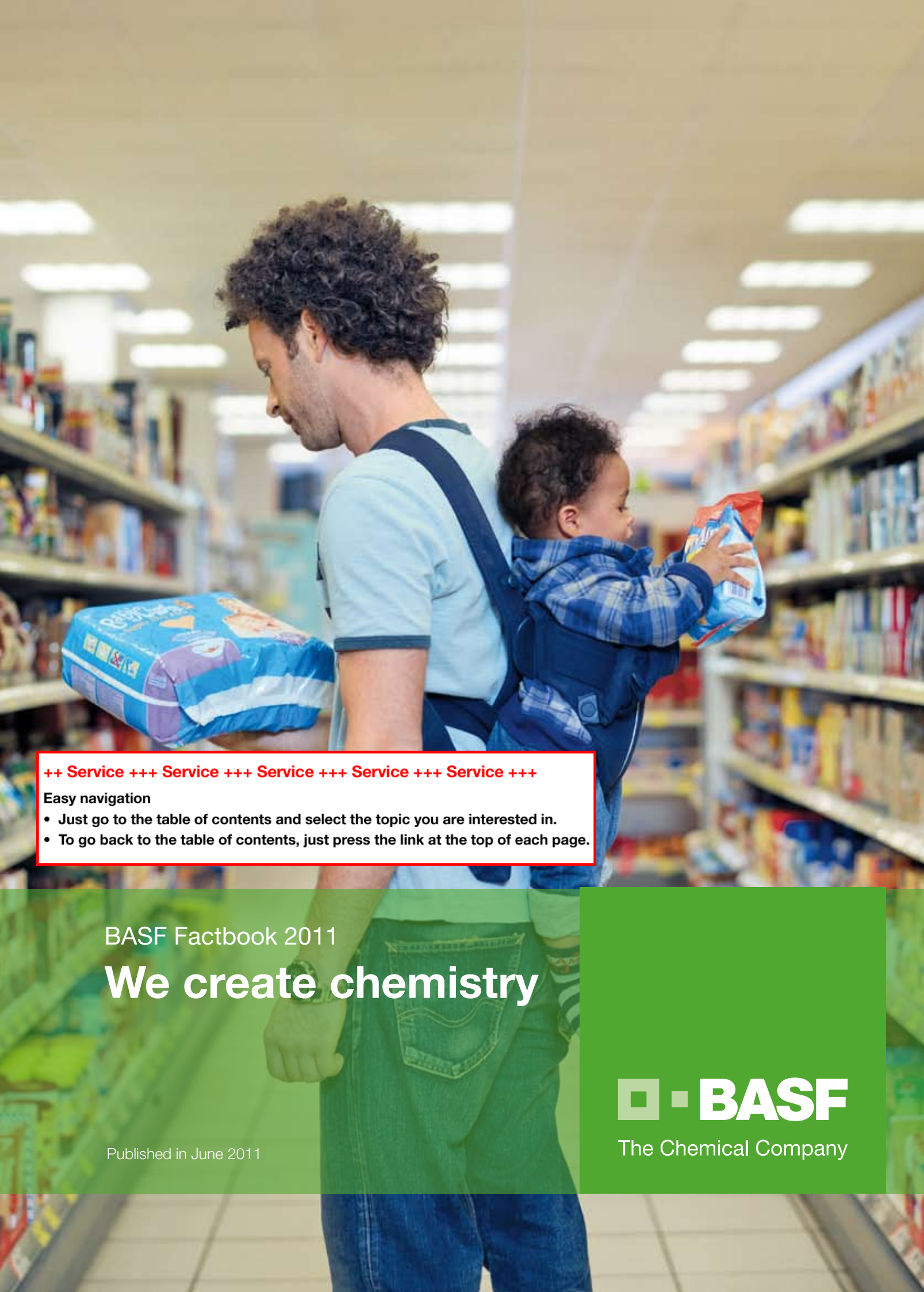

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Easy navigation

- Just go to the table of contents and select the topic you are interested in.
- To go back to the table of contents, just press the link at the top of each page.

BASF Factbook 2011

We create chemistry

Published in June 2011

BASF

The Chemical Company

Kurt Bock
Chairman of the Board of Executive Directors of BASF SE

Investment Highlights

#1 chemical company worldwide with balanced portfolio and long-term strategy

Competitive advantage based on **our unique Verbund concept** and operational excellence

Superior growth opportunities through strong positioning in growth markets, acquisitions in core businesses and an excellent innovation platform

Innovator and solution provider for the challenges of the future

Sustainable value creation based on a sound balance sheet and financial strength

Dear Investors and Analysts,

It is my pleasure to introduce this 5th edition of the BASF Factbook.

Over the last years we have received excellent feedback from you and we have tried to improve our Factbook furthermore. I hope you will again find it a useful tool to better understand BASF – our strategy, our operations and our performance. Being The Chemical Company also means that BASF is quite large and complex: to form an investment opinion might require a little bit more time and effort from your side. We therefore try to make your work as simple as possible by putting all the essential information into one publication. For us, transparency and open communication are key to successful investor relations. Again, in 2010 our IR team received numerous awards for its professionalism and dedication, based considerably on your input. This Factbook extends our efforts to continue this strong record.

2010 was an excellent year for our industry and also for BASF. We overcame the economic crisis of 2008/09 much faster than anticipated. We have continued to transform BASF into a company which is highly innovative, closer to the end-user and more resilient to economic cycles. And, most importantly, we continued to deliver on our promise to earn a premium on our cost of capital.

Today, BASF is extremely well prepared for the challenges and opportunities of the future. Our chemical innovations are the enablers to meet the ever increasing demand for sustainable solutions. Car manufacturers, for example, are turning to BASF for intelligent solutions that lower fuel consumption through light-weight plastics or reduce emissions through highly efficient catalysts and fuel additives. The acquisitions we have made in recent years have further strengthened our portfolio with businesses that bring us closer to the end-user. With the acquisition of Cognis, for example, we have now become the leading player in ingredients for personal and home care. This is a highly attractive and strongly growing business, particularly in emerging markets. Speaking of emerging markets, I would like to highlight our impressive investment record in these regions. Our continuously growing production bases in countries such as China, Malaysia and Brazil allow us to capture growth opportunities right at the heart of those markets.

2011 has brought a change in leadership. After eight successful years, Jürgen Hambrecht stepped down as Chairman and CEO of the company. He put open communications at the very heart of his management approach, incorporating many of your ideas. In my new role I am looking forward to continuing this intensive engagement with investors and analysts and I welcome and encourage your input and feedback. I highly appreciated the first-hand feedback I got during several introductory roadshows at the beginning of this year.

At BASF we believe in long-term strategy. Hence, already a year ago we communicated the change at the helm of BASF. Our first class management team tries to anticipate future trends and take advantage of them. We will continue to relentlessly improve our operational excellence, concentrate on those areas and businesses where we have key strengths and seek growth opportunities as they arise. Moreover, we will strive to grow our leadership position in the chemicals industry to deliver above average returns to our shareholders.

The management team and I look forward to speaking with you and hope you will continue to follow our development in the future.

Best regards

Kurt Bock

Chairman of the Board of Executive Directors of BASF SE

Ludwigshafen, June 2011

1 BASF – The Chemical Company

The front cover shows how BASF's products create value in people's everyday lives, for example, with hygiene and home care products such as superabsorbents for diapers or environmentally friendly chelating agents for detergents.

1

2

3

1.1 At a glance

BASF today: We create chemistry

BASF is the world's leading chemical company – **The Chemical Company.**
Our portfolio ranges from oil and gas to chemicals, plastics, performance products and agricultural products. As a reliable partner, we help our customers in virtually all industries to be more successful. Our high-value products and intelligent solutions play an important role in finding answers to global challenges such as climate protection, energy efficiency, nutrition and mobility.

BASF key facts

- About 109,000 employees worldwide – thereof 9,600 in R&D
- Customers in more than 200 countries and in virtually all industries
- Top 3 market position in about 75% of our businesses
- Unique Verbund concept: production plants linked intelligently to save resources and energy; six world-scale Verbund sites worldwide – two Verbund sites in all major regions
- Know-how Verbund with 70 major R&D sites and >1,900 research cooperations with customers, science and partners
- Strong R&D pipeline; No.1 in Patent Asset Index

Key figures

		2010
Sales	€ billion	63.9
EBITDA	€ billion	11.1
EBITDA margin	%	17.4
EBIT before special items	€ billion	8.1
Net income	€ billion	4.6
Operating cash flow	€ billion	6.5
Earnings per share	€	4.96
Adjusted EPS	€	5.73
Dividend	€	2.20
Dividend yield*)	%	3.7

*) Dividend yield based on share price at year-end

BASF history: successful tradition

Since 1865, we have been shaping the future with chemistry and combining innovation with tradition. We are proud of who we are and what we do:

BASF – The Chemical Company. Chemistry is our strength. It makes us and our customers successful, today and in the future.

1865-1901 Friedrich Engelhorn founds Badische Anilin & Soda Fabrik to produce coal tar dyes. Soon thereafter, the company gains a leading position in the world dyes market with methylene blue, alizarin and indigo.

1901-1925 The synthesis of ammonia by the Haber-Bosch process paves the way for the production of synthetic nitrogen fertilizers. In 1919, the Nobel Prize in Chemistry is awarded to Fritz Haber.

1925-1945 BASF becomes part of IG Farbenindustrie AG. Advances in high-pressure technology enable the production of synthetic gasoline and rubber and products from acetylene. In 1931, the Nobel Prize in Chemistry is awarded to Carl Bosch.

1945-1953 Reconstruction after the severe damage during the Second World War. BASF reestablished as an independent company in 1952.
1953-1965 Germany's economic miracle paves the way for the plastics era. BASF expands into markets with products such as polystyrene, Styropor®, nylon and polyethylene.

1865

1901

1925

1945

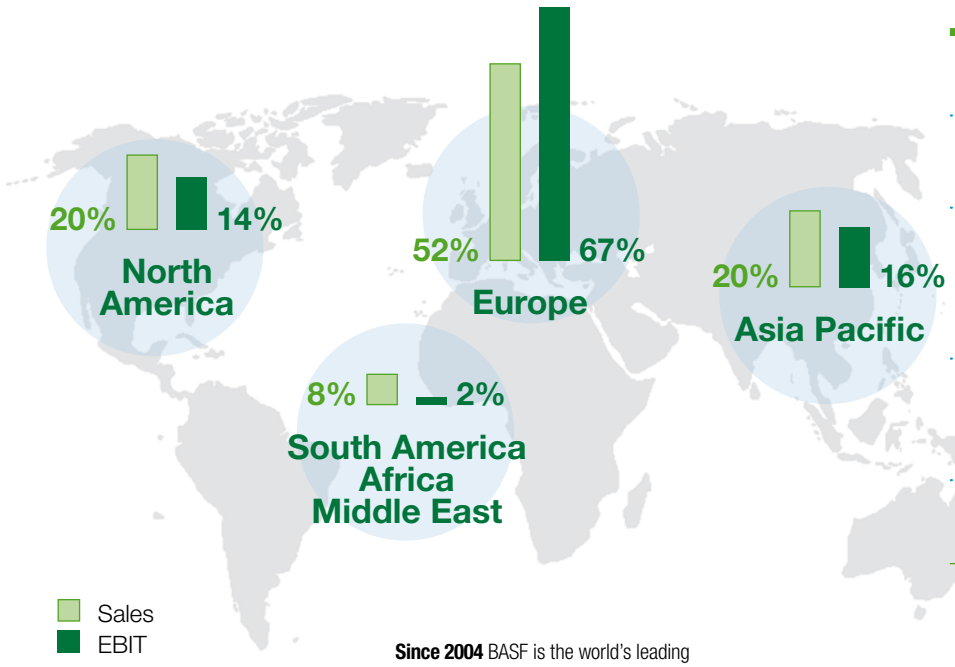
BASF – Well balanced portfolio: 6 strategic segments

(percentage of sales 2010)

Chemicals	Plastics*)	Performance Products	Functional Solutions	Agricultural Solutions	Oil & Gas
18%	15%	19%	15%	6%	17%
▪ Inorganics ▪ Petrochemicals ▪ Intermediates	▪ Performance Polymers ▪ Polyurethanes	▪ Dispersions & Pigments ▪ Care Chemicals ▪ Nutrition & Health ▪ Paper Chemicals ▪ Performance Chemicals	▪ Catalysts ▪ Construction Chemicals ▪ Coatings	▪ Crop Protection	▪ Exploration & Production ▪ Natural Gas Trading

*) Styrenics reported under Other

Regional sales*) and EBIT distribution 2010



*) By location of customer

BASF sales by industry

Direct customers, percentage of sales 2010

>15%	▪ Chemicals
10-15%	▪ Automotive ▪ Utilities
5-10%	▪ Construction ▪ Agriculture ▪ Plastics industry ▪ Oil industry
<5%	▪ Electrical/Electronics ▪ Furniture ▪ Paper
10-15%	▪ Other industries

1965-2004 BASF develops into a global company with production sites in Europe, North and South America and Asia.

Since 2004 BASF is the world's leading chemical company. In 2005, the new Verbund site in Nanjing, China, begins operation. It represents the largest single investment project in BASF's history. In 2006, BASF buys Engelhard Corporation, United States, its biggest ever acquisition. In 2008, BASF is converted into a European Company (SE).

2009 In April 2009, BASF acquires Ciba Holding AG, Switzerland, to strengthen its Performance Products segment and expand BASF's leading position in specialty chemicals.

2010 Acquisition of Cognis: BASF is becoming a global leading supplier to the cosmetics industry, further strengthening its leading position in detergents and cleaners as well as improving its position in human nutrition.

1965

2004

2009

2010

1.2 Management Board

The Executive Board of BASF SE comprises 8 members

Dr. Kurt Bock
Chairman of the Board of Executive Directors;
52, with BASF for 20 years

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

Dr. Martin Brudermüller
Vice Chairman;
50, with BASF for 23 years, based in Asia

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

Dr. Hans-Ulrich Engel
Chief Financial Officer;
51, with BASF for 23 years, based in the United States

Responsibilities:
Finance; Catalysts; Information Services; Corporate Controlling; Corporate Audit; Market & Business Development Region North America; Regional Functions North America

Michael Heinz
47, with BASF for 27 years

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

The Supervisory Board consists of 12 members

Dr. h.c. Eggert Voscherau
Wachenheim, Germany
Chairman of the Supervisory Board of BASF SE
Former Deputy Chairman of the Board of Executive Directors of BASF Aktiengesellschaft and BASF SE

Michael Diekmann
Munich, Germany
Deputy Chairman of the Supervisory Board of BASF SE
Chairman of the Board of Management of Allianz SE

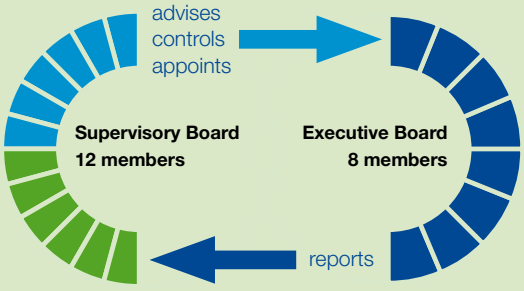
Prof. Dr. François Diederich
Zurich, Switzerland
Professor at the Swiss Federal Institute of Technology (ETH) Zurich

Robert Oswald
Altrip, Germany
Deputy Chairman of the Supervisory Board of BASF SE
Chairman of the works council of the Ludwigshafen site of BASF SE and chairman of the joint works council of BASF Group

Ralf-Gerd Bastian
Neuhofen, Germany
Member of the works council of the Ludwigshafen site of BASF SE

Wolfgang Daniel
Limburgerhof, Germany
Deputy Chairman of the works council of the Ludwigshafen site of BASF SE

■ Shareholder representatives ■ Employee representatives



The Supervisory Board of BASF SE comprises 12 members.

BASF SE is continuing the principle of parity between shareholder representatives and employee representatives.

- The six shareholder representatives were elected at the Annual Meeting on May 6, 2011.
- The employee representatives have been appointed directly by the Agreement Concerning the Involvement of Employees with effect from March 18, 2009.

Dr. Andreas Kreimeyer
Research Executive Director;
55, with BASF for 25 years

Responsibilities:
Inorganics; Petrochemicals; Intermediates; Chemicals Research & Engineering; BASF Future Business

Dr. Stefan Marcinowski
58, with BASF for 32 years

Responsibilities:
Crop Protection; Coatings Region South America; Specialty Chemicals Research; BASF Plant Science

Margret Suckale
55, with BASF for 2 years

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

Dr. Harald Schwager
51, with BASF for 23 years

Responsibilities:
Oil & Gas, Region Europe; Construction Chemicals; Global Procurement & Logistics

Franz Fehrenbach
Stuttgart, Germany
Chairman of the Board of Management of Robert Bosch GmbH

Anke Schäferkordt
Cologne, Germany
Chief Executive Officer of Mediengruppe RTL Deutschland and RTL Television

Max Dietrich Kley
Heidelberg, Germany
Lawyer

Denise Schellemans
Kalmthout, Belgium
Full-time trade union delegate

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

Michael Vassiliadis
Hanover, Germany
Chairman of the Central Board of Executive Directors of the Mining, Chemical and Energy Industries Union (IG BCE)

Transparent corporate management

Effective and transparent corporate governance fosters the confidence of our domestic and international investors, the financial markets, our business partners, employees and the public in the management and supervision of the company. A two-tier administrative system comprised of the Executive Board and Supervisory Board plays a key role in managing and monitoring BASF in a responsible and value-driven manner.

Code of Conduct and compliance

Binding standards of conduct ensure that our values are permanently established in day-to-day business activities. The framework for this is our corporate governance system, which encompasses the management and monitoring of the company. The system includes organizations, commercial principles and guidelines, as well as internal and external control and monitoring mechanisms. The value “integrity” is the foundation of our Compliance Program. For us, compliance means the duty to comply with laws and internal corporate directives.

1.3 Strategy

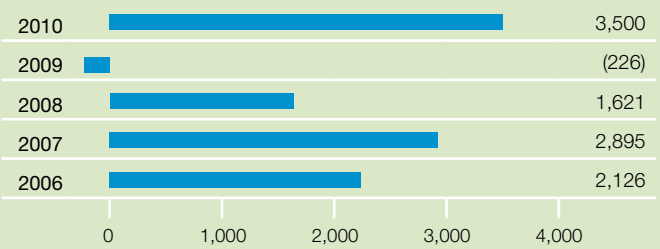
BASF is the world's leading chemical company – **The Chemical Company**.

We aim to constantly increase the value of our company by profitable growth. With innovation and new technologies, we open up new market opportunities. We continuously increase our competitiveness through active portfolio management and our industry-leading operational excellence.

We combine economic success with environmental protection and social responsibility. To realize our goals every day and across the company, the BASF team aligns its activities with four strategic guidelines.

Generating a premium on our cost of capital

(premium on cost of capital, million €)



Since January 1, 2008, Group corporate costs are no longer allocated to the segments, but rather reported under Other. The previous years' figures were not adjusted.

Calculation of EBIT after cost of capital 2010

(million €)

EBIT BASF Group	7,761
less EBIT for activities not assigned to the segments[1]	(707)
less non-compensable foreign income taxes for oil production	983
less cost of capital[2]	3,985
EBIT after cost of capital	3,500

[1] The projected net expense is already provided for in the cost of capital percentage.
[2] In 2009 and 2010, the cost of capital rate was 9%. For 2011, the cost of capital rate is 11%.

Our strategic guidelines for profitable growth

Strategic guidelines

Our four strategic guidelines form the basis for our activities

We earn a premium on our cost of capital

The prerequisite for long-term success is earning a premium on our cost of capital. Only if we earn our cost of capital do we really generate added value for our shareholders. This is why EBIT after cost of capital is the group-wide key performance indicator. At present, our cost of capital – including the usual risk premium – is 11% p.a. before interest and taxes on operational assets.

- We want to grow profitably above the industry average and strive to outperform global chemical production growth by at least two percentage points annually.
- We constantly optimize our portfolio. We concentrate on those business areas that offer the best opportunities in terms of market attractiveness and BASF performance. This is where we will invest and expand.
- We set the benchmark in operational excellence.
- We innovate for future profitable growth.
- We strive for an EBITDA margin of 18% by 2012.

Major achievements in 2010

- We earned a high premium on our cost of capital. Earnings after cost of capital amounted to €3,500 million, a new record for BASF.
- With our global efficiency program NEXT, we expect to improve earnings by more than €1 billion annually from 2012. By the end of 2010, we already achieved savings of approximately €600 million.
- Through the rapid and efficient integration of the former Ciba businesses in our Performance Products segment, we expect annual cost synergies of more than €450 million by 2012. By the end of 2010, synergies of €350 million run-rate were already achieved.
- With an EBITDA margin of 17.4% in 2010, we are well on track to reach our EBITDA margin target of 18% for 2012.
- At €6.5 billion, operating cash flow reached a new record high in 2010.

We form the best team in the industry

Our employees are key to our success: their skills, commitment and motivation make BASF competitive and fit for the future. For this reason, we want to recruit, support and retain the best employees.

- We want employees to share in the company's success and be rewarded for their individual performance. We pursue this goal by means of variable remuneration systems which follow the same basic principles for all employees.
- Our Diversity + Inclusion initiative aims to attract and win employees with different cultural backgrounds, experiences and ways of thinking – employees who are willing to use their personal and professional competence to pursue the goals and values of our company.
- We encourage a corporate culture in which everyone plays a part and is appreciated.
- We support our employees with training and other professional development measures as well as programs to help combine work and family life.

Major achievements in 2010

- BASF was again ranked as the world's most admired chemical company by the renowned United States business magazine Fortune.
- With the acquisition of Cognis in December 2010 we further strengthened the global BASF team.
- Our highly innovative team is shaping our future through outstanding innovations: BASF was again ranked number one in the new overall Patent Asset Index.
- Employees' ideas create value: With approximately 59,600 suggestions for improvement submitted around the world in 2010, employees of BASF showed that they are ready to explore new ways of doing things and to question established methods. By doing so, our employees created a worldwide annual net benefit of €56.2 million.
- In 2010, BASF invested around €155 million in vocational training and further training (data does not include Cognis). More than 87,000 employees worldwide participated in training programs.
- Our systematic development and career planning of executives ensures smooth succession.

Major achievements in 2010

EBITDA margin

(2012 Goal: 18%)

17.4%

Senior executives with international experience

(Goal: >70%)

78%

We help our customers to be more successful

Customer satisfaction and loyalty are important preconditions for long-term economic success. Our business focuses on the global trends and future challenges of our customers. We therefore concentrate our research and commercial focus on innovative business areas and invest in growth markets in close cooperation with our customers at an early stage.

- Our business models are clearly catering to the needs of our customers. To do so, we implement six different customer interaction models.
- We operate where our customers are – in all the world's important markets.
- We work on solutions for global challenges, focusing particularly on future markets and technologies with high growth potential. These include energy management, raw material change, nanotechnology, plant biotechnology and white biotechnology.

Major achievements in 2010

- We further increased our R&D spending to €1.5 billion with a special focus on customer-oriented development.
- We strengthened our market focus through newly implemented industry and customer target groups.
- Our customers also honored our performance in 2010: In India, for example, BASF received awards from Tata motors, Mahindra & Mahindra, and Honda Motorcycle and Scooter India (HMSI). BASF also won the General Motors' Supplier of the Year Award for consistently performing above expectations as a global supplier of Original Equipment Manufacturer (OEM) coatings to General Motors.
- In 2010, we expanded the successful cooperation with Monsanto further; we are now also working on the development of higher-yielding and stress tolerant wheat. We also started a cooperation with Bayer CropScience, which aims to develop and commercialize higher-yielding hybrid rice seeds.

We ensure sustainable development

Sustainability is our strategic approach to integrate social and environmental aspects in our business processes to ensure our long-term economic success. It is a value driver to realize opportunities and reduce risks. By integrating sustainability issues in our management systems, we identify intelligent solutions to reduce the environmental impact of our products and operations.

- We create competitive advantages for both BASF and our customers through sustainable products, processes and services.
- Verbund is our unique advantage. Our integrated network of materials, energy and processes translates to cost reductions in logistics, energy, infrastructure and production, while reducing environmental impact by decreasing fossil fuel use, emissions and waste.
- We objectively evaluate the sustainability of products and processes through our globally recognized Eco-Efficiency Analysis and SEEBALANCE® tools.

Major achievements in 2010

- Identifying relevant topics: In 2010, we carried out a new materiality analysis. Together with external partners, we surveyed several hundred external experts and stakeholders as well as BASF managers about key sustainability topics.
- Business opportunities with sustainability: We bring our expertise into customer relationships. One example is our S.E.T. (Sustainability, Eco-efficiency, Traceability) initiative, which helps food and feed producers to develop sustainable products.
- BASF's Eco-Efficiency Analysis compares the economic benefits of a product to its impact on the environment throughout its entire life cycle – from raw materials extraction, to its use, and finally, to its recycling or disposal. In 2010, we performed the 450th Eco-Efficiency Analysis since 1996.
- Minimizing risks: One of the most important measures to minimize risks in our supply chain is our Supplier Days. In India, more than 150 companies participated in our Supplier Days on labor and social standards in 2010.

R&D spending in 2010

€1.5 billion

Improve energy efficiency in production processes

Baseline year 2002
(2020 Goal: +25%)

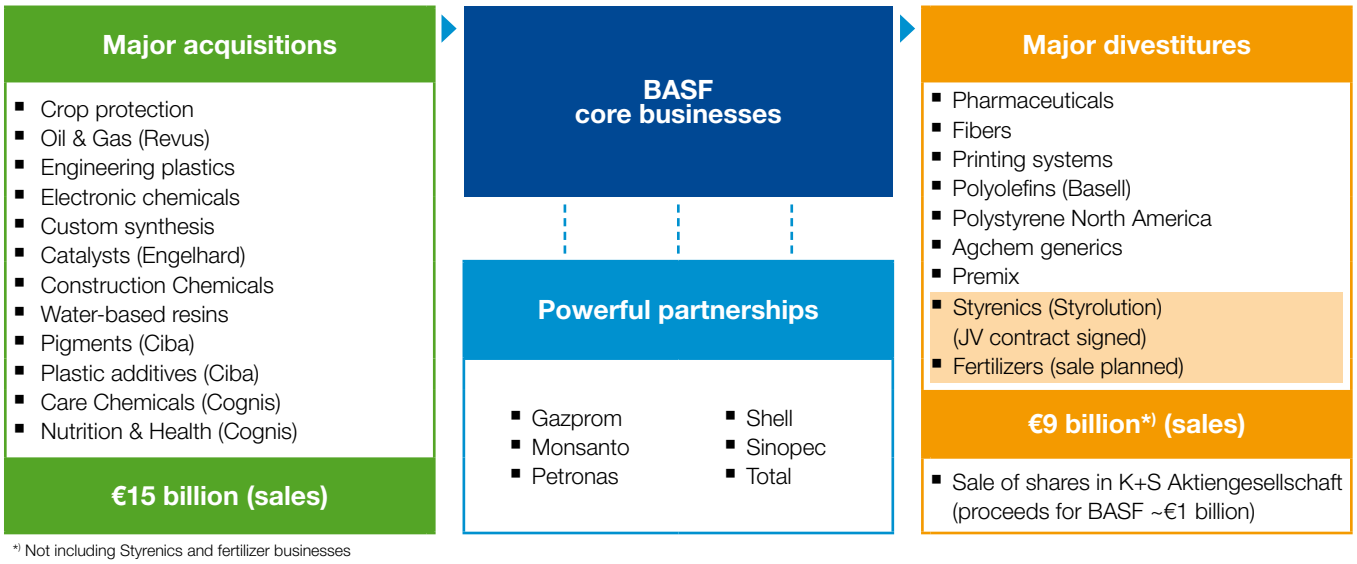
+24%

Portfolio management

BASF's successful portfolio optimization

BASF pursues active portfolio management. In recent years, we have continuously optimized our portfolio through acquisitions, divestitures and partnerships.

Proactive portfolio management 2001 to June 2011



*) Not including Styrenics and fertilizer businesses

Partnerships

Strategic partnerships with leading players are an important pillar in BASF's active portfolio management. These partnerships improve the profitability of the overall portfolio. Among the most important partnerships are:

Gazprom	▪ Joint ventures for Natural Gas Trading (e.g., WINGAS) ▪ Partner in Exploration and Production (e.g., Achimgaz, Yuzhno Russkoye)	Oil & Gas	since 1993
Monsanto	▪ Collaboration in plant biotechnology focusing on development of high-yielding and stress-tolerant crops	BASF Plant Science (currently in Other)	since 2007
Petronas	▪ Joint venture partner in Verbund site Kuantan, Malaysia	Chemicals	since 1997
Shell	▪ Joint venture for SMPO production (ELLBA) in Singapore and the Netherlands ▪ Partner in world-scale C4 olefins complex in Port Arthur, Texas (Sabina Petrochemicals LLC)	Plastics Chemicals	since 1999
Sinopec	▪ Joint venture partner in Verbund site Nanjing, China	Chemicals	since 2000
Total	▪ Partner in stream cracker in Port Arthur, Texas (Sabina Petrochemicals LLC) ▪ Partner in world-scale C4 olefins complex in Port Arthur, Texas (Sabina Petrochemicals LLC)	Chemicals	since 1998

Our goal is to acquire businesses that:

1. Generate profitable growth above the industry average
2. Are innovation-driven
3. Offer a special value proposition to customers
4. Reduce earnings cyclicality

Financial acquisition criteria:

1. Positive contribution to EPS; accretive by year three at the latest
2. Minimum return on investment of 8 %
3. Additional return requirements depending on country risk

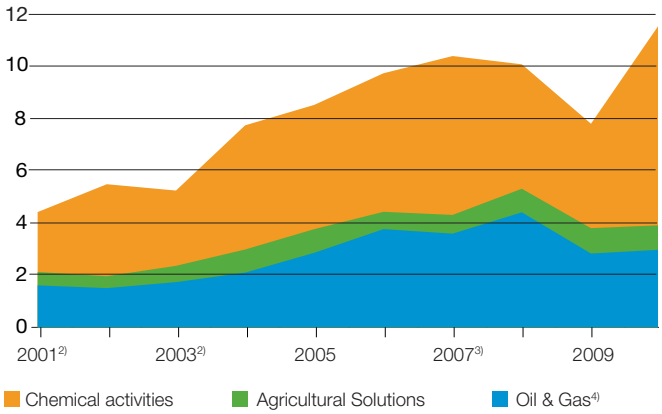
Active portfolio management pays off
Balanced portfolio – strength through diversity

We make acquisitions to build on our strengths and make BASF even more competitive. Thanks to our active portfolio management BASF's portfolio has become significantly more resilient. Our well-balanced and diversified portfolio is a key strength.

- In 2010, our EBITDA (excluding Other) reached a new high of €11.7 billion, up almost 50 percent compared with the year 2009.
- We achieved this excellent result due to
  - the continuous optimization of our portfolio as well as
  - our sustained and relentless efforts to increase operational excellence and to reduce costs
- Today, BASF is on a new level of performance with substantially reduced earnings volatility.

EBITDA by activity[1)]

(billion €)



[1)] Excluding Other
[2)] Based on German GAAP
[3)] As of 2007 according to new segment structure (excluding Styrenics and corporate costs)
[4)] Including non-deductible oil taxes

Styrolution – Start of a value-creating divestiture process

An integral part of our active portfolio management is also the divestment of businesses that no longer fit strategically or do not fulfill our profitability targets. At the end of 2010, we began the divestiture process with the carve-out of a large part of our styrenics activities. We plan to combine our business with that of INEOS in a new 50-50 joint venture called Styrolution. The joint venture contract was signed end of May 2011. Styrolution will be the world's leading company for styrenics. BASF will receive a cash consideration following the completion of the transaction. In 2010, BASF employed approximately 1,460 people in its styrenics business and generated sales of about €3.9 billion.

Strategic rationale for planned JV Styrolution

- Further important step in BASF's portfolio optimization
- Reduction of BASF's exposure to cyclical businesses
- BASF and Styrolution continue to exploit BASF's Verbund advantages
- BASF to participate in value creation of Styrolution

Important milestones for JV Styrolution

- Letter of Intent signed in November 2010; BASF and INEOS to create 50-50 joint venture Styrolution
- BASF's styrenics activities carved out into legally independent entities in January 2011
- Joint venture contract for Styrolution signed in May 2011
- Establishment of Styrolution joint venture planned for the second half of 2011

Acquisition of Ciba in 2009

BASF – Global leader for plastic additives, coating effect materials and paper chemicals

Ciba – Acquisition rationale

We increase our competitiveness through active portfolio management. To become even more cyclically robust, we are expanding our portfolio of specialty chemicals. An important step in this direction was the acquisition of the Swiss company Ciba Holding AG, which we acquired on April 9, 2009. The Ciba businesses strengthened our value-adding chains, making BASF one of the leading suppliers of specialty chemicals. We adopted a sector-specific approach to the integration of Ciba, with a focus on customer industries. Almost all of the Ciba businesses were integrated into the Performance Products segment.

Acquisition of Ciba

Enterprise value: CHF 6.1 billion (€3.8 billion)

Offering world-class chemical solutions

- Gaining leading positions in plastic additives, coating effect materials and paper chemicals
- Repositioning of the paper chemicals business to create a highly efficient supplier to the paper industry

Strengthening attractive niche businesses

- Promising growth opportunities in, for example, oilfield & mining solutions, water treatment, electronics

Creating a technology leader

- Building on BASF's and Ciba's renowned R&D and application know-how
- Strengthening BASF's innovation power

Leveraging BASF's Verbund competence and operational excellence

- Complementing and extending BASF's value-adding chains
- Broadening market access
- Leveraging BASF's business platforms

Meeting BASF's acquisition criteria

- Quickly realizing Ciba's full growth and earnings potential through integration and consolidation
- EPS-accretive in year 2

Key figures Ciba 2008

		2008
Sales	CHF billion	5.9
EBITDA*)	CHF million	(102)
EBITDA margin	%	-
Employees		~ 13,000

Leading positions in important market segments

	BASF's Previous position	BASF's position today
Plastic additives	4 →	1
Coating effect materials	4 →	1
Paper chemicals	4 →	1

Integration of Ciba

- Acquisition of Ciba Holding AG on April 9, 2009
- Acquired Ciba businesses primarily integrated into the Performance Products segment
- Structural integration of Ciba completed
- Cost synergies of €350 million run-rate achieved by end of 2010
- By the end of 2012, annual cost synergies of more than €450 million expected

Expected synergies (by the end of 2012)

> €450 million p.a.

Acquisition of Cognis in 2010

BASF – Global leader in personal care, home care and nutrition ingredients

Cognis – Acquisition rationale

A further important step was the acquisition of Cognis Holding GmbH, which we successfully completed on December 9, 2010. With this acquisition, we are strengthening our portfolio with cyclically robust and profitable businesses and are further expanding our position as the world's leading chemical company. The Cognis businesses are perfectly complementing our portfolio with innovative solutions and products based on renewable raw materials for the cosmetics, detergents and cleaners industries as well as the health and nutrition market. It also offers products for a number of other industries, such as mining, lubricants, coatings as well as agriculture.

Acquisition of Cognis

Enterprise value: €3.1 billion

Becoming the preferred partner for leading consumer goods companies

- Achieving world leading positions for personal and home care ingredients
- Expanding position for nutrition and health

Complementing our portfolio with renewable raw materials

- Becoming major supplier of products based on renewable raw materials

Accelerating profitable and sustainable growth

- Broadening market access and building on long-term partnerships with key customers
- Exploiting growth opportunities in emerging markets through BASF's global reach
- Fueling further growth with attractive additional businesses, e.g., mining chemicals

Leveraging Verbund competence and operational excellence

- Complementing and extending BASF's value chains
- Expanding BASF's technology platforms
- Boosting innovation via marketing and formulation excellence

Meeting BASF's acquisition criteria

- EPS-accretive in year 2

Key figures Cognis 2010*)

		2010
Sales	€ billion	~3.0
EBITDA	€ million	~550
EBITDA margin	%	~18.0
Employees		~ 5,500

*) Pro-forma

BASF + Cognis: Improved market positions

	BASF's Previous position	BASF's position today
Personal care ingredients	3 →	1
Home care ingredients	1 →	1
Mining chemicals	3 →	2
Functional nutrition ingredients	6 →	3
Coating additives	7 →	3
Heavy-duty driveline lubricants	>10 →	3

Integration of Cognis

- Acquisition of Cognis Holding GmbH on December 9, 2010
- Acquired Cognis businesses primarily integrated into Performance Products segment
- Synergies to generate €275 million of additional EBIT annually from 2015 onwards
  - Cost synergies: €140 million p.a. by 2013
  - Growth synergies: €135 million p.a. by 2015
- Acquisition accretive as of 2012
- Integration costs*) of €290 million until end of 2013

*) Excluding step-up of inventories of €120 million in 2010/11

Expected synergies (as of 2015)

€275 million p.a.

Emerging markets

Strong presence in high growth economies

As of 2010, emerging economies accounted for roughly half of the global chemical demand. Over the next ten years more than half of the chemical demand growth (amounting to ~€800 billion) is expected to stem from emerging markets. BASF is well positioned to participate in these tremendous opportunities. Already today, approximately 30% of BASF's total sales*) are in emerging markets. We are constantly expanding our presence in these fast growing economies with further investments in own production assets, the build-up of strong local sales forces and the strengthening of regional and local R&D facilities.

*) Excl. Oil & Gas business

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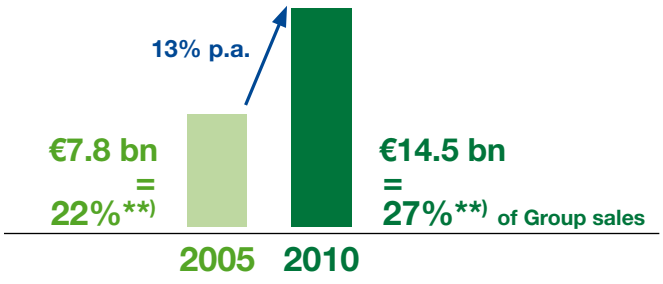
Commitment to emerging markets

- BASF has leading positions in fast growing businesses in the emerging markets.
- Our strong presence in emerging markets will contribute to BASF's profitable growth.
- Sales in emerging markets almost doubled in absolute terms from €7.8 billion (2005) to €14.5 billion (2010).
- Nearly 30% of our sales (excl. Oil & Gas) are in emerging markets.
- Sales growth rate of 13% p.a. well above market growth of around 7% p.a. (2005-2010).
- From 2011 to 2015 we will invest €2.6 billion in emerging markets.
- Increasing local sales forces and the strengthening of our regional R&D infrastructure will further spur organic growth in these countries.

Sales in emerging markets*)

BASF Group (excl. Oil & Gas)



*) 35 countries; as defined by Dow Jones
**) Excl. Oil & Gas

Brazil

- World-scale complex for production of acrylic-acid, butyl acrylate and super-absorbent polymers (SAP)
- MoU[1)] with Braskem to secure long-term supply of propylene feedstock
- Acrylic acid is an important precursor for acrylic esters and SAP. Acrylic esters are used in coatings, adhesives and construction chemicals. SAP are the active component in diapers and other hygiene products
- Feasibility study to be completed in 2011

Chemical demand (excluding pharma) 2010*)

Asia Pacific	41%
Western Europe	23%
North America	20%
South America	9%
Rest of world	7%

*) Source: BASF

Recently announced major investment projects

Russia

- MoU[1] with Gazprom to further expand joint gas production of Achimov deposits in Western Siberia
- Possible development of two additional sites (Block IV and V) of Urengoy field
- Gas will be transported to Europe through pipelines including Nord Stream and South Stream
- Negotiations to be concluded in 2011

China, Chongqing

- World-scale MDI plant (400kt/a) approved by Chinese authorities
- Commercial start-up by 2014
- MDI is a core component for versatile polyurethane products used extensively in insulation applications
- Pioneering step into Western China supports local development plans
- Investment sum of RMB 8 billion (€860 million[2])

China, Nanjing

- MoU[1] signed with Sinopec to expand JV activities
- Extension of C3 and C4 value chains including new world-scale HPPO[3] and acrylic acid facilities
  - New plants to provide raw materials for growing demand in environmentally-friendly industrial and consumer goods
  - Feasibility studies to be completed in 2012
  - Potential investment sum approx. $1 billion (thereof 50% BASF)

Malaysia

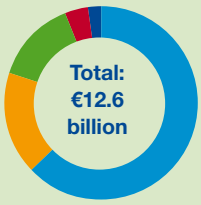
- MoU[1] with Petronas signed to jointly produce specialty chemicals
  - Construction of world-scale facilities such as non-ionic surfactants, methanesulfonic acid, iso-nonanol, SAP
  - Feasibility studies to be completed in 2011
- Potential investment sum approx. MYR 4.0 billion/ €1.0 billion (thereof 60% BASF)

Total investments in emerging markets
(approx. 1/3 of planned capital expenditures excl. Oil & Gas 2011-2015)

€2.6 bn

[1] Memorandum of Understanding
[2] As of March 2011
[3] Hydrogen peroxide-propylene oxide

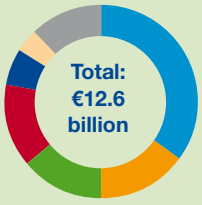
Planned capital expenditures by region 2011-2015



Europe*)	63%
Asia Pacific	17%
North America	14%
South America, Africa, Middle East	4%
Alternative sites under review	2%

*) Thereof Oil & Gas approx. €4.4 billion

Planned capital expenditures by segment 2011-2015



Oil & Gas*)	35%
Chemicals	15%
Plastics	14%
Performance Products	14%
Functional Solutions	6%
Agricultural Solutions	4%
Other	12%

*) Thereof approx. 20% Natural Gas Trading and approx. 80% Exploration & Production; excluding Nord Stream

1.4 Verbund

Unique Verbund concept for integrated production

Our Verbund is one of BASF's greatest assets when it comes to efficient use of resources. It is the foundation for BASF's competitiveness and innovativeness in all regions. Production plants at large sites are closely interlinked, creating efficient value chains that extend from basic chemicals right through to high-value-added products such as coatings and crop protection agents.

At our Verbund sites, production plants, energy and waste flows, logistics, and site infrastructure are all integrated, so that chemical processes consume less energy, produce higher product yields and conserve resources.

Thanks to the optimized logistics of its Verbund structure, BASF saves at least €500 million each year at its Ludwigshafen site alone.

Types of Verbund

Production Verbund

By linking plants in a Production Verbund, we can create efficient value-adding chains from basic chemicals to higher value products such as aroma chemicals and crop protection products. In addition, by-products from one plant can be used as raw materials elsewhere.

Energy Verbund

The Verbund principle also applies to energy. Our Verbund system links our production and energy demands, thus making a major contribution to energy efficiency. Heat from production processes is not discharged into the environment; rather it is captured to be used at other production plants. Thanks to the Verbund system, BASF saves up to 1.5 million metric tons of oil equivalent per year, equal to an annual reduction in CO_2 emissions of 3.4 million metric tons. Furthermore, networking several production facilities at one site reduces fuel consumption as less transportation is required.

Logistics Verbund

Production plants are connected by an intricate network of pipes which provides an environmentally-friendly method of transporting raw materials and energy quickly and safely.

Research and Know-how Verbund

The Verbund principle further extends to research and knowledge management through its network of brains. Close global networking with our operating divisions, partners, customers and industry is a key success factor for efficient and future-oriented research.

Sustainability through the Verbund

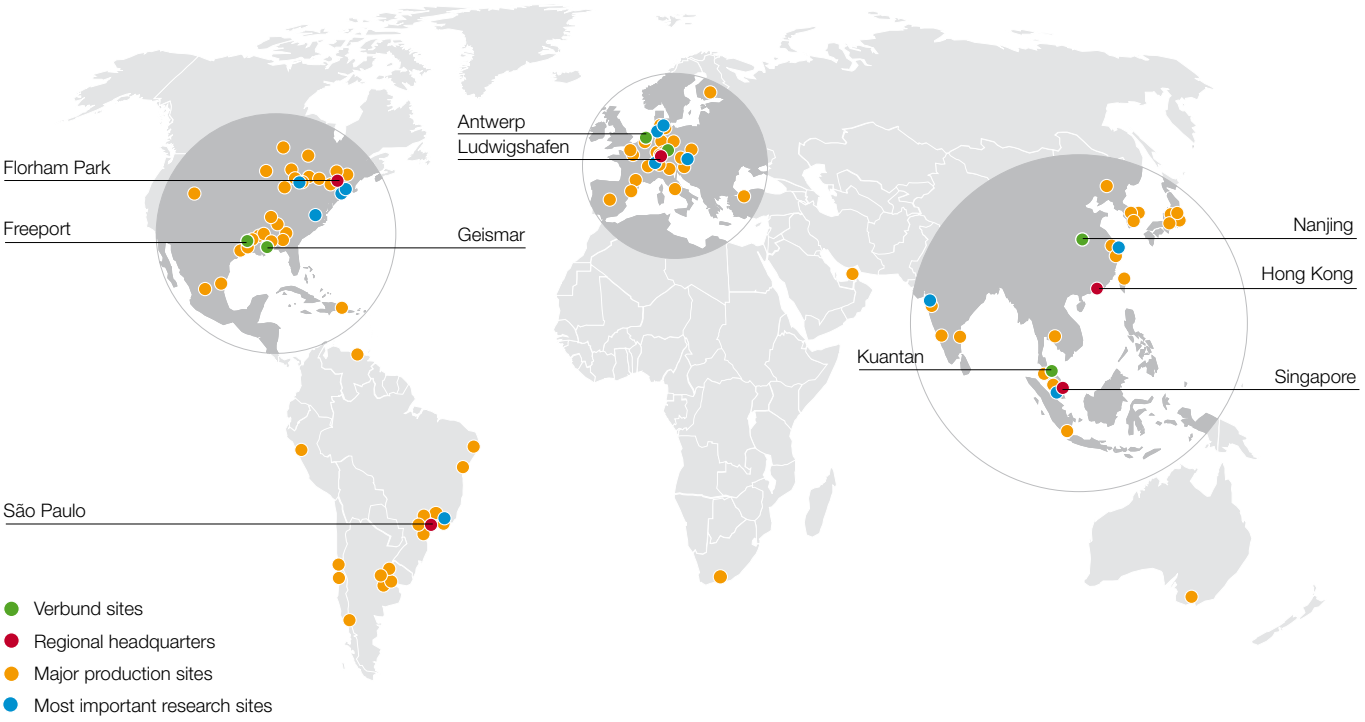
The Verbund also provides new opportunities for a more flexible response to economic fluctuations. Networks enable speedy and universal implementation of decision-making processes. Moreover, the Verbund opens up ways of reducing emissions and waste and lowering resource consumption. It also minimizes transport distances. Hence, the Verbund is not just an important economic asset but also generates environmental benefits.

Size, scale and global positioning

- Cost-efficient production through six world-scale Verbund sites in all major regions
- Preferred partner thanks to proximity to customers
- Know-how Verbund with 70 major or strategic R&D sites and >1,900 research cooperations with customers, science and partners

Energy Verbund – efficient use of resources

Value for BASF	Value for the environment
1.5 million metric tons of oil equivalent saved per year	**3.4** million metric tons reduction in CO_2 annually



Six Verbund sites worldwide

Ludwigshafen

- The world's largest integrated chemical complex
- BASF's largest Verbund site with a total site area of 1,000 ha
- Company's global headquarters with around 33,000 employees
- More than 160 production plants and two steam crackers

Antwerp

- Antwerp is the second largest production site
- 600 ha of surface area, around 3,500 employees
- Total quay length of 4.5 km, 152 km of roads, 41 km of railroads, 290 km of above-ground pipelines

Nanjing

- 50-50 joint venture between BASF and China Petroleum & Chemical Company (Sinopec)
- 220 ha surface area, around 1,500 employees
- Steam cracker supplying nine world-scale downstream plants
- Production capacity of 2 million metric tons per year

Kuantan

- 12 plants built in three phases producing acrylic monomers, oxo products and butanediol
- Around 600 employees
- 135 ha at Gebeng site, 15 ha at Port Tank Farm

Freeport

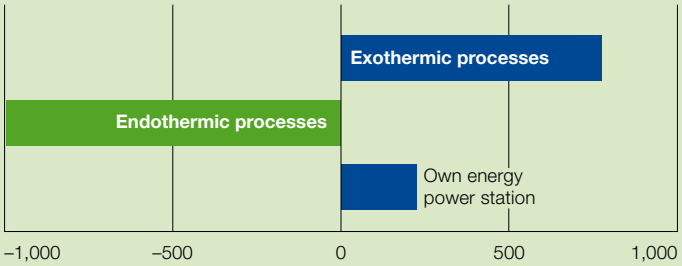
- 164 ha surface area
- Around 1,100 employees
- 10 km of roads, 22 km of railroads, 85 km of pipelines

Geismar

- Around 900 ha of surface area
- Around 1,400 employees
- One of the top 5 largest BASF sites in the world

Example: Energy Verbund savings in Antwerp, Belgium

(average metric tons/hour)



Through intelligent combination of production processes, the additional need for energy at our Antwerp site is minimal.

Steam consumption
Steam production

Unique Verbund concept

BASF's innovative approach to vertical integration and resource efficiency

Linking plants in a Production Verbund to create efficient value-adding chains from basic chemicals to higher value products

Concept

- Integrated production
- Secured raw material supply
- Efficient use of by-products
- Minimization of greenhouse gas emissions
- Common infrastructure
- Combined logistics
- Integral research platforms: global R&D Verbund
- Integral customer interaction

Benefits

- Highly efficient production = cost leadership = significant cost savings: approx. €500 million p.a. in Ludwigshafen alone
- Resource efficiency and waste reduction = leadership in sustainability = energy savings: approx. 1.5 million metric tons of oil equivalent p.a. globally
- Integral knowledge management = leadership in innovations (>1,000 patents p.a.)
- Customer orientation = supplier of choice

Main raw materials for the Verbund

The major raw materials that feed BASF's Verbund production sites are hydrocarbon-based raw materials such as naphtha and LPG (liquefied petroleum gas). These are feedstocks for the steam crackers that are operated in Ludwigshafen, Germany; Antwerp, Belgium; Port Arthur, Texas; and Nanjing, China. BASF monitors the market for naphtha and hedges its exposure by using swaps and options. Other important hydrocarbon-based raw materials are natural gas, benzene and propylene. Further raw materials for BASF include cyclohexane, ammonia, ethylene and methanol. For its German operations, BASF primarily sources its natural gas from Russia by means of long-term natural gas supply contracts. In the United States, BASF secures its natural gas requirements based on shorter-term supply contracts related to national sources with various suppliers.

Major raw materials

- Ammonia
- Benzene
- Cyclohexane
- Ethylene
- LPG/condensate
- Methanol
- Naphtha
- Natural gas
- Propylene
- Styrene

Advantages for economic performance and the environment

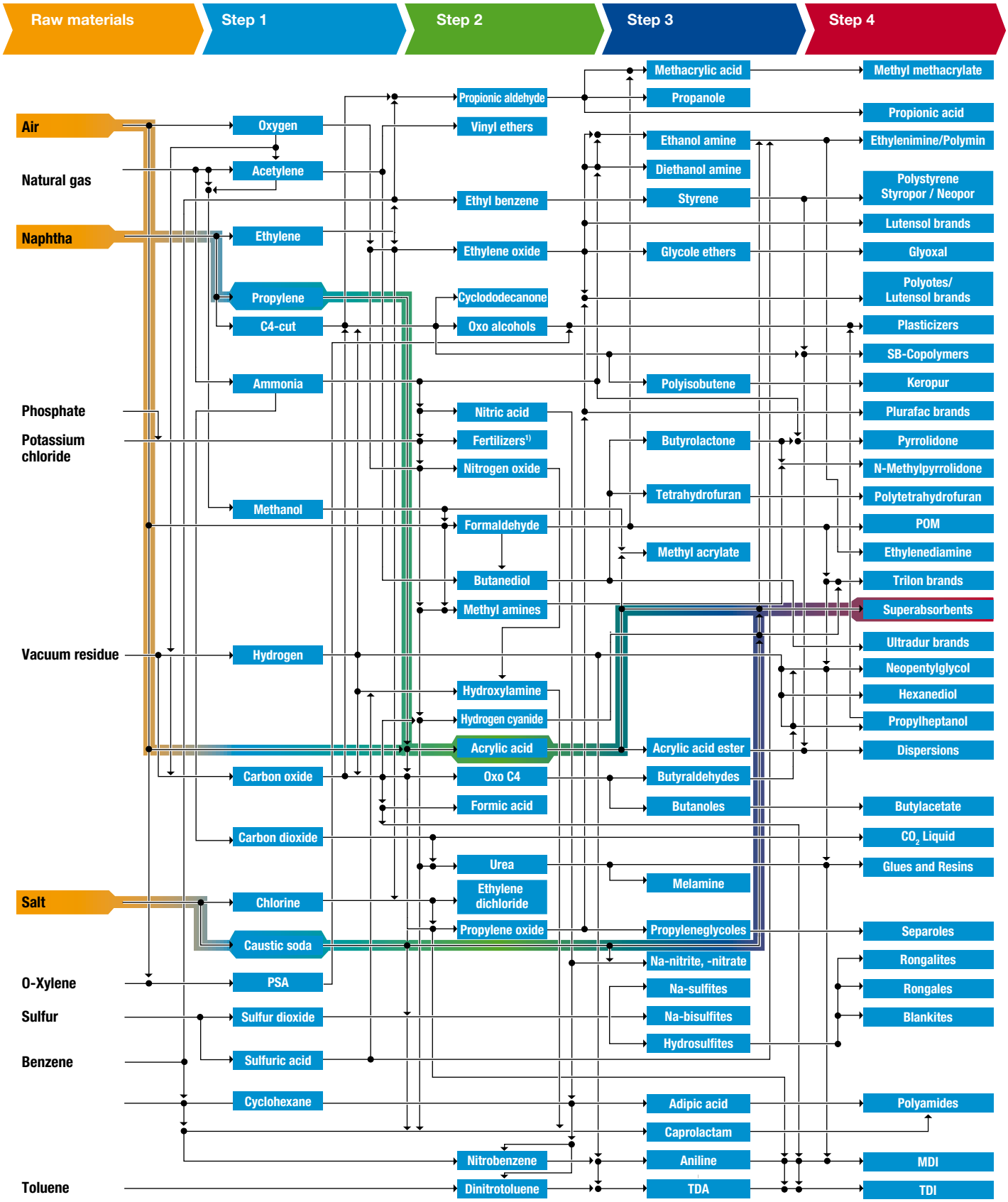
- Most efficient use of raw materials and energy
- Conservation of natural resources
- Reduction of emissions and waste
- Innovations for BASF and our customers

Partners in the Verbund network

- Production plants
- Research units
- Customers
- Site community

Production in the Verbund

This example of a production flow chart demonstrates how different value chains interact in a Verbund network.



1) Exclusively sold to K+S Nitrogen

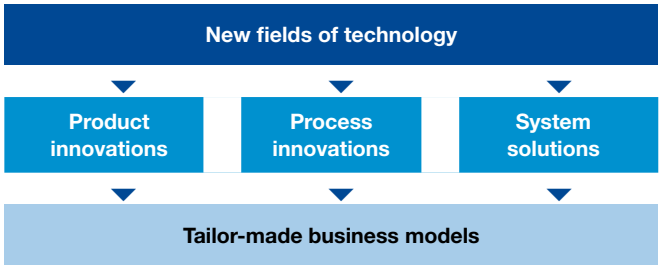
1.5 Innovation

Meeting challenges, developing solutions, shaping the future

Our international and interdisciplinary research teams work on solutions for the challenges of the future. Our commitment to research and development strengthens our position as an innovative company. Our know-how, products and processes are driving forces of innovation in most manufacturing industries. They promote the long-term success of our customers, which in turn ensures our profitable growth and sustainable commercial success.

Focus on market-driven innovations

BASF's innovation projects aim at turning market trends, customer needs and technologies into economic success. This is a challenge for the whole company – not only for research and development, but also for production, logistics, marketing and sales. BASF's innovation projects are divided into three types: product innovations, process innovations and system solutions, each with different goals and results.



Innovation campus Shanghai

In December 2010, we had the groundbreaking ceremony for our new innovation campus in Shanghai, China, a cornerstone in our global R&D network. This R&D center will support our customers in the entire region by creating innovations from Asia for Asia and is scheduled to open in 2012 employing around 450 scientific and technical professionals.

Ambitious R&D goals

New sales targets from product innovation

In 2010, we clearly surpassed our goal and achieved more than €6 billion in sales with product innovations – new and improved products that have been on the market for a maximum of five years. In 2015, we expect sales of up to €8 billion from product innovations.

Actual

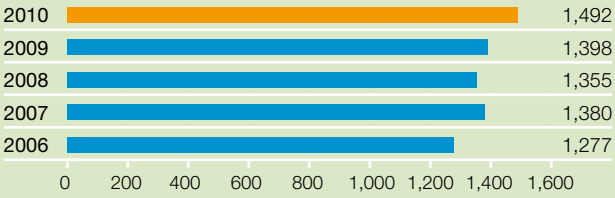
Annual sales with product innovations in 2010 ↑ **more than €6 billion**

Expectations

Annual sales with product innovations in 2015 ↑ **up to €8 billion**

R&D expenditures

(million €)



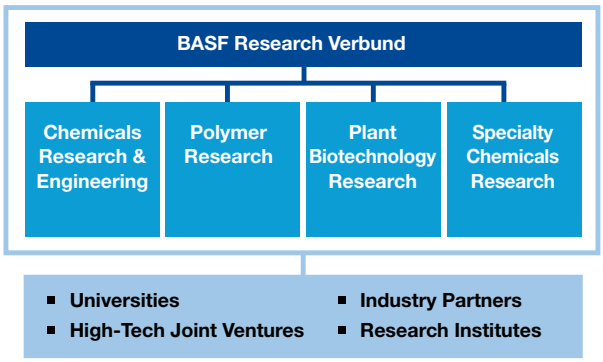
R&D expenditures based on sales 2010

BASF total	BASF excluding Oil & Gas sales
2.3%	2.8%

Scientific network

BASF Research is supported by four global technological platforms: Chemicals Research & Engineering; Polymer Research; Plant Biotechnology Research; and Specialty Chemicals Research. We have laboratories and cooperations with universities, customers, start-up and high-tech companies in all regions of the world as our research is present where markets meet expertise.

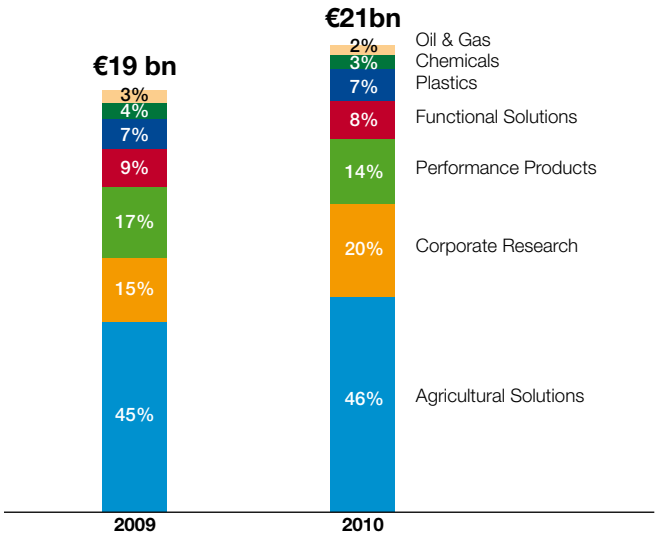
- More than 9,600 employees working in R&D worldwide
- Project portfolio of 3,000 projects and topics close to production and markets
- Research Verbund with around 1,900 collaborative partnerships worldwide; thereof 40% with industrial partners, approx. 60% outside Germany



Within these platforms we improve existing and develop new technologies and products for BASF. Their application to developed markets is pushed by marketing and technology platforms. New business development is responsible for tapping new markets with established technologies. Our exploratory research opens new technologies for markets in which we are already active. BASF Plant Science, BASF Future Business and our Research Platforms open up new technologies and businesses focusing on five growth clusters.

Research Pipeline

Net present value by segments (billion €)



The net present value (NPV) or cash value of our research pipeline is another suitable parameter for quantifying the potential and effectiveness of our research. The NPV describes the monetary value that can be achieved with a successfully implemented project.

- Research expenditures and investments are deducted from expected future revenues
- BASF has an outstanding position with a current Research Pipeline NPV of €21 billion
- After probability weighting, the expected commercial value of the pipeline is ~50% of NPV
- Main drivers are Agricultural Solutions (46%), Corporate Research (20%) and Performance Products (14%)
- NPV has been used in internal project steering for many years

Total R&D expenditures 2010

Agricultural Solutions	26%
Corporate Research (incl. Plant Biotechnology)	22%
Performance Products	19%
Functional Solutions	12%
Plastics	10%
Chemicals	9%
Oil & Gas	1%
Other	1%

- Around one third of R&D expenditures are invested in products and technologies for increased energy efficiency and climate protection
- Operational units finance approx. 78% of total R&D
- 76% of R&D expenditures in Europe, 17% in North America, 3% in Asia, 4% Other

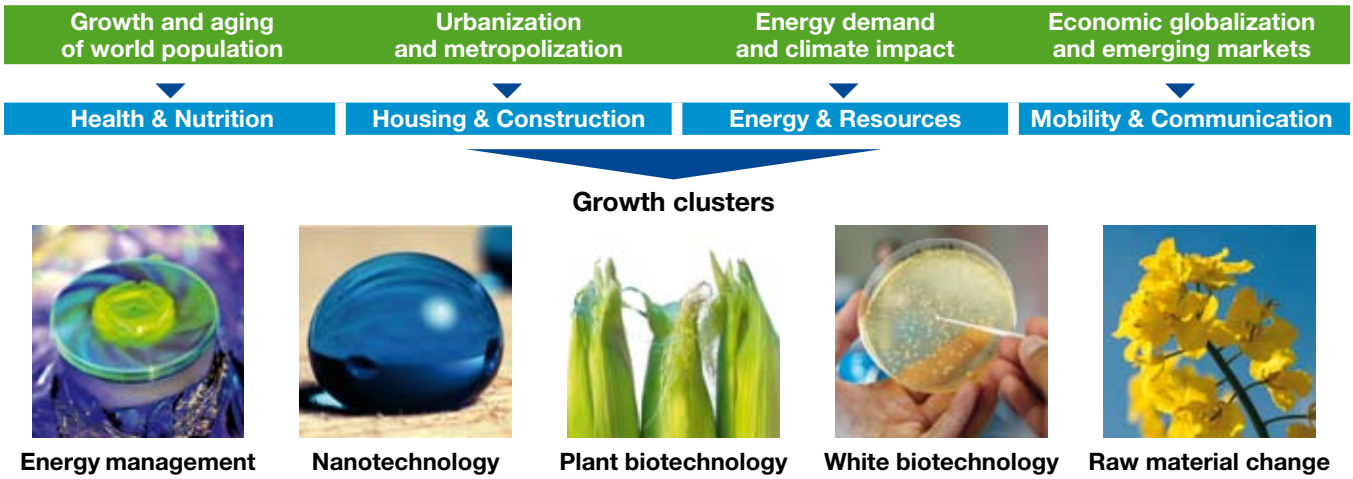
Growth clusters

Translating megatrends into business growth

Innovation drivers

How can we produce and distribute enough food for the growing population? What will buildings look like in the future? How can we increase energy efficiency? How can we reduce fuel consumption? The rapidly growing and aging global population, increasing urbanization, rising demand for energy as well as climate protection and economic globalization represent global megatrends which we address with innovative solutions and future-oriented projects. These challenges are the driving force behind our innovations, which are an integral part of our long-term strategy.

Meeting today's megatrends: 5 growth clusters



Growth clusters

We will not be able to solve the challenges of tomorrow with the solutions of today or yesterday. Therefore, we address global megatrends in five growth clusters: energy management and nanotechnology, plant biotechnology, white biotechnology, and raw material change. In these clusters, the focus is on markets and technologies of the future.

Between 2008 and 2010, BASF invested €980 million in these research activities. Our successes encourage us to continue into the second phase of our growth cluster initiative "We innovate for growth" from 2011 to 2013 with investments of up to €1.1 billion. With this, we aim to create profitable growth for BASF and contribute to a better future.

Energy management

BASF researchers are developing new technologies and materials in areas such as renewable energy sources, energy storage and energy conversion, for example, for organic solar cells and lithium ion batteries.

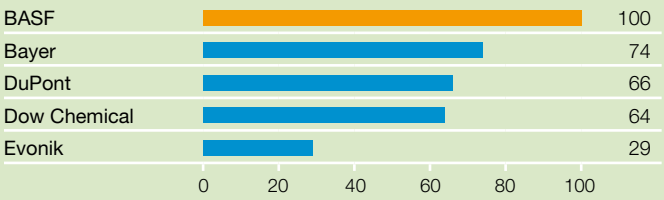
Key facts:

- Development of new business areas based on economically attractive products and system solutions, combining internal know-how and collaboration with competence centers worldwide
- Expenditures 2008-2010: €100 million
- Projects: OLED (organic light emitting diode) for lighting, organic photovoltaics, lithium ion battery materials, thermoelectrics, magnetocaloric materials and membrane electrode assembly for fuel cells

BASF – the leader in the Patent Asset Index

(standardized)

Patent Asset Index is an indicator of innovation strength*)



*) Based on the portfolio size (number of patent families) and competitive impact (number of citations in other patents and market coverage), as of December 31, 2010
Source: PatentSight, methodology Prof. Ernst, WHU

BASF ranked first compared to other chemical companies (BASF peers) in the Patent Asset Index, which

- measures the strength of a company's patent portfolio in global markets
- covers total portfolio of active patents and patent applications
- takes into account relevance of patents (normalized number of citations)
- factors in market size covered by individual inventions (expressed by Gross National Income)

Nanotechnology

BASF is one of the world's leading companies in the field of chemical nanotechnology and already applies it in established areas of activity such as polymer dispersions and catalysts. This expertise is continuously expanded through intensive research into nanomaterials and nanostructures.

Key facts:

- Innovation for construction, medical devices, automotive, electronics and energy
- Expertise in manufacturing and application of nanostructured materials and surfaces, formulations as well as process engineering
- Strategic partnerships to complement own strengths and to increase certainty of success by open innovation
- Development of new markets and clients, competitive advantage through improved product properties
- Expenditures 2008-2010: €200 million
- Projects: advanced materials for insulation, scratch-resistant coatings, nanocomposites, printed electronics and antimicrobial surfaces

White (industrial) biotechnology

BASF combines its wide-ranging expertise in enzyme catalysis and fermentation technology with its core competencies in chemistry and application know-how to create novel solutions for the chemical industry.

Key facts:

- New sustainable processes and enhanced bio-based products
- Production of chemicals and monomers based on renewable resources
- Expenditures 2008-2010: €110 million
- Projects: chemicals via biocatalysis, biobased succinic acid, performance biologicals for surface modification, feed additives and biopolymers

Raw material change

BASF experts are working on identifying cost-effective processes for the utilization of alternative raw materials such as natural gas, coal, renewable resources or carbon dioxide and are evaluating these processes according to technological, economic and environmental criteria.

Key facts:

- Increased usage of alkanes (natural gas = C1-C4) and coal as feedstocks for established value-adding chains and usage of renewable resources (e.g., cellulose) and carbon dioxide as basis for selected products
- Technological leadership with alternative cost-competitive raw material sources, using special in-house competence in the areas of synthesis, catalysis, unit operations and process development
- Expenditures 2008-2010: €100 million
- Projects: olefins from alkanes and from syngas, benzene from methane, coal to chemicals, and utilization of biomass

Plant biotechnology

Experts from BASF Plant Science are developing plants for more efficient agriculture, improved nutrition and use as renewable raw materials.

Key facts:

- Strategic importance underlined by cooperation with Monsanto: goals are higher-yielding crops and crops that are more resistant to adverse environmental conditions such as drought for the crops corn (maize), soybeans, cotton, canola (oilseed rape) and wheat
- Complements BASF's strong position in agricultural and fine chemicals markets
- Expenditures 2008-2010: €470 million
- Projects: higher yield and improved stress tolerance, potatoes with improved starch composition, oilseeds with healthy fatty acids and nutritionally enhanced corn

Patent applications (2010)

1,100 per year

Number of patents and patent applications in the BASF portfolio

167,000

Plant Biotechnology

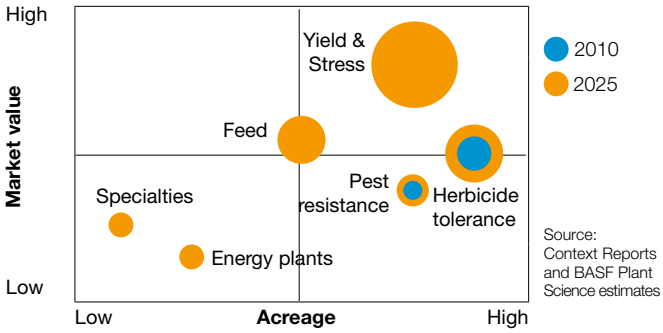
Targeting the needs of modern agriculture

Plant biotechnology is a key technology of the 21st century and will have a huge role to play in agriculture. The amount of land available for agriculture is limited, and we need more and more food and animal feed as well as renewable resources. With plant biotechnology, we can help to achieve more efficient agriculture and healthier nutrition – both of which are very important considering the continuous growth of the world's population. This technology also allows us to make better use of plants as renewable resources and to actively help protect the climate.

BASF's commitment and strategy in plant biotechnology

1. Focusing on the most attractive next generation of traits
2. Holding an extraordinary technology position for high-throughput gene identification based on a novel combination of "metabolic profiling" and "phenotypic screening"
3. Creating a strong development pipeline identifying highly promising lead genes
4. Commercialization through strong partnerships
5. Implementing a Plant Biotechnology operating division within the Agricultural Solutions segment when substantial revenues start

Expected global market for biotechnology traits in 2010/2025



Source: Context Reports and BASF Plant Science estimates

- Estimated market value in 2025: $50 billion
- Market is dominated by agronomic traits and commodities
- Yield and stress are the major markets

BASF Plant Science has a strong development pipeline focusing on crops with higher yields and stress tolerance

Yield & Stress

- Monsanto collaboration covering yield and stress projects. 2007 agreement focused on corn, soybean, cotton and canola; collaboration extended to wheat in 2010
- Bayer CropScience collaboration to improve hybrid rice productivity through plant biotechnology
- Strategic partnerships covering yield and stress projects for sugarcane (CTC) and sugar beet (KWS)

Specialties

Potatoes producing amylopectin:
Europe produces about two million metric tons of potato starch each year, of which a large portion is used for industrial applications in the paper, yarn or glue industries. Their pure amylopectin starch makes these potatoes a renewable raw material that helps to save material, energy and costs. Market potential: peak licensing income of €20-30 million per year. Commercial cultivation in the European Union started in 2010.

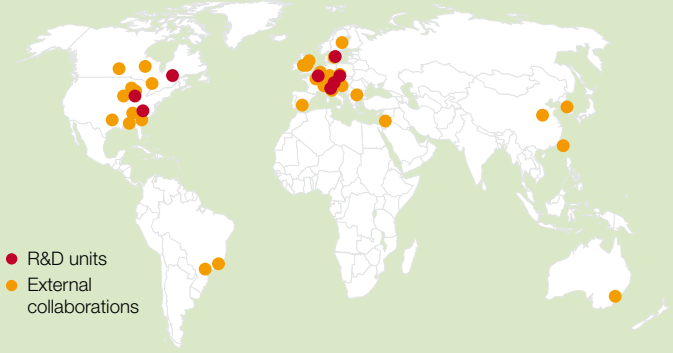
Herbicide tolerance

BASF, jointly with Embrapa, developed a new variety of herbicide-tolerant soybean. First approval was obtained in Brazil in 2009 and the first seeds are expected to be available to Brazilian farmers from 2012 onward.

Fungal resistance

Late blight destroys about 20% of the world's potato harvest every year. Resistance genes from a wild potato protect cultivated potatoes. Resistance has been proven in field trials.

BASF Plant Science – global R&D network with 8 sites in 5 countries



- Extraordinary bundling of diverse, innovative technologies:
  - in-house developments
  - partnering with and founding of start-ups
  - acquisitions
- 700 employees in North America and Europe
- 50 collaborations worldwide
- Expenditures in 2010 approx. €150 million

Strong development pipeline in plant biotechnology

Trait Total development time: 10-12 years	Crop targets	Discovery Identifying & proof of concept	Stage I Look for proof of concept in target crops	Stage II Early product development	Stage III Advanced product development	Stage IV Pre-launch
Yield & Stress	Higher yielding corn[1]					
	Higher yielding soybean[1]			2	1	
	Higher yielding canola[1]					
	Higher yielding wheat[1]					
	Higher yielding sugarcane[2]					
	Higher yielding sugar beet[3]					
	Higher yielding rice[4]					
	Drought-tolerant corn[1]			2	1	
	Drought-tolerant cotton[1]					
	Improved nitrogen utilization in corn[1]					
Feed	Improved corn feed					
Specialties	Healthy fatty acids in canola					
	Amylopectin potatoes (Amflora, Amadea, Modena)				2	1
Input traits	Herbicide-tolerant soybean[5]					
	Nematode resistant soybean[1]					
	Fungal-resistant potato (Fortuna)					
	Fungal-resistant soybean					

Development jointly with: [1] Monsanto [2] CTC [3] KWS [4] Bayer [5] Embrapa

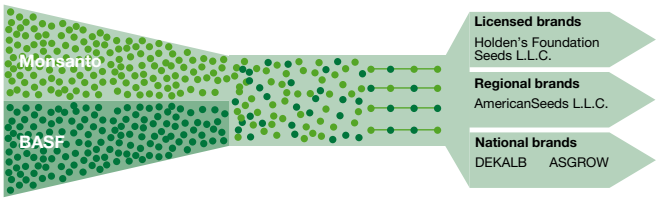
1 First generation product 2 Second generation product New project Advancement 2010

Strategic partnership with Monsanto

In March 2007, BASF and Monsanto started a long-term joint research, development and commercialization collaboration in plant biotechnology, focusing on the development of high-yielding crops and crops that are more tolerant to adverse environmental conditions such as drought.
The 2007 agreement focused on corn, soybean, cotton and canola. In 2010, the collaboration was extended to include wheat.

The progress of the collaboration shows the strength of the combined discovery engines:

- Introduction of first product, drought-tolerant corn, is planned in 2012
- Higher-yielding soybean as a second product on track
- Pipeline fueled by hundreds of new gene constructs from both discovery engines
- More than 90% of gene nominations from Monsanto's and BASF's research programs are unique

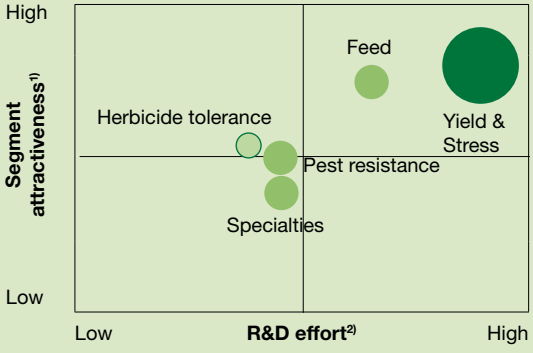


Discovery:
- Pairing of complementary discovery engines
- Generating leads for nomination into joint R&D

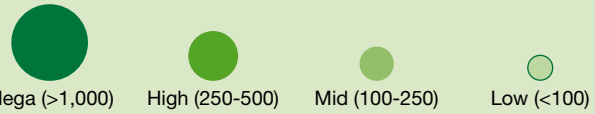
Development:
- 50-50 cost sharing through all phases of development
- Potential overall budget of $2.5 billion
- Harnessing Monsanto's infrastructure

Commercialization:
- Using Monsanto's existing commercial channels
- Value shared 60% Monsanto, 40% BASF

BASF Plant Science: R&D effort toward segment attractiveness



Expected gross trait sales[3] (million €)



[1] Based on created value, growth and competitive situation
[2] Cumulated R&D investments until market introduction
[3] Expected gross trait sales 2025 before partner share

Source: BASF Plant Science

1.6 Sustainability

Minimizing risks, creating new business opportunities

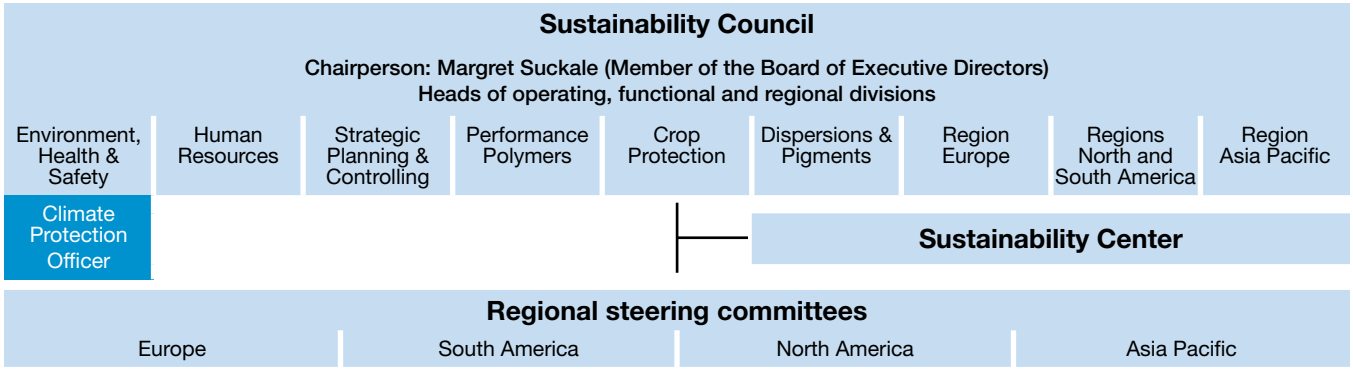
As a globally operating company, we are constantly aware of our responsibilities to the environment and society, which is why we take an active role in shaping sustainable development in our sphere of influence. Sustainability is firmly rooted in our company, both strategically and organizationally, and is therefore a responsibility that cuts across the entire structure of BASF. As an integral part of our value-based management, sustainable development helps us minimize risks, enhance the existing business and create new business opportunities.

We ensure sustainable development

To take advantage of business opportunities, we offer products that have economic and ecological and therefore societal benefits and provide sustainability services to customers. In this way, we use sustainability to create value – for BASF and for society.
With sustainability management, BASF is implementing its strategic guideline "We ensure sustainable development." As part of this, we:

- identify and address material sustainability topics relevant to the future,
- implement and monitor environmental, safety and social standards,
- develop tools to evaluate the sustainability of products and processes,
- conduct an open dialogue with relevant stakeholders and
- nurture long-term relationships with customers and suppliers.

Sustainability organization



- The Sustainability Council is the central decision making body and ensures that BASF acts in accordance with the principles of sustainable development. Regional steering committees identify key regional topics, initiate the corresponding projects and implement global decisions locally.
- The Climate Protection Officer coordinates BASF's activities for climate protection.
- The Sustainability Council ensures the implementation of the sustainability strategy in our functions and core business, liaising between the Sustainability Council, regional networks and operating units.
- In 2010, we carried out a new materiality analysis and identified topics such as water, biodiversity and renewable materials as areas that have come increasingly into focus.

Identifying relevant topics

We want to recognize topics at an early stage that could represent opportunities or risks for our business now or in the future. Therefore, we regularly analyze the relevance of sustainability issues for BASF and for society.
In 2010, we carried out a new materiality analysis. Together with external partners, we surveyed external experts and stakeholders as well as BASF managers about key sustainability topics. Subsequently, our experts evaluated the strategic importance of these issues for BASF in order to refine our sustainability strategy.

Sustainability strategy

Sustainability is a responsibility that cuts across the entire structure of BASF. As part of this, we foster open dialogue with our stakeholders, identify important topics early on, and implement and monitor our voluntary commitments worldwide. We take advantage of business opportunities with products and services that have economic and environmental benefits for our customers.
Based on the new materiality analysis, these sustainability topics are systematically taken into account while developing strategies for our strategic business units.

BASF's corporate carbon footprint 2010

Greenhouse gas emissions along the BASF value-adding chain

Transport

Transport along the entire value-adding chain and business travel by BASF employees resulted in 4 million metric t/a CO_2e in 2010.

Supply of raw materials	Production by BASF	Customers	Disposal
The production of inputs and raw materials generates 43 million metric t/a CO_2e emissions.	Energy efficiency and catalysts for the decomposition of N_2O reduce emissions. CO_2e emissions total 25 million metric t/a.	Our customers use natural gas and crude oil from BASF as fuels. The direct use of BASF products results in 56 million metric t/a CO_2e.	The thermal recovery in waste-to-energy plants and landfilling of the products result in around 29 million metric t/a of greenhouse gases.

Avoidance of greenhouse gas emissions through the use of BASF products




Housing & Construction	Transportation	Industry	Agriculture
Avoidance of 263 million metric t/a CO_2e.	Avoidance of 14 million metric t/a CO_2e.	Avoidance of 28 million metric t/a CO_2e.	Avoidance of 7 million metric t/a CO_2e.

322 million metric t/a CO_2e*)

The use of our insulating materials, fuel additives, products for renewable energies, etc. sold in 2010 reduces CO_2e emissions by our customers.

*) Incl. Other with 10 million metric t/a
CO_2e = CO_2 equivalent

Since 2008, BASF has been the only industrial company worldwide to regularly publish a comprehensive corporate carbon footprint. We contributed our know-how to the development of a standard for reporting greenhouse gas emissions along the value-adding chain (the Greenhouse Gas Protocol's Scope 3 standard). For the first time in 2010, our reporting takes into account this draft standard and includes emissions from the oil and gas business.

For instance, we include the emissions that occur when our customers burn oil and gas produced by our subsidiary Wintershall. We also recalculated how our climate protection products such as insulation materials, fuel additives and industrial catalysts reduce our customers' carbon emissions: A total of 322 million metric tons of CO_2 emissions are avoided (2008: 287 million metric tons). We aim to continuously increase this contribution to climate protection.

BASF's Eco-Efficiency Analysis

- Strategic tool for evaluating products and processes
- Compares economic benefits of a product to its impact on the environment throughout its entire lifecycle
- 450 Eco-Efficiency Analyses conducted since 1996
- Methodology validated by TÜV Rheinland Berlin Brandenburg
- Certification from National Sanitation Foundation in the United States

Innovation for climate protection

Climate protection products as a percentage of total sales*)

12%

R&D expenditures for energy efficiency and climate protection products (million €)

~500

*) Product groups that when used avoid at least twice as much CO_2 as is emitted during their production and disposal

Our goals

Environment, safety and product stewardship

	2020 Goals	Goals	Status at year-end 2010[1]
Energy and climate protection			
Emissions of greenhouse gases per metric ton of sales product[2] [4]	–25%		–28.9%
Improvement of energy efficiency in production processes[2] [4]	+25%		+23.7%
Stop the flaring of associated gas that is released during crude oil production by Wintershall (2012 goal)	100%		>95%
Reduction in emissions from chemical operations[4]			
Emissions of air pollutants[2]	–70%		–60.4%
Emissions to water[3] of			
Organic substances	–80%		–71.5%
Nitrogen	–80%		–82.3%
Heavy metals	–60%		–58.4%
Distribution safety[5]			
Reduction in transportation accidents	–70%		–50.0%
Product stewardship			
Review of all products that are sold worldwide by BASF in quantities of more than 1 metric ton per year, based on a risk assessment	>99%		25%

[1] Not including contributions from the Cognis group acquired on December 9, 2010
[2] Excluding oil and gas production
[3] Assuming comparable product portfolio
[4] Baseline 2002
[5] Baseline 2003

Climate protection

We are committed to ambitious global climate protection and make an important contribution with our products and with our effort to further reduce emissions along our value-adding chain. The focus of our research and development is on continuously improving the efficiency and cost-effectiveness of climate protection solutions. By constantly working to reduce greenhouse gas emissions in our chemical operations we reached our 2020 goal for the 25% reduction of specific greenhouse gas emissions compared with 2002 for the first time in 2010.

Water

BASF uses water for cooling and cleaning as well as to produce its products. The sustainable use of water and the conservation of water resources are important concerns for us. We use Eco-Efficiency Analyses to assess products and processes with respect to their emissions to water. In 2010, we tested new water management standards as a strategic partner in the European Water Partnership and also extended a project to review site water conservation concepts to all our sites.

Energy and raw materials

The conservation of resources is one of our fundamental economic principles. Our three pronged approach focuses on efficient energy generation, energy-efficient production and comprehensive energy management. In addition, our products help to conserve resources. To supply our production sites with energy we operate highly efficient combined heat and power (CHP) plants that generate both power and steam. By using CHP technology we saved more than 12 million MWh of fossil fuels in 2010, compared to conventional electricity and steam generation.

Product stewardship

Our global product stewardship goals go beyond legal requirements and we ensure that our products pose no danger when they are used responsibly. All substances we sell worldwide in quantities of more than one metric ton per year are subject to risk assessment reviews. In 2010, we successfully completed the first stage of REACH registrations with more than 600 substances officially registered with the European Chemicals Agency.

Dow Jones Sustainability World Index

BASF shares listed in the most important sustainability index for ten years in a row.
BASF shares were again included in the Dow Jones Sustainability World Index (DJSI World) in 2010. BASF received particular recognition for its risk and crisis management, its environmental reporting and its climate strategy.

Carbon Disclosure Project

Carbon Disclosure Leadership Index:
In 2010, BASF again achieved the top ranking in the materials sector in the Carbon Disclosure Leadership Index.

Carbon Performance Leadership Index:
BASF was also named to the new Carbon Performance Leadership Index, which assesses the performance of companies in managing climate change.

Employees and society

	2020 Goals	Goals	Status at year-end 2010[1]
Occupational safety (baseline 2002)			
Reduction in lost time injury rate per million working hours	–80%		–39%
Health protection (baseline 2004)			
Reduction in cases of occupational diseases	–80%		+25%

Senior executives	Long-term Goals	Status at year-end 2010
International proportion of senior executives	Increase in the proportion of non-German senior executives (baseline 2003: 30%)	33.4%
Women in senior executive positions	Increase in the proportion of female senior executives (baseline 2003: 5.2%)	7.6%
Senior executives with international experience	Proportion of senior executives with international experience over 70%	77.7%
Employees	Long-term Goal	
Personnel development	Establish a common understanding that personnel development is a responsibility shared by employees and managers and develop related processes and tools	Concept developed

[1] Not including contributions from the Cognis group, acquired December 9, 2010

The challenge of demographic change

We are preparing for the challenges demographic change poses to human resources management. Our focus in this regard is mainly on Europe and the United States. To keep innovative and ahead of the competition, BASF launched the Generations@Work program in 2006 to work together with employees to develop specific measures focusing on health promotion, ergonomics and further training. In 2010, BASF SE and German Group companies participating in collective bargaining agreements began to contribute €300 annually per non-exempt employee.

Competitive advantages through diversity

The diversity of our employees helps us to react worldwide to varying customer needs. The aim of our global initiative Diversity + Inclusion is to strengthen the culture of cooperation and appreciation in the company and take advantage of business opportunities offered by diversity. This helps us to recruit, develop and retain the best employees with exceptional professional expertise and social skills. We provide equal opportunities for all employees and are committed to the equal treatment of both men and women.

Occupational safety and health protection

With our management systems for occupational safety and medicine, we want to ensure the best possible protection for the safety and health of our employees. To do so, we rely on comprehensive precautionary measures and promote the active participation of our employees. In 2010, we adopted our new global Group Directive Occupational Safety promoting and monitoring safety at work. Our Group Directive on global health management defines uniform standards to promote and protect the health and performance of our employees around the globe.

Responsibility for employees

Compliance with national law and the core labor standards of the International Labor Organization (ILO) is the foundation of our social responsibility. Moreover, we aim to harmonize our working conditions with our voluntary commitments and relevant ILO conventions. We evaluate our adherence to voluntary commitments using a global monitoring system containing compliance hotlines, the annual survey in our Group companies to inspect the prevailing working conditions and a close dialogue with our stakeholders.

World's Most Admired Companies 2010

BASF named as the most admired chemical company.

The United States business magazine Fortune again ranked BASF as the most admired chemical company in the world. BASF took first place in the following categories: product and service quality, global competitiveness and quality of management.

China Green Companies Top 100

BASF honored for its efforts.

For the third time in succession, BASF was named to the China Green Companies Top 100. This award recognizes companies that strengthen their competitiveness through long-term commitment to environmental protection, society, innovation and corporate culture.

1.7 Customer Interaction Models

Six customer interaction models help effectively and profitably address customers' needs

Different customers or customer segments have different needs and requirements in how they interact with us. After intensive market research and segmentation BASF has defined six Customer Interaction Models (CIMs) and each business unit chooses the most suitable CIMs for its particular purpose, depending on its customers' main needs and market environment. Identifying and selecting the most appropriate model allows us to effectively address customers' expectations and success criteria and align our business solution accordingly, e.g., how we tailor our product packages and delivery models.

Overview of six customer interaction models

These six models have been identified by customer segmentation and are of equal significance; there is no hierarchy or priority. Applying the right model to a specific customer-relation is critical and will promote profitable growth.

A decision tree analysis, the "pathfinder tool", as well as moderated workshops help business units find the right CIM for their needs.

Overview of six CIMs

Trader/transactional supplier

- Numerous anonymous or shallow buyer-supplier relationships
- Spot market behavior

Lean/reliable basics supplier

- Supply reliability is important buying factor
- Customers see certain product/service differentiation

Standard package provider

- Customers need certain breadth of product/service offering but cannot pay for complete customization
- Customers can configure own packages

Product/process innovator

- Customer interested in superior performance products/services
- High spending in R&D required to fulfill market needs

Customized solution provider

- Customers willing to partner with supplier to jointly develop solution
- Customers ask for customization of product/service to fulfill their specific needs

Value chain integrator

- Customers open to shift parts of their own value chain
- Substantial transaction cost and risk reduction seen by customer

Customer Interaction Models (CIMs)

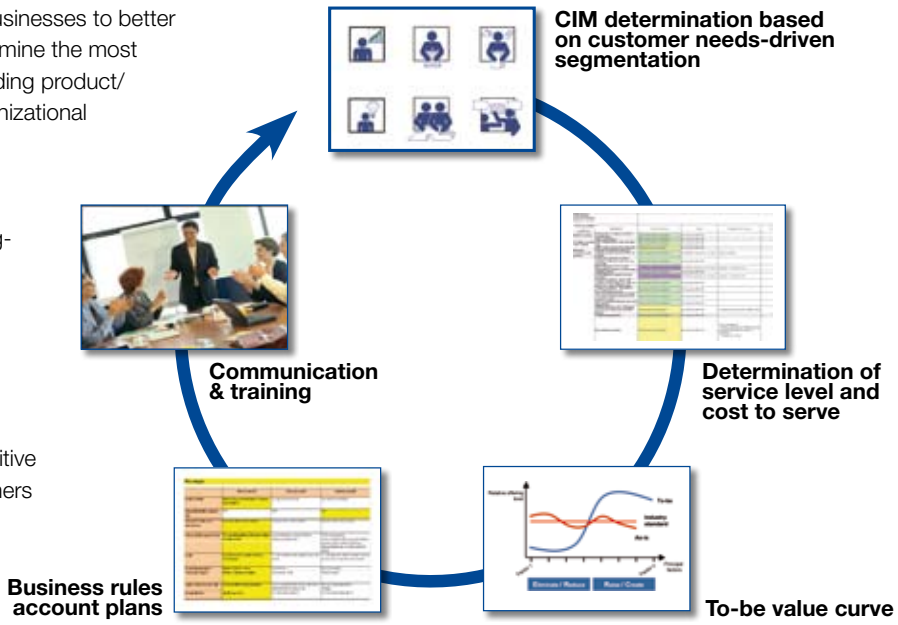
- Six different Customer Interaction Models from transactional supplier to value chain integrator
- CIMs help our customers to be more successful by aligning their needs and BASF's services level irrespective of the commodity or specialty nature of the underlying business
- A decision tree helps each business unit to select the most suitable CIM for its specific situation

The process of CIM implementation

The process of CIM implementation allows businesses to better understand customer needs. It helps to determine the most efficient way to interact with customers regarding product/service offerings, business rules and the organizational set-up.

Key elements of a CIM implementation are to understand the customers' needs and "willingness-to-pay", which we visualize in Value Curves as our preferred tool. We set BASF's "cost-to-serve" in line with this needs-based analysis and tailor our product and service offering accordingly.

Thereby, a CIM implementation creates a positive impact to the bottom line for both our customers and BASF.



Example for businesses in respective CIMs: Performance Products

	Lean/reliable basics supplier	Standard package provider	Product/process innovator	Customized solution provider
BASF	■ Reliable quality supplier ■ Sustainable product offering ■ Benchmark cost leader	■ Broader portfolio of products & services for differentiation in the market place	■ Continuous stream of new products, systems and business models	■ Customer-specific cooperations to fulfill unmet consumer needs
Customer	■ Leverages market opportunities ■ Values quality, sustainability and reliability of offering	■ Values industry specific synergies & support	■ Values innovation contribution	■ Fairly shares value jointly created
Pricing	■ Cost leader defines lowest price limit ■ Supply/demand balance defines market price ■ Mitigating volatility essential		■ Value created along the value chain compared to market standard defines price level ■ Product life cycle management essential	

BASF *perspectives*

"*perspectives*" is the BASF forum to accelerate success and Customer Interaction Models are one of *perspectives'* key tools. Customers and BASF employees analyze existing business relationships and new business opportunities, with the aim of further strengthening customer relationships. In a cross-divisional workshop in 2010, for example, the initiative explored new potential for cooperation with Trelleborg Offshore, a manufacturer of insulating material for deep-water oil pipelines. The *perspectives* focus was on improved production techniques and the use of innovative technologies to increase the efficiency of processes and to generate more sales and earnings.

In 2010, 2,800 employees took part in special training and workshops on topics related to marketing and sales. Since the start of *perspectives* more than 12,000 employees have been trained to understand and use the *perspectives* tools. In the meantime *perspectives* not only supports business units in their process of defining and implementing their CIMs. It also helps anchoring the customer focus within BASF through enforcement of Marketing and Sales Excellence, being the platform for activities involving multiple units and the implementation of a Customer Interaction Portal (CIP).

2 Business Segments

Our business portfolio is well balanced and offers strong growth opportunities. It consists of six segments with 16 operating divisions. We always focus our business on the needs of our customers. Our segments are based on related products, customer industries and production processes.

This enables us to more effectively combine our competencies and knowledge and bring our products and system solutions faster to market.

1. Chemicals

2. Plastics

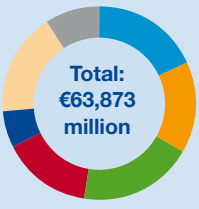
3. Performance Products

4. Functional Solutions

5. Agricultural Solutions

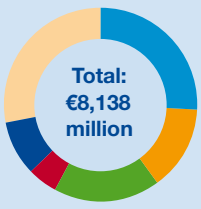
6. Oil & Gas

Sales 2010 by segment



Chemicals	18%
Plastics	16%
Performance Products	19%
Functional Solutions	15%
Agricultural Solutions	6%
Oil & Gas	17%
Other	9%

EBIT before special items 2010*)



Chemicals	26%
Plastics	14%
Performance Products	18%
Functional Solutions	5%
Agricultural Solutions	9%
Oil & Gas	28%

*) Segment share excluding Other; EBIT before special items of Other was minus €648 million in 2010

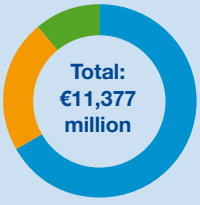
You are here

2.1 Chemicals

Organic and inorganic basic chemicals are the core of BASF's Verbund. They are used to feed our value-adding chains and are marketed to external customers – resulting in high utilization rates. Cost leadership is achieved through integrated production facilities, modern large-scale plants and constant optimization of our production processes within our Research Verbund. We enhance our portfolio of higher-value products and system solutions through innovations and acquisitions.

N_2O-Technology: CDon plant in Ludwigshafen, Germany

Segment sales 2010
(million €)



Petrochemicals	7,593
Intermediates	2,529
Inorganics	1,255

Chemicals 2010 vs. 2009

Sales	EBIT before special items
+51%	+126%

Segment data*)

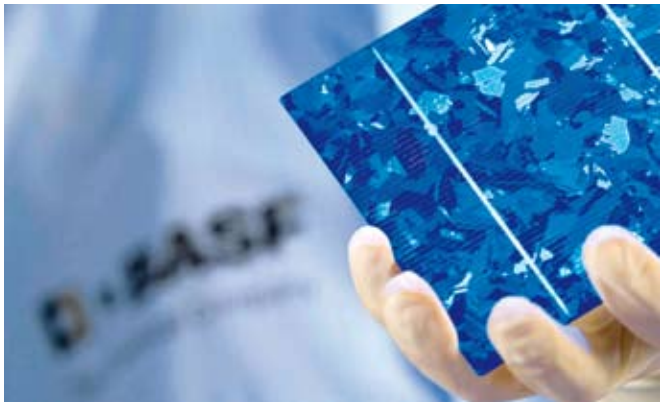
(million €)	2006	2007	2008	2009	2010
Sales to third parties	9,161	9,358	11,171	7,515	11,377
Share of total BASF sales (%)	17.4	16.1	17.9	14.8	17.8
Thereof Inorganics	1,134	1,192	1,388	983	1,255
Petrochemicals	5,754	5,696	7,271	4,664	7,593
Intermediates	2,273	2,470	2,512	1,868	2,529
Income from operations before depreciation and amortization (EBITDA)	2,064	2,416	2,053	1,571	3,000
EBITDA margin (%)	22.5	25.8	18.4	20.9	26.4
Income from operations (EBIT) before special items	1,588	1,889	1,414	1,021	2,302
EBIT before special items margin (%)	17.3	20.2	12.7	13.6	20.2
Income from operations (EBIT)	1,337	1,903	1,369	735	2,310
EBIT margin (%)	14.6	20.3	12.3	9.8	20.3

*) As of January 1, 2008, we restructured our segments on the basis of similar products, production processes and customer industries.
The previous years' figures have been adjusted accordingly. As of January 1, 2009, the activities of BASF Fuel Cell GmbH were transferred from Other to the Inorganics division.

Inorganics

Attractive business mix of inorganic commodities and specialties

BASF's Inorganics division globally manufactures and markets a broad portfolio of chemical products. About 50% of the commodities produced are for captive use. Innovative inorganic specialties are developed for various industries, e.g., the electronic, food, wood, woodworking and life science industries.



Main products

Inorganic chemicals

Inorganic chemicals are the starting materials for plastics, amines and other high-value chemicals. The products range from basic chemicals to inorganic salts:
- chlorine
- caustic soda
- nitric acid
- sulfuric acid
- standard alcoholates
- ammonium salts

More than half of these products are for captive use within BASF's Verbund. The remaining products are sold primarily to other chemical companies. Additionally, we are one of the leading suppliers of sodium nitrate which is used as a component for solar thermal power plant storage media, as well as sodium methylate, used as catalyst for the growing biodiesel production.

Electronic materials

BASF produces a variety of inorganic specialties in electronic grade. Our electronic materials are mainly used in the manufacturing of:
- computer chips
- light-emitting diodes
- solar cells
- flat panel displays

The photovoltaics industry product range comprises process chemicals for the manufacturing of wafers as well as an innovative range of metallization pastes.

Glues and impregnating resins

BASF offers a wide variety of tailor-made glues and impregnating resins for the wood-working industry which are used to manufacture all different types of panel boards for the furniture, construction and packaging industries, as well as decorative paper and laminated flooring. Both product ranges are based on raw materials which are produced at the BASF sites in Ludwigshafen and Antwerp:
- ammonia
- urea
- melamine
- methanol
- formaldehyde

Additionally, BASF focuses on developing new products or applications as for example AdBlue®, a high-purity solution of urea that is used in trucks to reduce the NOx emissions in diesel engines.

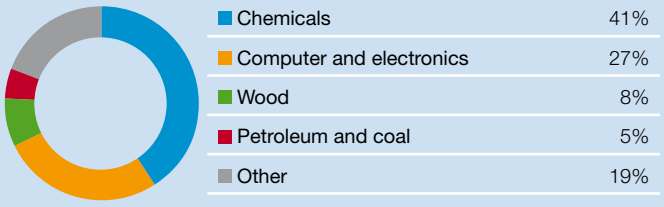
Carbonyl iron powder and metal systems

BASF is the leading producer of carbonyl iron powder (CIP) and Catamold® for metal and ceramic injection molding. CIP is used in a wide range of applications, e.g., for inductor cores in the ICT (Information and Communication Technology) industry. Catamold® is ideal for manufacturing geometrically sophisticated and near-net-shaped devices. The main customer industries are automotive, ICT and consumer goods. An example is Basonetic®, BASF's magnetorheological fluids (MRF). They have an adjustable flow behavior suitable for electronically tunable, force transmission devices.

Sales by region 2010

(location of customer)

Sales by first customer industry 2010



Inorganic life science chemicals

BASF offers a wide range of inorganic specialties for the life science sector, including:

- boron specialties
- specialty alcoholates
- hydroxylamine free base

BASF's market position

- Inorganic chemicals: #1 in inorganic salts in Europe and one of the leading producers of sodium methylate in a fast-growing market
- Electronic materials: leading market positions in Asia and Europe
- Glues and impregnating resins: #1 in glues in Europe, among top three in impregnating resins and melamine in Europe

Main competitors

- Inorganic chemicals: Solvay, Arkema
- Electronic materials: OMG
- Glues and impregnating resins: Yara, Momentive
- CIP: Sintez
- Inorganic life science chemicals: Evonik

Focus of R&D

For commodities, research activities are focused on process innovation. For specialty products, such as electronic materials, the focus is on developing innovative products to meet future challenges.

Key drivers of profitability

- Margins in major commodity products (e.g., ammonia and methanol)
- Efficient and lean processes through integrated production facilities
- Growth and innovation with specialties in customer industries (e.g., electronics and inorganic specialties)

Key capabilities of BASF

- Excellent know-how base in chemical Verbund
- Strong technology platform for developing new specialties and finding new applications for established specialties
- Building partnerships with innovative customers

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Inorganic chemicals	Start-up of new nitric acid plant in Antwerp, Belgium	2008
	Start-up of new oleum plant in Antwerp, Belgium	2011
	Start-up of new sodium methylate plant in Guaratinguetá, Brazil	2011

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
NPK fertilizers	Closure of NPK fertilizer production line (50% JV PEC-Rhin) in Ottmarsheim, France	2009
Fuel cell components	Closure of Fuel Cell site in Frankfurt, Germany	2010

Major annual capacities of BASF

Product group	Location	Capacity
Ammonia	Ludwigshafen, Germany	875 kt
	Antwerp, Belgium	650 kt
Caustic soda	Ludwigshafen, Germany	360 kt
Chlorine	Ludwigshafen, Germany	385 kt
Glues and impregnating resins	Ludwigshafen, Germany	750 kt
Methanol	Ludwigshafen, Germany	450 kt
Sulfuric acid	Ludwigshafen, Germany	500 kt
	Antwerp, Belgium	220 kt
Urea	Ludwigshafen, Germany	545 kt

Innovation example

Kaurit® Light – for light-weight wood-based panels

Kaurit® Light consists of wood chips, a foamed polymer (Kaurit® Light) and a binder (Kaurit® glue). Thus, the weight is reduced by 30% but the panels can still be produced and processed with existing equipment and materials. The panels are therefore a light and energy-saving alternative to conventional chipboards – for example for kitchen and work surfaces or furniture.

Petrochemicals

Petrochemicals are the heart of our unique Verbund concept

The Petrochemicals division is the cornerstone of BASF's petrochemical-based value chains throughout the regions. The division manufactures and markets a broad portfolio of high-quality basic chemicals and tailored specialties for internal and external customers.

Main products

Cracker products

BASF produces the entire range of cracker products from ethylene and propylene to butadiene, butenes and benzene. Of these, propylene is the most important starting product for BASF's value-adding chains.

Alkylene oxides and glycols

Ethylene oxide derived from ethylene is used mainly to produce surfactants, ethanolamines, glycols and glycol ethers. Ethylene glycol is a product used in antifreeze by the automotive industry and for the production of fibers, films and PET (polyethylene terephthalate) plastic bottles by polyester manufacturers. Propylene oxide is synthesized from propylene and serves as a base for a wide variety of products, including hydraulic fluids, solvents and propylene glycol.

Alcohols and solvents

BASF offers a wide range of oxygenated, halogen-free solvents that are used to dissolve other chemicals and facilitate chemical reactions. BASF is the world's largest producer of oxo alcohols and is also a major producer of acetates, glycol ethers, glycol ether acetates and specialty solvents. Our major customer industries are:

- coatings
- pharmaceuticals
- cosmetics

Plasticizers and plasticizer raw materials

BASF manufactures standard and specialty plasticizers, which are used in chemical processes to make rigid plastics flexible. BASF also sells the plasticizer precursor phthalic anhydride for use in dyestuffs and unsaturated polyester resins, and markets plasticizers based on higher alcohols. Our latest specialty product is the plasticizer Hexamoll® DINCH, used for sensitive applications (e.g., toys and medical).

Acrylic monomers

BASF is the world's largest producer of acrylic monomers, which are sold to internal and external customers in the form of acrylic acid, acrylic esters and specialty acrylates. Acrylic monomers are used as precursors to manufacture acrylic polymers and polymer dispersions for various applications such as:

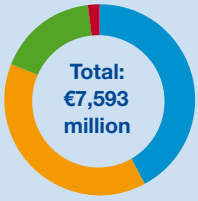
- superabsorbents
- detergents
- flocculants
- fibers

BASF's market position

- Ethylene oxide and ethylene glycols: #2 in Europe
- Oxo alcohols: #1
- Solvents: #2 in Europe
- Plasticizers: #2
- Acrylic monomers: #1

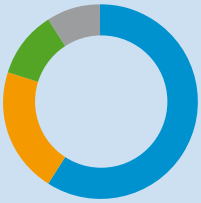
Sales by region 2010

(location of customer)



North America	42%
Europe	39%
Asia Pacific	17%
South America, Africa, Middle East	2%

Sales by first customer industry 2010



Chemicals	59%
Plastics and rubber	21%
Petroleum and coal	11%
Other	9%

Main competitors

- Cracker products: Sabic, Dow, ExxonMobil Chemical, Sinopec, LyondellBasell
- Alkylene oxides and glycols: Dow, Sabic, Shell Chemicals
- Alcohols and solvents: Dow, Eastman, ExxonMobil Chemical, Oxea, Sinopec
- Plasticizers: ExxonMobil Chemical, Eastman, Evonik, UPC
- Acrylic monomers: Dow, Nippon Shokubai, Arkema

Key drivers of profitability

- Cost leadership
- Competitive raw material supply
- Leading process technology
- Economies of scale
- Efficient production processes
- High capacity utilization

Key capabilities of BASF

- Strong market position and application know-how
- Production close to customers in growth regions
- World-scale production facilities
- Cost benefits from backward integration (Verbund) and leading technology position

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Oxo C4 alcohols	Capacity expansion in Nanjing, China	2008
Acrylic acid	Capacity expansion in Antwerp, Belgium	2008
2-Propylheptanol/INA	Capacity expansion in Ludwigshafen, Germany	2009
Propylene	Propylene pipeline Ludwigshafen – Karlsruhe, Germany	2009
Ethylene	Member of Joint Venture EPS (Ethylene pipeline Southern Germany)	2011
Ethylene, propylene	Steam cracker expansion in Nanjing, China	2011
Butadiene, ethylene oxide, isobutene, 2-propylheptanol	2nd phase in Nanjing, China	2011

Focus of R&D

The focus of R&D activities is on developing new and improved processes by adapting and optimizing feedstocks to supply our Verbund value chains at competitive costs. Product innovation is primarily focused on new applications for plasticizers for PVC and other materials and on development of specialty acrylates for specific customer needs.

Major annual capacities of BASF

Product group	Location									
	Antwerp, Belgium	Cornwall, Canada	Freeport, Texas	Geismar, Louisiana	Kuantan, Malaysia	Ludwigshafen, Germany	Nanjing, China	Pasadena, Texas	Port Arthur, Texas	Tarragona, Spain
Ethylene	1,080 kt	–	–	–	–	620 kt	740 kt[1]	–	935 kt[2]	–
Propylene	650 kt	–	–	–	–	350 kt	370 kt	–	830 kt[2]	350 kt[3]
Butadiene	–	–	–	–	–	105 kt	–	–	410 kt[4]	–
Benzene	280 kt	–	–	–	–	300 kt	130 kt[1]	–	110 kt[4]	–
Cyclohexane	–	–	–	–	–	130 kt	–	–	–	–
Ethylene oxide (equivalents)	500 kt	–	–	220 kt	–	345 kt	250 kt[1]	–	–	–
Oxo C4 alcohols	–	–	300 kt	–	250 kt[2]	560 kt	305 kt[1]	–	–	–
Plasticizers (incl. Hexamoll® DINCH)	–	35 kt	–	–	100 kt[2]	400 kt	–	125 kt	–	–
Acrylic acid	320 kt	–	230 kt	–	160 kt[2]	320 kt	160 kt[1]	–	–	–

[1] BASF 50% [2] BASF 60% [3] BASF 51% [4] BASF 23%

Innovation example

New acrylate monomer HPCA

For the first time BASF has started production of an enzymatic process to produce a highly functionalized specialty monomer on an industrial scale. This new acrylate monomer, HPCA (Hydroxypropylcarbamate acrylate), can be cross-linked into new polyurethane materials. HPCA shows superior results in clear coating systems (e.g., automotive) and is expected to offer further materials potential in adhesives and industrial coatings. With this innovation, BASF has combined its broad technological competency in white biotechnology and in acrylates to offer new solutions to our customers.

Intermediates

Well prepared for the future with a strong portfolio and innovation pipeline

The Intermediates division manufactures more than 600 products which are sold worldwide. They are generally quite resilient to economic cycles and are often the result of multi-step production processes within BASF. Customers typically purchase them as precursors for their downstream chemicals. Besides external sales, the division sells its products within BASF, with internal transfers accounting for approximately 25% of the division's total sales.

Main products

Amines

Around the world, we offer an outstanding and diverse range of amines. Along with alkyl-, alkanol-, alkoxyalkyl-, di- and polyamines, our portfolio comprises aromatic as well as heterocyclic amines and an expanding portfolio of chiral amines of high optical and chemical purity. In addition to being a reliable source of standard amines, we have also established ourselves as a major supplier and development partner of customized specialty amines. The main applications for our amines are:

- process chemicals
- agricultural products
- detergents and cleaning products
- pharmaceuticals

Under the Baxxodur® brand we offer systems of amines and epoxy resins for the efficient manufacture of composite materials, especially for rotor blades of modern wind turbines. We offer our amine-based gas treatment technology for the removal of acid gases such as hydrogen sulfide and CO_2. We license and market the technologies under the aMDEA® and PuraTreat® brands.

Butanediol and its derivatives

BASF is the world's largest manufacturer of 1,4-butanediol, which is a chemical building block for products such as polyesters and polyurethanes. Its derivatives are used to manufacture products ranging from fibers to paints and include tetrahydrofuran (THF), PolyTHF®, gamma-butyrolactone and N-methylpyrrolidone.

Polyalcohols and specialties

Being the leading manufacturer of 1,6-hexanediol and neopentylglycol (Neol®) worldwide, we offer these products as well as other polyalcohols mainly for the production of a wide range of coatings. Our specialties portfolio includes carbonates and various special acetylenics, such as vinyl monomers and higher alkylpyrrolidones.

Acids and specialty intermediates

These product groups comprise both commodity and specialty intermediates. Carboxylic acids such as formic acid, propionic acid and 2-ethylhexanoic acid are primarily used as:

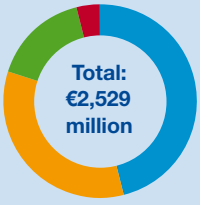
- preservatives for the feed and food industries
- auxiliaries for textile and leather applications

Our specialty intermediates, such as derivatives of phosgene including acid chlorides and chloroformates, glyoxal and its derivatives, glutaraldehyde and various other chemicals, such as formamide and triphenylphosphine, are often used in the production of:

- agricultural products
- polymers
- pharmaceuticals
- paper

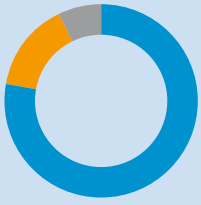
Sales by region 2010

(location of customer)



Europe	46%
Asia Pacific	34%
North America	16%
South America, Africa, Middle East	4%

Sales by first customer industry 2010



Chemicals	78%
Plastics and rubber	15%
Other	7%

BASF's market position

BASF is among the top three producers worldwide of the main products in all strategic intermediates business units (see previous page).

Main competitors

- Amines: Taminco, Dow, Huntsman
- Butanediol and derivatives: ISP, LyondellBasell, Dairen, Mitsubishi, Markor, Shianhua, Shianwei
- Polyalcohols and specialties: Eastman, Perstorp, Ube, Lanxess, LG
- Acids and specialty intermediates: Kemira, Perstorp, Eastman, Feicheng

Focus of R&D

Innovation in Intermediates is key for all product groups to grow their businesses and improve profitability. Whereas for butanediol and derivatives, the focus lies on process improvements, the focus for amines, polyalcohols, acids and specialties is on new product development built on value chain integration, our broad technological strengths and close customer partnerships.

Key drivers of profitability

- Achieving technological and cost leadership
- Offering customized innovative products and system solutions
- Global production presence
- Market intelligence

Key capabilities of BASF

- Global set-up
- Leading market positions
- Technology leadership
- Economies of scale, cost leader thanks to Verbund sites
- Highly qualified and experienced personnel with strong market knowledge and technical capabilities to provide superior solutions to our customers

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Cyclododecanone Cyclopentanone	New plant in Ludwigshafen, Germany	2009/10
Methylamines	New plant in Geismar, Louisiana	2011
Amines	New amines complex in Nanjing, China	2011/12

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Butanediol/THF	Closure in Ulsan, Korea	2009
Maleic anhydride	Closure in Feluy, Belgium	2010

Major annual capacities of BASF

Product group	Capacity
Alkylamines	220 kt
Ethanolamines and derivatives	285 kt
1,4-butanediol equivalents	535 kt
Tetrahydrofuran (THF)	268 kt
PolyTHF®	185 kt
N-Methylpyrrolidon (NMP)	70 kt
1,6-hexanediol	42 kt
Neopentylglycol (Neol®)	165 kt
Formic acid	255 kt
Propionic acid	150 kt

Innovation example

Better biogas treatment

A new process for more efficient and cost-effective biogas treatment is the result of the co-operation between BASF, WINGAS and Bilfinger Berger Industrial Service E.M.S. GmbH. The new process simplifies biogas purification by removing carbon dioxide (CO_2) and hydrogen sulfide (H_2S) without any measurable loss of methane. This is necessary because CO_2 and H_2S may cause severe plant corrosion. The new process also simplifies plant engineering and helps to reduce costs, and saves energy. In the process a special BASF gas treating agent is used with a longer shelf life. Two of Europe's largest waste fermentation plants near Bitterfeld are operating with the new process.


Photo: Verbio AG

2.2 Plastics

BASF is one of the world's leading suppliers of plastics – the energy-efficient materials. In standard plastics, we have a portfolio of focused product lines and efficient marketing processes. In our business with specialties, we offer a wide range of high-value products, system solutions and services. In close collaboration with our customers, we are constantly extending this range and adding new applications.

Energy-efficient house insulation with BASF's innovative Neopor®

Performance Polymers 46
We are one of the world's leading suppliers of engineering plastics, extrusion polymers, specialty plastics and foams.

Polyurethanes 48
In Polyurethanes, we are among the world's three largest producers. Via our system houses we offer ready-to-use, tailor-made solutions.

Segment sales 2010

(million €)

Polyurethanes	5,441
Performance Polymers	4,389

Plastics 2010 vs. 2009

Sales	EBIT before special items
+38%	+123%

Segment data*)

(million €)	2006	2007	2008	2009	2010
Sales to third parties	9,461	9,976	9,116	7,128	9,830
Share of total BASF sales (%)	18.0	17.2	14.6	14.1	15.4
Thereof Performance Polymers	4,612	4,810	3,976	3,005	4,389
Polyurethanes	4,849	5,166	5,140	4,123	5,441
Income from operations before depreciation and amortization (EBITDA)	1,597	1,655	947	994	1,721
EBITDA margin (%)	16.9	16.6	10.4	13.9	17.5
Income from operations (EBIT) before special items	1,196	1,261	553	576	1,284
EBIT before special items margin (%)	12.6	12.6	6.1	8.1	13.1
Income from operations (EBIT)	1,180	1,172	539	554	1,273
EBIT margin (%)	12.5	11.7	5.9	7.8	13.0

*) As of January 1, 2008, we restructured our segments on the basis of similar products, production processes and customer industries. The previous years' figures have been adjusted accordingly. As of January 1, 2009, the styrene copolymers business in the Performance Polymers division was transferred to Styrenics. Styrenics does not belong to a segment and is reported in Other.

Performance Polymers

Leading supplier of engineering and specialty plastics, polyamides & intermediates and foams

BASF's Performance Polymers division is one of the world's leading suppliers of engineering plastics, extrusion polymers, specialty plastics, biodegradable plastics and foams. It is also a leading global producer of polyamide intermediates, which can be found in a broad spectrum of industries including automotive, electrical and electronics, packaging, textile and carpet fibers, building and construction as well as home and leisure.

Main products

PA (polyamide) and intermediates

Ultramid® and Capron®, our engineering plastics based on polyamide 6, polyamide 6,6 and other copolymers, offer excellent toughness and strength as well as both heat and chemical resistance. Their primary applications include:
- automotive under-the-hood parts
- flame-retardant plastics for electrical components

Ultramid® is also marketed in the fibers and film markets:
- carpets and textiles
- films for food packaging

We also manufacture intermediate products such as caprolactam for polyamide 6 and adipic acid.

PBT (polybutylene terephthalate)

Ultradur®, our engineering plastic based on PBT, features high stiffness, strength, dimensional stability and heat and aging resistance. Its primary applications include:
- electrical connectors
- automotive components
- fiber optic cables

POM (polyoxymethylene)

Ultraform®, our POM plastic, offers high stiffness and strength, resilience and low wear. Its primary applications include:
- clips and fasteners
- mechanical and precision engineering devices

Polysulfones

Ultrason® is an amorphous thermoplastic for high-performance engineering parts (reflectors in headlamps, baby nursing bottles) and membranes (e.g., for water treatment).

Expandable polystyrene (EPS)

Styropor® and its refinement Neopor® are insulating materials at the forefront of eco-efficient construction and offer advantages with regard to conservation of resources and cost efficiency.
The main applications are:
- eco-efficient construction
- protective packaging

Specialty foams

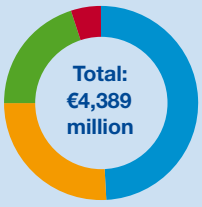
Basotect® is a flexible, open-cell foam made from melamine resin. It is used for sound and thermal insulation in the building and transportation industry and as a cleaning sponge in the consumer industry.

Biodegradable plastics

Ecoflex® is our biodegradable copolyester mainly used in various packaging applications (shopping bags, organic waste bags) and mulch films. Ecovio® is BASF's first biodegradable and biobased polyester (based on Ecoflex® and polylactic acid).

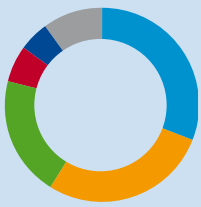
Sales by region 2010

(location of customer)



Europe	49%
Asia Pacific	26%
North America	20%
South America, Africa, Middle East	5%

Sales by first customer industry 2010



Plastics and rubber	31%
Chemicals	28%
Automotive	20%
Electrical and electronics	6%
Construction	5%
Other	10%

BASF's market position

- polyamide film: #1
- Engineering plastics: #2
- Expandable polystyrene: #2
- Biodegradable polymers: #1

Main competitors

- Engineering plastics: DuPont, Lanxess, Rhodia, Sabic, Ticona
- Caprolactam: CPDC, DSM, Ube
- Ultramid® (fiber polymers): Honeywell, LiPeng, Zig Shen
- Ultramid® (film polymers): DSM, Ube, Xinhui Meida
- Expandable polystyrene: Loyal, Taita, Xingda

Focus of R&D

Innovations focus on developing new applications for engineering plastics and specialty plastics in close cooperation with customers, as well as developing engineering plastics, specialty plastics, packaging materials and foams with enhanced properties and securing the competitiveness of our value chains.

Key drivers of profitability

- Portfolio shift to higher value-adding products
- Large innovation and R&D capability
- Global optimization along the entire value chain
- Disciplined capital expenditure
- Business-model-focused processes

Key capabilities of BASF

- Operational excellence (reliability, cost leadership)
- Global integration of production and supply patterns
- Close customer relationships and ability to serve customers globally
- Innovation in products, applications, processes and business models
- Technical, engineering and application competence

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Ultraform®, Ultrason®	Expansion of capacities in Ludwigshafen, Germany	2008
Neopor® (EPS)	Capacity expansion in Ludwigshafen, Germany	2009
Compounds	New compounding plant in Thane, India	2009
Biodegradable plastics	Capacity expansion in Ludwigshafen, Germany	2010
Compounds	Capacity expansion at Ansan, Korea	2011

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Adipodinitril (ADN)	Closure of adipodinitril plant in Seal Sands, UK	2008
Acrylonitrile (AN)	Divestiture of the Seal Sands site, UK	2008
Styropor® (EPS)	Shutdown of EPS plant in Tarragona, Spain	2009
Polyamide 6,6	Shutdown of fiber polymer plant in Ludwigshafen, Germany	2009
Polyamide 6	Shutdown of polymer plant in Rudolstadt, Germany	2010

Major annual capacities of BASF

Product group	Capacity
Caprolactam	800 kt
Polyamide	700 kt
PBT	130 kt
POM	55 kt
Ultrason®	12 kt
Compounding	480 kt
Styropor®/Neopor®	760 kt
Ecoflex®	74 kt

Innovation example

Ultramid® Endure

Ultramid® Endure is our new heat-resistant polyamide. Its main purpose is to substitute metal parts with light-wight plastics – in particular those close to the engine. The new material withstands continuous use at temperatures up to 220°C – perfectly satisfying today's high heat-resistance specifications for under-the-hood components near the combustion engine. This is achieved through an innovative stabilization technology developed by BASF. The upper right picture shows a degraded classic polyamide, while the lower right shows our new Ultramid Endure – well protected against degradation. Our new engineering plastic can be easily processed and offers lower system cost compared to other high-end plastics.

Polyurethanes

World leader in isocyanates with a strong focus on specialties through system houses

BASF's Polyurethanes division is one of the world's three largest global producers of polyurethanes: important versatile specialty plastics used to produce a wide spectrum of rigid, flexible, foamed and compact components for consumer products found in the automotive, construction, footwear and appliance industries.

Main products

MDI (diphenylmethane diisocyanate)

MDI is a versatile isocyanate that can be used to make flexible foams as well as semi-rigid and rigid polyurethane plastics. Its primary applications include:
- construction insulation
- furniture interiors
- automotive components
- shoe soles

TDI (toluene diisocyanate)

TDI is an isocyanate used primarily in the manufacture of flexible foams. Its main applications include foam cushions for furniture and automotive components.

PEOL (polyether polyols)

Polyether polyols are combined with isocyanates to make virtually all polyurethane products, other than those made with polyester polyols. Their main applications include:
- rigid foams
- flexible foams

Polyester polyols

Polyester polyols are combined with isocyanates to make primarily semi-rigid polyurethane plastics. Their main applications include:
- cable sheathing
- shoe soles

Polyurethane systems

BASF's global network of 38 system houses offers tailor-made polyurethane (PU) products for a wide variety of applications. Thanks to their excellent insulation characteristics, PU rigid foams are used extensively for cold as well as heat insulation. In house construction, PU is used in many roof, wall and floor applications. Moreover, Elastopor® and Elastopir® rigid foams are applied as the core material of metal-faced sandwich panels, e.g., as façade and roof elements in cold store and storage construction. Furthermore, rigid foam is the preferred material for refrigerators and freezers as well as for the insulation of hot water tanks and district heating pipelines.

TPU (thermoplastic polyurethane elastomers)

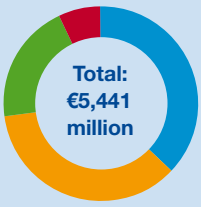
TPU is sold under the trade name Elastollan® and is based on both polyether polyols and polyester polyols. It is supplied in granular form to customers who use it predominately to make flexible plastic cable coverings. Customers for these products are primarily in the automotive and cable and wire industries.

Cellular elastomers

Cellular elastomers sold under the name Cellasto® are shock-absorbing, rigid plastics. Microcellular polyurethane parts for antivibration applications are sold, for example, as molded end products for use as shock absorbers and buffers in the automotive industry.

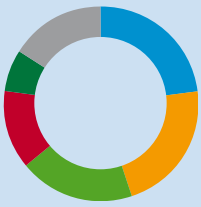
Sales by region 2010

(location of customer)



Asia Pacific	37%
Europe	36%
North America	20%
South America, Africa, Middle East	7%

Sales by first customer industry 2010



Furniture	23%
Construction	22%
Automotive	19%
Electrical and electronics	13%
Footwear	7%
Other	16%

BASF's market position

- TDI: #1
- MDI: #2
- Polyols: #3
- PU Specialties: #1

Main competitors

- MDI: Bayer MaterialScience, Huntsman, Dow, Wanhua
- TDI: Bayer MaterialScience, Dow, Borsodchem, Mitsui
- PO/PEOL: Dow, Bayer MaterialScience, Shell
- Specialties: Bayer MaterialScience, Dow, Huntsman, Lubrizol

Focus of R&D

Process innovation aims to optimize existing production processes and develop new, highly efficient processes offering considerable cost advantages. One example is the innovative HPPO process, developed jointly with Dow. The new world-scale plant at our Verbund site in Antwerp, Belgium has been successfully running since 2008. In polyurethane product and system development, we work closely with our customers to improve existing solutions and find new ones. Furthermore, we are developing new applications such as Elastocoast®, a PU-based solution to protect dams and dikes against storms.

Key drivers of profitability

- Supply and demand balance for MDI, TDI, PO
- Cost leadership along the entire value chain
- Main raw materials benzene, toluene, propylene
- Constant flow of innovative products and system solutions
- Size and set-up of specialty business

Key capabilities of BASF

- Globally balanced strong market position with local production
- Operational excellence in cost (integrated world-scale plants) and technology leadership (isocyanates and HPPO)
- World leader in PU specialties (systems, TPU, Cellasto®) closely catering to customers' specific needs
- Proven capacity to innovate und launch new value-adding products

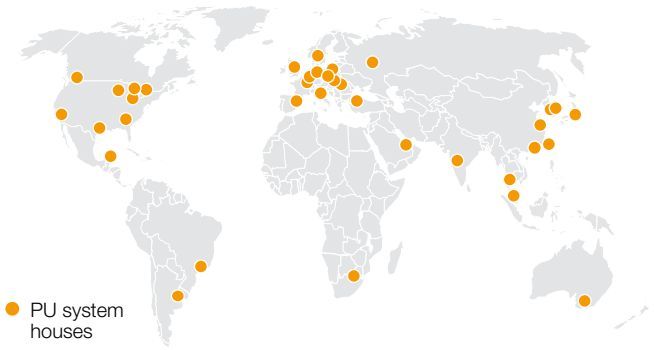
Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
HPPO	Joint venture investment in Antwerp, Belgium	2008
	New HPPO Plant in Nanjing, China; feasibility study	n/a
PEOL	Expansion in Geismar, Louisiana	2008
Systems	System house in Malacky, Slovakia	2009
	System house in Srem, Poland	2010
	System house in Cartagena, Colombia	2011
	System house in Dubai (JV with Kanoo)	2011
	System house in Chongqing, China	2012
	System house in Tianjin, China	2012
Cellular elastomers	New Cellasto® production site in Shanghai, China	2011
MDI	New MDI complex in Chongqing, China	2014
TDI	New world-scale TDI plant in Europe	2014

Major annual capacities of BASF

Product group	Capacity
MDI	1,280 kt
TDI	560 kt
Polyols	900 kt
Propylene oxide	525 kt

Strong global presence with our PU system houses



Innovation example

FilterPave®

In 2010, BASF received the Innovation Award from the Center for the Polyurethanes Industry for its environmentally-friendly and cost-effective product FilterPave®. FilterPave® is a highly porous pavement, developed by BASF and Presto Geosystems, a supplier of eco-friendly construction solutions. The pavement combines specially treated post-consumer recycled glass with a polyurethane binder to create a porous but firm surface that nearly eliminates runoff, even in heavy rainstorms, by allowing water to quickly filter through.

2.3 Performance Products

Our innovative solutions contribute to the functionality and performance of industrial and consumer products produced by virtually all manufacturing industries all over the world. Our solutions also help our customers to run their processes more successfully. We are the preferred partner for developing new products, system solutions and applications in close cooperation with our customers.

Our broad range of customer industries and our regional portfolio make us less sensitive to sectoral volatilities. The Cognis acquisition has complemented our portfolio and made us the leading supplier of ingredients based on renewable resources.

BASF's UV filters provide reliable protection against sunburn and skin aging

Dispersions & Pigments 52
The Dispersions & Pigments division mainly comprises of products for the paints and coatings industry.

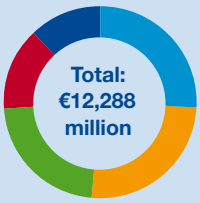
Nutrition & Health 56
BASF's Nutrition & Health division supplies a comprehensive range of products for the nutrition and health markets as well as for the flavor and fragrance industry. With the Cognis acquisition, we enhanced our portfolio with high performance and natural-based ingredients for human nutrition.

Performance Chemicals 60
Performance Chemicals is an innovative partner for various industrial customer sectors and offers specific system solutions. The division is the leading global supplier for plastic additives.

Care Chemicals 54
The Care Chemicals division is the leading raw material supplier for detergents and cleaners, and to the hygiene industry. Through the acquisition of Cognis, we have also become the leading supplier of ingredients for the personal care and cosmetics industry.

Paper Chemicals 58
The Paper Chemicals division supplies products for the paper industry.

Segment sales 2010
(million €)



Dispersions & Pigments	3,197
Performance Chemicals	3,141
Care Chemicals	2,755
Paper Chemicals	1,713
Nutrition & Health	1,482

Performance Products 2010 vs. 2009

Sales	EBIT before special items
+31%	+123%

Segment data*)

(million €)	2008	2009	2010
Sales to third parties	8,125	9,356	12,288
Share of total BASF sales (%)	13.0	18.5	19.2
Thereof Dispersions & Pigments	2,239	2,445	3,197
Care Chemicals	3,593	2,067	2,755
Nutrition & Health	–	1,338	1,482
Paper Chemicals	1,030	1,326	1,713
Performance Chemicals	1,263	2,180	3,141
Income from operations before depreciation and amortization (EBITDA)	1,205	926	2,162
EBITDA margin (%)	14.8	9.9	17.6
Income from operations (EBIT) before special items	766	698	1,554
EBIT before special items margin (%)	9.4	7.5	12.6
Income from operations (EBIT)	768	(150)	1,345
EBIT margin (%)	9.5	–	10.9

*) Cognis data is included as of December 9th, 2010. To prepare for the integration, the divisional structure of the segment was modified as of August 1st, 2010: The existing Care Chemicals division was split into the Care Chemicals division and the Nutrition & Health division. The figures for the segment reporting of the previous year have been adjusted accordingly. For the years 2006 and 2007, there are no restated figures available.

Dispersions & Pigments

Leading global supplier of raw materials for the paints and coatings industry

BASF is the leading global supplier of raw materials for the paints and coatings industry. The division Dispersions & Pigments combines all BASF offerings geared toward this industry. The portfolio encompasses dispersions, pigments, resins and a broad range of additives such as light stabilizers and photoinitiators. Further end-use industries include construction materials, adhesives, printing and packaging. Our portfolio is focused on environmentally-friendly systems, such as low-VOC water-based coatings.

Main products

Dispersions

Polymer dispersions are water-based systems used in the production of adhesives, sealants, architectural coatings, construction chemicals and nonwoven materials. Our strength lies in the backward integration into acrylics and the division's strong technical expertise and application know-how.

Pigments

Pigments are insoluble coloring and iridescent materials used in paints, plastics, inks and special applications. With the acquisition of Ciba, BASF has become the leading pigment supplier worldwide – with a particular strength in high performance pigments. Our product portfolio encompasses a wide range of organic and inorganic pigments, effect pigments, and pigment preparations. BASF offers a unique portfolio covering the entire color range.
The main end-use industries are:
- automotive coatings
- decorative paints and industrial coatings
- printing and packaging

Resins

Resins are film-forming components used in energy curable coatings, urethane or melamine as well as water-based coatings and inks. The comprehensive product portfolio includes water-based resins, acrylic oligomers, polyisocyanates, amino resins, aldehyde resins, dimers, vinyl chloride copolymers, and high-solid polyols.

We offer customer solutions fulfilling volatile organic compound (VOC) regulatory requirements. The main applications are:
- automotive coatings
- wood coatings
- protective coatings
- printing and packaging

Additives

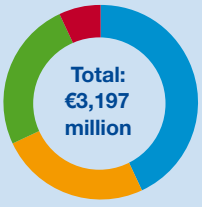
BASF offers a broad range of additives that significantly improve the quality and performance of many paints and coatings.
BASF is the market leader for:
- photoinitiators
- light stabilizers

Photoinitiators enable coatings to be cured in just fractions of a second. Light stabilizers protect polymers against ultraviolet light and its negative effects.
With the acquisition of Cognis, BASF strengthened its portfolio of formulation additives. The portfolio comprises:
- defoamers
- dispersing agents
- rheology modifiers
- slip and leveling agents

Defoamers inhibit or reduce the build-up of foam or trapped air during the formulation process while dispersing agents provide pigment wetting and stability. Rheology modifiers alter the flow characteristics of a formulation while slip and leveling agents are used to remove flow disturbance and improve surface smoothness.

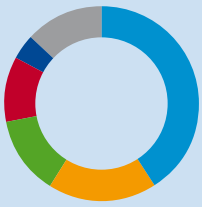
Sales by region 2010

(location of customer)



Europe	43%
North America	25%
Asia Pacific	25%
South America, Africa, Middle East	7%

Sales by first customer industry 2010



Paints and coatings	41%
Printing and packaging	18%
Construction	13%
Adhesives	11%
Electronic specialties	4%
Other	13%

BASF's market position

- Dispersions: global #2 position for adhesives, construction chemicals, architectural coatings and nonwoven materials
- Pigments: global #1 position, broadest portfolio of colors and chemical product classes
- Resins: global #1 position in water-based resins for printing and packaging, among top three players globally in resins for environmentally-friendly industrial coatings
- Additives: global #1 position in photoinitiators and light stabilizers, broad portfolio of formulation additives

Main competitors

- Dispersions: Dow, Celanese, Wacker
- Pigments: Clariant, Altana, DIC
- Resins: Cytec, Dow, Bayer
- Additives: Altana, Evonik, Everlight

Focus of R&D

We significantly invest in R&D for dispersions, pigments, resins and additives to develop innovative, differentiating and sustainable products and solutions. Our innovations allow our customers to offer environmentally-friendly solutions with dispersions for application in the coatings, printing, adhesives or construction industries. In addition, they benefit from new and improved resins, pigments, photoinitiators and formulation additives.

Key drivers of profitability

- Superior product performance, quality consistency and reliability
- Technical service and application know-how
- Global production footprint close to relevant markets
- Cost leadership

Key capabilities of BASF

- Comprehensive portfolio of raw materials for coatings, printing & packaging inks and varnishes, adhesives and construction materials
- Strong technical and application know-how, professional service close to our customers
- Leading technology and cost position enables consistent product quality, reliability and competitiveness

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Pigments, additives	Acquisition of Ciba Holding AG	2009
Resins	New plant for water-based resins (Joncryl®) in Wyandotte, Michigan	2009
	Additives acquisition of Cognis	2010
XSB dispersions	New plant for XSB dispersions in Huizhou, China	announced for 2012

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Resins	Production stop of Luwipal® in Wyandotte, Michigan	2008
Pigments	Shutdown of facilities in Sylmar, California and transfer of production	2008
	Several restructuring measures to streamline product portfolio and production set-up	2010-2012

Major production sites of BASF

BASF's dispersions, pigments, resins and additives are produced at 46 sites worldwide. Our most important sites for each product group are listed below.

Product group	Site
Dispersions	Ludwigshafen, Germany Monaca, Pennsylvania Shanghai, China Guaratinguetá, Brazil
Pigments	Ludwigshafen, Germany Besigheim, Germany Monthey, Switzerland Newport, Delaware Ulsan, South Korea
Resins	Ludwigshafen, Germany Heerenveen, the Netherlands Wyandotte, Michigan Shanghai, China
Additives	Heerenveen, the Netherlands Mortara, Italy

Innovation example

Acronal® PRO protects against corrosion

Metal construction components, such as bridges and pipes, are often exposed to harsh weather conditions. To provide them with efficient and environmentally-friendly corrosion protection, BASF researchers have developed the Acronal® PRO product family. These acrylic-modified emulsions enable the formulation of water-based coatings that contain almost no solvents and very low levels of volatile organic compounds (VOC). Acronal® PRO also offers high-performance corrosion protection and exceptional adhesion. The BASF team that developed Acronal® PRO was honored in 2010 with the American Coatings Award.

Care Chemicals

Innovating for human well-being

BASF's Care Chemicals division is the leading raw material supplier for home care and hygiene businesses worldwide. As a result of the integration of Cognis, Care Chemicals has become the market leader in personal care and provides the most comprehensive product portfolio for all cosmetic applications.
Care Chemicals' offering is complemented by products and solutions for industrial & institutional cleaning, as well as various technical applications. Our range of products fulfills the highest standards regarding safety and sustainability.

Main products

Surfactants

Our broad range of surfactants is derived from various renewable and petrochemical-based raw materials, especially ethylene oxide, propylene oxide, aliphatic and natural alcohols. They are mainly used in:
- body wash and shampoo
- detergents and cleaners
- industrial formulations

Emollients

We offer a diverse portfolio of high-performance emollients, mainly based on renewable resources. They are used in almost all types of cosmetic formulations for the:
- skin care segment (e.g., creams, lotions, oils, gels, sprays, cosmetic wipes)
- hair care segment (e.g., shampoos, conditioners)

Water-soluble polymers

The water-soluble polymers product portfolio comprises functional polymers based on BASF's monomers. These products can be used as:
- dispersing agents
- dye transfer inhibitors
- thickeners in detergents formulations
- styling and conditioning ingredients for hair care formulations

Superabsorbents

Superabsorbents are polymers that can absorb and retain extremely large amounts of liquid relative to their own mass. BASF is one of the major players in the superabsorbent industry. Superabsorbents are mainly used in disposable hygiene products such as:
- baby diapers
- protective adult underwear
- feminine care products

UV filters

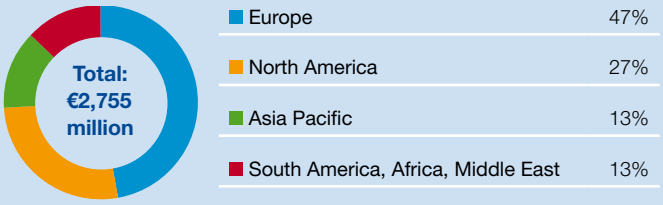
With our leading position in UV filters for sun and skin care applications, we offer the full range of UVA, UVB and broad spectrum UV filters.

Chelating agents

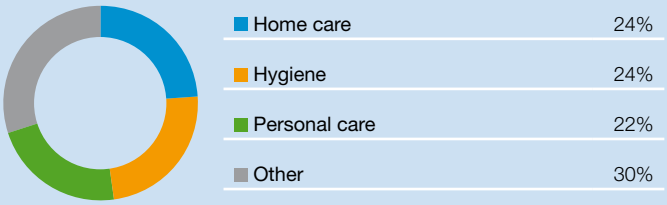
We produce a whole range of highly efficient chelating agents, which distinguish themselves through their performance and their eco-profile. The main applications are:
- automatic dishwashing
- professional cleaning
- various technical applications

Sales by region 2010

(location of customer)



Sales by first customer industry 2010



BASF's market position

- Leading supplier for home care, hygiene and personal care

Main competitors

- Hygiene: Evonik, Nippon Shokubai
- Personal care: Croda, DSM, ISP, Stepan
- Home Care, Industrial & Institutional Cleaning and Formulation Technologies: Shell, Sasol, Clariant, Huntsman, Dow

Focus of R&D

The R&D resources are mainly focused on product innovation as well as process innovation and improving application properties of existing ingredients. We systematically generate ideas for new products in close collaboration with our customers. Continuous process innovation ensures technological and cost leadership in our major product lines.

Key drivers of profitability

- Customer proximity and market focus
- Profound understanding of unmet market needs along the value chain
- Innovative customer solutions
- Cost leadership for major products in standard quality

Key capabilities of BASF

- Comprehensive technical application and market know-how to serve unmet market needs
- Innovative and sustainable products and solutions through BASF's global R&D network
- State-of-the-art formulation technologies
- Strong production position and market presence in major growth markets and regions
- Supply reliability
- Cost leadership, large volume supply ability

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Polymers	New plant for polyacrylate polymers (Sokalan®) in Shanghai, China	2008
Chelating agents	New plant for chelating agent (Trilon M®) in Ludwigshafen, Germany	2010
Surfactants	New plant for alkyl polyglucoside (APG®) surfactants in Jinshan, China*)	2010
	New plant for non-ionic surfactants in Nanjing, China	2011
Superabsorbents	Expansion superabsorbents in Antwerp, Belgium	2011/2012
	Expansion superabsorbents in Freeport, US	2011/2012
	New plant for superabsorbents in Nanjing, China	not yet decided
	Feasibility study on world-scale production of acrylic acid, butyl acrylate and superabsorbent polymers in Brazil	not yet decided
Methanesulfonic acid	Expansion in Ludwigshafen, Germany	2012

*) by Cognis

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Surfactants	Divestiture of surfactants site in Clear Lake, Texas, to Clear Lake Chemicals LLC	2009
Biopolymers	Decision to disengage from the production site in Tromsø, Norway. Future strategic options will be analyzed.	not yet decided

Major annual capacities of BASF

Product group	Location	Capacity
Chelating agents	Europe, North America, South America	120kt
Methanesulfonic acid	Europe	10kt
Non-ionic surfactants	Europe, North America, Asia Pacific	570kt
Anionic surfactants	Europe, North America, South America, Asia Pacific	550kt
Superabsorbents	Europe, North America, Asia Pacific	410kt

Innovation example

Cetiol® C5

Cetiol® C5 is a fast spreading emollient for personal care applications, particularly designed to offer a good alternative to volatile silicones like Cyclomethicone. The biodegradable, Ecocert-registered, light emollient is derived from 100% natural, renewable feedstock. Due to its high spreadability, its good skin compatibility, and its pleasant skin feel, Cetiol® C5 can be used in facial, body, sun and hair care products as well as decorative cosmetics and can replace volatile silicones in these formulations.

Nutrition & Health

Strategic partner of the feed, food, pharma, and flavor & fragrance industry

BASF's Nutrition & Health division develops, produces and markets a comprehensive range of products for the nutrition and health markets as well as for the flavor and fragrance industry. We provide innovative products and solutions addressing overall well-being and customer needs. Our products fulfill the highest safety, regulatory and sustainability standards. With the Cognis acquisition we enhanced our portfolio with high performance and natural-based ingredients for human nutrition and further strengthened our position in pharmaceutical excipients.

Main offerings

Human nutrition

BASF offers food technology and functional ingredients such as
- vitamins
- carotenoids
- plant sterols and sterol esters
- conjugated linoleic and marine omega-3 fatty acids
- lutein esters and high-quality plant extracts

Performance ingredients for food, such as emulsifiers and specialty compounds for dairy products, baked goods, beverages and dietary supplements, help our customers to meet growing demand for health and wellness products. We deliver solutions that turn our customers' products into a well-being experience for the consumer.

Animal nutrition

BASF is a global leading supplier of feed additives. The product portfolio for animal nutrition includes:
- vitamins
- carotenoids
- enzymes
- organic acids
- Omega-6 and other feed additives

We combine technical services and scientific expertise to meet customer demands and to deliver the best value to the industry. Premium formulations are a key strength that has made BASF a leader in the industry. A recent innovation, the enzyme Natugrain® TS, reduces feed costs and optimizes feed conversion.

Pharma ingredients & services

BASF is the enabler along the life-cycle of pharmaceutical products with high-quality products and services that meet cGMP requirements. We are the leader for highly functional excipients such as
- solubilizers
- coatings polymers and systems
- binders
- disintegrants

BASF is also the market leader for active pharmaceutical ingredients (API) such as
- ibuprofen
- caffeine
- pseudoephedrine

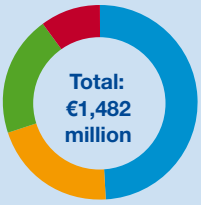
With our flexible, multiproduct cGMP plants, chemical research and development skills, BASF offers custom synthesis services using a broad portfolio of technologies.

Aroma chemicals for flavor & fragrance

BASF offers a wide variety of aroma chemicals, such as geraniol, citronellol and linalool which are part of our citral value chain. In 2012, we will enhance this value chain of BASF by starting up manufacturing and sales of L-menthol. Aroma chemicals are sold to the flavor and fragrance industry and are used mainly in home and personal care products, fine fragrances as well as in the food industry.

Sales by region 2010

(location of customer)



Europe	49%
Asia Pacific	21%
North America	20%
South America, Africa, Middle East	10%

Sales by first customer industry 2010

Animal nutrition	39%
Pharma	29%
Flavor & fragrance	17%
Human nutrition	15%

BASF's market position

- Among the top three players in all important product groups

Main competitors

- Animal nutrition: DSM, Danisco, several Chinese players
- Pharma ingredients and services: Evonik, ISP, Lonza
- Aroma chemicals: DSM, IFF, NHU
- Human nutrition: Danisco, DSM

Focus of R&D

The R&D resources are focused on product innovation derived from consumer trends and needs. We systematically and continuously generate ideas with our customers and translate these together into innovations. Constant process innovation ensures technological and cost leadership in our major product lines.

Key drivers of profitability

- Cost leadership through integration into the BASF Verbund
- Value-driven asset management of citral value chain
- Market intelligence and customer intimacy
- Customer-need driven innovation

Key capabilities of BASF

- Value-driven innovation supported by BASF's global R&D network
- Translation of customer and consumer needs into products and services
- Management in a complex regulatory environment
- Benchmark sustainability concepts and quality management

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Pharma ingredients & services	Expansion of polyvinylpyrrolidone capacity, Ludwigshafen, Germany	2009
Human nutrition	Acquisition of Phytosource, Pasadena*), Texas	2009
	Expansion of fish oil, bottling line in Illertissen*), Germany	2010
Human nutrition and Pharma ingredients & services	Acquisition of Cognis	2010
Human nutrition	New plant for powder compounds in Jacareí*), Brazil	2011
Aroma chemicals	New plant for L-menthol in Ludwigshafen, Germany	2012

*) by Cognis

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Pharma ingredients & services	Sale of site in Shreveport, Louisiana	2008
Animal nutrition	Closure of formulated vitamins manufacturing plant in Wilmington, North Carolina	2009

Major production sites of BASF

Product group	Location
Human nutrition	Germany, Denmark, France, Norway, US, Brazil, Australia, Japan
Animal nutrition	Germany, China, Korea
Pharma ingredients & services	Switzerland, France, Germany, US
Aroma chemicals	Germany

Innovation example

Vegapure®

The Vegapure® range is based on plant sterols that enable our customers to develop heart health products, thus helping the end consumer to reduce the blood cholesterol level. The product range recently received an "Innovation Award" from the food multinational Unilever. As the world's largest supplier of plant sterols and sterol esters, BASF offers the most diversified portfolio for end consumer applications. Our high product quality is widely acknowledged by customers.

Paper Chemicals

New world market leader in paper chemicals

The BASF division Paper Chemicals as the leading global supplier to the paper industry offers a comprehensive range of chemical products for paper manufacturing and coating. This includes process and functional chemicals for the wet end process to optimize costs, increase machine efficiency and lend specific properties to paper as well as coating chemicals to improve printing processes, printability and properties of printed paper and board.

Main products

Process chemicals

For an efficient formation of the paper sheet, BASF sells a wide range of different polymers as retention aids based on polyethylenimine, polyvinylamine and polyacrylamide. Several microparticle systems, either silica or bentonite-based, complement the portfolio. Fixatives neutralize detrimental substances within the papermaking process. BASF is a leading supplier of fixatives and offers a very comprehensive product portfolio including different classes of chemicals. Foam and dispersed air are a threat to the productivity of paper machines. As market leader for defoamers and deaerators, BASF offers innovative and highly effective product solutions.

Functional chemicals

One of the key requirements of packaging producers is a reduction of production costs via increased paper strength and machine speed. BASF meets this demand with innovative dry strength agents, which are based on polyvinylamine or copolymers of vinylformamide and acrylic acid. Sizing agents enhance the print quality and writability of paper products. BASF sells product solutions for wet end and surface treatment of paper and board. BASF offers economic coloration solutions for paper and board.

Coating chemicals

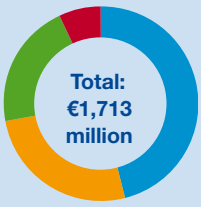
BASF is the leading supplier of paper coating binders and coating additives. Our global expertise combined with our broad product range enable us to provide customer-specific solutions.
The main focus of paper coating binders and coating additives is on:
- improvement of print quality
- optimization of appearance
- solutions for cost-savings

Kaolin

Kaolin minerals are extracted from mines and are primarily used as coating pigments in the paper industry. BASF owns several kaolin reserves in the U.S. state of Georgia. We offer an exceptionally broad line of kaolin-based pigments that give papermakers the coating and filler pigment solution they need to optimize paper properties and maximize value. We also supply kaolin for industrial purposes such as coatings, inks, plastics and rubber, construction as well as catalyst substrates.

Sales by region 2010

(location of customer)



Europe	46%
Asia Pacific	26%
North America	21%
South America, Africa, Middle East	7%

Sales by first customer industry 2010

Paper coating	47%
Wet end	39%
Kaolin	14%

BASF's market position

- Leading paper chemicals supplier worldwide
- Coating chemicals: global #2
- Process chemicals: #1 position for retention business
- Functional chemicals: among three leading players

Main competitors

- Process chemicals: Nalco, Ashland (Hercules), Kemira, Eka Chemicals
- Functional chemicals: Ashland (Hercules), Clariant, Kemira
- Coating chemicals: Styron, Polymer Latex, Synthomer

Focus of R&D

The focus of R&D activities is on improving core portfolio areas, such as retention, drainage, fixation and coating chemicals. Furthermore, new innovative solutions for paper customers are an important part of our R&D activities. We thereby look for cost and performance improvement according to customer needs.

Key drivers of profitability

- Cost leadership through continued cost savings and reduction of operational complexity
- Competitive product portfolio according to respective business model based on market needs
- Growth and innovation with paper chemicals in key markets

Key capabilities of BASF

- Market leadership and active approach towards reshaping the industry
- Long-term partnerships with key paper producers
- Presence in growth regions
- Part of BASF – The Chemical Company with innovation as core competency

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Process chemicals, functional chemicals, coating chemicals, starch	Acquisition of Ciba Holding AG	2009
XSB dispersions	Huizhou, China	announced for 2012
Cationic polyacrylamides	Nanjing, China	announced for 2012

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Paper starch	Sale of paper starch site in Berwick, Pennsylvania, to Carolina Starches LLC	2010
	Sale of European starch business in Finland (Mietoinen, Kokemäki, Lapua) Management buy-out	2010
Coating chemicals	Closure of XSB paper coatings plants in Guturribay, Spain; Kaipiainen, Finland; and Ribécourt, France	2010
Sizing formulations	Closure of production plant in Gron/Sens, France	2010
	Closure or divestment of production plant in Tolosa, Spain	2010
Whiteners	Closure of production plant in Estrada, Brazil	2010
	Exit OBA production in Grenzach, Germany	2011
	Exit paper dyes production in Ludwigshafen, Germany	by end July 2011
	Exit OBA business in Europe	by end of 2011
	Exit paper dyes production in Grenzach, Germany	by end of Q1 2012

Production locations per product group

Product group	Location
Coating chemicals	North America, South America, Asia, Europe
Process chemicals	Asia, Europe
Functional chemicals	Asia, Europe
Kaolin	North America

Innovation example

Ecovio® FS Paper

Ecovio® FS Paper is our newly developed biopolymer, which allows our customers now to produce fully compostable drinking cups for hot and cold beverages such as coffee. Ecovio® FS Paper has a very good adhesion to paper and board and provides a barrier against fat, water-based liquids and aromas. Ecovio® FS Paper laminates are scratch resistant and provide good printability for water- and alcohol-based printing inks. The new biopolymer Ecovio® FS Paper replaces traditional PE-coating. Ecovio® FS Paper combines performance with sustainability and biodegradability and is based on renewable resources.

Performance Chemicals

Innovative partner adding value for specific customer industries

As an innovative partner, BASF's Performance Chemicals division offers specific solutions for defined customer industries including plastics, automotive, refineries, lubricants, oilfield and mining, water treatment as well as leather and textiles. BASF is the leading global supplier for plastic additives.

Main products

Plastic additives

BASF is the leading supplier and innovation partner for stabilizers and additive systems to the plastics, rubber and adhesive industries. The product range includes high-performance light stabilizers, antioxidants and process stabilizers, pigments and other specialty additives. The main fields of application are:

- automotive molded parts
- agricultural films
- construction materials
- packaging
- electronics and consumer goods

Fuel and lubricant solutions

BASF is one of the leading suppliers of performance chemicals for the automotive, refinery and lubricant industries. Our portfolio includes:

- brake fluids and engine coolants
- fuel additives and refinery chemicals
- base stocks for lubricants
- lubricant additives and additive packages
- compounded synthetic lubricants
- metalworking fluids
- low, medium and high molecular weight polyisobutene (PIB)

Oilfield and mining chemicals

We provide chemicals for all stages of oil and gas exploration such as drilling fluid additives, cementing additives, stimulation products and production chemicals. Our mining chemicals business offers a broad range of products and technologies for mineral processing applications. With the integration of Cognis, BASF significantly strengthened its market position in the mineral processing chemicals market beyond solid/liquid separation. The Cognis mining business expands BASF's competence into solvent extraction, primarily for copper mining.

Water solutions

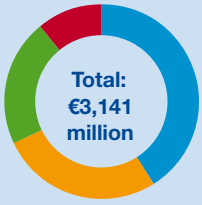
Our core business is organic flocculants based on polyacrylamide. The product range includes flocculants and coagulants, a range of corrosion inhibitors for cooling water and boiler feed water, as well as antifoams and defoamers. The main markets are wastewater treatment, sludge treatment and drinking water production, which we access through a strong platform, bundling the product and service offerings of several BASF divisions.

Leather and textile chemicals

BASF supplies chemicals for all leather and essential textile processing steps. In the leather industry, our eco-efficient products and solutions help customers meet the latest ecological requirements and standards. BASF's expertise covers a broad spectrum of applications such as leathers for shoes, automotive, furniture, garments and accessories. Our textile chemicals deliver high quality, comfort and easy care through innovative effects, fulfilling the latest ecological requirements and standards. We offer textile auxiliaries for weaving, pretreatment and dyeing and comprehensive solutions for pigment printing, finishing and textile coating.

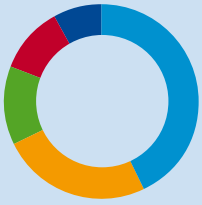
Sales by region 2010

(location of customer)



Europe	41%
Asia Pacific	27%
North America	21%
South America, Africa, Middle East	11%

Sales by first customer industry 2010



Plastics	43%
Automotive and refineries	25%
Leather and textiles	13%
Water	11%
Oilfield and mining	8%

BASF's market position

In all businesses we are among the top three players or global market leader, as for example in plastic additives.

Main competitors

- Plastic additives: Songwon, Cytec, Clariant
- Automotive and refinery chemicals: Infinium, Petrochem, Chemtura, Arteco, Lubrizol
- Oilfield and mining chemicals: Cytec, SNF, Dow, Baker
- Water solutions: SNF, Ashland, Kemira
- Leather and textile chemicals: Clariant, Lanxess, Huntsman

Focus of R&D

Developing intelligent solutions in close cooperation with our customers as well as improving our cost position are key to the success of the Performance Chemicals division. Accordingly, we want to grow our business by aiming at new, fast growing markets, where we can leverage the variety of our competencies. In addition, we aim to safeguard our margins in already established businesses.

Key drivers of profitability

- Customer proximity and market focus
- Consistent implementation of Customer Interaction Models
- Excellent innovation platform and application know-how
- Focus on industry segments and regions growing above GDP

Key capabilities of BASF

- Strategic alliances with key customers for innovation leadership
- Highly qualified and experienced team with strong market knowledge, strengthened through legacy Cognis' market expertise
- Technological competence to provide excellent solutions to our customers

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Plastic additives	Divestiture of business with hydrophilic melt additives	2010

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Leather and textile chemicals	New plant for specialty chemicals for leather tanning in Shanghai, China	2008
Plastic additives, process and lubricant additives, oilfield and mining chemicals, water chemicals	Acquisition of Ciba Holding AG	2009
Mining chemicals and lubricant additives	Acquisition of Cognis	2010
Automotive and refinery chemicals	Expansion of synthetic lubricants blending and bottling line in Cincinnati, Ohio (by Cognis)	2008
	Expansions of polyisobutene plant in Ludwigshafen, Germany	2008/2010
	Construction of a new polyisobutene plant in Nanjing, China	2011/12
Water chemicals, paper chemicals	New plants for quaternized cationic monomers and cationic polyacrylamides in Nanjing, China	2012

Major production sites

Region	Location	Product
Europe	Ludwigshafen, Germany	F, L
	Lampertheim, Germany; Pontecchio Marconi, Italy	P
	Kaisten, Switzerland	F, P
	Antwerp, Belgium	F
	Bradford and Grimsby, UK	O/M, W
North America	McIntosh, Alabama; Puebla, Mexico	F, P
	Suffolk, Virginia; West Memphis, Arkansas	O/M, W
Asia Pacific	Shanghai, China	F, P, L, T
	Thane and Mangalore, India	F, L, T
	Singapore	F, P
South America	Guaratinguetá, Brazil	F, T

Abbreviations: F = Fuel and lubricant solutions, L = Leather, O/M = Oilfield / Mining chemicals, P = Plastic additives, T = Textiles, W = Water solutions

Innovation example

Lumogen® IR

Our innovations can make life easier – as demonstrated by our new heat shielding plastic additive. Hot car interiors in the summer are not only uncomfortable for the driver – they also get the air conditioner running at full blast, leading to higher energy consumption. Lumogen® IR helps to prevent this: Lumogen is a technology for transparent plastic applications that absorbs near-infrared radiation and therefore reduces heat build-up inside cars.

2.4 Functional Solutions

The Functional Solutions segment consists of the Catalysts, Construction Chemicals and Coatings divisions. These divisions develop innovative, sector and customer-specific products and system solutions, in particular for the automotive and construction industries.

The Hyundai concept car i-flow incorporates more than 20 BASF innovations

Segment sales 2010

(million €)

Catalysts	5,005
Coatings	2,577
Construction Chemicals	2,121

Functional Solutions 2010 vs. 2009

Sales	EBIT before special items
+36%	+123%

Segment data*)

(million €)	2006	2007	2008	2009	2010
Sales to third parties	5,906	9,491	9,388	7,115	9,703
Share of total BASF sales (%)	11.2	16.4	15.1	14.0	15.2
Thereof Catalysts	2,411	4,804	4,729	2,961	5,005
Construction Chemicals	1,081	2,100	2,163	1,991	2,121
Coatings	2,414	2,587	2,496	2,163	2,577
Income from operations before depreciation and amortization (EBITDA)	595	876	564	511	861
EBITDA margin (%)	10.1	9.2	6.0	7.2	8.9
Income from operations (EBIT) before special items	473	557	265	209	467
EBIT before special items margin (%)	8.0	5.9	2.8	2.9	4.8
Income from operations (EBIT)	338	434	151	107	457
EBIT margin (%)	5.7	4.6	1.6	1.5	4.7

*) As of January 1, 2008, we restructured our segments on the basis of similar products, production processes and customer industries. The previous years' figures have been adjusted accordingly.

Catalysts

The global leader in catalysis

BASF's Catalysts division is the global market leader in catalysis. The division develops and produces mobile emissions catalysts as well as process catalysts and technologies for a broad range of customers worldwide. The division also provides precious metals and related services. BASF expands its leading role in catalyst technology through continuous process and product innovation.

Main products and services

Mobile Emissions Catalysts:

Enables cost-effective regulatory compliance by providing technologies that control emissions from gasoline- and diesel-powered passenger cars, trucks, buses, motorcycles and off-road vehicles.

Process Catalysts and Technologies:

Offers innovative, high-quality catalysts for a wide range of end-user applications. The business is the leading manufacturer of catalysts for the chemicals industry with solutions across the chemical value chain, as well as intermediates for pharmaceuticals and fine chemicals. It provides groundbreaking oil refining technology catalysts including fluid catalytic cracking (FCC) catalysts, co-catalysts and additives. It also provides polyolefin catalysts and adsorbents, which offer guard bed and catalyst intermediate technologies for purification, moisture control and sulfur recovery.

Precious and Base Metal Services:

Supports the catalysts business and BASF customers with services related to precious and base metals sourcing and management. The business purchases, sells, refines and distributes these metals and provides storage and transportation services. It also provides a variety of pricing and delivery arrangements to meet the logistical, financial and price-risk management requirements of BASF, its customers and suppliers. In addition, the business produces precious metal salts and solutions.

BASF's market position

- Mobile emissions catalysts: #1
- FCC refinery catalysts: #2
- Chemical catalysts: #1

Main competitors

- Mobile emissions catalysts: Johnson Matthey, Umicore
- FCC refinery catalysts: Grace, Albemarle
- Chemical catalysts: Süd-Chemie, Haldor Topsøe, LyondellBasell, UOP

BASF is the market leader for automotive catalysts in Asia

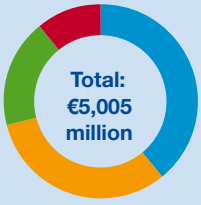
- Unrivaled position, strengthened by our joint ventures in Japan and Korea
- Leveraging BASF's regional strength, especially in the rapidly growing Chinese market

Focus of R&D

Innovation in catalysis is crucial for all our product groups. For Mobile Emissions Catalysts, the focus is on improved products to meet new exhaust gas standards, especially for diesel. For Process Catalysts and Technologies, priority is given to developing new and improved products.

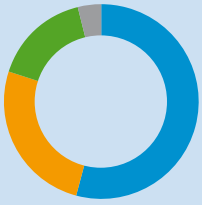
Sales by region 2010

(location of customer)



Europe	39%
North America	32%
Asia Pacific	18%
South America, Africa, Middle East	11%

Sales by first customer industry 2010*)



Motor vehicles	54%
Chemicals	26%
Petroleum and coal	16%
Other	4%

*) Excluding precious metals

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Process Catalysts	Nanjing site, China	2009
New Business Development	Surface Technologies business	2011

Key drivers of profitability

- Technology innovation
- Tightening of clean air regulations driving demand for new mobile emissions catalysts
- Rising raw material costs and alternative raw material sources driving process catalyst demand
- Production efficiency
- Strict working capital management

Key capabilities of BASF

- Technology leadership in mobile emissions and process catalysis
- Recognized precious metals expertise
- Partnerships with industry leaders
- Strong position in Asia through joint ventures
- Largest global R&D capability
- Operational excellence in catalyst production and use

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Process Catalysts	Capacity expansion, polyolefin catalysts, in Pasadena, Texas; and Tarragona, Spain	2008
	Capacity expansion, refinery catalysts, in Attapulgus and Savannah, Georgia	2008
	Capacity expansion, sulfuric acid catalysts, in Ludwigshafen, Germany	2010
	Capacity expansion, custom catalysts for petrochemical intermediate production, in Erie, Pennsylvania	2010
	Acquisition of CRI/Criterion's styrene catalysts business	2011
Adsorbents	Capital investment to add a third belt dryer to Sorbead®/ KC-Trockenperlen® production facility, in Nienburg, Germany	2009
Mobile Emissions Catalysts	Capacity expansion in Shanghai, China; Chennai, India; and Huntsville, Alabama	2009
	Capacity expansion in Nienburg, Germany; and Shanghai, China	2010
	Increased ownership stake in N.E. Chemcat joint venture, Japan, to 50%	2010
	Capacity expansion in Shanghai, China; Chennai, India; Rayong, Thailand; and Nienburg, Germany	2011
	Increased ownership stake in Heesung Catalysts joint venture, Korea, to 50%	2011
Material Services	New precious metal salts and solutions plant, in Shanghai, China	2011

Emissions regulations drive demand for catalysts

Light Duty · Heavy Duty · Motorcycle

	2009	2010	2011	2012	2013	2014	2015	2016
Off Road Tier 4a & 4b			Global, 4a			Global, 4b		
CA LEV III						Phase in →		United States
United States 2010		United States						
Euro 6	Japan				Europe	Europe		
Euro 5	South Korea Europe	South Korea Europe		Brazil		Russia Brazil	Russia China	
Euro 4	Brazil Brazil	India China	India	Russia Europe Russia	China		China	
Euro 3		China India	Thailand			Vietnam		

Innovation example

DOC/LNT and Advanced Zeolite SCR on Filter

BASF's Diesel Oxidation Catalyst (DOC)/Lean NOx Trap (LNT) and advanced Zeolite Selective Catalytic Reduction (SCR) on a particulate filter combines four emissions abatement functions in just two components, saving mass and space, while also eliminating the need for a urea injection system for diesel engine emissions control.

This results in a range of customer benefits. For example, combining catalyst functionalities on a single substrate reduces weight and helps lower system backpressure, which can have a positive effect on CO_2 emissions. In addition, no urea injection system, tank and controls are required, saving space, cost and weight.

Construction Chemicals

Leading solution provider in construction chemicals

BASF's Construction Chemicals division provides chemical systems and formulations for the construction industry. This business offers major innovation potential – we aim to lead technological development in sustainable building, help the industry to rapidly adopt sustainable construction practices and thus to support the profitable growth of our customers.

Main products

Admixture systems

BASF technologies for admixture systems optimize the properties of concrete. They enable construction in extreme environments or in complex projects, such as bridges, skyscrapers and tunnels. Our well known admixture brands include: Glenium®, Rheobuild® and Pozzolith®. In underground construction, admixtures and machinery are offered under the Meyco® brand.

Construction systems

Construction systems protect and repair structures. BASF offers:

- tile and floor adhesives (PCI®)
- repair mortars (Emaco®)
- sports and industrial flooring (Conipur®, Ucrete®, Mastertop®)
- sealants (Masterflex®, Sonolastic®)
- waterproofing membranes (Masterseal®)
- wall systems and products for façades (Heck®, Senergy®, Rajasil®)

BASF's market position

- Admixture systems: global #1
- Construction systems: globally among top three
- Sports flooring: global #1

Main competitors

- Admixture systems: Sika, W.R. Grace, Mapei
- Construction systems: RPM, Mapei, Bostik, Sika

Outpacing construction industry

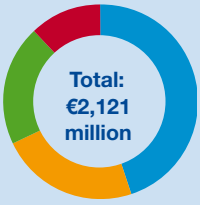
- Construction industry volume ($4,462 billion in 2010)
  - Biggest industry of national economies
  - Growth depending on macroeconomics
- Construction chemicals market (€29 billion in 2010)
  - Growth 1% higher than construction industry growth
  - Chemicals growth driven by demand for materials with improved functionality and sustainability, allowing for differentiated building materials and reduced total construction cost (material and labor)
- The BASF Construction Chemicals division strives to outperform the construction chemicals market growth rate

Focus of R&D

The goal of our R&D activities is to drive construction towards higher productivity and sustainability. In particular, we aim to develop solutions to make construction processes faster with easy-to-apply and robust products. Durability, service life of buildings and eco-efficiency are the main drivers for innovations across all regions. We invest significantly to further strengthen and extend our technology platforms to meet the needs of our customers now and in the future.

Sales by region 2010

(location of customer)



Europe	45%
North America	23%
Asia Pacific	20%
South America, Africa, Middle East	12%

Sales by business area 2010

Construction systems	52%
Admixture systems	48%

Construction Chemicals target customers

Business area	Customer industries
Admixture systems	Ready-mix concrete
	Precast concrete
	Manufactured concrete products
	Cement production
	Tunnel building
	Mining
Business area	**Customers**
Construction systems	Construction industry, especially:
	- Contractors and applicators
	- Builders' merchants
	- Owners of buildings

Key drivers of profitability

- Products matching a broad variety of customer needs
- Reliability of product performance
- Quality of sales and technical service
- Developing customized solutions
- Anticipating future market trends

Key capabilities of BASF

- Customer orientation, proximity to market, experienced staff, high flexibility, established brands
- High-value solutions for our customers
- Focus on growth markets, megatrends and lead customers
- Integration into BASF product, technology, and know-how Verbund

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Concrete admixtures	Investment in concrete admixtures in Guaratinguetá, Brazil	2008
	Investment in concrete admixtures in Wuhan, China	2008
	Investment in concrete admixtures in Kolkata, India	2008
	Investment in concrete admixtures in Huzhou, China	2008
	Acquisition of Kejie Admixture Science & Technology Co. Ltd., in Guangdong, China	2008
Concrete admixtures & construction systems	Investment in concrete admixtures, waterproofing, precision grouting and other construction systems in Karachi, Pakistan	2008
Construction Chemicals	Investment in logistics center in Gebze, Turkey	2009
Construction systems	Investment in powder production in Srem, Poland	2009

Divestitures/Shutdowns (from 2008 onward)

Business area	Description	Year
Industrial flooring	Closure of production of flooring products and sealants in Altlandsberg, Germany	2009
Concrete admixtures	Divestiture of the admixture systems business of BASF Construction Chemicals, Korea	2009
	Closure of production of Melment® for concrete admixtures in Wittenberg, Germany	2010
Construction Chemicals	Restructuring of production landscape in Spain, closure of Palau site	2011

Innovation example

PCI Geofug® with peciclean® effect

PCI Geofug® is a grout that almost cleans itself, ensuring the highest levels of cleanliness and hygiene. The peciclean® effect minimizes the cleaning work required and makes joints especially oil, grease and dirt repellent. PCI Geofug® is suitable for a variety of interior applications and walls and floors. The joints even resist acid household cleaning agent.

Coatings

Coatings combine protection and appearance with eco-efficient products and processes

BASF's Coatings division offers innovative and environmentally-friendly products for the automotive industry, including both finishes and refinishes, and for particular segments of the industrial coatings market. BASF also sells decorative paints, mainly in South America, for interior and exterior use in residential and commercial buildings. We combine protection and aesthetics with eco-efficiency in tailor-made customer products and processes.

Main products

Automotive OEM (Original Equipment Manufacturer) coatings solutions

BASF provides complete automotive coatings solutions, including:
- e-coat (CathoGuard®)
- primer (StarBloc®)
- basecoat (ColorPro®)
- clearcoat (ProGloss®)

Furthermore it offers extensive technical and design support to most of the world's leading automobile manufacturers.

Automotive refinish/commercial transport coatings solutions

For the refinishing of cars and commercial vehicles, BASF offers topcoat and undercoat materials under the global brands Glasurit® and R-M® as well as the regional brands Baslac®, LIMCO® und Salcomix®, which are sold to paint distributors and automotive repair shops. BASF is a leader in the field of waterborne coatings as well as high-solid systems, enhanced by added-value tools for end users.

Industrial coatings solutions

BASF offers environmentally responsible systems for coating industrial products, such as Coiltec®, an universal chromate-free coil coating primer, or foil coatings, applied to paper and plastic substrates. For the final finish of manufactured products, BASF's portfolio comprises e-coats, spray and dip coatings, which are used on industrial buildings, radiator components, household appliances as well as heavy-duty corrosion protection in ship building and for wind turbines.

Decorative paints

For interior and exterior use in buildings, BASF offers decorative paints, marketed under the well known premium brand Suvinil® in Brazil and sold under the RELIUS® brand in Europe. In China, NORBIN™ has been developed to address the needs of the local market, where environmental friendliness, weathering and dirt resistance, washability and high color fastness are important criteria for decorative paints.

BASF's market position

- Automotive OEM coatings: #2
- Automotive refinish coatings: #3
- Coil coatings: #3 in Europe
- Decorative paints: #1 in South America

Main competitors

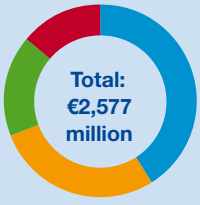
- Automotive OEM coatings: DuPont, PPG, Kansai Paint
- Automotive refinish coatings: DuPont, PPG, Akzo
- Industrial coatings: Akzo, PPG
- Decorative paints South America: Akzo, Sherwin Williams

Focus of R&D

Our innovation efforts for the automotive industry are focused on close partnerships with our customers in order to formulate, for instance, new coatings solutions for integrated processes, unique eco-efficient colors, and extremely durable clearcoats by using the

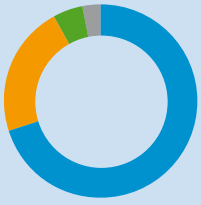
Sales by region 2010

(location of customer)



Europe	41%
South America, Africa, Middle East	28%
Asia Pacific	17%
North America	14%

Sales by first customer industry 2010



Automotive	70%
Construction	22%
Metal	5%
Other	3%

latest crosslinking technologies. Additional research topics are improved products for new technology markets (e.g., wind energy) and environmentally responsible applications (e.g., CleanCoat, a premium interior coating product that creates a special protective film, significantly reducing the growth and spread of bacteria).

Key drivers of profitability

- Combination of protection and appearance as value indicator
- Managing raw material price pressure, especially solvents and resins
- Value pricing of additional services along the supply chain
- Efficient distribution channels in end-user markets
- Innovation transfer into the market

Key capabilities of BASF

- Strong premium brands in end-user markets
- Innovative long-term cooperation with leading OEM customers
- Technical on-site support at customer locations, creating additional value and long-term relationships
- Services and tools within automotive industry for handling of color complexity
- Leveraging strong market position and application know-how from mature markets into growing markets
- Global production and market presence

Acquisitions/JVs/Investments (from 2008 onward)

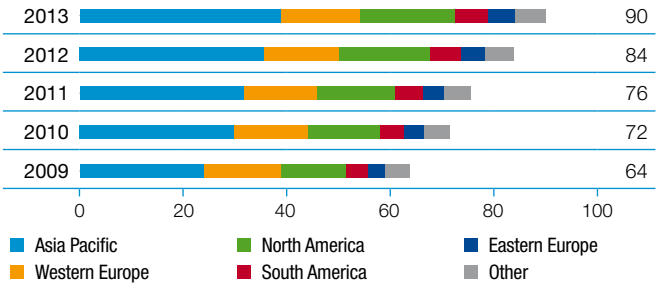
Product group	Description	Year
Decorative paints	Resin expansion in Demarchi, Brazil	2008
Automotive OEM and refinish	Acquisition of remaining 50% of joint venture with Yasar, Turkey	2008
Automotive OEM	Water-based coatings expansion in Würzburg, Germany	2009
	Acquisition of motorcycle coatings business from NTL and set up of regional platform for ASEAN in Thailand	2009
Automotive refinish	Site consolidation in North America to Windsor, Canada	2010
Automotive OEM	Expansion of technical lab in Mangalore, India	2011

Divestitures/Shutdowns (from 2008 onward)

Business area	Description	Year
Automotive OEM	Closure of powder coatings plant in Morganton, North Carolina	2008
Industrial coatings	Sale of coil coatings business in Belvidere, New Jersey	2008
	Closure of Decatur site in Alabama	2008
	Sale of powder coatings plant in Verbania, Italy	2009
	Sale of coatings plant in Ako, Japan	2009
	Sale of liquid coatings plant in Burago, Italy	2010
Automotive OEM and refinish	Closure of Belvidere site in New Jersey	2010

Passenger car and light commercial vehicles

(million units produced)



Source: J.D. Power Associates, December 2010

Innovation example

"3 Wet High Solids" technology

The new coatings technology "3 Wet High Solids" – jointly developed by BASF and Ford – offers the U.S. carmaker significant advantages in the coatings process of its new model Fiesta. This new technique reduces production time per vehicle by 20%, generates 15% less carbon dioxide emissions and releases 5% less volatile organic compounds (VOCs) than the previously used process. The principle advantage is that one drying phase can be eliminated. In the new process three layers are applied wet-on-wet-on-wet, and then subsequently dried. This results in more cars being coated within the same period of time, greater efficiency and no quality loss in terms of paint glossiness, color brilliancy or resistance.

2.5 Agricultural Solutions

Our crop protection products safeguard crops and thus protect harvests. We develop and produce innovative active ingredients and formulations for the improvement of crop quality and yields, and market them worldwide. Our focus is on innovative fungicides, insecticides, herbicides and seed treatments. We concentrate on markets for high-quality applications and continuously optimize our portfolio. Innovations are crucial to our success. Therefore, we are committed to R&D to further strengthen our pipeline.

At BASF Plant Science we develop crops with clear advantages for farmers, consumers and the environment using biotechnological methods (see pages 26-27). As our product pipeline flourishes and more products are nearing market introduction, we plan to establish a new operating division Plant Biotechnology as part of the Agricultural Solutions segment in the second half of this decade.

Our products improve the quality and yield of crops like canola

Crop Protection 72

The Agricultural Solutions segment consists of the Crop Protection division. We develop and produce innovative active ingredients and formulations for the improvement of crop quality and yields, and market them worldwide.

Segment sales by indication 2010

Fungicides	43%
Herbicides	35%
Insecticides and other	22%

Agricultural Solutions 2010 vs. 2009

Sales	EBIT before special items
+11%	-4%

Segment data*)

(million €)	2006	2007	2008	2009	2010
Sales to third parties	3,079	3,137	3,409	3,646	4,033
Share of total BASF sales (%)	5.9	5.4	5.5	7.2	6.3
Income from operations before depreciation and amortization (EBITDA)	688	718	905	973	938
EBITDA margin (%)	22.3	22.9	26.5	26.7	23.3
Income from operations (EBIT) before special items	402	526	706	776	749
EBIT before special items margin (%)	13.1	16.8	20.7	21.3	18.6
Income from operations (EBIT)	472	516	705	769	749
EBIT margin (%)	15.3	16.4	20.7	21.1	18.6

*) As of January 1, 2008, we restructured our segments on the basis of similar products, production processes and customer industries.
The previous years' figures have been adjusted accordingly. Sales, earnings and all other data of BASF Plant Science are not included in the Agricultural Solutions segment but reported in Other.

Crop Protection

Innovative solutions for modern agriculture

BASF's Crop Protection division directs major resources towards meeting the needs of the high-value agricultural markets in Western and Central Europe, North America, Brazil, Argentina and Japan. The division aims to sustain its role as a leading innovator by continuing its extensive research and development activities.

© Grace Winter/PIXELIO

Main products

Fungicides

Fungicides protect crops from harmful fungi that reduce vitality by damaging physiological processes. Our product portfolio includes:

F500® (pyraclostrobin)

F500® is a highly effective fungicide, is safe for crops and has a favorable toxicological and ecotoxicological profile. F500® has been approved in more than 60 countries for over 150 crops in over 100 indications. With F500®, we aim to achieve annual sales of €700 million. In 2007, we launched our global Plant Health umbrella brand AgCelence®.

Boscalid

Boscalid was originally developed for the specialty crop market and is now strongly growing in important field crops like cereals and canola (oil-seed rape). It is now applied in over 70 countries for more than 100 crops in over 200 indications. Due to this excellent performance, we expect annual sales of more than €300 million.

Herbicides

Herbicides protect crops from weeds that cause damage by competing for nutrients, water and sunlight. Our product portfolio includes:

The Clearfield® production system

The Clearfield® production system combines herbicide-resistant seeds developed by using enhanced plant breeding methods with custom-designed herbicide solutions. Clearfield® crops currently being marketed include canola, sunflower, corn, rice, wheat and lentils.

Kixor®

Kixor is the most recent active ingredient from our research and has been launched in North America and Latin America in 2010. Kixor can be used against broadleaf and difficult-to-control weeds, including those that have developed resistance to the herbicide glyphosate. We aim to achieve annual sales of over €200 million with this product.

Insecticides

Insecticides protect crops from insects that cause damage by eating or sucking the juices of plants and transmitting dangerous viruses. Our product portfolio includes:

Fipronil

Fipronil is an active ingredient of a unique class of insecticide chemistry. It plays a strategic role in BASF's insecticides portfolio. Furthermore, it gives BASF a strong position in attractive non-crop market segments, such as structural/urban pest control, turf and ornamental plants.

BASF's market position (as of 2009)

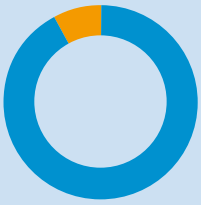
- Fungicides: #3
- Herbicides: #5
- Insecticides: #3

Sales by region 2010

(location of customer)

Europe	38%
South America, Africa, Middle East	26%
North America	25%
Asia Pacific	11%

Sales by first customer industry 2010



Agriculture	92%
Non-Agriculture*)	8%

*) Aqua-culture, forestry, home and garden, industrial weed control, ornamentals, public health, turf, urban pest control

Main competitors

- Fungicides: Syngenta, Bayer
- Herbicides: Monsanto, Syngenta, Bayer, Dow
- Insecticides: Bayer, Syngenta

Focus of R&D

Significant R&D activities focusing on fungicides, insecticides and selective herbicides, where further market growth and high demand for innovation is expected.

Powerful agrochemical R&D pipeline

Increased peak sales potential of €2.4 billion due to high demand for our products.

Key drivers of profitability

- New products from research pipeline or from acquisitions
- Alignment of resources as well as products and services to customers' needs in high-value and innovation-driven markets
- Effective management of assets and costs

Key capabilities of BASF

- Strong R&D engine
- Competitive patent management
- Focus on high-value markets and products
- Strict portfolio management

Acquisitions/JVs/Investments (from 2008 onward)

Product group	Description	Year
Non-crop insecticides	Acquisition of Sorex Group pest control business in the US and UK	2008
Kixor®	New production capacity in the US	2010
F500®, Boscalid, Fipronil, Metazachlor	Capacity expansion in Europe, the US and South America	2010
Xemium®	New capacity in Europe	2011

Divestitures/Shutdowns (from 2008 onward)

Product group	Description	Year
Manufacturing site	Closure of formulation site in Dadra, India	2009

Innovation Pipeline

Product group	Stage I In Development 2011-2016	Stage II In Launch 2006-2010	Stage III Launched 2002-2005	Stage Market Segments
F 500® (F), Boscalid (F) Metrafenone (F), Dimoxystrobin (F) Tritosulfuron (H), Chlorfenapyr (I)				Field crops, specialty crops, non-crop
Oryzastrobin (F), F 500® seed treatment (F) Topramezone (H), Kixor® (H) Metaflumizone (I)				Field crops, specialty crops, seed treatment
Initium® (F) Xemium® (F) HT Project Cultivance*) HT Project Dicamba 1 Insecticide				Field crops, specialty crops, seed treatment
Peak Sales Potential	**€700 million**	**€1,700 million**		

Abbreviations: F=Fungicides, H=Herbicides, I=Insecticides, HT= Herbicide Tolerance

*) Herbicide tolerance project Cultivance is also included in the BASF biotech pipeline.

Innovation example

Xemium®

BASF is a leading and innovative player in crop protection and a pioneer in carboxamide fungicides. Xemium® is our first carboxamide fungicide that covers all market segments and complements BASF's outstanding fungicide portfolio. From 2012 onwards we will launch Xemium® in more than 50 countries and for more than 100 crops. Peak sales are expected to be more than €200 million per year.

2.6 Oil & Gas

BASF's wholly owned subsidiary Wintershall is Germany's largest producer of crude oil and natural gas. Wintershall has been active in exploration and production of oil and gas for more than 80 years.

In exploration and production, we focus on selected oil- and gas-rich core regions in Europe, North Africa and the Middle East, South America as well as in Russia and the Caspian Sea region.

In Europe, the WINGAS Group, operated jointly with Gazprom, combines our main activities in natural gas trading, transport and storage. Through our "Gas for Europe" strategy, we are tapping into the growth opportunities arising from the increased import needs for natural gas in Europe and the liberalization of European gas markets.

Drilling rig in the West Siberian Urengoy field

Exploration & Production 76

Our exploration and production business is carried out by Wintershall Holding GmbH and its subsidiaries. Wintershall has been actively involved in the exploration and production of crude oil and natural gas for more than 80 years, and since 1969 as a wholly owned subsidiary of BASF.

Natural Gas Trading 78

Our natural gas trading business is operated with our partner Gazprom via various subsidiaries. We supply the German and European gas markets through several joint ventures.

Segment sales 2010
(million €)

Natural Gas Trading	6,972
Exploration & Production	3,819

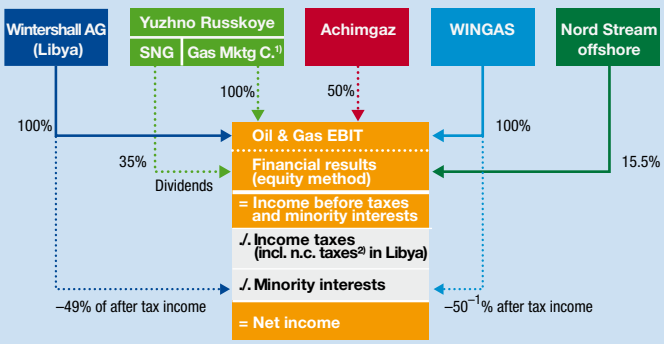
Oil & Gas 2010 vs. 2009

Sales	EBIT before special items
-5%	+6%

Segment data

(million €)	2006	2007	2008	2009	2010
Sales to third parties	10,687	10,517	14,445	11,356	10,791
Share of total BASF sales (%)	20.3	18.1	23.2	22.4	16.9
Thereof Exploration & Production	4,555	4,365	5,308	3,847	3,819
Natural Gas Trading	6,132	6,152	9,137	7,509	6,972
Income from operations before depreciation and amortization (EBITDA)	3,781	3,592	4,409	2,830	2,977
EBITDA margin (%)	35.4	34.2	30.5	24.9	27.6
Thereof Exploration & Production	3,023	2,901	3,744	2,188	2,428
Natural Gas Trading	758	691	665	642	549
Income from operations (EBIT) before special items	3,260	3,031	3,844	2,289	2,430
EBIT before special items margin (%)	30.5	28.8	26.6	20.2	22.5
Thereof Exploration & Production	2,655	2,486	3,319	1,781	2,014
Natural Gas Trading	605	545	525	508	416
Income from operations (EBIT)	3,265	3,031	3,844	2,289	2,334
Non-compensable foreign income taxes for oil production	1,282	1,302	1,851	870	983
Net income	945	789	951	712	923

Projects with Gazprom – Impact on BASF's P&L



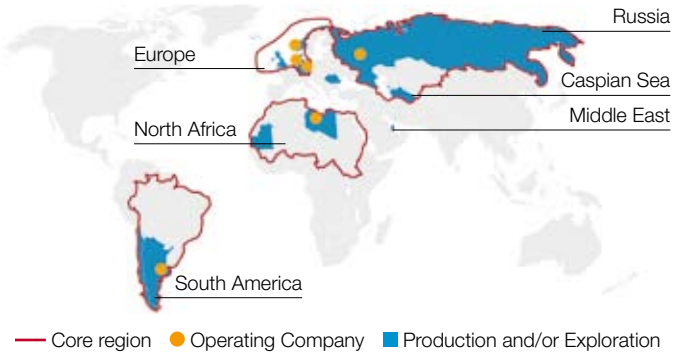
1) Gas marketing company
2) Non-compensable oil taxes

Exploration & Production

Focused E&P activities and selective technology development

Exploration and production of crude oil and natural gas is performed by BASF's wholly owned subsidiary Wintershall. Wintershall focuses on selected oil- and gas-rich regions in Europe, North Africa and the Middle East, South America as well as in Russia and the Caspian Sea region. In addition to investments in the exploration, development and production of hydrocarbons, we also secure our lasting success by broadening our technological expertise. Our focus is on increasing the yield from producing deposits as well as the development of reservoirs with difficult production conditions.

Activities by region



Europe

Wintershall has been operating in Europe for over 80 years. In addition to exploration and production in our home market Germany, we focus in particular on the North Sea (Norway, the Netherlands, Denmark, the United Kingdom), where we have been active since 1965. Wintershall is one of the largest producers of natural gas in the Netherlands and operates a total of 25 offshore platforms there. Through the acquisition of Revus at the end of 2008, we have significantly strengthened our position in the European North Sea, in particular in the Norwegian and British parts. With more than 40 licenses and more than 20 operatorships, we are also one of the largest license holders in Norway. In the British North Sea, we hold shares in 20 licenses and have operatorship in ten of these.

Since 2009, Wintershall has achieved some impressive successes in exploration: Grosbeak, Maria and Beta in Norway; Catcher, Cladhan and Wingate in the United Kingdom. To further expand our successful activities in the North Sea, we have earmarked investments of more than €1 billion for this region by 2015. Our aim is to increase the production level to 50,000 BOE per day in the Norwegian and British sectors of the North Sea.

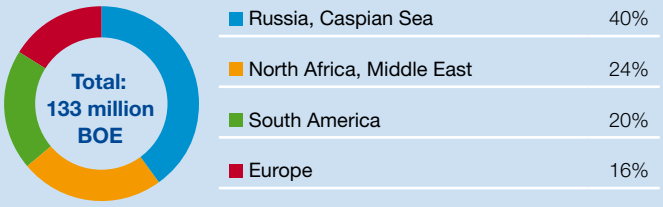
Russia / Caspian Sea

With approximately one quarter of the world's natural gas reserves, Russia is very important for the global energy market. Wintershall has been active in this region for more than 20 years – in particular through its successful cooperation with Gazprom. Together with Gazprom we pursue two joint field development projects in West Siberia: Yuzhno Russkoye and Achimgaz.

Yuzhno Russkoye: Wintershall has a 35% share in the commercial success of the field via Severneftegazprom. The field reached plateau production of 25 billion m³ of natural gas per year in the middle of 2009. All 142 production wells are in operation. Around 70 million m³ of natural gas are produced there every day. The field has recoverable reserves of more than 600 billion m³ of natural gas.

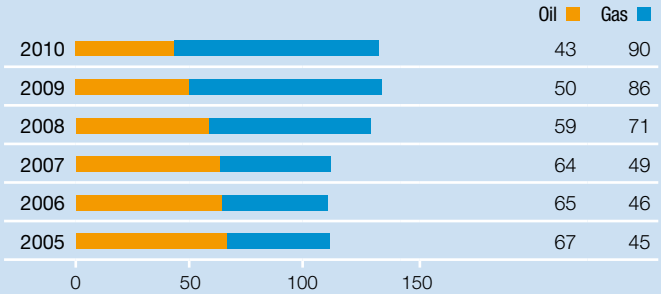
Achimgaz: 50-50 joint venture between Gazprom and Wintershall. It produces natural gas and condensate from Block IA of the Achimov horizon in Novy Urengoy in Western Siberia. The total reserves of Block IA are 200 billion m³ of natural gas and 40 million tons of condensate. Plateau production is estimated to be reached in 2015 with 8 billion m³ natural gas per year. In 2010, the joint

Production 2010 by core region



Production development

(million BOE)



venture produced 1.2 billion m³ gas and 565,000 tons condensate. In March 2011, Wintershall and Gazprom signed a Memorandum of Understanding to further expand the Achimov deposits of the Urengoy field. It foresees the possible development on a parity basis of two additional sites (Blocks IV and V) of the Urengoy field. Gazprom will receive equivalent stakes in Wintershall's exploration and production projects in the North Sea. Hydrocarbon production in Blocks IV and V is not expected before 2015. Plateau production is estimated to be at least on the level of Block IA (8 billion m³ natural gas p.a.).

North Africa / Middle East

Wintershall has been engaged in exploration and production in Libya since 1958. We have eight onshore oil fields in the Libyan desert, in which Gazprom has a 49% working interest. As part of a consortium, we also have a minority interest in the Al Jurf offshore field in the Mediterranean Sea off the Libyan coast. In addition to its activities in North Africa, Wintershall continues to expand its operations in the Arabian Peninsula. We have gas exploration activities off the coast of Qatar in Block 4N, which is located close to the North Field, the largest natural gas field in the world. Moreover, we hold a working interest in Block 3. In May 2010, we signed an MoU with the Abu Dhabi National Oil Company (ADNOC), which paved the way for the long-term exploration and development of a deposit in the Western region of the emirate.

South America

Wintershall has been active in this region since the late 1970s. In Argentina, the largest gas producing country in South and Central America, we are involved in 15 oil and gas fields. With an annual production of 25 million BOE, Wintershall is one of the country's largest producers. Since 2008, we have extended our South American activities into Chile, where we are exploring the Otway and Tranquilo Block of the Magellan Basin. The two fields are situated near our existing production operations at Tierra del Fuego, Argentina. Off the coast of Tierra del Fuego, Wintershall produces natural gas from the Carina and Aries natural gas fields, so far the largest offshore natural gas project in Argentina. Wintershall has a 37.5% working interest in this project.

Acquisitions/JVs/Investments (from 2008 onward)

Description		Year
Exploration license award	in Block 4N, Qatar	2008
Acquisition	of Revus Energy ASA, Norway	2008
Exploration license awards	in the North Sea (Norway)	2008
Exploration license award	in Chile	2008
	in two exploration blocks in Argentina	2008
Oil field development	water flooding project, Libya	2009
	in Mittelplate, Germany	2009
Gas field development	in E18, The Netherlands	2009
	in Aguada Pichana, Argentina	2009
	in K18 Golf tight gas development, the Netherlands	2010
	in Wingate, UK	2010
	in Yuzhno Russkoye, Russia	2007-2013
Gas/condensate field development	of Achimov formation in Urengoy, Russia	2005-2018
Oil field development	in Emlichheim, Germany	2010
Exploration license awards	in Norway	2011

Key drivers of profitability

- Exploration success
- Active portfolio management (e.g., acquisitions and farm-ins)
- Selective technology development and deployment
- Integrated gas business
- Focus on core regions
- Lean organization

Key capabilities of BASF

- Technology for developing complex oil and gas reservoirs (e.g., extended reach drilling, enhanced oil recovery)
- Partnership with Gazprom: direct involvement in the production of natural gas in Western Siberia
- Integrated upstream/midstream player
- Many years of experience as operator
- Financial strength

Reserves

(total proven oil & gas reserves[1])

Russia	55%
Argentina	20%
Libya[2]	14%
Germany	9%
North Sea (NL + UK + NO)	2%

[1] As of December 31, 2010, excluding volumes from the Achimgaz project due to contractual and legal stipulations
[2] Wintershall AG (Libya) at 51%

BASF benefits from E&P business

- Long-term profitability
- Hydrocarbon hedge
- Synergies in oil field chemicals and enhanced oil recovery activities

Natural Gas Trading

More energy together. Natural gas supply for Europe

In Europe, the WINGAS Group, operated jointly with Gazprom, combines our main activities in natural gas trading, transport and storage.
Through our "Gas for Europe" strategy, we are tapping into the growth opportunities arising from the increased import needs for natural gas in Europe and the liberalization of European gas markets.

Through the joint venture WINGAS, BASF is also active in natural gas trading. BASF's subsidiary Wintershall holds 50% plus one share and Gazprom 50% minus one share in the joint venture. WINGAS has been active in gas distribution since 1993 and supplies natural gas to public utilities, regional gas suppliers, industrial companies and power plants in Germany and other European countries – mainly the United Kingdom, Belgium, France, Austria, the Netherlands and the Czech Republic. The WINGAS companies also market transport, storage and fiber-optic capacities and operate gas pipelines and storage facilities. The pipeline network of its subsidiary WINGAS TRANSPORT now extends to over 2,100 kilometers. Via our two other joint ventures with Gazprom, we are also active in natural gas trading in Eastern Germany (WIEH) as well as in Romania and Bulgaria (WIEE).

Key factors for long-term growth

- Flexible gas supply portfolio, ranging from long-term supply contracts to spot market supply
- Diversified portfolio of customers in north-west Europe
- Storage facilities in strategically important locations
- Active at various natural gas trading hubs
- Diversified natural gas portfolio provides swap opportunities to take advantage of different pricing mechanisms in Europe
- Flexible components of our value chain (customers, supply portfolio, storage facilities) are very important tools to react to the current oversupply situation in the European gas market

BASF benefits from natural gas trading business

- Long-term security of gas supply in Europe
- Declining indigenous gas production secures a strong and profitable downstream position
- Part of the value-generating gas chain (upstream/midstream/downstream)

Time-lag effect in natural gas trading

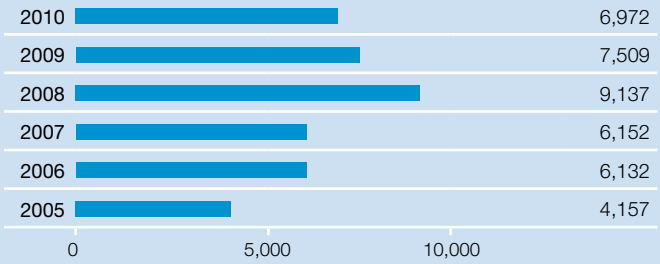
In continental Europe, natural gas prices under long-term contracts are linked to the prices of oil products, such as light fuel oil, and therefore fluctuate with the oil price. The general pricing scheme for import gas differs from the pricing scheme for selling the gas to our customers:

- For import gas, the price is calculated on the basis of the average oil price of the last nine months with a monthly adaptation.
- The sales price is generally calculated on the basis of the average oil price of only the first six months of that nine-month period with a quarterly adaptation.

As a result, in times of continuously rising oil prices the import price follows the oil price more quickly than the sales price and the margin of the gas trading business is squeezed – leading to a negative time-lag effect. Conversely in times of continuously falling oil prices import prices fall more quickly than sales prices resulting in higher margins – a positive time-lag effect.

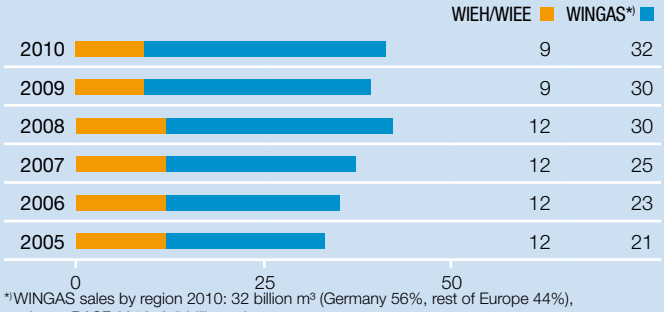
Sales development

(million €)



Natural gas trading (including sales to BASF)

(billion m³)



*) WINGAS sales by region 2010: 32 billion m³ (Germany 56%, rest of Europe 44%), sales to BASF 2010: 3,6 billion m³

Divestitures/Shutdowns (from 2008 onward)

Description	Year
4.5% share of Nord Stream was transferred from Wintershall to GDF Suez	2010
5% share of NEL was transferred from WINGAS to Gasunie	2010
1/6 of storage Jemgum was transferred from WINGAS to VNG	2010

Acquisitions/JVs/Investments (from 2007 onward)

Description	Begin	End
OPAL (Ostseepipeline-Anschlussleitung) pipeline	2007	2011
Haidach gas storage facility, Austria (second phase)	2007	2011
Nord Stream I+II offshore pipeline project	2007	2012
Jemgum gas storage facility, Germany	2007	2013
NEL (Nordeuropäische Erdgasleitung) pipeline	2009	2012

Key drivers of profitability

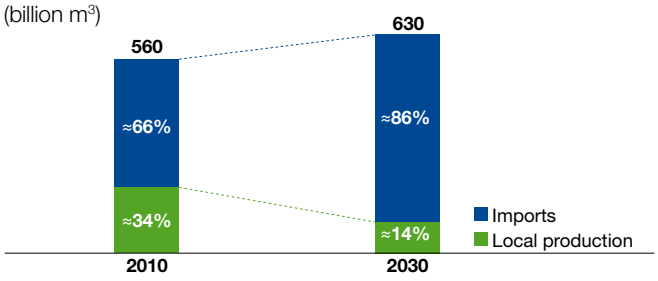
- Flexibility of the portfolio (supply, customers, storage)
- Oil price volatility and time-lag effects
- Weather conditions
- Spot market opportunities
- Long-term access to gas reserves, transport and storage capacity
- Liberalization of European natural gas markets

Key capabilities of BASF

- Portfolio of supply and sales contracts (diversified in regions, price indexations and customer segments) with integrated storage facilities
- Partnership with Gazprom, largest gas reserve holder worldwide
- Integrated value chain from production in Siberia to infrastructure (pipelines/storage) and gas trading with focus on Western Europe

Growing import demand for natural gas in Europe

(billion m³)



Source: Cera

Pipeline grid

- WINGAS Transport pipeline
- OPAL NEL Transport pipeline (planned/under construction)
- Transit pipeline
- Transit pipeline (planned/under construction)
- WINGAS underground storage facility
- WINGAS underground storage facility (planned/under construction)
- WINGAS Transport gas compressor station
- WINGAS Transport gas compressor station (planned/under construction)

Major Projects

Nord Stream[1)]

Gazprom 51%, BASF 15.5%, E.ON 15.5%, GDFSuez 9%, Gasunie 9%; total capacity 55 billion m³ p.a.; total investment offshore €7.4 billion. Construction of the first of two pipes has started in April 2010 and first gas deliveries are expected in October 2011.

[1)] Source: Nord Stream AG

OPAL[2)]

WINGAS 80% and E.ON Ruhrgas 20%; total capacity approx. 36 billion m³ p.a. Pipeline from landing point of Nord Stream Baltic Sea pipeline in Lubmin near Greifswald to Olbernhau at the German/Czech border. Construction started in September 2009; until year-end 2010 around 400 km of total 470 km pipeline constructed. Start-up expected in October 2011.

NEL[2)]

WINGAS 70%, Gasunie 20% and E.ON Ruhrgas 10%, total capacity approx. 20 billion m³ p.a. Pipeline from landing point of Nord Stream Baltic Sea pipeline in Lubmin near Greifswald towards Rehden in Lower Saxony. Construction of 440 km long pipeline started in April 2011; completion of pipeline planned by fall 2012.

[2)] Source: OPAL NEL Transport GmbH

Other

Financial data

(million €)	2006	2007[1]	2008[2]	2009[3]	2010
Sales to third parties	5,822	6,610	6,650	4,577	5,851
Thereof Styrenics	3,313	3,518	3,478	2,502	3,401
Income from operations before depreciation and amortization (EBITDA)	(61)	(175)	(521)	(417)	(528)
Income from operations (EBIT) before special items	(333)	(362)	(692)	(717)	(648)
Income from operations (EBIT)	(272)	(421)	(913)	(627)	(707)
Thereof Group corporate costs	(206)	(237)	(243)	(209)	(226)
Corporate research costs	(258)	(323)	(312)	(319)	(323)
Currency results, hedges and other valuation effects	86	90	(209)	(512)	(460)

[1] As of December 31, 2007, BASF's styrene (SM), polystyrene (PS), styrene-butadiene-copolymer (SBC) and acrylonitrile butadiene styrene (ABS) businesses, which are managed under the name Styrenics, are reported under Other.
[2] As of January 1, 2008, costs of the corporate center, which consist of the expenses for steering the BASF Group, are no longer allocated to the segments but reported in Other.
[3] As of January 1, 2009, the activities of BASF Fuel Cell GmbH were transferred from Other to the Inorganics division and the styrene copolymers business in the Performance Polymers division was transferred to Styrenics.

Business activities not assigned to a particular division are reported in Other and include, among other things:

- Sale of raw materials
- Styrenics and fertilizers businesses
- Engineering and other services
- Rental income and leases

Group corporate costs consist of the expenses for steering the BASF Group and are not allocated to the segments but reported under Other. Earnings from currency conversion reported under Other include earnings not allocated to the segments from the hedging of forecasted sales, from currency positions that are macrohedged as well as from the conversion of financial liabilities.

As of January 1, 2009, the activities of BASF Fuel Cell GmbH were transferred from Other to the Inorganics division. The styrene copolymers business in the Performance Polymers division was transferred to Styrenics. Styrenics does not belong to a segment and is reported in Other.

The income from operations recorded under Other also includes the cost of our cross-divisional corporate research predominantly for the growth clusters described on page 24. In addition, Other also includes income and expenses from the BASF options program as well as the results of the hedging of raw material price risks that were not allocated to the segments.

Composition of assets

(million €)	2006	2007	2008	2009	2010
Assets of businesses included under Other	3,523	3,045	3,232	2,647	2,690
Financial assets	1,841	2,786	3,093	2,960	3,281
Deferred tax assets	622	679	930	1,042	1,112
Cash and cash equivalents/marketable securities	890	818	2,811	1,850	1,509
Defined benefit assets	367	417	165	549	260
Miscellaneous receivables/prepaid expenses	922	1,140	2,512	1,513	1,915
Total assets of Other	**8,165**	**8,885**	**12,743**	**10,561**	**10,767**

3 Financials

3.1 BASF on the capital market

Dividend increase, above-average share performance

At the end of 2010, the BASF share traded at €59.70, a 37.4% increase over the closing price of 2009. As a result, BASF shares significantly outperformed the most important benchmark and industry indices, such as the DAX 30 and DJ Chemicals. We stand by our ambitious dividend policy: For 2010, we paid our shareholders a dividend of €2.20 per share – an increase of almost 30% compared with 2009.
BASF is listed on the Frankfurt, London and Zurich stock exchanges. We were once again included in the Dow Jones Sustainability World Index.

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Broad base of international shareholders

With more than 400,000 shareholders, BASF is one of the largest publicly owned companies with a high free float. According to an analysis of the shareholder structure carried out in December, 2010, our shareholder distribution is as follows:

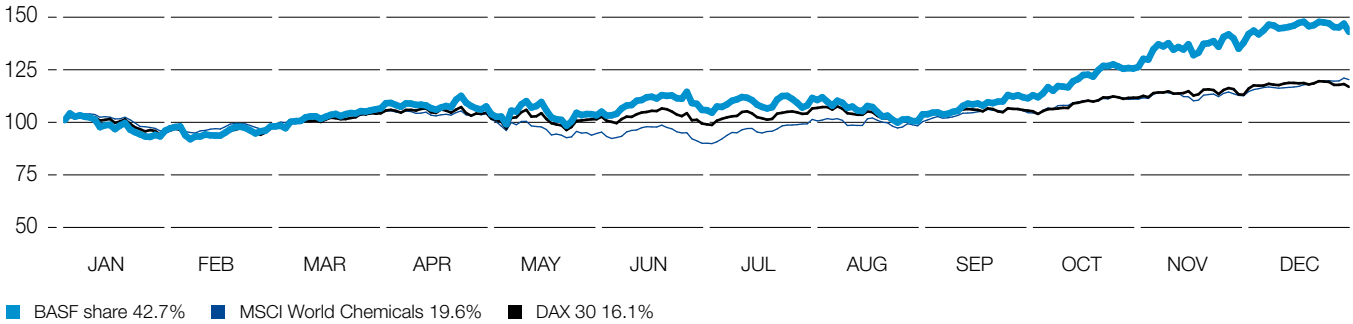
- 17% from the United States and Canada
- 11% institutional investors from Germany
- 11% from the United Kingdom and Ireland
- 16% from the rest of Europe
- 4% from the rest of world
- 25% retail investors from Germany
- 16% not identified

BASF in the important sustainability indices

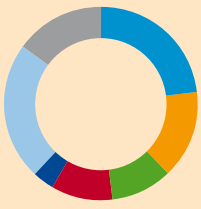
For the tenth year in succession, BASF was included in the world's most important sustainability index, the Dow Jones Sustainability World Index (DJSI World). We received particular recognition for our risk and crisis management, environmental reporting and our climate strategy. BASF is also once again represented in the prestigious Carbon Disclosure Leadership Index (CDLI), scoring top marks in the materials sector for the second year in a row. The CDLI is used by investors to evaluate companies that excel in addressing climate change and in the transparency of their reporting in this area. The Carbon Disclosure Project represents more than 500 institutional investors, with over $60 trillion in assets under management. BASF was also named to the new Carbon Performance Leadership Index (CPLI) in 2010.

Change in value of an investment in BASF shares 2010

(With dividends reinvested, indexed)



Shareholder structure by region



United States and Canada	17%
Rest of Europe	16%
Institutional investors Germany	11%
United Kingdom and Ireland	11%
Rest of world	4%
Retail investors Germany	25%
Not identified	16%

BASF share: Increase in value in 2010

Change in the value of BASF shares in 2010, with dividends reinvested

+42.7%

Shareholder returns

(million €)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Share buybacks	1,300	500	500	726	1,435	938	1,899	1,618	–	–
Dividends	758	789	774	904	1,015	1,484	1,831	1,791	1,561[1)]	2,021
Total	**2,058**	**1,289**	**1,274**	**1,630**	**2,450**	**2,422**	**3,730**	**3,409**	**1,561**	**2,021**
Dividend per share (€)[2)]	0.65	0.70	0.70	0.85	1.00	1.50	1.95	1.95	1.70	2.20
Share price at year-end (€/share)[2)]	20.88	18.04	22.29	26.50	32.36	36.93	50.71	27.73	43.46	59.70
Dividend yield (%)	3.1	3.9	3.1	3.2	3.1	4.1	3.9	7.0	3.9	3.7
Payout ratio (%)	13[3)]	52	85	45	34	46	45	62	111	44
Price/Earnings ratio (P/E ratio)	4.3[3)]	13.9	27.5	14.5	11.3	11.6	12.2	8.9	28.2	8.3
Free cash flow yield (%)[4)]	(2.0)	(0.5)	11.3	9.0	9.4	9.6	6.7	9.8	8.0	7.1

[1)] With regard to the qualifying shares on December 31, 2010
[2)] Adjusted for 2:1 stock split 2008
[3)] Including extraordinary income
[4)] Free cash flow per share at year-end divided by share price at year-end

Share price performance

The BASF share price reached a new all-time high in December 2010 and rose by 37.4% over the course of last year. At the end of 2010, the share traded at €59.70. Assuming that dividends were reinvested, a holding in BASF shares increased in value by 42.7% in 2010. The BASF stock thus outperformed the German and European stock markets: Over the same period, the DAX 30 index rose by 16.1% while the DJ EURO STOXX 50 index lost 2.4% of its value. In 2010, BASF shares also outperformed the global industry indices DJ Chemicals and MSCI World Chemicals, which increased by 28.4% and 19.6%, respectively.

The assets of an investor who invested the equivalent of €1,000 in BASF shares at the end of 2000 and reinvested the dividends in additional BASF shares would have increased to €3,663 by the end of 2010. This average annual return of 13.9% places BASF shares substantially above the returns for the benchmark indices EURO STOXX 50 (–2.7%), DAX 30 (+0.7%) and MSCI World Chemicals (+7.1%).

Dividend

For 2010, BASF paid a dividend of €2.20 per share, up almost 30% versus last year. We stand by our ambitious dividend policy and paid out around €2 billion to our shareholders (based on the number of qualifying shares on December 31, 2010). Based on the year-end share price for 2010, BASF shares offer a high dividend yield of 3.7%. BASF belongs to the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30.

Dividend policy

We aim to continuously increase the annual dividend, or at least maintain it at the level of the previous year.

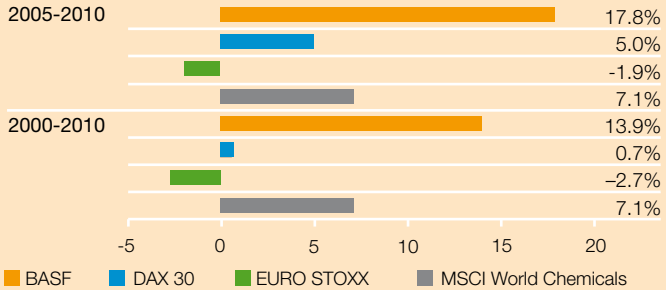
Analyst consensus

More than thirty financial analysts regularly publish reports on BASF. Since 2009, we have been publishing a dynamic analyst consensus on our website that is updated whenever there is a new analyst estimate.

You can find more information on the Internet at basf.com/share

Long-term performance of BASF shares compared with indices

(average annual performance with dividends reinvested)



Attractive dividend

Dividend per share

€2.20

Dividend yield*)

3.7%

*) Based on share price at year-end

3.2 Ten-year summary

Ten-year summary

(million €)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sales and earnings[1]										
Sales	32,500	32,216	33,361	37,537	42,745	52,610	57,951	62,304	50,693	63,873
Income from operations before depreciation and amortization (EBITDA)	4,142	5,105	5,110	7,685	8,233	9,723	10,225	9,562	7,388	11,131
EBITDA margin (%)	12.7	15.8	15.3	20.5	19.3	18.5	17.6	15.3	14.6	17.4
Income from operations (EBIT) before special items	2,293	2,881	2,993	5,230	6,138	7,257	7,614	6,856	4,852	8,138
EBIT before special items margin (%)	7.1	8.9	9.0	13.9	14.4	13.8	13.1	11.0	9.6	12.7
Income from operations (EBIT)	1,217	2,641	2,658	5,193	5,830	6,750	7,316	6,463	3,677	7,761
EBIT margin (%)	3.7	8.2	8.0	13.8	13.6	12.8	12.6	10.4	7.3	12.2
Income from ordinary activities	609	2,641	2,168	4,347	5,926	6,527	6,935	5,976	3,079	7,373
Extraordinary income	6,121	–	–	–	–	–	–	–	–	–
Income before taxes and minority interests	6,730	2,641	2,168	4,347	5,926	6,527	6,935	5,976	3,079	7,373
Income before minority interests	5,826	1,599	976	2,133	3,168	3,466	4,325	3,305	1,655	5,074
Net income	5,858	1,504	910	2,004	3,007	3,215	4,065	2,912	1,410	4,557
Capital expenditures and depreciation[1]										
Additions to tangible and intangible assets	3,313	3,055	3,415	2,163	2,523	10,039	4,425	3,634	5,972	5,304
Thereof property, plant and equipment	3,037	2,677	2,293	2,022	2,188	4,068	2,564	2,809	4,126	3,294
Depreciation of tangible/intangible assets	2,925	2,464	2,452	2,492	2,403	2,973	2,909	3,099	3,711	3,370
Thereof property, plant and equipment	2,307	2,012	1,951	2,053	2,035	2,482	2,294	2,481	2,614	2,667
Number of employees										
At year-end	92,545	89,389	87,159	81,955	80,945	95,247	95,175	96,924	104,779	109,140
Annual average	94,744	90,899	88,167	85,022	80,992	88,160	94,893	95,885	103,612	104,043
Personnel costs[1]										
	6,028	5,975	5,891	5,615	5,574	6,210	6,648	6,364	7,107	8,228
Key data[1]										
Earnings per share (€)[2]	4.86[3]	1.30	0.81	1.83	2.87	3.19	4.16	3.13	1.54	4.96
Cash provided by operating activities	2,319	2,313	4,878	4,634	5,250[4]	5,940	5,807	5,023	5,693	6,460
Payments related to intangible assets and property, plant and equipment	2,811	2,410	2,071	2,057	1,948	2,411	2,562	2,521	2,507	2,548
Free cash flow[5]	(492)	(97)	2,807	2,577	3,302[4]	3,529	3,245	2,502	3,186	3,912
Return on assets (%)	3.1	8.4	7.4	13.2	17.7	17.5	16.4	13.5	7.5	14.7
Return on equity after tax (%)	36.6[3]	9.3	6.0	12.9	18.6	19.2	22.4	17.0	8.9	24.6
Free cash flow/sales (%)	(1.5)	(0.3)	8.4	6.9	7.7	6.7	5.6	4.0	8.0	7.1
Number of shares as of December 31[2] (in thousands)[6]	**1,166,802**	**1,140,632**	**1,113,286**	**1,080,880**	**1,028,758**	**999,360**	**956,370**	**918,479**	**918,479**	**918,479**

[1] Starting in 2005, the accounting and reporting of the BASF Group have been performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for the years up to and including 2003 were prepared according to the German Commercial Code.

[2] Adjusted for 2:1 stock split 2008
[3] Including extraordinary income
[4] Before external financing of pension obligations
[5] Cash provided by operating activities less capex
[6] After deduction of repurchased shares earmarked for cancellation

3.3 Regional results

Sales by location of company[1]

(million €)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Europe	19,399	18,987	20,372	22,536	25,093	31,444	34,316	38,652	30,375	35,156
Thereof Germany	13,417	13,315	14,070	15,216	17,100	22,963	24,312	27,497	21,543	25,426
North America	7,772	7,932	7,214	8,165	9,542	11,415	12,007	11,937	9,404	13,246
Asia Pacific	3,487[2]	3,950[2]	4,303[2]	4,911	6,042	7,450	8,785	8,664	7,997	11,642
South America, Africa, Middle East	1,842[3]	1,347[3]	1,472[3]	1,925	2,068	2,301	2,843	3,051	2,917	3,829
Total	**32,500**	**32,216**	**33,361**	**37,537**	**42,745**	**52,610**	**57,951**	**62,304**	**50,693**	**63,873**

Sales by location of customer[1]

(million €)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Europe	17,984	17,697	19,120	21,343	23,755	29,529	32,347	36,693	28,532	33,201
Thereof Germany	7,212	6,944	7,073	7,382	8,865	11,062	11,967	13,796	10,666	12,225
North America	7,654	7,808	7,163	8,182	9,479	11,522	11,928	11,932	9,480	12,886
Asia Pacific	4,674[2]	5,051[2]	5,313[2]	5,309	6,500	8,102	9,579	9,320	8,706	12,510
South America, Africa, Middle East	2,188[3]	1,660[3]	1,765[3]	2,703	3,011	3,457	4,097	4,359	3,975	5,276
Total	**32,500**	**32,216**	**33,361**	**37,537**	**42,745**	**52,610**	**57,951**	**62,304**	**50,693**	**63,873**

Income from operations (EBIT)[1]

(million €)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Europe	1,926	2,357	2,224	4,236	4,385	5,485	5,415	5,822	2,390	5,206
Thereof Germany	1,347	1,690	1,642	3,131	3,019	4,125	4,226	4,744	1,855	3,769
North America	(678)	23	10	286	855	869	762	73	503	1,107
Asia Pacific	(28)[2]	203[2]	218[2]	361	297	181	828	254	503	1,271
South America, Africa, Middle East	(3)[3]	58[3]	206[3]	310	293	215	311	314	281	177
Total	**1,217**	**2,641**	**2,658**	**5,193**	**5,830**	**6,750**	**7,316**	**6,463**	**3,677**	**7,761**

[1] Starting in 2005, the accounting and reporting of the BASF Group have been performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for years up to and including 2003 were prepared according to the German Commercial Code. Effective January 1, 2005, companies in Asia are reported in the "Asia Pacific" region. South America, which was previously reported separately, is now reported together with the geographic regions of Africa and Middle East in the "South America, Africa, Middle East" region. The 2004 figures have been reported in accordance with this.

[2] Including Africa

[3] South America only

Sales by location of company 2010

Europe	55%
North America	21%
Asia Pacific	18%
South America, Africa, Middle East	6%

Sales by location of customer 2010

Europe	52%
North America	20%
Asia Pacific	20%
South America, Africa, Middle East	8%

Income from operations (EBIT) 2010

Europe	68%
North America	14%
Asia Pacific	16%
South America, Africa, Middle East	2%

3.4 Factors influencing sales

Factors influencing sales – Contribution to sales growth (percent)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Volumes	(0.3)	7.8	7.6	9.4	2.5	5.5	4.9	0.3	(9.4)	11.3
Prices	(1.4)	(5.2)	2.1	6.6	11.0	8.3	2.5	11.7	(13.7)	7.7
Currencies	(0.5)	(2.9)	(7.3)	(4.4)	1.0	(0.2)	(3.8)	(4.4)	0.6	4.7
Acquisitions/divestitures	(7.4)	(0.6)	1.2	0.9	(0.6)	9.5	6.6	(0.1)	3.9	2.3
Total	**(9.6)**	**(0.9)**	**3.6**	**12.5**	**13.9**	**23.1**	**10.2**	**7.5**	**(18.6)**	**26.0**

Factors influencing sales 2010

As a result of the economic recovery, demand from our key customer sectors increased and sales volumes rose significantly. Business developed positively in all regions, with growth impetus coming particularly from Asia. Prices of many products were higher than the year before. In the Petrochemicals and Catalysts divisions in particular, there were substantial price increases.

The appreciation of numerous currencies against the euro also helped to boost the already good sales. The average euro/dollar exchange rate in 2010 was $1.33 per euro, compared with $1.39 per euro in 2009. In addition, the full-year inclusion of the former Ciba businesses had a positive impact on sales growth.

Other company purchases and divestitures only had a small influence on sales; the acquisition of Cognis took effect on December 9, 2010.

Sensitivities

Currency impact on BASF Group

The dollar sensitivity on a sales level comprises BASF Group sales in US dollars. On an EBIT level, compensating effects result from the exchange rate impact on raw material purchases and on non-European fixed costs.

Annual impact of $ change
($ exchange rate: –$0.01 per €)

	million €
Sales	+200
EBIT	+40

3.5 Financing

Value-based financial management, high cash flow

Our value-based financing principles are aimed at securing liquidity at all times, limiting financial risks and optimizing our cost of capital. We preferably meet our financing needs on the capital markets. We continue to aim for a solid A rating, which allows us unrestricted access to capital markets. Our financing measures are aligned with our operative business planning as well as the company's strategic direction and also ensure the financial flexibility to take advantage of strategic options.

Financing policy

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

For short-term financing we use our commercial paper program, which has an issuing volume of up to $12.5 billion. As back-up for the commercial paper program, there are committed, broadly syndicated credit lines of $6 billion available. BASF's external financing is therefore largely independent of short-term fluctuations in the credit markets. In December 2010, thanks to good cash flow over the course of the year, we were able to cancel a €3 billion credit line, which we had arranged in June 2010 in conjunction with the Cognis acquisition, ahead of schedule. None of the credit lines were, or are currently being tapped.

Financial management in the BASF Group is centralized and is supported by regional treasury units. To minimize risks and exploit internal optimization potential within the Group, we bundle the financing, financial investments and foreign currency hedging of BASF SE's subsidiaries. When possible, this occurs within the BASF Group. Foreign currency risks are primarily hedged in the market by means of derivative financial instruments. Off-balance-sheet financing tools play no material role for the BASF Group.

Cash flow

We increased cash provided by operating activities from the good level of €5,693 million in 2009 to €6,460 million in 2010. This was largely a result of high after-tax earnings. Furthermore, the rise in net working capital was relatively small compared to the increase in business volume. Payments related to property, plant and equipment and intangible assets were slightly above the previous year's level. This resulted in a substantial increase overall in free cash flow, which rose to €3,912 million in 2010 from €3,186 million in 2009.

Good credit ratings and solid financing

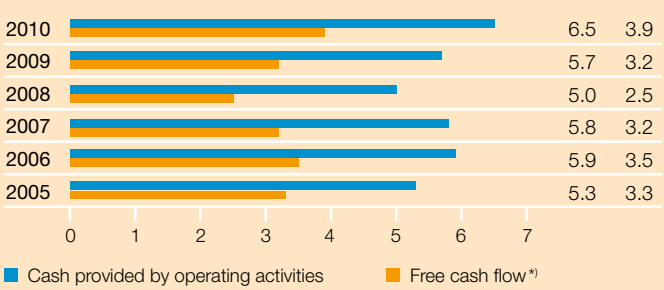
With "A+/A-1/outlook stable" from rating agency Standard & Poor's and "A1/P-1/outlook negative" from Moody's, BASF continues to have good credit ratings, especially when compared with competitors in the chemical industry.

At year-end 2010, the financial indebtedness of the BASF Group was €15 billion with liquid funds of €1.5 billion. The average time to maturity of our financial indebtedness was 3.4 years. Our medium to long-term debt financing is based on corporate bonds with a balanced maturity profile.

Credit Ratings	
Standard & Poor's	A+/A-1/outlook stable
Moody's	A1/P-1/outlook negative

Strong history of cash flow generation

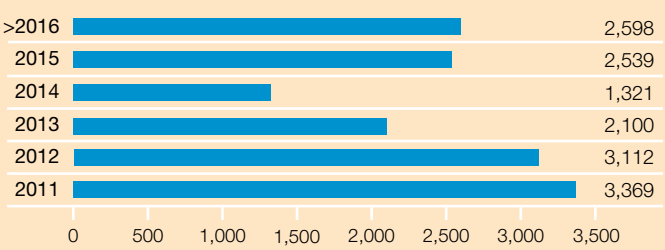
(billion €)



*) Cash provided by operating activities less capex (in 2005 before CTA)

Balanced maturities of financial liabilities

(million €)



3.6 Balance sheet

Balance sheet (German Commercial Code)

(million €)	2001	2002	2003
Intangible assets	3,943	3,464	3,793
Thereof goodwill	2,504	2,073	2,038
Tangible assets	14,190	13,745	13,070
Financial assets	3,360	3,249	2,600
Fixed assets	**21,493**	**20,458**	**19,463**
Inventories	5,007	4,798	4,151
Accounts receivable, trade	5,875	5,316	4,954
Other receivables	2,384	2,947	3,159
Deferred taxes	1,373	1,204	1,247
Marketable securities	383	132	147
Cash and cash equivalents	360	231	481
Current assets	**15,382**	**14,628**	**14,139**
Total assets	**36,875**	**35,086**	**33,602**
Subscribed capital	1,494	1,460	1,425
Capital surplus	2,914	2,948	2,983
Paid-in capital	4,408	4,408	4,408
Retained earnings	12,222	12,468	12,055
Currency translation adjustment	532	(330)	(972)
Minority interests	360	396	388
Stockholders' equity	**17,522**	**16,942**	**15,879**
Pensions and other long-term provisions	6,809	6,233	6,205
Tax and other short-term provisions	3,332	2,764	2,982
Provisions	**10,141**	**8,997**	**9,187**
Financial indebtedness	2,835	3,610	3,507
Accounts payable, trade	2,467	2,344	2,056
Other liabilities	3,910	3,193	2,973
Liabilities	**9,212**	**9,147**	**8,536**
Provisions and liabilities	**19,353**	**18,144**	**17,723**
Thereof long-term liabilities	9,955	9,211	10,285
Total stockholders' equity and liabilities	**36,875**	**35,086**	**33,602**
Equity ratio (%)	48	48	47
Gearing ratio (%)	110	107	112
Net debt	2,475	3,379	3,026

Balance sheet (IFRS)*)

(million €)	2004	2005	2006	2007	2008	2009	2010
Intangible assets	3,607	3,720	8,922	9,559	9,889	10,449	12,245
Thereof goodwill	1,972	2,139	4,713	4,305	4,748	5,069	5,873
Property, plant and equipment	13,063	13,987	14,902	14,215	15,032	16,285	17,241
Investments accounted for using the equity method	1,100	244	651	834	1,146	1,340	1,328
Other financial assets	938	813	1,190	1,952	1,947	1,619	1,953
Deferred taxes	1,337	1,255	622	679	930	1,042	1,112
Other receivables and miscellaneous long-term assets	473	524	612	655	642	946	653
Long-term assets	**20,518**	**20,543**	**26,899**	**27,894**	**29,586**	**31,681**	**34,532**
Inventories	4,645	5,430	6,672	6,578	6,763	6,776	8,688
Accounts receivable, trade	5,861	7,020	8,223	8,561	7,752	7,738	10,167
Other receivables and miscellaneous short-term assets	2,133	1,586	2,607	2,337	3,948	3,223	3,883
Marketable securities	205	183	56	51	35	15	16
Cash and cash equivalents	2,086	908	834	767	2,776	1,835	1,493
Assets of disposal groups	–	–	–	614	–	–	614
Short-term assets	**14,930**	**15,127**	**18,392**	**18,908**	**21,274**	**19,587**	**24,861**
Total assets	**35,448**	**35,670**	**45,291**	**46,802**	**50,860**	**51,268**	**59,393**
Subscribed capital	1,383	1,317	1,279	1,224	1,176	1,176	1,176
Capital surplus	3,028	3,100	3,141	3,173	3,241	3,229	3,216
Retained earnings	11,923	11,928	13,302	14,556	13,250	12,916	15,817
Other comprehensive income	(60)	696	325	174	(96)	156	1,195
Minority interests	328	482	531	971	1,151	1,132	1,253
Stockholders' equity	**16,602**	**17,523**	**18,578**	**20,098**	**18,722**	**18,609**	**22,657**
Provisions for pensions and similar obligations	4,124	1,547	1,452	1,292	1,712	2,255	2,778
Other provisions	2,376	2,791	3,080	3,015	2,757	3,289	3,352
Deferred taxes	948	699	1,441	2,060	2,167	2,093	2,467
Financial indebtedness	1,845	3,682	5,788	6,954	8,290	12,444	11,670
Other liabilities	1,079	1,043	972	901	917	898	901
Long-term liabilities	**10,372**	**9,762**	**12,733**	**14,222**	**15,843**	**20,979**	**21,168**
Accounts payable, trade	2,372	2,777	4,755	3,763	2,734	2,786	4,738
Provisions	2,364	2,763	2,848	2,697	3,043	3,276	3,324
Tax liabilities	644	887	858	881	860	1,003	1,140
Financial indebtedness	1,453	259	3,695	3,148	6,224	2,375	3,369
Other liabilities	1,641	1,699	1,824	1,976	3,434	2,240	2,802
Liabilities of disposal groups	–	–	–	17	–	–	195
Short-term liabilities	**8,474**	**8,385**	**13,980**	**12,482**	**16,295**	**11,680**	**15,568**
Total stockholders' equity and liabilities	**35,448**	**35,670**	**45,291**	**46,802**	**50,860**	**51,268**	**59,393**
Equity ratio (%)	47	49	41	43	37	36	38
Gearing ratio (%)	114	104	144	133	172	176	162
Net debt	1,212	3,033	8,649	9,335	11,738	12,984	13,546

*) Starting in 2005, the accounting and reporting of the BASF Group have been performed in accordance with International Financial Reporting Standards (IFRS). The 2004 figures have been reported in accordance with IFRS. The figures for the years up to and including 2003 were prepared in accordance with German Commercial Code.

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Forward-looking statements

This publication may contain forward-looking statements. These statements are based on current expectations, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate.
Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in BASF's Report 2010 on pages 103ff. We do not assume any obligation to update the forward-looking statements contained in this publication.

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- BASF In Brief 2010
- BASF Report 2010
- Quarterly Reports
- Capital Market Story

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July 28, 2011

Interim report third quarter 2011

Oct. 27, 2011

Full year results 2011

Feb. 24, 2012

Annual Meeting 2012 / Interim report first quarter 2012

April 27, 2012

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