

*Our photo theme: BASF products for information and communication*

***Annual Report***  
**1993**

**BASF**

<b>BASF Group</b> million DM	<b>1993</b>	1992	Change %
Sales (without petroleum and natural gas taxes)	<b>40,568</b>	41,933	-3.3
Petroleum and natural gas taxes	<b>2,555</b>	2,589	-1.3
Sales	<b>43,123</b>	44,522	-3.1
Income from operations	<b>1,032</b>	1,311	-21.3
Profit before taxes	<b>1,058</b>	1,239	-14.6
Net income after taxes and minority interests	<b>858</b>	615	+39.5
Cash flow from ordinary activities	<b>4,635</b>	4,451	+4.1
Capital expenditures	<b>4,139</b>	4,151	-0.3
Research and development expense	<b>1,934</b>	2,048	-5.6
Dividend paid by BASF Aktiengesellschaft	<b>468</b>	570	-17.9
Dividend per share in DM	<b>8.00</b>	10.00	-20.0
Number of employees (as of December 31)	<b>112,020</b>	123,254	-9.1

## At a Glance

The BASF Group comprises BASF Aktiengesellschaft and all companies which are directly or indirectly at least 50 percent owned by BASF Aktiengesellschaft. The Financial Statements of the Group include majority holdings in full, and 50 percent participations on a pro rata basis. Group companies of minor significance are not consolidated.

<b>Operations</b> Sales in millions of DM	<b>1993</b>	1992	Change %
Oil and Gas	<b>4,352</b>	4,193	+3.8
Products for Agriculture*	<b>3,781</b>	4,671	-19.1
Plastics and Fibers	<b>9,811</b>	10,428	-5.9
Chemicals	<b>5,371</b>	5,363	+0.1
Dyestuffs and Finishing Products	<b>7,572</b>	7,638	-0.9
Consumer Products	<b>8,740</b>	8,824	-1.0
Other**	<b>941</b>	816	+15.3
	<b>40,568</b>	41,933	-3.3
Income from operations in millions of DM	<b>1993</b>	1992	Change million DM
Oil and Gas	<b>297</b>	-38	+335
Products for Agriculture*	<b>-129</b>	45	-174
Plastics and Fibers	<b>-340</b>	-81	-259
Chemicals	<b>755</b>	843	-88
Dyestuffs and Finishing Products	<b>402</b>	600	-198
Consumer Products	<b>-171</b>	-103	-68
Other**	<b>218</b>	45	+173
	<b>1,032</b>	1,311	-279
<b>Regions</b> (location of customers) Sales in millions of DM	<b>1993</b>	1992	Change %
Europe	<b>25,378</b>	27,649	-8.2
thereof Germany	<b>11,822</b>	13,472	-12.2
North America	<b>8,523</b>	7,922	+7.6
Latin America	<b>2,495</b>	2,193	+13.8
Asia, Australia, Africa	<b>4,172</b>	4,169	+0.1
	<b>40,568</b>	41,933	-3.3

\* Including sales and income from the potash and rock salt operations up to June 30, 1993

\*\* Sales from other activities, and income from other activities including expense and income not allocatable to Operations

*Modern communications technology is unthinkable without modern materials. These parabolic dishes high up in the mountains, with disks, coatings and mountings made from plastics that stand up to extreme climatic conditions, are one example of the photo theme of this Annual Report:  
BASF products for information and communications.*

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Presented to the  
42nd Annual Meeting on  
Thursday, April 28, 1994,  
10.00 a.m., at  
BASF Feierabendhaus,  
Leuschnerstrasse 47,  
Ludwigshafen am Rhein

## Dear Shareholders

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*Hermann Josef Abs died on February 5, 1994 aged 92. The architect of the German economy after World War II played an influential role in the re-founding of BASF. He was Chairman of our Supervisory Board from 1952 to 1965, and then Deputy Chairman up to 1970. In the decisive phase of reconstruction and orientation toward an internationally operating group of companies, his advice was important for the development of BASF. We stand greatly in his debt.*


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1993 was even more difficult than we had expected. Western Europe, especially Germany, and Japan went through a period of recession. The impact on our business was only partially offset by growth in North America, Latin America and large areas of South and East Asia. Demand for important products was insufficient for the high production capacities throughout the world to be fully utilized. New suppliers from the Far East and Eastern Europe adopted an aggressive pricing policy in their efforts to gain market share. We substantially maintained our market positions. However, prices in the world market lost far more ground than we could make up by cutting costs. BASF Group pre-tax profit therefore dropped. Earnings after taxes and minority interests were higher than in the previous year. We further strengthened BASF in the difficult environ-

ment of 1992 and 1993: a number of plants were started up under an ambitious capital expenditure program totaling some DM 10 billion. Together with acquisitions, divestitures and new joint ventures these plants improved our business structure. This is also the aim of the progressive internationalization of our business, for example the expansion of our positions in North America and China. Our adaptation to the changes in market requirements has already borne fruit: business stabilized at the end of 1993, if at an unsatisfactorily low level. In this we see confirmation that we must build more on our own efforts than solely on the economic upswing. Our employees may be proud of what was achieved together in spite of the disappointing earnings. We also see scientific and technological progress as an important way of securing

our future. We therefore encourage innovations and will turn them into market successes even more quickly. To this end, however, we need technology and science to be accepted by society. My thanks are due to all of you for your confidence in BASF. These thanks also go to our employees for their loyalty and enthusiastic commitment to mastering the difficult economic situation, and to our customers and suppliers for the spirit of partnership in our business relations.

Yours sincerely

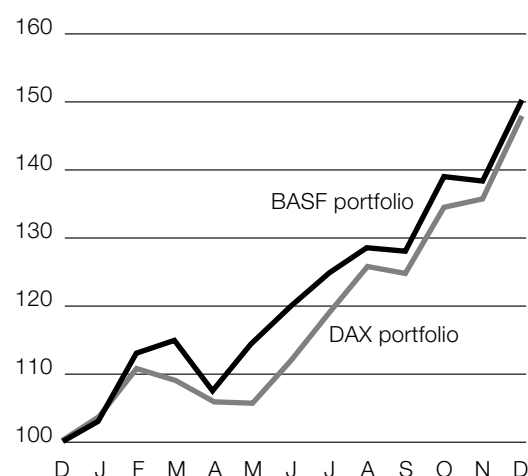


Jürgen Strube  
Chairman of the Board of  
Executive Directors of  
BASF Aktiengesellschaft

Key BASF Share Data	1993	1992
Number of shares outstanding as of Dec. 31: millions of shares	58.5*	57.0
Per share in DM		
Dividend	8.00	10.00
Dividend including tax credit	11.43	15.63
Net income	14.67	10.78
Net income (DVFA/SG result)	9.20	12.00
Cash flow	79.30	78.03
Equity	255.67	255.66
Year-end price	299.20	208.70
Year's high	299.20	252.00
Year's low	207.60	201.00

\* Number of shares still to be issued for the exercise of stock warrants: 5.4 million (see page 52)

**Change in value of a BASF share portfolio 1993**  
(without the tax credit)



## The BASF Share

*The BASF share is one of those German shares whose high liquidity is attractive to domestic and particularly to foreign investors. Its intrinsic value, dividend yield and long-term earning prospects make it a sound investment.*

### Above-average dividend yield

The BASF share developed gratifyingly, as did the German equity market as a whole. Based on the 1993 year-end price of DM 299.20, the dividend proposed to the Annual Meeting, including the tax credit for shareholders resident in Germany, represents a yield of 3.8 percent. The average dividend yield for all listed German shares is 2.9 percent.

### Share price improved

In 1993, the price of the BASF share rose, despite the unsatisfactory economic situation and continuing softness, from DM 208.00 at the beginning of the year to DM 299.20 at year-end. This is an increase of 43.8 percent. Shareholders who reinvested their dividends in additional shares obtained an even higher yield. For example, if investors had put DM 10,000 into BASF shares at the start of 1993 and used their dividends (without the tax credit) to buy additional BASF stock they would have increased their stakes to DM 15,028

by the end of the year, representing an annual return of 50.3 percent. By comparison the DAX securities, where dividend payments are also taken into account, rose by 47.9 percent. Including the tax credit for eligible shareholders resident in Germany, the value of the investment in BASF would have risen to as much as DM 15,389, an increase of 53.9 percent.

### High stock exchange turnover

The BASF share is officially quoted on all eight stock exchanges in Germany, and ten elsewhere. In 1993 the turnover on the German exchanges alone was DM 44.6 billion, or about 2.3 percent of the entire turnover in German shares. This made the BASF share one of the ten most frequently traded securities. Further transactions in BASF shares accounting for about 25 percent of the BASF share turnover on the German exchanges were realized in 1993 via IBIS, the Integrated German Securities Exchange Trading and Information System. On for-

eign exchanges, the BASF share achieved its highest turnover in London.

### Continuity of the Investor Relations Program

At Company presentations and round-table discussions, we again provided information to investors and financial analysts employed by German and foreign financial institutions. The primary aim of our Investor Relations Program is to ensure a proper valuation of the BASF share on national and international capital markets. Other aims are to internationalize our shareholder base and strengthen contacts with private and institutional investors in order to enhance our shareholders' confidence in a long-term commitment.

## Management's Analysis

BASF Group and  
BASF Aktiengesellschaft

*The pattern of business in 1993 was unsatisfactory, but the downturn now seems to have ended.*

*In the first half-year, sales fell significantly in comparison with the previous year, although some of this lost ground was made up again during the second half.*

*A number of products were affected by surplus capacity worldwide, the devaluation of important European currencies and competition from low-wage countries, which together caused drastic price erosion. We prevented a sharper decline in earnings with our structural adjustments and the reduction of fixed costs.*

*The manufacturer of this mobile telephone chose BASF's robust and scratch-proof plastic Terblend® S. The plastic granules were pigmented by a method developed by BASF to give a satin metallic effect with no need for an extra coating.*

*In communications, nothing goes without cables, and the plastic used to insulate them is mainly low-density polyethylene. BASF is one of the pioneers in this field, and has always had a comprehensive line of specialty products for the cable industry.*

In the BASF Group we achieved sales of DM 40,568 million, without petroleum and natural gas taxes, a figure which was DM 1,365 million down on 1992. This decline of 3.3 percent reflects the significantly reduced price levels. The loss in sales revenue due to the elimination of potash and rock salt operations from the scope of consolidation from mid-1993 was largely offset by acquisitions and by the inclusion of BASF Schwarzheide and the natural gas companies in the Group financial statements. The effects of currency fluctuations on sales remained slight, with losses resulting from the devaluation of West European currencies being compensated for by the higher average price of the U.S. dollar and the yen. Earnings from operations were inadequate in all respects. BASF Group profit before taxes fell by 14.6 percent to DM 1,058 million. Net income after taxes was DM 858 million, which is DM 243 million or 39.5 percent more than in the previous year.

### Sales and Earnings

million DM

<b>BASF Group</b>	<b>1993</b>	1992
Sales (without petroleum and natural gas taxes)	<b>40,568</b>	41,933
Petroleum and natural gas taxes	<b>2,555</b>	2,589
Sales	<b>43,123</b>	44,522
Profit before taxes	<b>1,058</b>	1,239
Income taxes	<b>296</b>	626
Minority interests	<b>-96</b>	-2
Net income	<b>858</b>	615
<b>BASF Aktiengesellschaft</b>	<b>1993</b>	1992
Sales	<b>17,423</b>	18,560
– Germany	<b>6,199</b>	6,859
– Exports	<b>11,224</b>	11,701
Profit before taxes	<b>939</b>	1,121
Income taxes	<b>271</b>	351
Net income	<b>668</b>	770
Appropriation of net income		
– Dividend	<b>468</b>	570
– Transferred to revenue reserve	<b>200</b>	200

### Proposed distribution of retained profit

BASF Aktiengesellschaft's retained profit totals

DM 468 million. We propose to the Annual Meeting the distribution of a dividend of DM 8 per share.

Operations	Sales			Sales incl. Intersegment Transfers*			Income from Operations		
	million DM		Change %	million DM		Change %	million DM		Change million DM
	1993	1992		1993	1992		1993	1992	
Oil and Gas	4,352	4,193	+3.8	4,541	4,400	+3.2	297	-38	+335
Products for Agriculture**	3,781	4,671	-19.1	3,970	4,910	-19.1	-129	45	-174
Plastics and Fibers	9,811	10,428	-5.9	10,383	11,095	-6.4	-340	-81	-259
Chemicals	5,371	5,363	+0.1	8,224	8,188	+0.4	755	843	-88
Dyestuffs and Finishing Products	7,572	7,638	-0.9	8,547	8,675	-1.5	402	600	-198
Consumer Products	8,740	8,824	-1.0	8,801	8,876	-0.8	-171	-103	-68
Other***	941	816	+15.3	1,073	950	+12.9	218	45	+173
	40,568	41,933	-3.3	45,539	47,094	-3.3	1,032	1,311	-279

\* Exchange of goods and services between Operations

\*\* Sales and income from potash and rock salt operations included up to June 30, 1993

\*\*\* Sales from other activities, and income from other activities including expense and income not allocatable to Operations

## Operations

In **Oil and Gas** we had to accept lower prices for crude oil, natural gas and petroleum products. Sales increased, however, because the natural gas marketing companies were included in the reporting for the first time. Our natural gas business is still burdened by high development costs. Earnings include a special item of DM 157 million resulting from the incorporation of the Rehden natural gas reservoir into WINGAS, the joint venture set up by Wintershall and Gazprom. The MIDAL natural gas pipeline and the first part of the Rehden gas reservoir were completed. Since October WINGAS has been purchasing not only Russian natural gas but also some gas from the British sector of the North Sea. Refinery margins were again inadequate. Although cost-cutting measures improved our earning power, lubricants and specialties remained unsatisfactory. Volumes, sales and earnings of our **Products for Agriculture** declined further as

a consequence of the EC agricultural policy reforms and the constraints imposed by environmental policies. Fertilizers faced tough competition from cheap imports from Eastern Europe. Of our crop protection agents, the new cereal fungicide Opus® improved our earnings. The combination of the German potash and rock salt operations in Kali und Salz GmbH will improve competitiveness. Exceptionally low selling prices for **Plastics and Fibers** resulted in a further reduction in earnings. Sales of polyolefins and PVC were well down on the previous year. The poor results of polyolefins due to price erosion were not offset by increased polypropylene volumes and higher capacity utilization rates. To improve our market penetration and cut specific costs, we acquired in March 1994 the West European polypropylene operations of ICI. We are continuing the polymethyl methacrylate business. High surplus capacity worldwide led us to temporarily shut down some of our styrene and polystyrene capacity in Germany.

The continuing strength of the construction industry in eastern Germany benefited our Styrodur® business, although not enough to offset slack demand in other West European countries. In the nylon 6 fibers sector we are planning a joint venture with AlliedSignal in order to stand up better to competition from other fibers. Despite the decline in earnings, **Chemicals** remained overall our biggest earner. Unsatisfactory margins for petrochemical base products depressed earnings from basic chemicals. The start-up of our new steamcracker at the Antwerp site will considerably improve production integration and competitiveness. In industrial chemicals and intermediates, too, we were unable to repeat the 1992 results. By contrast, fine chemicals did better than in the previous year, and vitamins were in particular demand. Sales of our **Dyestuffs and Finishing Products** fell slightly. Earnings remained fairly satisfactory, considering the difficult economic environment. Earnings of dispersions and specialty

chemicals held steady, but business in textile and leather chemicals, colors and process chemicals did not match the previous year's levels. Sales of **Consumer Products** remained relatively stable. Our pharmaceuticals business was severely affected by the German Health Care Reform Act: the Knoll Group in Germany had to accept a marked decline in sales and earnings. Coatings and paints suffered from price pressures and low demand from the automotive industry. Earnings were additionally burdened by structural measures. Building paints did well, particularly in Germany. Sales of printing inks were down on the previous year, though losses were considerably reduced. Sales of magnetic products dropped as a result of continuing price erosion. The operating loss was significantly cut by efficiency improvements and good utilization rates. Restructuring measures, which imposed an additional burden on earnings, were largely completed by the end of 1993.



Regions	Location of customers Sales		Location of companies Sales		Sales incl. Intersegment Transfers*		Income from Operations	
	million DM	Change over 1992 %	million DM	Change over 1992 %	million DM	Change over 1992 %	million DM	Change over 1992 million DM
Europe	<b>25,378</b>	-8.2	<b>29,000</b>	-7.8	<b>30,931</b>	-6.9	<b>877</b>	-441
thereof Germany	<b>11,822</b>	-12.2	<b>20,950</b>	-9.1	<b>-</b>	-	<b>754</b>	-282
North America	<b>8,523</b>	+7.6	<b>8,245</b>	+9.9	<b>8,626</b>	+9.2	<b>173</b>	+231
Latin America	<b>2,495</b>	+13.8	<b>1,983</b>	+14.6	<b>2,032</b>	+14.9	<b>-59</b>	-79
Asia, Australia, Africa	<b>4,172</b>	+0.1	<b>1,340</b>	+8.5	<b>1,354</b>	+6.6	<b>41</b>	+10
	<b>40,568</b>	-3.3	<b>40,568</b>	-3.3	<b>42,943</b>	-2.8	<b>1,032</b>	-279

\* Exchange of goods and services between regions (export)

## Regions

The decline in BASF Group sales was almost exclusively due to poor business in Europe, and especially in Germany. BASF Group sales here, at DM 11,822 million, were 12.2 percent down on the previous year, with foreign sales rising by 1.0 percent. We increased sales particularly in Latin America and North America, but also in the Far East. In Japan, the decline in sales was more than compensated for by the higher yen exchange rate.

The reason for the drop in sales in **Europe** was the recession prevailing in many countries, which was exacerbated by government intervention in markets, such as the agricultural policy reforms, health care policy measures and the impact on our competitiveness of environmental protection costs in Germany, which reached an all-time high worldwide.

The much higher valuation of the German mark against major European currencies hampered business, especially in the United Kingdom, Italy and Spain. An exception to the European trend was the East European countries, where we increased sales by intensive servicing of the market. We reinforced our sales organizations to enable us to participate in further growth in this region.

In **North America** our overall sales were up on the previous year. Earnings improved appreciably. The sale of our rayon operations and the general slackening of business brought a sharp decline in fiber sales. Plastics, however, improved, as did coatings and paints. Our new polystyrene operations and the revival of the American automotive industry played their part here.

Our companies in **Latin America** achieved welcome increases in volumes and sales. However, earnings in this region are burdened by non-recurring costs of structural improvements at our Mexican coatings affiliate, and the initial costs of our new Altamira site. Glasurit do Brazil suffered from severe price erosion. In **Asia, Australia and Africa** we shared in the dynamic growth of the South and East Asian markets, thanks particularly to our own production facilities, which we wish to expand, especially in China. In Japan, on the other hand, the biggest economic crisis for decades took its toll of our business there.

## Finance

*The BASF Group succeeded in reducing its financial requirement considerably from the high level of the previous year, and it was financed mainly from cash flow.*

### Cash flow improved

The BASF Group's cash flow was DM 4,635 million or 11.4 percent of sales, without petroleum/natural gas taxes, so that it was up 4.1 percent on the previous year, excluding the extraordinary results.

Application of funds decreased by DM 1,123 to DM 4,327 million. Of this reduction, DM 1,079 million was accounted for by lower capital expenditures on fixed assets. Funds tied up in current assets, excluding changes in the scope of consolidation, increased only negligibly. This contributed to the fact that our financial requirements for fixed and current assets as well as the distributed dividend were virtually entirely financed from the cash flow. Changes in the scope of consolidation, especially the inclusion for the first time of the natural gas companies and BASF Schwarzheide GmbH, and also the restructuring of the potash and rock salt operations, did not tie up additional funds because the loans granted hitherto to the natural gas companies are now consolidated.

Equity was boosted by an influx of DM 205 million, because holders of warrants of our 3 percent DM option bond 1985/95 extensively exercised their option rights.

The additional financial indebtedness of DM 401 million primarily resulted from the borrowing of funds for the financing of the further expansion of our business in North America and Brazil and the conversion of dollar liabilities at increased rates.

Fund inflows, less the negative balance of internal financing, led to an increase in liquid funds of DM 682 million.

Financial indebtedness of DM 5,364 million, 41 percent of which has a residual term of more than one year, and cash and cash items of DM 5,239 million leave a net debt position of DM 125 million.

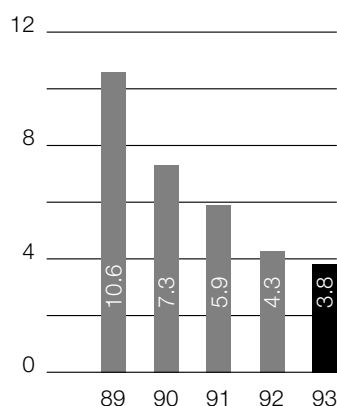
### Increase in fixed assets

Capital expenditures in tangible fixed assets and rises in fixed assets resulting from the broadening of the scope of consolidation resulted in an increase in fixed assets by DM 1,437 million or 7.6 percent to

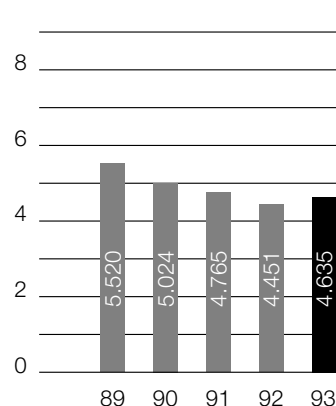
*Where large quantities of data have to be processed, robots from Comparex take a hand: the system shown here selects the right data cartridge from up to 24,000 at lightning speed and guides it to the right drive.*

**Return on Sales before Taxes**

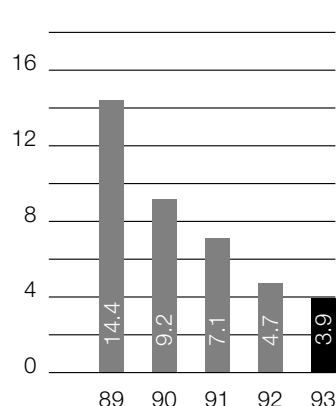
%

**Cash Flow from Ordinary Activities**

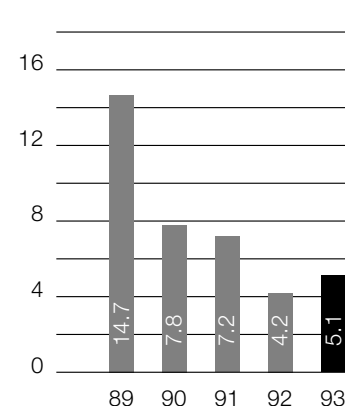
billion DM

**Return on Assets before Income Taxes**

%

**Return on Equity after Taxes**

%

**Statement of Source and Application of Funds**

	1993 million DM	1992 million DM
Net income, before extraordinary results	858	644
Depreciation of fixed assets	3,397	3,382
Retirement of tangible and intangible assets	140	143
Change in long-term provisions and in miscellaneous items	240	282

**Cash flow**

from ordinary activities	4,635	4,451
from extraordinary results	-	489

<b>Dividend of the preceding year</b>	<b>570</b>	684
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<b>Internal financing</b>	<b>4,065</b>	4,256
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Capital expenditures	4,139	4,151
Net additions to financial assets	-159	1,253
Other changes in fixed assets	283	- 62
Change in inventories	-310	214
Change in receivables	374	-106

<b>Application of funds</b>	<b>4,327</b>	5,450
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<b>Balance of internal financing</b>	<b>- 262</b>	- 1,194
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Increase in paid-in capital	205	5
Change in financial indebtedness	401	971
Change in other liabilities	12	- 439

<b>Balance of external financing</b>	<b>618</b>	537
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Change in scope of consolidation	326	57
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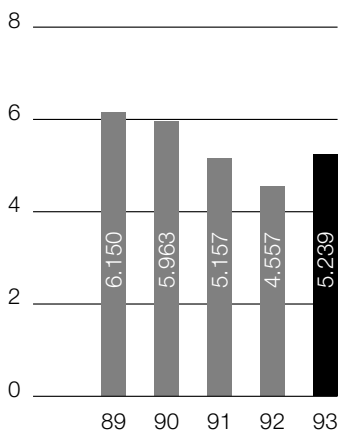
<b>Change in cash and cash items</b>	<b>682</b>	- 600
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**Structure of Assets and Liabilities in 1993**

	million DM	%
<b>Assets</b>		
Intangible assets	638	1.6
Tangible assets	17,722	43.9
Financial assets	1,929	4.8
<b>Fixed assets</b>	<b>20,289</b>	<b>50.3</b>
Inventories	6,317	15.6
Receivables, prepaid expenses	8,513	21.1
Cash and cash items	5,239	13.0
<b>Current assets</b>	<b>20,069</b>	<b>49.7</b>
<b>Assets</b>	<b>40,358</b>	<b>100.0</b>
<b>Equity and liabilities</b>		
Paid-in capital	7,387	18.3
Revenue reserves	7,629	18.9
Translation adjustment	- 232	- 0.6
Minority interests	160	0.4
<b>Equity</b>	<b>14,944</b>	<b>37.0</b>
Special reserves	50	0.1
Long-term provisions	10,135	25.1
Long-term liabilities	2,429	6.0
Short-term liabilities	12,800	31.8
<b>Liabilities</b>	<b>25,364</b>	<b>62.9</b>
<b>Equity and liabilities</b>	<b>40,358</b>	<b>100.0</b>

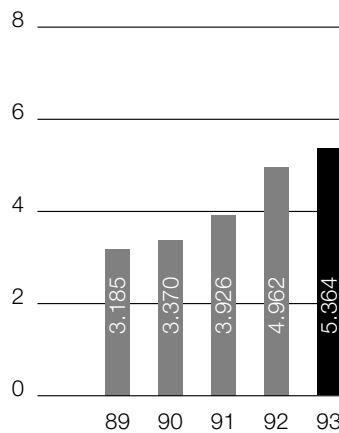
**Cash and Cash Items**

billion DM



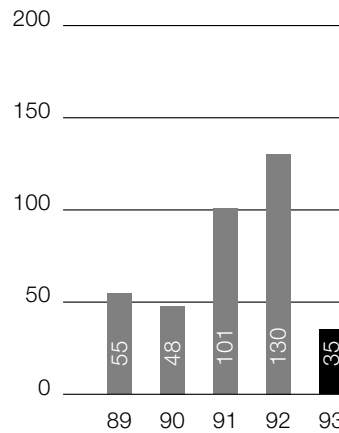
**Financial Indebtedness**

billion DM



**Interest Result**

million DM



DM 20,289 million; fixed assets as a percentage of total assets increased by 1.9 percentage points to 50.3 percent.

This rise was countered by a reduction of funds tied up in inventories and receivables by DM 734 million, so that total assets increased by only 3.6 percent to DM 40,358 million.

The proportion of fixed assets financed by equity declined to 74 percent as compared with 77 percent in the previous year. The equity ratio declined slightly to 37.0 percent.

**Returns under pressure**

The continuing price erosion resulted in a further reduction in earnings before taxes. The return on sales before income taxes amounted to only 3.8 percent (previous year: 4.3 percent). The return on total assets before taxes is 3.9 percent (previous year: 4.7 percent). By contrast, the return on equity after taxes increased to 5.1 percent (previous year: 4.2 percent); the reduction in income taxes and the share of losses attributable to part-

ners in consolidated subsidiaries improved earnings after taxes and minority interests.

The key financial ratios were virtually unchanged, and remain good. The ratio of current assets to short-term liabilities (current ratio) is 1.5, and the ratio of short-term receivables and cash items to short-term liabilities is 1.0.

**Stable cash flow for BASF Aktiengesellschaft**

BASF Aktiengesellschaft's cash flow totaled DM 2,170 million, and remained at the previous year's level, disregarding the extraordinary result for 1992. The ratio of cash flow to sales improved by 1 percentage point to 12.5 percent. Contributions to the cash flow from depreciation and long-term provisions exceeded the previous year's figures and offset the decline in earnings.

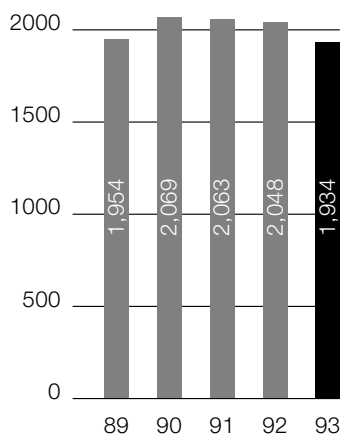
Funds applied to fixed assets totaled DM 2,471 million, DM 406 million up on the previous year despite lower capital expenditures on tangible fixed assets.

This was primarily the result of capital increases at BASF

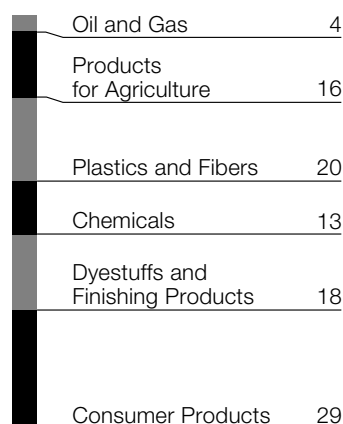
Coordination Center S.A. to finance mainly our capital expenditures in Belgium. In current assets, too, the use of existing and additional liquidity for financing purposes in the participations sector, and especially for developing the natural gas business, resulted in a financial requirement of DM 873 million.

Overall, DM 1,744 million of the financial requirement could not be covered by internal financing. Liabilities therefore increased by DM 1,159 million; an additional DM 205 million of equity was brought in through the exercising of option rights. Liquidity was down by DM 380 million. Equity as a percentage of total assets declined to 49.1 percent, but remains at a high level. The current ratio is 1.5.

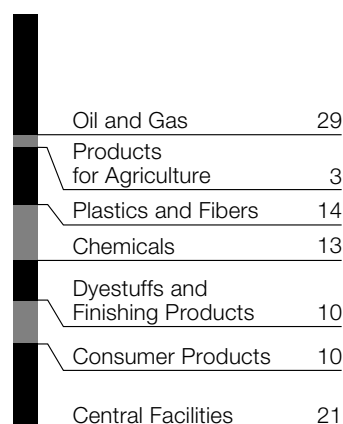
**Research and Development Expense**  
million DM



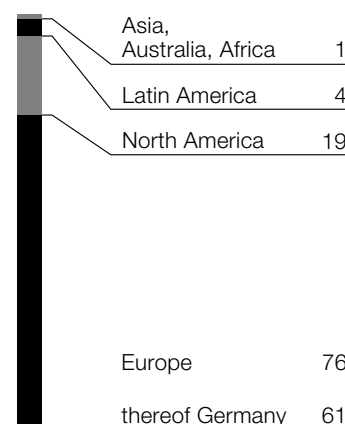
**Research and Development Expense in 1993 by Operations** %



**Capital Expenditures in 1993 by Operations** %



**Capital Expenditures in 1993 by Regions** %



**Safeguarding the future**

We are making intensive efforts to continue developing our company. Research and development, a long-term capital expenditure policy and the energetic commitment of our employees are all directed to meeting our customers' expectations. We open up extended applications and potential outlets for existing and newly developed products and thus provide additional benefits to our customers. We will continue converting the challenges of the markets into business success.

**Research and development**

Our research activities gave rise to 820 basic patent applications worldwide. At year-end our portfolio consisted of about 8,000 patents and patent applications in Germany and 51,500 abroad. The BASF Group's royalty balance was again favorable. Income from licensing totaled DM 117 million and expenditures DM 72 million. We spent DM 1,934 million on R&D. We invested DM 250 million in new laboratories, pilot plants and equipment. BASF Group laboratories employed about 11,500 people, some 2,400 of them with university degrees. At our German sites about 9,500 people were employed in R&D. Our operations in the U.S. and Japan are going ahead according to schedule.

**Capital expenditures**

Capital expenditures on tangible fixed assets were DM 4,139 million. This figure differs from that for the previous year in that it includes the natural gas projects, at DM 1,070 million, and Schwarzheide, at DM 352 million. On a comparable basis, capital expenditures declined by 27 percent. We spent DM 2,513 million on plant and equipment in Germany, including DM 791 million at BASF Aktiengesellschaft. For 1994, we are planning to reduce capital expenditures overall. In spite of the reductions in 1993, capital expenditures in 1992 and 1993 together reached a peak of DM 9.8 billion. The following facilities were completed and brought on stream in 1993 under this ambitious program:

- at the Antwerp site plants for the production of
  - ethylene oxide/glycol,
  - tertiary butylamine,
  - ethylene, propylene and other hydrocarbons (steam-cracker: start-up in early 1994);

- at the Schwarzheide site plants for the production of
  - water-borne coatings,
  - Styrodur® and
  - Neopolen® foams;
- at the Ludwigshafen site plants for the production of
  - superabsorbers and for the extraction of
  - butadiene;
- plants for the production of
  - coating resins in Brazil and
  - automotive refinishes in Spain;
- in the U.S., plants for the production of
  - acrylic dispersions,
  - coating resins and
  - nylon carpet yarns.

The MIDAL natural gas pipeline from Emden to Ludwigshafen and the Rehden natural gas reservoir began operation. The biotechnology research laboratory at Worcester, Mass., started operating in the fall. Plants are under construction at Schwarzheide for the production of aniline, aliphatic diisocyanates, dinitrotoluene, polyurethane dispersions and the Opus® fungicide, and for compounding engineering plastics. The capacity of our TDI plant is being increased.

At Antwerp, work is in progress on new plants for isobutene and polyisobutene, for acrylic acid and acrylates, and on an LPG terminal.

At the Ludwigshafen site we began to expand capacity for tetrahydrofuran, polytetrahydrofuran and formic acid.

### **Structural improvements**

We are pursuing a policy of concentrating on our strengths, and selective internationalization. We therefore abandoned or sold off some parts of the company and areas of business, but we also acquired new ones or initiated cooperative ventures with other firms. Production at Chemische Fabrik Kalk GmbH, Cologne, a wholly owned affiliate of Kali und Salz AG, was discontinued. In the U.S. we stopped carbon fiber production at Rock Hill, S.C., in mid-1993, and sold off the business in preregs and structural adhesives.

In fiber products, we are concentrating on nylon 6. Production of polyester filament in the U.S. will be discontinued in early June 1994. Negotiations are in progress with AlliedSignal on forming a joint venture in nylon carpet and textile fibers.

Our 50 percent holding in B&F Microdisks, a company producing 3.5 inch diskettes in Bedford, Mass., was sold at the end of the year to Fuji, our former partner. Wintershall AG's Salzbergen lubricating oil refinery is to be sold.

In March 1994 we acquired from ICI its West European polypropylene operations, with production plants at Wilton in the United Kingdom and Rozenburg in the Netherlands.

The combination of the German potash and rock salt operations of Kali und Salz AG with Mitteldeutsche Kali AG to form Kali und Salz GmbH was completed in December 1993, following approval by the European Commission.

In China, we are stepping up our operations. The foundation of a joint venture with Shanghai Dyestuffs

Corporation for the production of organic pigments and textile dyes gives us direct access to fast-growing markets. In the polystyrene sector, a joint venture in which we will have a 60 percent holding has been agreed with Yangzi Petrochemical Corporation.

*Test refills for ballpoint pens write in all the colors of the rainbow in a BASF laboratory. The products being tested are Neptun<sup>®</sup> dyes and color bases from BASF, which are the foundation for the color pastes. They meet a wide variety of demands and can be tailored to customer requirements.*

*Color catches the eye. The "Financial Times", Europe's quality financial newspaper, banked on this principle from the start. Founded over a century ago, it has always been printed in black on pink. As with the FT, Basazol<sup>®</sup> grades from BASF are excellently suited for colored papers of all kinds.*

### **Environmental protection, safety and energy**

#### **Further reduction in emissions**

The already low emissions of atmospheric pollutants at the Ludwigshafen site declined by a further 15 percent during the year under review. We also achieved a reduction of about 10 percent in the volume of effluent and the pollutant load it carries. The quantity of ammonia has been halved in the space of four years: in part as a result of improved processes which reduce the amount of ammonia obtained, and in part because ammonia is recovered from the effluent and returned to production.

#### **Environmental protection facilities improved worldwide**

At numerous sites in and outside Germany, effluent treatment plants were further improved or enlarged, or new plants brought on stream. Residue incinerators were completed at BASF Sumerbank in Turkey and at BASF Brasileira in Guaratinguet.

#### **Energy use optimized**

At several of our sites, gas turbine technology for electricity and steam generation has proved highly cost-effective and reliable. We are currently building a 100-megawatt gas turbine power plant at Schwarzhede. At other sites, we are looking into replacing older power plants with this state-of-the-art, and more eco-friendly, technology. These plans can only be implemented if natural gas is reasonably priced and reliably available. The cooperation with our Russian partner Gazprom provides a sound basis for this. To increase energy efficiency further, it would be desirable to feed surplus electricity into the public grid. We reject the much-discussed introduction of a CO<sub>2</sub> energy tax. It would unilaterally affect energy-intensive industries such as the chemical industry, and fail to achieve the aim of better energy utilization.

#### **Reduction of cost burden necessary**

The operating costs of environmental protection facilities at the Ludwigshafen site were DM 1,051 million, and are, at 8.1 percent of sales from our own production plants, disquietingly high. We are making constant efforts to increase the effectiveness of environmental protection by improving organization, providing training for our employees and introducing process-integrated environmental protection. In the interests of our competitiveness on world markets and to safeguard jobs in Germany, we advocate international harmonization of environmental policies. Existing burdens must be reduced and no additional ones imposed.

#### **Fewer accidents**

We are glad to report a further substantial decline in accidents. In the BASF Group, the number of accidents was 4.6 for every million hours worked. This is an 11.5 percent reduction in the accident rate. At the Ludwigshafen site there were 370 reportable

accidents, 17.4 percent fewer than in the previous year. With 4.9 accidents per million hours worked, or 7.3 accidents per thousand employees, Ludwigshafen now occupies a leading position in the German chemical industry. The number of accidents between home and work also declined, by 8.6 percent.

## Employees by Regions

As per December 31	1993	1992
Europe	<b>85,613</b>	95,332
thereof Germany	<b>70,241</b>	78,946
North America	<b>16,034</b>	17,349
Latin America	<b>8,876</b>	9,090
Asia, Australia, Africa	<b>1,497</b>	1,483
	<b>112,020</b>	123,254

## Personnel Expense

million DM	1993	1992	Change %
Wages and salaries	<b>8,435.6</b>	8,784.5	-4.0
Social contributions and expenses for pension benefits and assistance	<b>2,334.6</b>	2,386.4	-2.2
– thereof for pension benefits	<b>725.3</b>	670.2	+8.2
	<b>10,770.2</b>	11,170.9	-3.6

### Employees

Changes in the scope of consolidation and our cost-cutting measures led to a further reduction in the number of BASF Group employees in 1993 by a total of 11,234, or 9 percent, to 112,020. More jobs will go during the current year. 5,858 jobs disappeared as a result of efficiency improvements, and another 1,021 due to divestitures. The changes in the scope of consolidation reduced the workforce covered by the reporting by a further 4,355. 70,241 people, or 63 percent of the workforce, were employed in Germany. Although another five companies are included in the Group financial statements for the first time, this figure is 8,705 down on the previous year, mainly due to the removal of the German potassium and rock salt operations from the scope of consolidation.

The number of employees in other European countries was down by 1,014 to 15,372. The number employed by our companies outside Europe declined by 1,515 to 26,407, most of them in North America.

#### Personnel costs: DM 10.8 billion

Taking the changes in the scope of consolidation into account, personnel costs decreased by DM 401 million to DM 10,770 million. Wages and salaries accounted for DM 8,436 million, and social security contributions, pensions and assistance for DM 2,335 million.

#### Training

The number of trainees in Germany dropped further to 3,919; however, their proportion of the total workforce, 5.6 percent, remained at the previous year's level. Expenditure for vocational training fell by DM 26 million to DM 167 million. During the year under report we again offered permanent contracts to most of those who had completed training.

### Career advancement and training

We continue to attach great importance to vocational training and career advancement. Courses in Germany were attended by 33,873 employees or 48 percent of the workforce. The expenditure was DM 56 million.

#### Employee shares and asset formation

For the first time, German Group companies did not offer employees BASF shares as part of the annual bonus. The end-of-year payments were reduced, compared with the previous year, by DM 112 million. As compensation for not being covered by the statutory savings enhancement plan, exempt employees acquired BASF shares to a nominal value of DM 2.2 million.

#### BASF Aktiengesellschaft

At year-end, BASF Aktiengesellschaft employed 49,026 people, 2,008 fewer than in the previous year. With our general workforce size adjustment program, internal transfers and substantial restrictions on recruitment, we adapted the size of the workforce to the

company's economic situation. 1,330 personnel were taken on. In addition 559 returning from military or community service or child-raising leave started work again. Absences due to illness were down significantly, from 6.3 to 5.4 percent. The turnover rate was 8 percent while the overtime rate remained at last year's level of 0.4 percent. At the end of 1993 there were 2,947 young people undergoing training, representing 6 percent of the workforce – below the previous year's level. The proportion of women trainees dropped to 23 percent, while the proportion of women in the workforce as a whole remained, at 15 percent, unchanged.



*Being seen at the racetrack is one thing, but seeing can be just as important. These binoculars, with a housing made from our specialty plastic Ultrablend®, give good vision.*

## Outlook

*In the current year we expect only a slight economic recovery in Germany and in most other countries of Western Europe. In North America and South and East Asia we expect the upward trend to continue, while growth in Japan will be weak.*

*Against this background, 1994 as yet offers no clearly improved prospects of higher demand for chemical products. We will therefore continue our policy of structural adjustments. New market requirements and rapid changes in general conditions call for a high degree of flexibility and rapid entrepreneurial action.*

*We are continuing to optimize our product portfolio by broadening our international operations and banking on promising innovations and process improvements. BASF will emerge fortified from the recession – more innovative, more dynamic and more profitable.*

Operations

1993	Oil and Gas	Products for Agriculture	Plastics and Fibers
Sales	4,352 million DM	3,781 million DM	9,811 million DM
Proportionate share	10.7 %	9.3 %	24.2 %
Sales incl.			
Intersegment Transfers	4,541 million DM	3,970 million DM	10,383 million DM
Proportionate share	10.0 %	8.7 %	22.8 %
Income from Operations	297 million DM	-129 million DM	-340 million DM

Operations

**Oil and Gas**

Exploration for crude oil and natural gas, their production and sale, oil refining and the marketing of petroleum products are handled within the BASF Group by Wintershall AG and its affiliates.

Products:

crude oil, natural gas, LPG, cyclohexane, gasoline, diesel fuel, jet fuel, kerosene, fuel oil, bitumen, petroleum coke and sulfur.

**Products for Agriculture**

With a customized line of nitrogenous fertilizers and effective crop protection agents, particularly herbicides and fungicides, we are the only important manufacturer offering both plant nutrients and crop protection agents. In addition, farmers and other customers are supplied with potash fertilizers, magnesium salts and rock salt.

Products:

complete fertilizers (Nitrophoska®), straight nitrogen fertilizers, phosphate and phosphate/potash fertilizers, foliar fertilizers, ammonium-stabilized fertilizers; salt products; Compo® products for the care of house and garden plants and for market and landscape gardeners; crop protection agents for controlling weeds, crop diseases and pests; and growth regulators.

**Plastics and Fibers**

As a major plastics producer, we have a wide line extending from commodity plastics to a large number of specialties. BASF Corporation also produces fiber intermediates and man-made fibers.

Products:

polyolefins, polyvinyl chloride, styrene polymers, engineering plastics, polyurethane basic products and systems, foams, reaction resins, glass-mat-reinforced thermoplastics (GMTs), fiber intermediates such as caprolactam and adipic acid, and fibers and filaments based on nylon.

<b>Chemicals</b>	<b>Dyestuffs and Finishing Products</b>	<b>Consumer Products</b>	1993
5,371 million DM 13.2 %	7,572 million DM 18.7 %	8,740 million DM 21.5 %	Sales Proportionate share
8,224 million DM 18.1 %	8,547 million DM 18.8 %	8,801 million DM 19.3 %	Sales incl. Intersegment Transfers Proportionate share
755 million DM	402 million DM	-171 million DM	Income from Operations

### **Chemicals**

From only a few basic chemicals, which we produce primarily for captive use, we manufacture, in numerous upgrading steps, industrial chemicals, intermediates for various chemical syntheses and fine chemicals which are used in the food, cosmetics and pharmaceutical industries, and in animal nutrition.

#### Products:

petrochemical feedstocks such as ethylene, propylene and benzene, basic organic and inorganic chemicals such as methanol, ammonia, sulfuric acid, chlorine and caustic soda solution, inorganic chemicals, catalysts, plasticizers, solvents, adhesives and impregnating resins, organic intermediates and fine chemicals such as vitamins, carotenoids, flavors and fragrances.

### **Dyestuffs and Finishing Products**

Our numerous dyestuffs, finishing products and process chemicals are used for a wide variety of applications. Our customers include the automotive, construction, chemical, printing-ink, oil, adhesives, coatings, leather, paper, textile and detergent industries.

#### Products:

dyestuffs, pigments, process chemicals, auxiliaries, detergent raw materials, specialty chemicals, super-absorbers, dispersions, adhesives raw materials, alkylene oxides, glycols and chemicals for the automotive industry.

### **Consumer Products**

These operations encompass products which are close to the consumer and serve to keep people healthy, provide lasting protection for valuable goods and facilitate the handling of information.

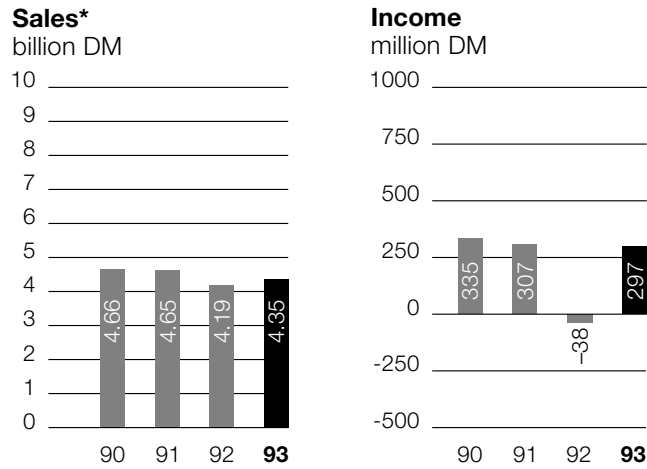
#### Products:

cardiovascular drugs, neuropharmaceuticals and analgesics, drugs for gastrointestinal disorders, and pharmaceutical chemicals; OEM automotive paints, refinishes and industrial paints; colors, paints and building paints; printing plates and processing systems for the graphics industry, printing inks; audio and video tapes and cassettes, magnetic recording media; computer and data storage systems for EDP.

### **Other**

Sales and earnings from other activities relate primarily to the sale of plants, the supply of electricity, toll manufacture, services and income from rentals.

**Oil and Gas**



\* without petroleum and natural gas taxes

*Oil and Gas*

*In Oil and Gas, sales rose by 3.8 percent to DM 4.4 billion (not including petroleum and natural gas taxes). Earnings improved to DM 297 million.*

**Economic environment still unfavorable**

The increase in sales resulted from the inclusion of the natural gas marketing companies in the scope of reporting for the first time. Earnings include a special item of DM 157 million in connection with the inclusion of the Rehden natural gas reservoir in the WINGAS cooperative venture. Lower prices for crude oil, natural gas and petroleum products together with unsatisfactory refinery margins placed their stamp on business. Nevertheless, we improved the earning power of this segment by cutting costs.

We spent DM 90 million, some 25 percent less than in the previous year, on exploration. We continued regional concentration and trimmed our concessions portfolio by eliminating minor projects. Focal points of our own exploration activities were northern Germany, the Dutch sector of

the North Sea, Libya and Canada. Through DEMINEX, Wintershall was involved in exploration in the British and Norwegian sectors of the North Sea, Syria, Egypt, Indonesia and Argentina.

**Crude oil and natural gas production up**

The production of crude oil at 4.8 million metric tons was 4 percent higher than in the previous year. Declining production in Germany and in Dubai due to the gradual depletion of older fields was more than offset by a further increase in production in Libya and the DEMINEX holdings.

Production of natural gas was 1.9 billion cubic meters, approximately the same as in the previous year. Production increases in Canada and the DEMINEX holdings largely compensated for the production loss resulting from the sale of our U.S. operations. Despite relatively high production volumes, proven reserves increased to 134 million metric tons of crude oil and 44 billion cubic meters of natural gas.

**Petroleum products down**

Volume sales of petroleum products fell by about 5 percent compared with the previous year to 5.1 million metric tons because we refrained for profitability reasons from buying in products for resale. ARAL AG, in which Wintershall has a 15 percent interest, consolidated its good position in the profitable gas station market.

Lubricants and specialties were again under heavy earnings pressure in a saturated market. We therefore intend to sell the Salzbergen lubricating oil refinery.

*Thermoplastic polyurethane elastomers (TPU), marketed by BASF under the trademark Elastollan®, are resistant to seawater and abrasion and are highly resilient. This makes them ideally suitable for submarine cables needed for seismic measurements, prospecting for oil deposits under the seabed, transporting energy and transmitting information.*

### **Major advances in natural gas**

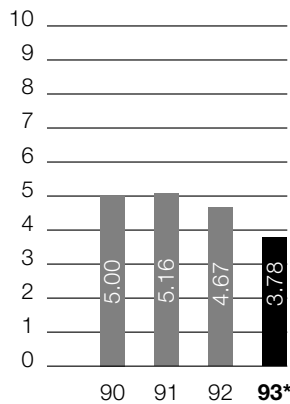
We made good progress with the expansion of our natural gas business. After the STEGAL long-distance gas pipeline through Saxony and Thuringia came into operation in 1992, the end of October 1993 saw the completion of the MIDAL pipeline from Emden to Ludwigshafen. Since then, the Ludwigshafen site, Germany's biggest industrial consumer of natural gas, has been supplied with gas from this pipeline, too. In August 1993 the first section of the 1.5 billion cubic meter Rehden natural gas reservoir came into operation, and is being filled with gas.

Most of the projected gas sales volume has now been secured by long-term supply contracts. Gas supplies from our Russian partner Gazprom are guaranteed under a contract for 20 years. We have also been taking some gas from the North Sea since October 1993 and have developed further potential through our own acquisitions. A long-term natural gas supply agreement was concluded with Verbundnetz Gas AG, Leipzig, under which this company will draw 3.5 billion cubic meters of Russian natural gas a year from 1994 to 1998. From 1999 the amount supplied under this agreement will be 7.0 billion cubic meters a year.

**Products for Agriculture**

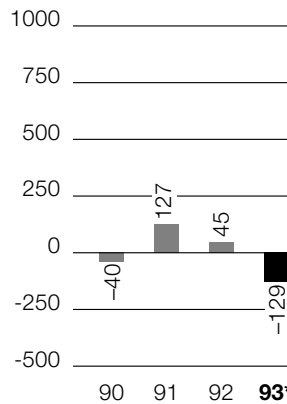
**Sales**

billion DM



**Income**

million DM



\* Potash and rock salt operations included up to June 30, 1993

*Products for Agriculture*

*Sales of Products for Agriculture did not include the German potash and rock salt operations after the middle of 1993. Sales fell by 19.1 percent to DM 3.8 billion. Earnings declined to DM -129 million.*

Business in plant nutrients and crop protection agents suffered severely, particularly from the changes in European agricultural policy. This caused the West European market to shrink.

**Fertilizers under pressure from imports**

Demand for agricultural fertilizers in Western Europe again dropped. Increasing imports from Central and Eastern Europe added to the pressure on the supply side. This, combined with unsatisfactory capacity utilization rates in Western Europe, caused prices to fall significantly, and too much to be offset by cost reductions. To adapt to the changed market situation, we are lowering our capacity for straight nitrogen fertilizers at Ludwigshafen by 600,000 metric tons and cutting fixed costs. Other producers in Western Europe also reduced capacity. We therefore expect prices to stabilize, despite continuing pressure from imports.

Our operations in specialty products for the home and garden, and for market

gardening, were combined in COMPO GmbH. Despite price pressure caused by devaluation of some South European currencies, our specialty fertilizers continued to make fairly satisfactory progress; demand for products for home gardeners was good.

**New products for crop protection**

The first year after the launch in France and Belgium of our cereal fungicide Opus® was a complete success, despite the difficult market conditions for crop protection agents and – once again – unfavorable weather conditions. This eco-friendly fungicide has now been approved for use in Germany, and we expect gratifying developments here as well. We are currently building a plant for the production of this crop protection agent at Schwarzheide.

We are adding a new class of active substances, the strobilurins, to our line of fungicides. Work will begin in 1994 on the construction of production facilities in Brazil.

Business made good progress overseas and was especially gratifying in the U.S. We also improved our performance in Eastern Europe.

*Harvesting data amid the standing corn at BASF's Limburgerhof research station. BASF agronomists monitor some 6,000 crop trials each year, using nearly 300,000 plots around the world. The latest development here is the use by BASF technicians of palm-tops – electronic notepads employing software developed by BASF.*

### **Better prospects for Kali und Salz**

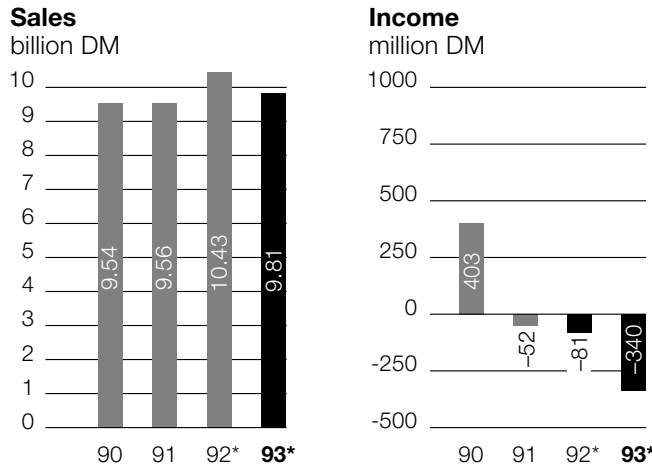
The end of the year saw the completion of the combination of the potash and rock salt operations of Kali und Salz AG (K+S) with those of Mitteldeutsche Kali AG to form Kali und Salz GmbH. K+S holds 51 percent of the equity capital, and Treuhandanstalt 49 percent. The combination opens the way to cross-site efficiency improvements and structural adjustments which will substantially improve the competitiveness of the German potash industry.

Business in 1993 suffered considerably from the worldwide decline in potash fertilizer consumption.

Demand for potash was affected not only by European agricultural reforms, but also by the decline in farm subsidies in important Asian fertilizer markets. To aggravate matters, prices fell sharply, primarily owing to the aggressive tactics of certain potash producers who were mainly interested in earning foreign currency.

K+S further reduced costs and developed additional market niches for its products. In the disposal segment, a successful start was made on the recycling of residues. However, approval procedures in Lower Saxony are proving particularly sluggish. Production at our affiliate Chemische Fabrik Kalk GmbH, Cologne, had to be discontinued. In view of competition from low-priced natural soda, profitability could no longer be ensured.

**Plastics and Fibers**



\* in 1993 including fiber intermediates, adapted to 1992

*Plastics and Fibers*

**Sales in Plastics and Fibers fell by 5.9 percent to DM 9.8 billion. Earnings declined further to DM -340 million.**

**Selective boost for polypropylene**

Polyolefins and PVC held up well in the difficult environment. Overall, volumes rose, but the very low selling prices meant that sales and earnings declined further. We kept costs down by making efficient use of resources and taking advantage of our integrated production system. We are systematically expanding our competitive position in the polypropylene market, which is growing at an above-average rate. Capacity utilization at our new plants for the Novolen® brand of polypropylene at Tarragona and at Rheinische Olefinwerke in Wesseling was good.

On March 1, 1994 we acquired the West European polypropylene operations of ICI. The plants employ BASF technology, and the products are a useful supplement to our own line.

**Worldwide demand for engineering plastics**

We also increased volume sales of our engineering plastics, especially in North America and South East Asia. Earnings, however, declined as price erosion continued.

We are further expanding our global polystyrene business. In the People's Republic of China, a joint venture for the manufacture and marketing of styrene and polystyrene was formed with Yangzi Petrochemical Corporation. The plants acquired in the U.S. during 1992 were successfully integrated. New processes for the production of higher-value-added polystyrenes are improving our competitiveness.

With their excellent weatherability and UV resistance, our specialties Luran® S and Terblend® S are constantly opening up new applications – from automobiles to leisure articles. Ultramid® is winning ever greater recognition in engine manufacture: we want to repeat in South East Asia and North America the successes that we have had with air intake manifolds in

Europe. Improved properties are opening up new applications for our thermally resistant thermoplastics Ultrason® and Ultrapek®.

**Foams on way up**

Our development work on the use of Neopolen® P polypropylene foam in automobile manufacture is bearing fruit. We brought a new production plant on stream at Schwarzheide.

Basotect®, a melamine foam, is becoming increasingly important in automobile manufacture and industrial construction because of its excellent sound insulation. We are expecting demand to increase strongly.

Our worldwide presence, with 12 production sites in important consumer centers, supported volume sales of our Styropor® polystyrene foam. Price pressure exerted by imports from Asia and Eastern Europe, and the exchange rate changes in Europe, led to a decline in earnings in Germany.

Our achievements in the recycling of Styropor® packaging stabilized sales volumes in this sector.



*BASF's Terluran® has proven to be an easy-to-process, scratch-proof and strong material for applications such as telephones. There have been advances in the production of the housings. For example, white keys with black figures can be produced in a single molding operation using two-color injection molding.*

Volumes of Styrodur® building insulation remained at a high level as a consequence of brisk activity in the east German construction industry. We brought a new plant on stream at Schwarzheide at the end of 1993.

Consumption of reaction resins declined in all West European consumer industries. We have developed user-friendly resins with low styrene emissions, and these are gaining ground in the marketplace.

#### **Regional variations for polyurethanes**

Polyurethanes (PUR) were hit by the recession, particularly in Western Europe and Japan.

The decline in polyurethane consumption in Western Europe led to lower selling prices. The devaluation of a number of West European currencies against the German mark placed an extra burden on our business.

Our program of capital expenditures, concentrated on BASF Schwarzheide, is continuing on schedule.

Volume sales in North America were up, but with no significant improvement in selling prices.

In Korea the plant operated by the Hanyang BASF Urethane joint venture was already well utilized in its first full year of operation.

#### **Fibers weaker**

Earnings from fiber products deteriorated further.

Worldwide surplus capacity for fiber intermediates for nylon 6 and increasing competition, especially from Eastern Europe, led to a dramatic price slump, which we are countering by rigorous economies and systematic optimization.

Volumes of carpet fibers sold in the U.S. rose in the second half, but earnings were unsatisfactory. The expansion of the nylon carpet yarn plant at Clemson, S.C., began operation. Good demand and high product quality ensured full capacity utilization. Demand for textile nylon yarns remained strong, although business elsewhere in the textile fiber sector was difficult.

Tough competition and price pressures dampened earnings in industrial fibers, despite higher volumes of Colback® nonwovens. A new plant for the production

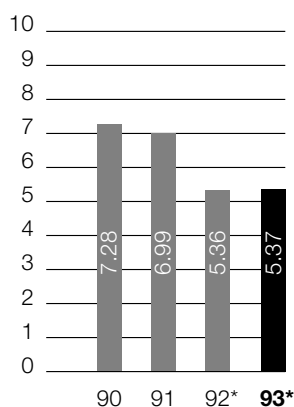
of conductive bicomponent filaments at Enka, N.C., ensures inexpensive supplies of carpet yarn for captive use.

As another step toward concentration on the nylon 6 business, we will discontinue production of polyester filaments at Lowland, Tenn., in early June 1994. We are conducting negotiations with AlliedSignal on a joint venture in nylon carpet and textile fibers.

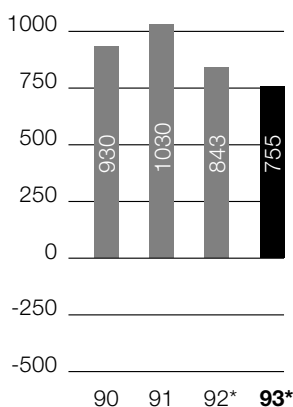
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**Chemicals**
**Sales**

billion DM

**Income**

million DM



\* in 1993 without fiber intermediates, adapted to 1992

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**Chemicals**

*Sales in Chemicals were slightly up by 0.1 percent at DM 5.4 billion. Earnings were DM 755 million.*

**Integrated production of basic chemicals**

The decline in selling prices for basic chemicals continued, but there was only a slight easing of raw material prices. Despite strict cost discipline, earnings were very unsatisfactory.

At Antwerp, the steamcracker went on stream at the beginning of 1994 and substantially improved the supply of ethylene and other petrochemical feedstocks. At the Ludwigshafen site, we brought a butadiene extraction plant on stream. The C<sub>4</sub> cut from the steamcrackers can now be processed directly, eliminating the need to contract out. A new process recovers a C<sub>9</sub> cut from the steamcracker product stream of use to the binder market.

A new addition to our line is a catalyst which removes both nitrogen oxides and dioxins from flue gases. This catalyst will meet the upcoming lower thresholds on emissions from communal waste incinerators.

**Industrial chemicals stand up to competition**

Competition in the industrial chemicals sector intensified further, and despite strict cost management and lower prices for raw materials, we did not fully make up the reduction in selling prices. The plasticizers from our comprehensive line largely maintained their market positions in Europe, despite a decline in demand. In solvents, we have a number of oxygenated compounds with high solvent power which are for example particularly suitable for low-solvent coating systems.

In the market for adhesive and impregnating resins, pressure on the supply side again increased. Our business in European countries outside Germany suffered primarily from slack demand in the furniture and construction industries.

**Intermediates stable**

Sales of intermediates held up, although heavy price pressures, especially on standard amines and diols, led to a decline in earnings. We increased sales of specialty amines despite the unfavorable environment. For instance, we further expanded our tertiary butylamine business. A new plant which started up at Antwerp in September reinforced our position. Of our dialdehydes, glutardialdehyde made good progress. However, imidazoles and carbon oxychloride derivatives were impacted by lower demand in the crop protection and paper sectors. Reduced demand and increasing imports from India and China led to a further decline in sales of intermediates for color chemicals.

We take an optimistic view of trends in polytetrahydrofuran, and so will be boosting our Ludwigshafen production capacity by 1995 in order to service the growing market for Elastan® fibers and thermoplastic polyurethanes.

*Our adhesives raw materials sold under the Acronal® mark ensure that labels stay where they belong, and our printing inks help them to get important messages across, whether on bottled drinks or on fruit bags in the supermarket.*

Sales of monocarboxylic acids were again stable. We are planning a capacity expansion for formic acid at Ludwigshafen, and a further expansion of our propionic acid business in the U.S.

#### **Brisk demand for fine chemicals**

Vitamins and carotenoids did particularly well. Above-average growth was posted by vitamin E and beta-carotene for the foodstuffs and pharmaceutical industries. Scientific findings indicate that these active substances may play an important role in preventing cancer and cardiovascular disorders.

Studies also show that polyunsaturated fatty acids, which are found in fish oil, may reduce the risk of disorders such as thrombosis and cardiac infarction. Our affiliate DanoChemo, which has special microencapsulation technologies, has developed powder formulations for these fatty acids, which are finding increasing acceptance as food additives.

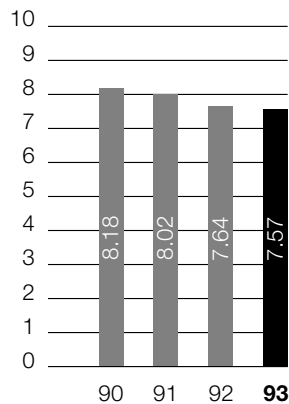
We expanded capacity to adjust to the expected increase in sales volumes in pharmaceuticals and foodstuffs. At the end of 1993 we brought on stream the expanded beta-carotene plant, and a new plant for the microencapsulation of omega 3-fatty acid. We began a number of expansion projects for vitamin E. Our pharmaceutical polymers business suffered from the problems besetting the German pharmaceutical industry. We nevertheless improved our overall position in PVP-iodine and Kollidon® by increasing exports.

Gratifying progress was made by our specialties for the cosmetics industry. To reinforce our market position, we are planning a new plant for the production of UV absorbers based on cinnamate, the world's most important basic material for sunscreen products.

## Dyestuffs and Finishing Products

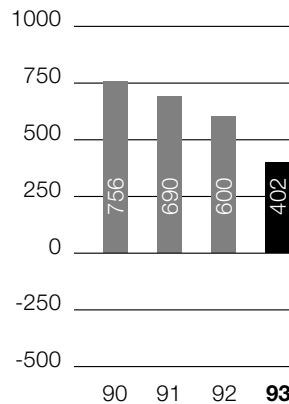
### Sales

billion DM



### Income

million DM



## Dyestuffs and Finishing Products

*Sales of Dyestuffs and Finishing Products were DM 7.6 billion, and remained, with a slight decline of 0.9 percent, at the previous year's level. Earnings amounted to DM 402 million.*

### Textile and leather chemicals satisfactory in shrinking markets

Our products for the textile and leather industries failed to match the previous year's sales and earnings. Business varied from region to region. In North America it stabilized at a gratifying level. In South and East Asia our markets proved stable. In Europe, despite the difficult environment, market shares held up well in strategically important lines. We successfully introduced a new method for dyeing denim with Indanthren® and Basilen® dyes. Novel synthetic thickeners for textile printing were in brisk demand. A new formulation of our indigo dye was successfully launched. Competitive pressures in our business with the leather and fur industry increased significantly. We will be strengthening our presence in Asia with new plants for textile and leather dyes at Mangalore, India, and for cationic textile dyes in Shanghai, China, in the joint venture with Shanghai Dyestuffs Corporation.

### Regional expansion for coloring agents and process chemicals

Falling demand in Europe and a gratifying upturn in important overseas markets characterized business in coloring agents and process chemicals. Despite competitive pressure and price erosion, we defended our market position. In coatings and paints, we further reinforced our strong position with the high-quality Paliogen® and Heliogen® blue and green brands. The new Paliocrom® special effect pigments, which won BASF's internal Innovation Award, were well received by our customers. We adapted our line of pigments to meet the increasing demand for water-borne finishes. Sales of colorants for the printing inks industry lost ground, mainly for price reasons. We expanded volumes with a number of Heliogen®, Sico® and Lithol® brands. Our colorants and preparations for coloring plastics fell only just short of the previous year's high level. Newly developed Uvinul® light stabilizers were launched successfully.

Marker dyes for the petroleum industry made satisfactory progress. We recorded further advances with colorants and process chemicals for new printing and copying systems. Overall, our business with the paper industry held up well, despite the difficult situation in that sector. We actually augmented business in North America, Japan and the increasingly important countries of Eastern Asia, thanks to local production facilities.

### Specialty chemicals largely stable

Despite a general slide in prices, sales of specialty chemicals held at the previous year's high level, and earnings were satisfactory. With innovative products and products from new manufacturing plants we opened up additional markets in Europe, the Far East and North America. The enlarged ethylene oxide/glycol plant at Antwerp came back on stream, securing our increasing captive use requirements and our position as an established supplier in this market.

*Modern thermotransfer printers give color pictures of photographic quality. High-brilliance dyes from BASF ensure optimum results. Wherever brilliant color prints are needed quickly and simply, this new printing technology is used.*

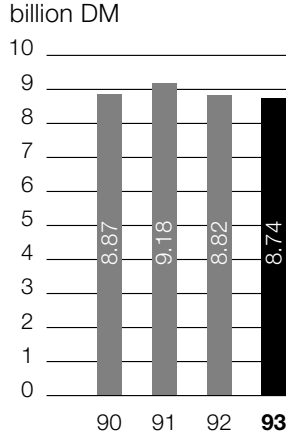
A new superabsorber plant was put into operation. On behalf of Ultrasorb Chemikalien GmbH, a joint venture with Nippon Shokubai, we market these polymers under the Aqualic® tradename for applications in the hygiene sector, mainly diapers. Business in color transfer inhibitors for color detergents made gratifying progress in this fast-growing segment. We reinforced our leading position in electroplating chemicals for corrosion protection by expanding our product line and international presence. We increased sales of Keropur® fuel additives in Europe and North America. The excellent results of tests conducted on our products by well-known oil companies suggest that demand will continue to increase in the coming years, and so we are expanding our plants.

### **Dispersions satisfactory**

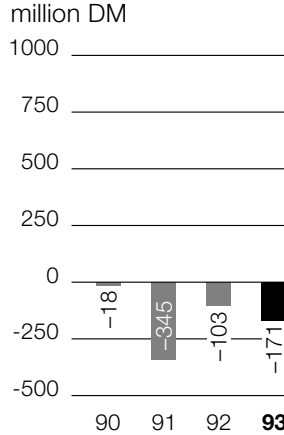
Earnings in dispersions and their intermediates were maintained in the face of fierce price competition. Utilization rates at our acrylic monomer plants were good both in Europe and the U.S. At the Antwerp site, we began construction of a new plant for the production of acrylic acid and acrylates. Polymer dispersion volumes in Europe declined, with continuing pressure on selling prices. In the U.S., however, prices stopped falling. We expanded our business in South East Asia. Dispersions for paper finishing and the carpet industry came under massive price pressure. New, environmentally compatible paint dispersions meet our customers' higher requirements. We defended our strong position in the European market for raw materials for structural and contact adhesives. The trend toward water-borne systems continues and we see opportunities here for our line.

**Consumer Products**

**Sales**



**Income**



*Consumer Products*

*Sales of Consumer Products fell by 1.0 percent to DM 8.7 billion. Earnings dropped to DM -171 million.*

**Upheaval in pharmaceutical markets**

New health care regulations, which tend to favor generics, dramatically changed markets for companies carrying out research. BASF Pharmaceuticals will adjust to the new conditions by concentrating its research funds on selected projects and expanding its business in the generics segment. Costs are being cut further to improve earning power.

In Germany, the Health Care Reform Act left deep scars: sales of specialty drugs and active substances fell by about 10 percent. In other European countries, too, the adverse effects of health policies were felt. New products which we introduced in Germany, Italy and other countries failed to achieve the sales levels originally expected because of changes in physicians' prescribing habits. In Italy, the devaluation of the lira against the German mark was an additional factor. In the U.S., our biggest market outside Germany, the increased competition from generics was the main damper on sales and earn-

ings – there, too, the political background is changing. Our efforts to open up markets in Eastern Europe were particularly successful in Poland.

We took additional steps to streamline and concentrate our research operations. We are pursuing our projects in laboratories in Germany, Italy and the U.S. Our new biotechnology and genetic engineering research laboratory at Worcester, Mass., was occupied in October 1993.

**Coatings and paints still under pressure**

The decline in the sales of our coatings and paints was almost offset by the favorable trend in North America. There was no let-up in the pressure on earnings. We made progress with automotive refinishes, particularly in Eastern Europe. In South America, we now also have footholds in Argentina, Colombia and Venezuela. We will be starting up a new production facility in Spain by mid-1994, thus further enhancing our position in Europe. The technological change ushered in by the introduction of our water-dilutable

base coats is opening up good prospects. Business in building paints was gratifying. We expanded our position in Eastern Europe. Volumes of automotive finishes were hit by the sharp decline in European automobile production. Eco-friendly water-borne finishes and new clear coating systems strengthened our position worldwide. In North and South America, the revival in the automotive industry boosted business.

*Yellow for red: a gleaming new look for the fire engines at Novi, Mich., thanks to Sicopal® Yellow from BASF. For safety reasons, the highly conspicuous yellow is increasingly replacing the traditional red on fire engines in the United States – it stands out better.*

### **Printing systems still difficult**

Although printing system costs were reduced, we again failed to break even. Production of packaging printing inks in Germany was transferred from Stuttgart to Willstaett. In the U.S., the Lodi, N.J., site was shut down and production transferred to other sites.

We introduced Skinnex® X 800 for sheet-fed offset printing. This new, fast-drying line is particularly suitable for high printing speeds.

In water-developable letter-set printing plates for job printing, we have a new nyloprint® film plate which gives extremely brilliant prints.

### **Improvement in information systems**

Our program of site rationalization, restructuring and efficiency improvements substantially reduced costs. At the same time, we cut the variable costs of audio and video cassette production. Cooperative ventures and toll manufacture improved plant utilization rates. Although audio/video results were thus improved, they are not yet in the black. Because of continuing price erosion, the situation remains difficult. We expect to break more or less even from 1994.

In computer technology, we succeeded in breaking even, thanks to the reorganization of production and further restructuring.

Comparex's business in mainframe computers was gratifying. Cost-cutting measures improved earnings. A new marketing structure was agreed with Hitachi Ltd., Tokyo. "Comparex Software und Service GmbH", a new company founded mid-1993, started the marketing of EDP services.

## Operations by Region

*The BASF Group operates in many countries with different political, economic and social structures. In line with the OECD recommendations for multinational companies, we are aware of our numerous responsibilities.*

We conduct business with customers in more than 170 countries. The BASF Group has production plants in 39 countries. 62.6 percent of our sales were achieved in Europe. Exports by German Group companies totaled DM 16.1 billion.

### **European business hit by recession**

Business was unsatisfactory, especially in Germany. The effects of slack demand were exacerbated by shifts within the European monetary system and the burden imposed by government regulations.

Aggressive tactics by competitors in and outside Germany in many segments forced us to make significant price concessions. Our business in Eastern Germany is still suffering from the loss of traditional markets in Eastern Europe, although the first signs of an economic revival can now be seen.

In the other West European countries, too, competitive and price pressures increased further. France was affected by poor domestic demand and, on the export front, by price

competition, particularly as a result of the devaluations in Spain and Italy. We are countering the persistent pressure on earnings with a program of comprehensive efficiency improvements and intensive, focused market servicing.

Our business in Spain suffered primarily from the slump in the automotive sector. The decline in domestic demand was only partly compensated for by exports, which were favored by currency devaluations. In Italy we achieved significant growth in pigments and specialty paints. Our polyurethane and coatings businesses were burdened by the crisis in the automotive sector.

We succeeded in increasing sales in most East European markets, with notable successes in Poland, Croatia, Slovakia and the Czech Republic. A focal point of our operations in Eastern Europe is our cooperation with Russian partners. For example, we supplied plants for the production of audio and video cassettes to Krasnoyarsk. The filling and packaging of the drug Isoptin® will start at Tyumen

*BASF is involved in a number of ways in the production of posters, periodicals and newspapers: paper is made and finished with BASF products, while BASF printing inks and printing plates spread the story over the pages.*

*This station clock in Tokyo is made from plastic pigmented with one of BASF's Lumogen® F dyes. It shines as if it were lit up.*



in the course of this year in another cooperative venture.

#### **Earnings in North America improved**

The North American economy revived increasingly during 1993 and our sales volumes rose significantly in the second half. However pressure on prices still continued. Earnings improved significantly, with both operating costs and the scope of restructuring measures lower than in earlier years. We tightened work procedures, streamlined central units and reduced the size of the workforce.

The growth of the automotive industry stimulated demand for our plastics and coatings. Volumes of chemicals remained at a high level. Products for agriculture, vitamins and intermediates advanced gratifyingly. Our pharmaceuticals business was exposed to tough competition from generics producers.

Fiber products suffered losses, particularly in the first half. To restore profitability, we will be concentrating on the nylon 6 business.

New plants for the production of nylon carpet yarns went on stream at Clemson, S.C., and for acrylic dispersions at Monaca, Penn. The Geismar, La., TDI plant was expanded; the Worcester, Mass., biotechnology laboratory was occupied in the fall.

#### **Brazil disappointing**

Volumes and sales of our Latin American companies continued their upward trend, thanks to liberalization and anti-inflation policies in most countries. Business made particularly good progress in Chile, Colombia and Ecuador. Development of the new Altamira production site on the Mexican Gulf Coast is going ahead on schedule and requires advance payments. Brazil continues to suffer from high inflation. Our companies are burdened by the increased competition following the opening of the Brazilian market.

#### **Dynamic trend in South and East Asia**

We participated in the dynamic growth of the markets in South and East Asia. We achieved good sales

increases with fine chemicals, especially vitamins, and with dyestuffs, pigments, auxiliaries and dispersions.

By contrast, economic growth in Korea slowed down. Lower demand in world markets led to increased competition in Korean products. Nevertheless, the plant operated by our joint venture for polyurethane products, which was in its first full year of operation, was well utilized. In Japan, despite the severest economic crisis for decades, the new tetrahydrofuran and polytetrahydrofuran plants at Yokkaichi recorded good utilization rates. To supply the Japanese market, we are now also producing our polymeric detergents domestically.

We are aiming to meet the increasing demand by expanding local production sites in India and especially China, and reinforcing our merchant business with specialties and higher-value-added products. In China we are now partners in five joint ventures.

## Research and Development

*Launching innovations quickly on the market – this skill is becoming more and more critical in determining success in global competition. We are therefore using our know-how and experience to provide customers with new solutions to problems based on scientific progress.*

The changes taking place in needs, markets and technologies are both a challenge and an opportunity for us. Innovations today take equal account of higher economic expectations and ecological requirements. For our products this means efficient use of our starting materials, cost-effective production, high standards of product safety, optimum performance properties and environmental compatibility.

### **Lasting surface protection to preserve value**

The protection of surfaces against corrosion and wear has always been a challenging research objective. In recent years we have acquired an ever better understanding of the molecular processes at the interfaces, and have been able to develop new solutions to problems. For example, chemical reactions can be used to produce ultra-thin films on surfaces which change them in the manner desired, provide protection against corrosion or act as adhesion promoters for coatings.

In the coating of surfaces, water-borne and powder coatings are today making an important contribution to keeping the air clean. Clear finishes for automobiles have to meet very high technological standards. We are involved in a joint project to develop a powder coating which meets the desired performance levels. Road marking paints have to be particularly resistant to water and abrasion, which is why they were in the past dominated by solvent-containing polymers. Building on our extensive experience with aqueous dispersions, we have developed the new Hydroresin<sup>®</sup> dispersions. These water-borne systems give water-proof, highly reflective films which are ideally suited to road marking, and also to anti-corrosion coatings. Coatings which cure in seconds under irradiation also hold promise for the future. They require what are known as photoinitiators. The expansion of our Lucirin<sup>®</sup> line provides the user with new options.

### **Active substances copied from nature**

Nature offers a large reservoir of models for new active substances. In the crop protection sector, we have for some time been making use of classes of substances used by plants for protection against their natural enemies.

In pharmaceuticals, we are developing novel anti-tumor agents also based on natural substances. In model experiments, these newly discovered structures are achieving significant therapeutic effects. Clinical trials will be starting this year. The selective action of drugs is often achieved by the controlled release of the active substances over a certain period of time. Experience from the plastics sector has shown us a new route here: extruding the pharmaceutically active substance together with a thermoplastic polymer gives a melt from which the drug can be produced with slow-release properties.

*BASF contributes to the development of state-of-the-art communications systems – in this case, with new materials for ultra-high-speed switching operations. Materials with non-linear optical properties can double the frequency of a laser light source. The higher the frequency of a laser beam, the more densely can information be packed onto optical storage disks.*

*Carbonyl iron powder from BASF is the material used for this print head of a matrix printer, a high-precision component.*

Natural coloring agents, for example the important class of beta-carotenoids, are increasingly being added to foods and animal feeds. We have developed new processes for a number of these products, which economize on inputs and provide higher degrees of selectivity and improved quality.

#### **Problem-solving for the paper industry**

Today, high recycling rates and high paper quality are not mutually exclusive. We have played an important role here, with innovative process chemicals and colorants. A new, lightfast yellow coloring agent from the Fastusol® C line is almost completely absorbed by the paper fiber. On the other hand, it can easily be removed when the waste paper is processed. This virtually eliminates pollution from the waste water, meeting the needs of modern papermaking where virtually closed-circuit water systems are used.

However, repeated use of the water in papermaking also requires a number of other process chemicals. New fixing agents from the Catiofast® line ensure that no soluble constituents accumulate in the water. Newly developed antifoams from the Afranil® line are proving their value at high water temperatures and in the production of paper for food packaging. We have developed a new monomer, N-vinylformamide, which forms the basis of new polymeric retention aids, fixing agents and wet-strength improvers.

#### **Polyurethane foams: CFCs completely replaced**

As there is no CFC substitute which is equally suitable for all foam systems, we have developed new blowing agent systems for each specific application. All our polyurethane foam systems can now be produced without CFCs. For integral flexible foams, such as steering wheel

covers, the blowing agent used is water, which is bound to a base and selectively released for foaming on heating. In the rigid foam sector, for example for refrigerators, we are relying on cyclopentane as an alternative blowing agent. These systems, which are much more compatible with the environment, are now being launched.

## Environment and Safety

**Environmental protection and safety are ongoing challenges and permanent features of our work. The ecological properties of our products are just as important to us as their performance.**

We offer our customers not just products but, in many cases, a complete problem-solving package. The ecological component is becoming more and more important – something which is often not noticed by the public, because our 8,000 or so products include comparatively few which are intended for the end user. A few examples from our work will demonstrate the advances achieved in recent years. Opus<sup>®</sup>, our new crop protection agent for combating harmful fungi in cereal farming, has a broad spectrum of action and an excellent long-term effect, despite very low application rates. The active ingredient is biodegradable and not leached out by rain. Our animal feed additive Natuphos<sup>®</sup> contains the enzyme phytase. It improves feed utilization and thus reduces the phosphate discharged with liquid manure by about 30 percent. This significantly reduces contamination of soil and bodies of water, especially in regions of intensive farming. In dyes and auxiliaries for textile finishing, we make

particular efforts to further improve compatibility with the environment. The list of products involved is a long one, encompassing auxiliaries which are eliminated in effluent treatment plants, and pretreatment products which for example do without phosphates and heavy metals.

Our high-performance Keropur<sup>®</sup> multipurpose additives prevent or reduce organic deposits in the intake system of internal combustion engines. They not only prevent malfunctioning of the engine but make an important contribution to reducing fuel consumption and emissions of pollutants. Further, they improve running properties and lengthen engine life. Keropur<sup>®</sup> is the only fuel additive to date approved by the Swedish environmental authorities, because no extra emissions are formed by combustion in the engine. More stringent environmental legislation, such as the Clean Air Act in the U.S., will in future require effective additives of this kind.

*The end of the road, and a new start: BASF audio cassettes with their high-quality chromium dioxide tape are recyclable. All the parts are reprocessed in a new BASF Magnetics pilot plant at Willstaett – just one example of production-integrated environmental protection and products which go easy on resources.*

*Special colors for printing small works of art: BASF in France has developed particularly low-viscosity inks for photogravure printing. The brilliant inks for the miniatures are free from solvents.*

We have also made improvements to Glysantin®, our well-known antifreeze: Glysantin Protect Plus® is nitrite-free, even more readily biodegradable and classified as non-hazardous to water. We have developed a recycling concept for major customers, in which the principal constituent, monoethylene glycol, is recovered from the used Glysantin® and recycled as a raw material.

#### **Plastics recycling**

As a major manufacturer of plastics, we call on our comprehensive know-how to devise practical recycling concepts. In the year under review, we spent DM 32 million on plastics recycling R&D.

In close cooperation with our customers we are investigating, for example, ways in which plastics can be melted down for reuse. We have built a new technical center for this purpose. The objective is to recover plastics from industrial applications for mechanical recycling. These waste plastics are obtained clean, sorted by type and in relatively

large quantities, so that quality losses are limited. We are now also marketing recycled grades of our most important engineering plastics. In addition, we are acquiring used Styropor® from our customers and using it to produce Styroperl®.

Other successful projects: BASF Magnetics has become the first magnetic tape manufacturer to produce completely recyclable audio and video cassettes. Our affiliate Kali und Salz AG has developed the electrostatic separation process for salts (ESTA) so that plastic blends can be separated as well.

Waste plastics, even in mixed and contaminated form from domestic waste, can be subjected to raw material recycling. We are building a pilot plant with an annual capacity of 15,000 metric tons for this purpose. We will be making a start before the end of 1994 on breaking down used plastics into petrochemical feedstocks. These in turn can be used to make plastics again, or other products, with no loss in quality. If the

test phase is completed successfully and general conditions are right, we are planning an industrial-scale recycling plant with a capacity of 300,000 metric tons per year for 1996. However, there is no point in recycling at any price. Incineration cannot be dispensed with as a method of generating energy, for plastics have the same energy content as oil. Using them to generate energy economizes on other fossil energy sources, and is in many cases an appropriate form of recycling for ecological reasons, too. The solution, then, is for mechanical recycling, feedstock recycling and incineration for energy recovery to coexist on an equal footing.

## *BASF Products for Information and Communications*

*Human knowledge is expanding at a breathtaking pace. Experts estimate that published knowledge doubles every three to five years. BASF products play an important part both in communications, which is the active exchange of knowledge, and in storage – the passive side.*

At today's interfaces in transmission technology, the tone is set by telephone, telefax and radio. Just picking up the phone often means you're in touch with BASF: the housing and number keys, lines, plugs and precision engineering components are made of various engineering plastics from BASF. In TVs and hi-fi systems, video recorders, camcorders and cassette decks, BASF plastics contribute to the enjoyment they provide.

Parabolic dishes for eavesdropping on the universe need special properties in terms of surface structure, degree of reflection, bending strength and dimensional stability even under temperature extremes. BASF experts have found the answer: unsaturated polyester and vinyl ester resins such as Palatal® and Palapreg® have proven to be ideally suited.

Although switching stations 22,000 miles above the surface of the earth are becoming more and more numerous, the great majority of transmissions are still carried by cable. It was par-

ticularly fiber optic cables that made for the quantum leap in communications technology: 25 to 50 kilograms replace a ton of copper. Polymer coatings, applied directly during drawing of the cable, reliably protect the sensitive individual fibers, especially against moisture. The outer sheathing is made from plastics such as PVC, polyethylene and polyurethane.

The thermoplastic polyurethanes marketed by BASF under the trademark Elastollan® also make sure that submarine cables work. These lines, which have to withstand severe stresses, need abrasion-proof protection of the internal cable elements combined with adequate flexibility, even at low temperatures. The plastic sheathing is virtually resistant to hydrolysis, seawater, and microbes.

If geostationary satellites and dishes are modern equipment in communications, paper is one of the oldest substrates for storing information. Indeed, it has survived unscathed the campaign for the paperless office.

*Used every day and hardly ever seen: microcapsules for carbonless copy papers. Color-forming agents are contained in microscopically small capsules. Under the pressure of a ball-point pen or the pins of a printer, the capsules burst and make the writing visible. BASF is one of the leading suppliers of these microcapsules, which are marketed under the brand name Micronal®.*

*Anyone with a message to get across, anywhere in the world, needs the eye-catching effect of color. In the United States, too, the way to find the right man for the job is to go to the telephone directory's Yellow Pages, for which Basazol® Yellow 46 L has proved its worth.*

BASF, with its process chemicals, dispersions, dyes and other products for paper finishing, is deeply involved with paper, whether made from new cellulose or recycled fibers, whether brilliant white or colored, glossy or matt. An ultra-thin pigment coating makes paper, cardboard and paperboard more attractive and easier to print. Polymer dispersions bond these pigments permanently to the paper surface. But paper is only the substrate – to act as an information medium, it needs text and images. This is where BASF's printing systems come in. BASF is one of the major suppliers to the worldwide printed media market, with photopolymer printing plates known under the brand names nyloprint® and nyloflex®, and a wide range of K + E® printing inks equally suitable for informative newspapers, periodicals and magazines, art prints and advertising work and attractive, expressive packaging made from high-quality cardboard or sheet metal. In this field, too, progress is continuing: new

offset printing inks with binders based exclusively on renewable raw materials have been successfully launched on the market, as have solvent-free – in other words water-borne – printing ink and printing plate systems for container printing. Progress in modern office communications, too, owes much to BASF: we have developed specialty colorants and process chemicals for non-impact printing systems such as photocopiers, and laser, inkjet and thermo-transfer printers. But the days when paper had no rivals are long gone: a computer disk with just 20 grams of plastic can replace some 500 sheets of paper weighing an impressive 1.6 kilograms. Any means of expression can be stored today, whether language, sounds or images.

With the start of industrial-scale production of audio tapes in 1934, BASF opened up a new dimension in information recording. Almost 60 years later, magnetic materials are still far from having shot their bolt – just listen to the latest chromium dioxide cassettes from BASF, which get very close to CD quality.

## Major Affiliates

Company name and headquarters	Number of employees <b>31.12.1993</b>	Capital expenditures <b>million DM 1993</b>	Sales <b>million DM 1993</b>	Profit before taxes <b>million DM 1993</b>
<i>Products and services</i>	31.12.1992	million DM 1992	million DM 1992	million DM 1992
<b>Europe</b>				
BASF Antwerpen N.V., Antwerp, Belgium	<b>3,464</b>	<b>421.4</b>	<b>1,975.8</b>	<b>-191.2</b>
<i>Fertilizers, plastics, intermediates for plastics and fibers, chemicals</i>	3,668	931.1	2,130.9	-55.9
BASF Española S.A., Barcelona, Spain	<b>1,012</b>	<b>17.2</b>	<b>771.9</b>	<b>-5.4</b>
<i>Chemicals, plastics, finishing products, products for agriculture</i>	1,142	42.2	859.2	8.5
BASF France S.A., Levallois-Perret, France	<b>548</b>	<b>2.4</b>	<b>1,127.6</b>	<b>8.2</b>
<i>Sales of products for agriculture, chemicals, plastics, dyestuffs and finishing products</i>	609	5.0	1,257.2	4.7
BASF Italia Spa, Cesano Maderno, Italy	<b>803</b>	<b>4.8</b>	<b>451.0</b>	<b>15.8</b>
<i>Dyestuffs and finishing products</i>	828	6.5	513.6	5.4
BASF Lacke + Farben AG, Muenster	<b>5,496</b>	<b>77.1</b>	<b>1,634.0</b>	<b>-47.5</b>
<i>Coatings, paints, printing inks, pigments</i>	5,872	145.3	1,742.4	32.1
BASF Magnetics GmbH, Mannheim	<b>2,350</b>	<b>28.3</b>	<b>1,148.8</b>	<b>-85.7</b>
<i>Audio and video magnetic recording media, data storage media</i>	3,131	58.1	1,214.0	-347.8
BASF Peintures + Encres S.A., Clermont, France	<b>1,219</b>	<b>31.4</b>	<b>452.2</b>	<b>-5.7</b>
<i>Coatings, paints, printing inks, pigments</i>	1,238	78.4	463.5	9.4
BASF plc, Wembley, Great Britain	<b>981</b>	<b>21.9</b>	<b>1,126.8</b>	<b>13.9</b>
<i>Chemicals</i>	1,070	19.3	1,239.9	-114.1
BASF Schwarzheide GmbH, Schwarzheide	<b>2,406</b>	<b>351.5</b>	<b>286.9</b>	<b>-287.1<sup>4</sup></b>
<i>Polyurethane products and systems, Styrodur®, Neopolen®, waterborne coatings</i>	2,646	161.3	281.3	-207.1
BASF Vernici e Inchiostri Spa, Cinisello Balsamo, Italy	<b>606</b>	<b>9.4</b>	<b>292.7</b>	<b>5.4</b>
<i>Coatings, paints, printing inks, pigments</i>	601	12.6	335.4	6.8
Comparex Informationssysteme GmbH, Mannheim	<b>627</b>	<b>4.1</b>	<b>1,026.2</b>	<b>18.3</b>
<i>Sales and renting of data processors and memory systems, services</i>	706	3.3	925.4	31.0
Elastogran GmbH, Lemfoerde <sup>1</sup>	<b>1,201</b>	<b>13.4</b>	<b>861.4</b>	<b>35.5</b>
<i>Polyurethane systems and processing technology, elastomers and engineering parts</i>	1,462	35.4	972.0	41.5
Knoll AG, Ludwigshafen <sup>1</sup>	<b>3,839</b>	<b>41.9</b>	<b>1,030.1</b>	<b>-5.3</b>
<i>Pharmaceuticals, pharmaceutical chemicals</i>	3,911	66.9	1,082.3	162.3
Rheinische Olefinwerke GmbH, Wesseling <sup>3</sup>	<b>2,802</b>	<b>39.3</b>	<b>1,648.0</b>	<b>-51.2<sup>4</sup></b>
<i>Polyolefins, styrene, butadiene, epoxy resins, thermoplastic rubber</i>	2,910	57.7	1,875.9	1.3
Wintershall AG, Celle/Kassel <sup>2</sup>	<b>2,842</b>	<b>1,184.1</b>	<b>4,528.5</b>	<b>340.4</b>
<i>Crude oil, natural gas, petroleum products</i>	2,946	247.0	4,332.4	223.5



Company name and headquarters	Number of employees <b>31. 12. 1993</b>	Capital expenditures <b>million DM 1993</b>	Sales <b>million DM 1993</b>	Profit before taxes <b>million DM 1993</b>
<i>Products and services</i>	31. 12. 1992	million DM 1992	million DM 1992	million DM 1992
<b>North America</b>				
BASF Corporation, Parsippany, New Jersey, USA <sup>1</sup>	<b>16,012</b> 17,328	<b>770.5</b> 912.3	<b>8,596.8</b> 7,871.9	<b>76.2</b> -148.4
<i>Chemicals, crop protection products, plastics, fibers, dyestuffs, finishing products, consumer products</i>				
<b>Latin America</b>				
BASF Argentina S.A., Buenos Aires, Argentina	<b>354</b>	<b>3.6</b>	<b>165.9</b>	<b>1.1</b>
<i>Styropor®</i> , finishing products, crop protection products	395	3.8	157.8	-3.4
BASF Brasileira S.A., Indústrias Químicas, São Paulo, Brazil <sup>1</sup>	<b>3,092</b> 3,147	<b>72.9</b> 48.3	<b>604.8</b> 495.6	<b>-70.9</b> -53.9
<i>Chemicals, dyestuffs, finishing products, crop protection products, Styropor®, audio and video cassettes</i>				
BASF Mexicana S.A. de C.V., Mexico D.F., Mexico	<b>693</b>	<b>18.6</b>	<b>214.5</b>	<b>-9.8</b>
<i>Polyurethane systems, dyestuffs and finishing products</i>	657	9.5	183.1	5.6
BASF Química Colombiana S.A., Medellin, Colombia	<b>590</b> 605	<b>5.5</b> 7.5	<b>166.2</b> 130.1	<b>3.4</b> 4.0
<i>Chemicals, polyester resins, finishing products, crop protection products</i>				
Glasurit do Brasil Ltda., São Bernardo do Campo, Estado de São Paulo, Brazil <sup>1</sup>	<b>2,347</b> 2,484	<b>45.2</b> 52.3	<b>585.3</b> 518.2	<b>-21.7</b> 13.7
<i>Coatings and paints</i>				
<b>Asia and Australia</b>				
BASF Australia Ltd., Melbourne, Australia	<b>278</b>	<b>4.4</b>	<b>225.8</b>	<b>5.6</b>
<i>Styropor®</i> , engineering plastics, finishing products	270	9.4	194.0	2.3
BASF India Ltd., Bombay, India <sup>3</sup>	<b>802</b>	<b>6.3</b>	<b>93.7</b>	<b>10.9</b>
<i>Styropor®</i> , dyestuffs, finishing products, crop protection products	798	7.1	86.4	9.2
BASF Japan Ltd., Tokyo, Japan	<b>443</b>	<b>5.1</b>	<b>816.8</b>	<b>-5.2</b>
<i>Finishing products, plastics</i>	423	47.9	788.0	-24.2
Hyosung-BASF Co., Ltd., Seoul, Korea <sup>3</sup>	<b>468</b>	<b>7.8</b>	<b>291.5</b>	<b>7.9</b>
<i>Styropor®</i> , polystyrene, styrene copolymers	504	5.2	273.0	3.3
Mitsubishi Yuka Badische Company Ltd., Yokkaichi, Japan <sup>3</sup>	<b>282</b> 278	<b>15.8</b> 11.9	<b>269.7</b> 246.2	<b>14.5</b> 16.8
<i>Styropor®, polymer dispersions, foam sheets</i>				

<sup>1</sup> Including its consolidated majority-owned affiliates<sup>2</sup> Including its consolidated majority-owned and 50-percent affiliates;  
due to the changes in the scope of consolidation the prior-year figures are not directly comparable<sup>3</sup> Our holding: 50 percent<sup>4</sup> Before profit/loss transferred

# Annual Financial Statements

## Balance Sheet of the BASF Group

as of December 31, 1993

million DM

<b>Assets</b>	Notes	<b>Dec. 31, 1993</b>	Dec. 31, 1992
Intangible assets	(7)	<b>638.0</b>	683.7
Tangible assets	(7)	<b>17,721.6</b>	15,213.7
Financial assets	(8)	<b>1,929.0</b>	2,954.8
<b>Fixed assets</b>	(3)	<b>20,288.6</b>	18,852.2
Goods on lease		<b>277.3</b>	306.8
Inventories	(9)	<b>6,039.4</b>	6,441.7
Accounts receivable-trade		<b>5,748.0</b>	5,445.8
Receivables from affiliated companies		<b>624.4</b>	1,089.8
Miscellaneous receivables and other assets		<b>1,654.7</b>	1,841.6
Receivables and other assets	(10)	<b>8,027.1</b>	8,377.2
Securities	(3)	<b>2,921.1</b>	2,904.6
Checks, cash on hand, central bank and postal giro balances, bank balances		<b>2,318.2</b>	1,652.3
<b>Current assets</b>	(3)	<b>19,583.1</b>	19,682.6
<b>Prepaid expenses</b>	(11)	<b>486.3</b>	438.4
		<b>40,358.0</b>	38,973.2
<b>Equity and Liabilities</b>			
Subscribed capital	(12)	<b>2,922.5</b>	2,852.0
Capital surplus	(13)	<b>4,463.9</b>	4,329.8
Revenue reserves and profit retained	(14)	<b>7,629.4</b>	7,315.0
Translation adjustment	(6)	<b>- 231.5</b>	-
Minority interests	(3)	<b>159.8</b>	85.8
<b>Equity</b>		<b>14,944.1</b>	14,582.6
<b>Special reserves</b>	(3/15)	<b>50.2</b>	74.2
Pension provisions and similar obligations		<b>6,725.4</b>	6,681.9
Provisions for taxes	(16)	<b>809.4</b>	803.1
Other provisions	(16)	<b>6,420.8</b>	6,216.6
<b>Provisions</b>	(3/16)	<b>13,955.6</b>	13,701.6
Bonds and other liabilities to the capital market		<b>3,462.5</b>	3,206.2
Liabilities to credit institutions		<b>1,901.9</b>	1,755.4
Accounts payable-trade		<b>2,801.5</b>	2,891.9
Liabilities to affiliated companies		<b>1,215.0</b>	545.5
Miscellaneous liabilities		<b>1,878.0</b>	2,072.8
<b>Liabilities</b>	(17)	<b>11,258.9</b>	10,471.8
<b>Deferred income</b>		<b>149.2</b>	143.0
		<b>40,358.0</b>	38,973.2

**Profit and Loss Account of the BASF Group**

January 1 – December 31, 1993

million DM

	Notes	1993	1992
<b>Sales</b>	(20)	<b>43,122.7</b>	44,522.4
– Petroleum and natural gas taxes		<u>2,554.3</u>	<u>2,589.6</u>
Sales (without petroleum and natural gas taxes)		<b>40,568.4</b>	41,932.8
Cost of sales		<b>27,646.8</b>	28,236.8
<b>Gross profit on sales</b>		<b>12,921.6</b>	13,696.0
Selling expense		<b>7,591.1</b>	7,868.6
General administration expense		<b>1,052.4</b>	1,076.7
Research and development expense		<b>1,934.4</b>	2,048.4
Other operating income	(21)	<b>2,111.2</b>	1,548.6
Other operating expense	(21)	<b>3,423.3</b>	2,939.5
<b>Income from operations</b>		<b>1,031.6</b>	1,311.4
Net income from financial assets	(22)	<b>0.4</b>	–151.6
Amortization of financial assets and securities held as current assets		<b>9.5</b>	20.2
Interest result	(23)	<b>35.1</b>	129.7
<b>Results from ordinary activities</b>		<b>1,057.6</b>	1,269.3
<b>Extraordinary results</b>		<b>–</b>	–29.9
<b>Profit before taxes</b>		<b>1,057.6</b>	1,239.4
Income taxes	(24)	<b>296.2</b>	626.3
<b>Net income</b>		<b>761.4</b>	613.1
Minority interests in profit/loss	(27)	<b>–96.3</b>	–1.5
<b>Net income after minority interests</b>		<b>857.7</b>	614.6

**Balance Sheet of BASF Aktiengesellschaft**

as of December 31, 1993

million DM

<b>Assets</b>	Notes	<b>Dec. 31, 1993</b>	Dec. 31, 1992
Intangible assets		<b>90.4</b>	117.7
Tangible assets	(7)	<b>3,628.6</b>	4,006.0
Financial assets	(8)	<b>10,656.5</b>	9,142.5
<b>Fixed assets</b>	(3)	<b>14,375.5</b>	13,266.2
Inventories	(9)	<b>1,889.1</b>	2,213.4
Accounts receivable-trade		<b>1,491.5</b>	1,376.2
Receivables from affiliated companies		<b>2,688.2</b>	1,386.8
Miscellaneous receivables and other assets		<b>303.5</b>	524.5
Receivables and other assets	(10)	<b>4,483.2</b>	3,287.5
Securities	(3)	<b>2,098.8</b>	2,510.9
Cash on hand, bank balances		<b>880.2</b>	848.0
<b>Current assets</b>	(3)	<b>9,351.3</b>	8,859.8
<b>Prepaid expenses</b>	(3/11)	<b>29.7</b>	41.8
		<b>23,756.5</b>	22,167.8
<b>Equity and Liabilities</b>			
Subscribed capital (Conditional capital: 517.6)	(12)	<b>2,922.5</b>	2,852.0
Capital surplus	(13)	<b>4,282.2</b>	4,148.1
Revenue reserve	(14)	<b>3,989.4</b>	3,789.4
Profit retained	(14)	<b>467.7</b>	570.5
<b>Equity</b>		<b>11,661.8</b>	11,360.0
<b>Special reserves</b>	(3/15)	<b>9.5</b>	13.2
Pension provisions		<b>4,420.5</b>	4,440.9
Provisions for taxes	(16)	<b>589.3</b>	578.0
Other provisions	(16)	<b>2,629.3</b>	2,719.3
<b>Provisions</b>	(3/16)	<b>7,639.1</b>	7,738.2
Bonds		<b>500.0</b>	500.0
Liabilities to credit institutions		<b>106.3</b>	106.8
Accounts payable-trade		<b>762.7</b>	868.4
Liabilities to affiliated companies		<b>2,570.2</b>	751.0
Miscellaneous liabilities		<b>487.2</b>	808.6
<b>Liabilities</b>	(17)	<b>4,426.4</b>	3,034.8
<b>Deferred income</b>		<b>19.7</b>	21.6
		<b>23,756.5</b>	22,167.8

**Profit and Loss Account of BASF Aktiengesellschaft**

January 1 – December 31, 1993

million DM

	Notes	1993	1992
<b>Sales</b>	(20)	<b>17,422.9</b>	18,560.1
Cost of sales		<b>12,047.2</b>	12,777.6
<b>Gross profit on sales</b>		<b>5,375.7</b>	5,782.5
Selling expense		<b>2,695.9</b>	2,794.9
General administration expense		<b>344.6</b>	356.3
Research and development expense		<b>1,302.4</b>	1,373.6
Other operating income	(21)	<b>623.8</b>	579.0
Other operating expense	(21)	<b>923.2</b>	951.9
<b>Income from operations</b>		<b>733.4</b>	884.8
Net income from financial assets	(22)	<b>110.6</b>	58.6
Amortization of financial assets and securities held as current assets		<b>150.5</b>	4.9
Interest result	(23)	<b>245.1</b>	297.3
<b>Results from ordinary activities</b>		<b>938.6</b>	1,235.8
<b>Extraordinary results</b>		<b>–</b>	–114.9
<b>Profit before taxes</b>		<b>938.6</b>	1,120.9
Income taxes	(24)	<b>271.0</b>	350.5
<b>Net income</b>		<b>667.6</b>	770.4

**Development of Fixed Assets**

as of December 31, 1993

million DM

**BASF Group****Gross book values**

	Jan. 1, 1993	Change in scope of consolidation	Additions	Retire- ments	Reclassi- fications	Dec. 31, 1993
Concessions, industrial and similar rights and assets, as well as licenses for such rights and assets	1,380.0	27.2	87.5	59.2	-47.1	1,388.4
Goodwill	169.3	-37.6	3.3	2.4	-7.6	125.0
Payments on account	1.9	1.0	1.4	0.1	-1.8	2.4
<b>Tangible assets</b>	<b>1,551.2</b>	<b>-9.4</b>	<b>92.2</b>	<b>61.7</b>	<b>-56.5</b>	<b>1,515.8</b>
Land, land rights and buildings including buildings on land owned by others	9,848.5	-273.6	195.4	120.1	506.9	10,157.1
Machinery and technical equipment	34,432.0	-1,170.1	1,293.0	886.9	1,364.0	35,032.0
Miscellaneous equipment and fixtures	5,371.0	-144.8	225.0	322.3	130.6	5,259.5
Payments on account and construction in progress	3,743.8	1,139.4	2,425.9	31.2	-3,366.7	3,911.2
<b>Tangible assets</b>	<b>53,395.3</b>	<b>-449.1</b>	<b>4,139.3</b>	<b>1,360.5</b>	<b>-1,365.2</b>	<b>54,359.8</b>
Shares in affiliated companies	1,108.5	94.9	35.6	70.9	-114.3	1,053.8
Loans to affiliated companies	1,198.4	-1,126.7	49.8	10.2	2.6	113.9
Shares in associated companies	641.5	-0.1	10.6	31.2	-80.1	540.7
Shares in participating interests	25.2	149.7	15.0	1.9	0.1	188.1
Loans to associated companies and participating interests	39.1	-	21.8	0.2	2.1	62.8
Securities held as fixed assets	21.6	-	2.2	0.9	0.3	23.2
Other loans and other investments	161.5	22.7	57.0	59.4	-0.1	181.7
<b>Financial assets</b>	<b>3,195.8</b>	<b>-859.5</b>	<b>192.0</b>	<b>174.7</b>	<b>-189.4</b>	<b>2,164.2</b>
<b>Fixed assets</b>	<b>58,142.3</b>	<b>-1,318.0</b>	<b>4,423.5</b>	<b>1,596.9</b>	<b>-1,611.1</b>	<b>58,039.8</b>

**BASF Aktiengesellschaft**

Industrial and similar rights and assets, as well as licenses for such rights and assets	291.2		15.8	7.1	-	299.9
Payments on account	-		0.1	-	-	0.1
<b>Intangible assets</b>	<b>291.2</b>		<b>15.9</b>	<b>7.1</b>	<b>-</b>	<b>300.0</b>
Land, land rights and buildings including buildings on land owned by others	3,695.1		76.3	8.8	436.7	4,199.3
Machinery and technical equipment	13,777.9		184.9	189.7	172.9	13,946.0
Miscellaneous equipment and fixtures	2,613.1		100.6	163.0	80.2	2,630.9
Payments on account and construction in progress	868.0		428.9	4.2	-689.8	602.9
<b>Tangible assets</b>	<b>20,954.1</b>		<b>790.7</b>	<b>365.7</b>	<b>-</b>	<b>21,379.1</b>
Shares in affiliated companies	8,810.3		1,723.9	83.9	-	10,450.3
Loans to affiliated companies	701.6		100.0	95.7	-	705.9
Participating interests	405.6		10.6	0.3	-	415.9
Other loans and other investments	24.9		1.0	2.9	-	23.0
<b>Financial assets</b>	<b>9,942.4</b>		<b>1,835.5</b>	<b>182.8</b>	<b>-</b>	<b>11,595.1</b>
<b>Fixed assets</b>	<b>31,187.7</b>		<b>2,642.1</b>	<b>555.6</b>	<b>-</b>	<b>33,274.2</b>

<b>Amortization</b>						<b>Net book values</b>		
Jan. 1, 1993	Change in scope of consolidation	Additions	Retire- ments	Write- backs	Reclassi- fications	Dec. 31, 1993	Dec. 31, 1993	Dec. 31, 1992
786.2	-18.8	152.7	55.3	-	-94.7	770.1	618.3	593.8
81.3	29.6	6.3	2.4	-	-7.6	107.2	17.8	88.0
-	0.6	-	-	0.1	-	0.5	1.9	1.9
<b>867.5</b>	<b>11.4</b>	<b>159.0</b>	<b>57.7</b>	<b>0.1</b>	<b>-102.3</b>	<b>877.8</b>	<b>638.0</b>	<b>683.7</b>
5,767.1	-306.8	415.0	72.3	23.0	66.1	5,846.1	4,311.0	4,081.4
28,195.8	-1,733.1	2,194.3	852.1	53.5	-1,126.0	26,625.4	8,406.6	6,236.2
4,187.6	-128.8	528.6	295.1	7.4	-126.1	4,158.8	1,100.7	1,183.4
31,1	59.0	36.1	4.3	20.1	-93.9	7.9	3,903.3	3,712.7
<b>38,181.6</b>	<b>-2,109.7</b>	<b>3,174.0</b>	<b>1,223.8</b>	<b>104.0</b>	<b>-1,279.9</b>	<b>36,638.2</b>	<b>17,721.6</b>	<b>15,213.7</b>
172.2	-8.1	7.6	10.3	0.6	13.0	173.8	880.0	936.3
-	-	-	-	-	-	-	113.9	1,198.4
45.6	-	-	4.2	-	-	41.4	499.3	595.9
8.7	-	-	2.0	-	-	6.7	181.4	16.5
-	-	-	-	-	-	-	62.8	39.1
0.8	-	-	0.5	0.1	-0.1	0.1	23.1	20.8
13.7	-	1.2	1.3	-	-0.4	13.2	168.5	147.8
<b>241.0</b>	<b>-8.1</b>	<b>8.8</b>	<b>18.3</b>	<b>0.7</b>	<b>12.5</b>	<b>235.2</b>	<b>1,929.0</b>	<b>2,954.8</b>
<b>39,290.1</b>	<b>-2,106.4</b>	<b>3,341.8</b>	<b>1,299.8</b>	<b>104.8</b>	<b>-1,369.7</b>	<b>37,751.2</b>	<b>20,288.6</b>	<b>18,852.2</b>
173.5		42.5	6.4		-	209.6	90.3	117.7
-		-	-		-	-	0.1	-
<b>173.5</b>		<b>42.5</b>	<b>6.4</b>		<b>-</b>	<b>209.6</b>	<b>90.4</b>	<b>117.7</b>
2,639.8		157.9	8.1		273.8	3,063.4	1,135.9	1,055.3
12,184.8		754.1	186.0		-243.4	12,509.5	1,436.5	1,593.1
2,123.5		239.5	155.0		-30.4	2,177.6	453.3	489.6
-		-	-		-	-	602.9	868.0
<b>16,948.1</b>		<b>1,151.5</b>	<b>349.1</b>		<b>-</b>	<b>17,750.5</b>	<b>3,628.6</b>	<b>4,006.0</b>
789.9		150.0	10.5		-	929.4	9,520.9	8,020.4
4.5		-	0.5		-	4.0	701.9	697.1
0.8		-	-		-	0.8	415.1	404.8
4.7		-	0.3		-	4.4	18.6	20.2
<b>799.9</b>		<b>150.0</b>	<b>11.3</b>		<b>-</b>	<b>938.6</b>	<b>10,656.5</b>	<b>9,142.5</b>
<b>17,921.5</b>		<b>1,344.0</b>	<b>366.8</b>		<b>-</b>	<b>18,898.7</b>	<b>14,375.5</b>	<b>13,266.2</b>

The notes to the financial statements of the BASF Group and BASF Aktiengesellschaft are combined. Unless expressly noted, the disclosures refer to both financial statements. The BASF Group is identical with the BASF Konzern in conformity with German

accounting legislation; all disclosures relating to the Group refer to the Konzern. The financial statements were prepared in accordance with the provisions of the German Commercial Code (HGB) and the Stock Corporation Law (AktG).

**(1) Scope of consolidation, participating interests**

Domestic and foreign subsidiaries are included in the Group financial statements in full, and significant 50-percent-owned affiliates are included on a pro rata basis. Subsidiaries of minor significance are not consolidated. Kali und Salz GmbH is not fully consolidated but is included by the equity method because of substantial restrictions of the rights of Kali und Salz AG arising from the business plan which has been bindingly agreed between the partners in the joint venture. The Group financial statements include, as well as BASF Aktiengesellschaft, 97 subsidiaries and 8 fifty-percent-owned affiliates; furthermore, 40 subsidiaries and 15 associated companies are included at their proportionate share of net equity (equity method). Compared with the previous year, the following companies were additionally consolidated in 1993:

- BASF Schwarzheide GmbH
- Wintershall Erdgas Beteiligungs-GmbH, Kassel
- Wintershall Gas GmbH, Kassel
- Wintershall Erdgas Handelshaus GmbH, Berlin
- Wintershall Erdgas Handelshaus AG, Zug, Switzerland

The following are no longer consolidated because of their reduced importance:

- Chemische Fabrik Kalk GmbH, Cologne
- Wintershall (UK) Ltd., London, United Kingdom

In addition, the number of consolidated companies changed due to corporate reorganizations. Moreover, the business of Kali und Salz AG changed greatly as a result of the combining of their German potash and rock salt operations with those of Mitteldeutsche Kali AG (MdK), now Kali und Salz GmbH. In this joint venture, in which Kali und Salz AG holds 51 percent of the shares, the potash and rock salt business was brought in as a contribution in kind, with

retroactive effect from July 1, 1993, following approval of the merger by the Commission of the European Communities.

The changes in the scope of consolidation had the following impact on the Group financial statements:

	million DM	%
Sales	- 236.4	- 0.6
Fixed assets	793.6	4.1
Current assets	- 716.6	- 3.4
Assets	77.0	0.2
Equity	36.3	0.2
Provisions	- 116.1	- 0.8
Liabilities	156.8	1.4
Liabilities	40.7	0.2

The special depreciation in accordance with the provisions of the Federal Assisted Areas Act (FörderG) is not included in the Group financial statements. The fact that the special depreciation charged in previous years and predominantly contained in the net income from financial assets as expense from loss transfers was not included increased 1993 Group earnings by DM 102.7 million. On the basis of existing profit-and-loss transfer agreements or because of the application of the equity method, the other changes in the scope of consolidation do not adversely affect the comparability of earnings.

This listing of investments in accordance with 313 (Section 2) and 285 No. 11 HGB is deposited with the Commercial Register in Ludwigshafen, HRB 3000.

**(2) Consolidation methods**

The financial statements of the consolidated companies are prepared as of the balance sheet date of the Group financial statements. In exceptional cases, interim financial statements or extrapolations to the balance-sheet date of the Group financial statements are drawn up. Assets and liabilities of consolidated companies are included uniformly in the Group

financial statements in accordance with the accounting and valuation methods described in Note 3.

Aside from consolidations, the financial statements of BASF Aktiengesellschaft are not adjusted for inclusion in the Group financial statements, except for proceeds from stock warrants, which are included in capital surplus also for issues prior to 1985.



Where the accounting and valuation methods applied in the financial statements of consolidated companies deviate from these principles, appropriate adjustments have been made to the relevant items. For companies accounted for under the equity method, significant deviations in valuation methods have also been adjusted.

Intercompany sales, income and expense, as well as loans, receivables, liabilities and provisions are eliminated in full; for fifty-percent-owned affiliates, on a pro rata basis. Intercompany profits resulting from deliveries or services rendered between consolidated companies are eliminated unless they originate from the construction of plants for consolidated companies on customary

market conditions and are of minor importance. In respect of the companies included by the equity method, intercompany profits resulting from deliveries or services rendered on customary market conditions are not eliminated because the amounts are insignificant or the appropriate information is either unknown or unavailable.

The acquisition cost of participations is eliminated on consolidation against the proportionate share in equity of such participations at the time of acquisition of the shares. The resulting differences are allocated to the assets or liabilities of the acquired companies up to their fair values. Any residual balances are added to the assets as goodwill.

### (3) Accounting and valuation methods

#### Intangible assets

Intangible fixed assets, including derivative items from the capital consolidation, are valued at acquisition cost less scheduled depreciation over the expected useful life,

which is predominantly between 3 and 20 years.

Goodwill arising from the consolidation is predominantly amortized within 4 years.

#### Tangible assets

Tangible assets are stated at acquisition or production cost less accumulated depreciation.

Movable fixed assets subject to depreciation whose technical components are fully integrated through their function and use are combined into a single asset item.

The cost of self-constructed plants includes direct costs and an appropriate portion of the production overhead, but no financing costs for the period of construction.

Movable fixed assets are mostly depreciated by the declining balance method over the expected useful life, with a change to straight-line depreciation if this is higher. As an exception, long-distance natural gas pipelines are depreciated by the straight-line method over a customary useful life of 25 years. The immovable fixed assets are mainly depreciated by the straight-line method. Special write-downs are recorded in cases of expected permanent impairment of value. Average depreciation periods are as follows: 18 years for buildings and constructional facilities, 8 years for technical equipment and machinery excluding long-distance natural gas pipelines, and 6 years for miscellaneous equipment and fixtures.

Low value assets are fully depreciated in the year of acquisition and are shown as retirements after the expiration of the estimated useful lives.

Additional special depreciation as permitted under tax regulations is recorded by the German Group companies. Also, gains realized from retirements of fixed assets are credited to additions to tangible assets or deferred as special reserves in the balance sheet as permitted by German tax regulations.

Such depreciation or special reserves are retained in the Group financial statements, except special depreciation under the Assisted Areas Act or items which relate to transactions eliminated on consolidation. Costs of drilling and equipping producing oil and gas wells are capitalized as tangible assets.

They are depreciated by the declining balance method – in certain regions, on the basis of production – over their estimated useful lives of 8 (for drilling operations in old fields) or 15 years.

Geophysical expenditures, including exploratory and dry hole costs, are charged against income.

#### Financial assets

The acquisition cost of the companies accounted for by the equity method is increased or decreased by the proportionate share of net income. For the capital consolidation and allocation of the resulting differences to assets and liabilities, the same principles apply as for the full consolidation. Residual differences remaining are mainly amortized as goodwill within 5 years. The subsidiary companies accounted for by the

equity method are shown as shares in affiliated companies.

The other participating interests are accounted for at cost or, in the case of expected permanent impairment of value, at the appropriate lower values.

Loans are stated at acquisition cost or, in the case of non-interest-bearing loans or loans at below market interest rates, at present value. Individual risks are covered by appropriate write-downs.

	Securities held as fixed assets are stated at cost or, in the case of expected permanent	impairment of value, at the appropriate lower values.
Goods on lease	Goods on lease consist of EDP equipment (central processing units and peripheral equipment). These are carried at acquisition	cost less write-downs, to account for such lower values as appropriate.
Inventories	<p>Work in progress and finished goods as well as merchandise are combined into one item for BASF Aktiengesellschaft due to the production conditions of the chemical industry.</p> <p>Plants under construction for third parties at home and abroad are shown as uncompleted contracts.</p> <p>Inventories are carried at acquisition or production cost or at the lower quoted or market values, or at such lower values as appropriate.</p> <p>Production cost includes direct costs and an appropriate portion of the production overhead at normal utilization of the production plants, but no financing costs for the production period.</p>	<p>The acquisition or production cost of raw materials, work in process, finished goods and merchandise is determined by the LIFO method (annual-periods LIFO), factory supplies generally by the average cost method.</p> <p>The inventories of certain foreign companies for which a similar LIFO method is not allowed under local valuation rules are carried at average cost in the Group financial statements.</p> <p>The lower market value represents the replacement cost of raw materials and factory supplies, in the case of work in progress and finished products the re-production cost or the expected sales proceeds less costs to be incurred prior to sale and an average profit margin.</p>
Receivables and other assets	Receivables are carried at cost, notes receivable and non-interest-bearing or low-interest-bearing loans at present value. Risks for collectibility and transferability as	well as general credit risks are covered by appropriate write-downs and flat-rate valuation adjustments.
Marketable securities	These are carried at cost or at the lower quoted or market values or such lower values as appropriate. They consist mainly	of fixed-interest-bearing securities, some as closed investment funds.
Deferred income	The discount is written off against the interest expense over the term of the liabilities in	question. It relates primarily to low-interest-bearing securities with stock warrants.
Minority interests	These relate to the proportionate shares of other shareholders in the net equity of consolidated Group companies and primarily	those of the Gazprom Group in Wintershall Gas GmbH.
Special reserves	The special reserves from the financial statements of the German BASF Group companies are retained in the Group financial statements unless they relate to transactions eliminated on consolidation. They	are carried at amounts admissible for tax purposes where recognition by the tax authorities requires them to be shown in the balance sheet.
Pension provisions and similar obligations	<p>Compulsory pension provisions are in accordance with regulations in the various countries. In addition, the employees of most companies are entitled to pensions provided under company agreements.</p> <p>At BASF Aktiengesellschaft, pension benefits are determined by the BASF Pension Benefit System, basic benefits provided through the BASF Pension Fund being supplemented by additional benefits granted by the Company.</p>	<p>Obligations from current and future pension payments are covered by pension funds, insurance contracts which confer exemption, or pension provisions which are determined by the actuarial rules to be applied in the various countries.</p> <p>Pension provisions of German Group companies are calculated by the modified entry age normal method with a discount rate of 6 percent. They include the expected proportionate obligations in accordance with</p>

§ 16 BetrAVG (Employee Social Security Benefits Law) as an adjustment to the ongoing benefits at the next review date. Commitments by our North American Group companies to take over the costs of medical and life insurance benefits after retirement are recorded as obligations similar to pen-

sions. They are calculated in accordance with actuarial rules, allowing for expected 6 percent cost increases for medical benefits, using a discount rate of 7.5 percent, and are provided in full for prospective and actual retirees.

Provisions for taxes and other provisions

Provisions for taxes, uncertain liabilities, anticipated losses from uncompleted transactions and deferred maintenance expense to be incurred within the first 3 months of the following year are recorded at the expected amounts. In addition, provisions are set up for certain major repairs. For timing differences between the income for financial statement purposes and taxation purposes of the consolidated companies, provisions for deferred taxes are set up if there are net deferred tax liabilities in individual cases. These provisions are set up by

German Group companies using an average tax rate of 50 percent; foreign Group companies apply a tax rate appropriate to local conditions.

Provisions in connection with the obligation to make good the terrain and fill shafts in mining operations are accumulated over the expected period remaining before the provisions are claimed.

Provisions for long-service and anniversary bonuses are determined in accordance with the present value method on the basis of the length of service.

#### **(4) Influence of special tax valuation measures**

Depreciation permissible for tax purposes, special reserves and omitted reversals of lower valuations recorded by German Group companies are maintained in the Group financial statements to the extent explained in Note 3.

The reported net income of the BASF Group was thereby increased by DM 103.7 million and that of BASF Aktiengesellschaft by DM 50.3 million, including omitted reversals of lower valuations of DM 6.7 million for the BASF Group and of DM 5.7 million for BASF

Aktiengesellschaft. The effect on earnings is primarily attributable to the accumulation of scheduled depreciation, in addition to the recovery of special depreciation under the Federal Assisted Areas Act explained in Note (1).

The future increase in income tax arising from the influence of special tax valuation measures is spread over several years and will not have a significant impact on any individual year.

#### **(5) Change in accounting and valuation methods**

In 1993, the currency conversion for the foreign Group companies was changed to the method most common in international practice of conversion based on the principle of the functional currency. For our companies in North America, Japan and Korea, whose functional currency is the local currency, the current rate method is used. Without this change, BASF Group earnings for the year 1993 would have been recorded at a figure DM 205.9 million lower.

The financial statements of the companies whose functional currency is the German mark, and of companies in high-inflation countries, are converted in accordance with the modified temporal method as in the past.

Otherwise there has been no change to the accounting and valuation methods used in the past.

#### **(6) Currency conversion**

Conversion of foreign currency items

The cost of assets acquired in foreign currencies, as well as revenues from sales in foreign currencies, are recorded at current rates at transaction dates. Items covered by specific hedging measures are recorded at the hedged rate.

Foreign currency receivables are recorded at the rate prevailing on the acquisition date or at the lower rate at the balance sheet date. Foreign currency liabilities are recorded at the rate prevailing on the acquisition date or at the higher rate at the balance sheet date.

Conversion of foreign currency financial statements	<p>Currency conversion is based on the principle of the functional currency. Because of the low direct or indirect effect of the German mark on the trading operations of our subsidiaries and affiliates in North America, Japan and Korea, the local currency is to be regarded as the functional currency. The financial statements of these companies are converted to German marks as follows:</p> <ul style="list-style-type: none"> <li>– all income and expense, and the profit/loss, at quarterly average rates</li> <li>– all assets, liabilities and provisions at year-end current rates; the adjustment of fixed assets to year-end current rates is shown as reclassifications in the table showing the development of fixed assets</li> <li>– the equity is carried forward at the rates at the date of payment or accumulation; the adjustment to the values converted at year-end current rates is shown separately in the balance sheet as translation adjustment in the equity.</li> </ul> <p>The other companies, whose business operations are more markedly influenced, directly or indirectly, by changes in the parity of the German mark, are converted to German marks, as in the past, in accordance with the modified temporal method. This also applies in principle to companies in high-inflation countries or if the financial</p>	<p>statements are influenced by national regulations regarding inflation accounting. In these cases, the financial statements are converted to German marks as follows:</p> <ul style="list-style-type: none"> <li>– fixed assets, except loans, at rates in effect at the date of acquisition or production (historical rates)</li> <li>– all other assets, liabilities and provisions at year-end current rates</li> <li>– paid-in capital at the rates at the date of payment or acquisition; the earned surplus is determined as a remaining balance in the balance sheets converted in accordance with these principles</li> <li>– expenses and revenues from balance sheet items converted at historical rates are converted at appropriate rates, all other expenses and revenues at quarterly average rates</li> <li>– changes to balance sheet items converted at year-end exchange rates are shown in the income statement as translation result</li> <li>– in the case of companies in high-inflation countries, the inventories and production costs of the services supplied to achieve the sales revenue are also converted to German marks at historical rates; monthly average rates are used for converting the other expenses and revenues.</li> </ul>
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<b>Notes on the balance sheet</b>	The development of gross book values and amortizations by individual categories of	fixed assets is shown in a schedule following the financial statements.
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**(7) Tangible and intangible assets**

A difference of DM 37.6 million on the liabilities side arising from the capital consolidation has been offset under goodwill.

Special write-downs refer to:

million DM	BASF Group	BASF AG
Permanent impairment in value	69.5	18.7
Depreciation permissible for tax purposes in excess of regular depreciation	32.7	4.6

Depreciation permissible for tax purposes was recorded primarily in accordance with § 6b EStG (Income Tax Law) for the deferral

of capital gains and under § 7d EStG (Environmental Protection).

**(8) Financial assets**

Shares in affiliated companies include the book value, extrapolated by the pro rata earnings, of Kali und Salz GmbH, which at the date of first-time inclusion on July 1, 1993 was DM 329.1 million lower than the proportional equity. In the case of BASF Aktiengesellschaft, the additions to shares in affiliated companies relate primarily to increases in capital stock at BASF Coordination Center S.A. and BASF Schwarzheide GmbH.

The substantial decline in loans to affiliated companies in the BASF Group results from the first-time inclusion of the natural gas companies in the scope of consolidation. Depreciation for permanent impairment in value and discounts to present value amounts to DM 8.8 million for the BASF Group and DM 150.0 million for BASF Aktiengesellschaft, mainly from the write-down of the carrying value of the participation in BASF Lacke + Farben AG.

**(9) Inventories**

Inventories are broken downs as follows:

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Raw materials and supplies			<b>305.9</b>	395.6
Work in process, finished goods and merchandise	<b>5,886.8</b>	6,293.8	<b>1,445.1</b>	1,627.0
Uncompleted contracts	<b>147.3</b>	136.7	<b>136.1</b>	190.5
Payment on account	<b>5.3</b>	11.2	<b>2.0</b>	0.3
	<b>6,039.4</b>	6,441.7	<b>1,889.1</b>	2,213.4

For inventories valued on the LIFO basis, LIFO reserves approximated DM 132 million for the BASF Group, and DM 8 million for

raw materials and DM 72 million for work in process, finished goods and merchandise for BASF Aktiengesellschaft.

**(10) Receivables and other assets**

Breakdown of miscellaneous receivables and other assets

The miscellaneous receivables and other assets consist of:

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Receivables from companies in which participations are held	<b>479.1</b>	442.4	<b>68.6</b>	50.8
Other assets	<b>1,175.6</b>	1,399.2	<b>234.9</b>	473.7
	<b>1,654.7</b>	1,841.6	<b>303.5</b>	524.5

Residual terms of receivables

Receivables having a residual term in excess of one year are as follows:

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Accounts receivable-trade	<b>16.5</b>	18.6	<b>0.2</b>	–
Receivables from affiliated companies	<b>44.0</b>	3.6	–	0.1
Receivables from companies in which participations are held	<b>34.2</b>	35.0	–	–
Other assets	<b>163.4</b>	146.2	<b>10.4</b>	12.0
Miscellaneous receivables and other assets	<b>197.6</b>	181.2	<b>10.4</b>	12.0
	<b>258.1</b>	203.4	<b>10.6</b>	12.1

Accrued items

Other assets include DM 116.2 million for the BASF Group and DM 71.9 million for

BASF Aktiengesellschaft of accrued items; they consist mainly of accrued interest.

**(11) Prepaid expenses**

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Deferred tax asset	<b>75.4</b>	–	–	–
Debt discount	<b>156.6</b>	182.8	<b>13.3</b>	26.5
Miscellaneous	<b>254.3</b>	255.6	<b>16.4</b>	15.3
	<b>486.3</b>	438.4	<b>29.7</b>	41.8

The deferred tax asset recorded by BASF Corporation for the first time in 1993 under the amended U.S. accounting regulations

has not been included in the Group financial statements.

**(12) Subscribed capital**

	Number of shares	Par value DM
January 1, 1993	57,039,025	2,851,951,250
Additions from conditional capital	1,411,136	70,556,800
December 31, 1993	58,450,161	2,922,508,050

## Conditional capital

The conditional capital of BASF Aktiengesellschaft in the amount of DM 517,610,350 is reserved for settling subscription rights connected with bonds issued with warrants, for the subscription rights to BASF shares for bonds with warrants in the case of future

issues according to the authorization given to the Board of Executive Directors by resolution of the Annual Meeting of Shareholders on June 27, 1991, and for settling certain compensation claims of former Wintershall shareholders.

## Treasury stock

During 1993, 43,572 BASF shares at a par value of DM 50 each (0.1% of the subscribed capital) were acquired through the stock exchange at an average price of DM 268.30. Of these, 42,512 were issued to employees of BASF Aktiengesellschaft

and affiliated companies at an average price of DM 37.73 as a substitute for benefits under statutory savings enhancement schemes. The remaining 1,060 were sold at a price of DM 277.20.

## Subscription rights

Issuer	Subscription rights* out- standing		Option price	Expiration date
<i>* for one share of BASF Aktiengesellschaft</i>	Dec. 31, 1993	exercised 1993	DM	
BASF Aktiengesellschaft: 3% Bonds with stock warrants of 1985/1995	2,531,883	1,411,123	145	30.11.1994
BASF Finance Europe N.V.: 3% U.S. Dollar Bonds with warrants of 1986/2001	2,820,000	–	308	09.04.2001

## Authorized capital

The Board of Executive Directors is authorized, with the approval of the Supervisory Board, to increase the capital stock by the issue of new shares in the amount of up to DM 600,000,000 for cash or contributions in kind through June 1, 1996. The legal subscription privilege can be overruled to the

extent that the new shares are intended for issue to BASF employees or to grant subscription rights for new shares to the bearers of warrants from the bonds mentioned in in the Articles of Incorporation. Further, fractional amounts can be excluded from the shareholders' subscription privilege.

(13) Capital surplus	million DM	BASF Group	BASF AG
	January 1, 1993		4,329.8
Share premiums on stock issued through exercise of subscription rights		134.1	134.1
December 31, 1993		4,463.9	4,282.2
Capital surplus includes share premiums from stock issues, compensation for stock warrants and for the BASF Group credit balances from the capital consolidation,		which resulted from carrying participating interests acquired by issuing shares of BASF Aktiengesellschaft at the par value of the shares issued.	

(14) Revenue reserve and profit retained BASF Group	Legal reserves	million DM
	January 1, 1993	
Transfers from other revenue reserves and profit retained, and changes in the scope of consolidation		9.4
December 31, 1993		287.3
Other revenue reserves and profit retained		million DM
January 1, 1993		7,037.1
Dividend of BASF Aktiengesellschaft (preceding year)		-570.4
Transfers to legal reserves		-11.1
Net income after minority interests		857.7
Changes in the scope of consolidation and other changes		28.8
December 31, 1993		7,342.1
In the BASF Group financial statements, other revenue reserves and profit retained		are combined into one item to reflect the special circumstances of consolidation.

BASF Aktiengesellschaft	Revenue reserve	million DM
January 1, 1993		3,789.4
Appropriations from net income		200.0
December 31, 1993		3,989.4
Profit retained		million DM
Net income (DM 667,623,145)		667.6
Profit carried forward from preceding year (DM 81,644)		0.1
Appropriations to revenue reserves (DM 200,000,000)		-200.0
December 31, 1993 (DM 467,704,789)		467.7

(15) Special reserves	Special reserves include reserves for gains from retirements of fixed assets according to § 6 b EStG (Income Tax Law), for replacements according to section 35 EStR (Income	Tax Regulations) and for value adjustments on non-interest-bearing loans granted prior to January 1, 1955 according to § 7c EStG.

**(16) Provisions for taxes and other provisions**

Provisions for deferred taxes of the BASF Group amounted to DM 55.0 million for 1992 after netting against deferred tax debits from consolidation entries. Other provisions include mainly obligations in connection with the clearance of fields and refilling of wells in oil and gas operations, refilling of pits and shafts in connection with discontinued mining operations not contributed to Kali und Salz GmbH, obliga-

tions for waste water fees and environmental protection measures, obligations arising from long-service bonuses, early retirements and compensation plans, and other personnel obligations, warranties and other risks in connection with sales and purchases, litigation and indemnity claims and other uncertain liabilities and anticipated losses from uncompleted transactions.

**(17) Liabilities**

Bonds and other liabilities to the capital market

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
3% Bonds of 1985 with stock warrants, due 1995	<b>500.0</b>	500.0	<b>500.0</b>	500.0
8% U.S. Dollar Bonds of BASF Finance Europe N.V. of 1989 due 1996	<b>517.7</b>	484.7	–	–
3% U.S. Dollar Bonds with warrants of BASF Finance Europe N.V. of 1986, due 2001	<b>405.6</b>	379.6	–	–
7% U.S. Dollar Bonds of BASF Finance Europe N.V., of 1992, due 1999	<b>345.1</b>	323.1	–	–
2.2–6.8% Pollution Control and Industrial Development Bonds of BASF Corporation, due 1996–2019	<b>138.0</b>	133.9	–	–
Commercial Paper and other	<b>1,556.1</b>	1,384.9	–	–
	<b>3,462.5</b>	3,206.2	<b>500.0</b>	500.0

Other liabilities

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Advances received on account of orders	<b>191.6</b>	131.7	<b>24.0</b>	64.6
Liabilities on bills accepted and drawn	<b>48.8</b>	49.4	–	–
Liabilities to companies in which participations are held	<b>243.5</b>	204.3	<b>138.6</b>	90.8
Miscellaneous liabilities	<b>1,394.1</b>	1,687.4	<b>324.6</b>	653.2
– thereof taxes	<b>(599.2)</b>	(622.9)	<b>(202.4)</b>	(246.5)
– thereof relating to social security	<b>(204.8)</b>	(359.0)	<b>(46.2)</b>	(147.8)
Other liabilities	<b>1,878.0</b>	2,072.8	<b>487.2</b>	808.6

Residual terms of liabilities

million DM	BASF Group		BASF AG	
	up to one year	more than five years	up to one year	more than five years
Bonds and other liabilities to the capital market	1,893.5	861.7	500.0	–
Liabilities to credit institutions	1,247.7	111.5	15.5	37.2
Accounts payable-trade	2,771.0	–	762.7	–
Liabilities to affiliated companies	1,212.8	0.8	2,494.0	0.8
Advances received on account of orders	190.5	–	22.9	1.0
Liabilities on bills accepted and drawn	48.8	–	–	–
Liabilities to companies in which participations are held	240.5	–	132.6	2.9
Miscellaneous liabilities	1,225.0	120.0	285.9	37.8
	8,829.8	1,094.0	4,213.6	79.7



## Secured liabilities

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Bonds	<b>3.4</b>	4.2	–	–
Liabilities to credit institutions	<b>232.0</b>	207.8	<b>5.0</b>	6.0
Miscellaneous liabilities	<b>142.2</b>	162.6	<b>36.5</b>	55.1
	<b>377.6</b>	374.6	<b>41.5</b>	61.1

Liabilities are collateralized primarily by mortgages or land charges. In addition, for the 3 % bonds of 1985 with stock warrants

of BASF Aktiengesellschaft and for some other loans, covenants to maintain certain financial ratios have to be observed.

**(18) Contingent Liabilities**

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Contingent liabilities from the issuance and endorsement of bills of exchange	<b>161.4</b>	227.7	<b>56.6</b>	59.6
– thereof to affiliated companies	<b>(19.6)</b>	(38.3)	<b>(17.9)</b>	(34.1)
Contingent liabilities from guarantees	<b>430.8</b>	478.9	<b>1,717.2</b>	2,769.6
Contingent liabilities from warranties	<b>474.2</b>	391.8	<b>1,432.9</b>	112.6
Contingent liabilities from the granting of security for third party liabilities	<b>2.5</b>	1.4	<b>4.2</b>	–
	<b>1,068.9</b>	1,099.8	<b>3,210.9</b>	2,941.8

In the case of BASF Aktiengesellschaft, the keep-well agreements shown last year under contingent liabilities from guarantees

have this year been included in the contingent liabilities from warranties. The sum transferred is DM 1,021.3 million.

**(19) Other financial commitments**

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Remaining cost of uncompleted investment projects	<b>3,864.1</b>	4,127.2	<b>1,282.1</b>	1,542.4
– thereof purchase commitment	<b>(1,038.0)</b>	(1,216.6)	<b>(146.9)</b>	(293.8)
Commitments from long-term rental and leasing contracts due within the next 5 years	<b>674.2</b>	707.6	<b>249.7</b>	259.3
– thereof payable during following year	<b>(234.9)</b>	(255.0)	<b>(71.3)</b>	(81.3)
– thereof payable during second to fifth years	<b>(439.3)</b>	(452.6)	<b>(178.4)</b>	(178.0)
Miscellaneous liabilities	<b>121.3</b>	144.0	<b>3.3</b>	3.2
	<b>4,659.6</b>	4,978.8	<b>1,535.1</b>	1,804.9

Uncompleted investment projects will be completed and financed according to schedule. Other commitments comprise

DM 4.2 million of BASF Aktiengesellschaft to affiliated companies.

## Notes on profit and Loss Account and other disclosures

### (20) Sales

Breakdown by operations	million DM	BASF Group		BASF AG	
		1993	1992	1993	1992
Oil and Gas (excluding petroleum/natural gas taxes)		<b>4,351.9</b>	4,192.9	-	-
Petroleum/natural gas taxes		<b>2,554.3</b>	2,589.6	-	-
		<b>6,906.2</b>	6,782.5	-	-
Products for Agriculture		<b>3,780.6</b>	4,670.9	<b>1,956.0</b>	2,306.6
Plastics and Fibers*		<b>9,810.7</b>	10,428.3	<b>4,979.7</b>	5,668.6
Chemicals*		<b>5,371.4</b>	5,363.2	<b>4,427.6</b>	4,503.9
Dyestuffs and Finishing Products		<b>7,572.5</b>	7,637.6	<b>5,135.1</b>	5,290.7
Consumer Products		<b>8,740.2</b>	8,823.9	<b>91.7</b>	92.8
Miscellaneous		<b>941.1</b>	816.0	<b>832.8</b>	697.5
		<b>43,122.7</b>	44,522.4	<b>17,422.9</b>	18,560.1

\* The previous year's figures have been adjusted to allow for the changed allocation of the fiber intermediates.

Breakdown by regions	million DM	BASF Group		BASF AG	
		1993	1992	1993	1992
Europe		<b>27,932.7</b>	30,238.2	<b>13,490.3</b>	14,751.9
– thereof Germany		<b>(14,376.3)</b>	(16,062.1)	<b>(6,199.1)</b>	(6,859.3)
North America		<b>8,523.2</b>	7,922.0	<b>1,007.5</b>	928.3
Latin America		<b>2,494.8</b>	2,193.5	<b>464.2</b>	422.8
Asia, Australia, Africa		<b>4,172.0</b>	4,168.7	<b>2,460.9</b>	2,457.1
		<b>43,122.7</b>	44,522.4	<b>17,422.9</b>	18,560.1

### (21) Other operating expenses or income and non-periodic items

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Dissolution of special reserves	<b>41.1</b>	31.8	<b>4.6</b>	19.1
Appropriation to special reserves	<b>16.8</b>	35.6	<b>0.9</b>	0.3

Other operating expenses include as major items environmental protection and safety measures, costs of capital expenditure projects excluded from capitalization, losses from shut-downs and restructuring measures including employee severance plans, losses from foreign currency transactions and translation losses from application of the modified temporal method.

Other operating income includes income from the dissolution of provisions, profits from sales of securities and asset retirements, insurance payments for accidents, investment grants, profits from foreign currency transactions and translation profits from application of the modified temporal method.

### Non-periodic income and expense

Income of DM 764.7 (1992: 868.6) and DM 288.3 (1992: 453.6) million and expenses of DM 467.0 (1992: 587.7) and DM 148.3 (1992: 209.9) million of the BASF Group and of BASF Aktiengesellschaft, respectively, are not directly related to current operations. Income relates primarily to the dissolution of provisions, especially as a result of the

acceptance by the BASF pension fund of risks for premature pension claims, the credit to income of the difference arising on capital consolidation of Wintershall Gas GmbH, tax and insurance refunds and profits from retirements of fixed assets. Expenses comprise predominantly the adjustment of provisions, losses from divestitures and asset retirements, special depreciation and taxes.

**(22) Net income from financial assets**

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Income from participating interests	<b>13.6</b>	19.7	<b>382.0</b>	387.0
– thereof from affiliated companies	<b>(10.3)</b>	(11.8)	<b>(379.2)</b>	(385.3)
Income from profit transfers	<b>69.6</b>	60.9	<b>49.4</b>	26.5
Expense from loss transfers	<b>12.6</b>	242.2	<b>320.8</b>	354.9
Results of affiliated and associated companies (equity method)	<b>-70.2</b>	10.0	<b>-</b>	-
	<b>0.4</b>	-151.6	<b>110.6</b>	58.6

BASF Aktiengesellschaft: income from participating interests relates primarily to dividends paid by Knoll AG, Ludwigshafen, of 101.6, Elastogran GmbH, Lemförde, of 62.5, BASF Lacke + Farben AG, Münster-Hiltrup, of 46.9, Comparex Informationssysteme GmbH, Mannheim, of 18.0, each including corporation tax credits, BASF Coordination Center S.A., Brussels, of 95.2, BASF Chile S.A., Santiago de Chile, of 7.7,

BASF Vitaminfabrik A/S, Grenaa, of 6.3, and BASF China Ltd., Hong Kong, of 4.3 million DM.

Income from profit transfers stems primarily from Wintershall Beteiligungs-GmbH, Ludwigshafen. Expense from loss transfers concerns mainly BASF Schwarzheide GmbH, Schwarzheide, and Rheinische Olefinwerke GmbH, Wesseling.

**(23) Interest result**

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Income from other investments and financial assets	<b>20.6</b>	77.3	<b>51.6</b>	57.0
– thereof from affiliated companies	<b>(7.5)</b>	(65.6)	<b>(50.3)</b>	(56.1)
Other interests and similar income	<b>491.3</b>	607.7	<b>360.7</b>	475.5
– thereof from affiliated companies	<b>(11.2)</b>	(35.1)	<b>(83.4)</b>	(71.9)
Interest and similar expenses	<b>476.8</b>	555.3	<b>167.2</b>	235.2
– thereof from affiliated companies	<b>(31.3)</b>	(74.5)	<b>(105.4)</b>	(183.7)
	<b>35.1</b>	129.7	<b>245.1</b>	297.3

The interest result of companies in high-inflation countries has been adjusted for the effects of inflation.

**(24) Taxes**

million DM	BASF Group		BASF AG	
	1993	1992	1993	1992
Income taxes	<b>296.2</b>	626.3	<b>271.0</b>	350.5
– thereof taxes for oil-producing operations	<b>(141.2)</b>	(159.3)	<b>(-)</b>	(-)
Miscellaneous other taxes	<b>285.0</b>	314.9	<b>104.3</b>	135.6
	<b>581.2</b>	941.2	<b>375.3</b>	486.1

Income taxes comprise corporation tax, trade income tax and similar income-related taxes, as well as deferred taxes. Tax expense of BASF Aktiengesellschaft also includes income taxes to be paid for companies under tax assumption agreements; the corresponding income from allocating these taxes is included in other operating income.

Income taxes include taxes on oil-producing operations in various countries at rates of up to 84 percent of taxable income in those countries.

Miscellaneous other taxes, particularly property tax, trade capital tax and real estate tax, are allocated to operational costs.

<b>(25) Cost of materials of BASF Aktiengesellschaft</b>	million DM	1993		1992
Cost of raw materials, consumables and supplies and for purchased merchandise		<b>7,479.4</b>		8,318.7
Cost of purchased services		<b>1,409.7</b>		1,549.1
		<b>8,889.1</b>		9,867.8

<b>(26) Employees</b>	Personnel cost	million DM	BASF Group		BASF AG	
			1993	1992	1993	1992
	Wages and salaries		<b>8,435.6</b>	8,784.5	<b>3,986.2</b>	4,101.5
	Social security contributions and expenses for pensions and assistance		<b>2,334.6</b>	2,386.4	<b>1,021.6</b>	961.3
	– thereof for pensions		<b>(725.3)</b>	(670.2)	<b>(395.3)</b>	(331.0)
			<b>10,770.2</b>	11,170.9	<b>5,007.8</b>	5,062.8

Average number of employees	BASF Group	Fully consolidated companies		Pro rata consolidated companies	
		1993	1992	1993	1992
	Europe	<b>88,677</b>	95,528	<b>3,158</b>	3,485
	– thereof Germany	<b>(73,088)</b>	(79,129)	<b>(2,848)</b>	(3,139)
	North America	<b>16,586</b>	18,012	–	–
	Latin America	<b>9,038</b>	9,274	–	–
	Asia, Australia, Africa	<b>709</b>	686	<b>1,558</b>	1,570
		<b>115,010</b>	123,500	<b>4,716</b>	5,055
	thereof with trainee contracts	<b>4,005</b>	4,546	<b>140</b>	161

If the personnel numbers for the fully consolidated companies are increased to include the personnel numbers of the partially consolidated companies on a pro rata

basis, the average personnel number for the Group was 117,368 in 1993 and 126,028 in 1992.

BASF AG	1993	1992
Wage earners	<b>21,540</b>	22,781
Salaried employees	<b>25,127</b>	25,999
Trainees	<b>2,892</b>	3,411
	<b>49,559</b>	52,191

<b>(27) Minority interests in profit/loss</b>	million DM	BASF Group	
		1993	1992
Minority interests in profits		<b>35.5</b>	6.6
Minority interests in losses		<b>131.8</b>	8.1
		<b>-96.3</b>	-1.5

The minority interests in losses primarily relate to the Gazprom Group's share of the loss of Wintershall Gas GmbH.

**(28) Remuneration of the Board of Executive Directors and the Supervisory Board, advances and loans granted**

Total remuneration of the Supervisory Board amounts to DM 1.0 million, of the Board of Executive Directors DM 9.9 million, including the remunerations granted by subsidiaries in the amount of DM 1.2 million. Total remuneration of former members of the Board of Executive Directors and their survivors amounts to DM 6.5 million. Pension provisions for former members of the Board of Executive Directors amount to DM 56.1 million. Loans granted to members of the Board of Executive Directors amount to DM 0.8

million as of December 31, 1993 and DM 0.9 million as of December 31, 1992, the loans bearing interest at rates between 4 and 6 percent. The terms agreed upon are between 8 and 12 years. During 1993, loans of DM 0.1 million were repaid. New loans were not granted.

There were no commitments assumed in favor of these persons. The members of the Board of Executive Directors and of the Supervisory Board are listed on separate pages following these notes.

**Proposed distribution of profit retained**

We propose to the Annual Meeting of Shareholders the distribution of a dividend of DM 8 per share at a nominal value of DM 50 from the profit retained of DM 467,704,789 of BASF Aktiengesellschaft. Eligible domestic stockholders receive in addition a tax credit of DM 3.43. If the proposal is accepted, the dividend payable for the 1993 financial year on

capital stock of DM 2,922,508,050 entitled to a dividend will be DM 467,601,288 leaving an undistributed amount of DM 103,501. We propose this amount be carried forward.

Ludwigshafen, March 1, 1994.

**The Board of Executive Directors**

**Accountants' Opinion**

The accounting records and the financial statements of BASF Aktiengesellschaft, which we have audited in accordance with professional standards, comply with the German legal provisions.

The financial statements of BASF Aktiengesellschaft, prepared in accordance with generally accepted accounting principles, give a true and fair view of the net worth, financial position and earnings of BASF Aktiengesellschaft.

The BASF Aktiengesellschaft Management's Analysis, which is combined with the BASF Group Management's Analysis, is consistent with the financial statements of BASF Aktiengesellschaft.

The financial statements of the BASF Group, which we have audited in accordance with professional standards, comply with the German legal provisions.

The financial statements of the BASF Group, prepared in accordance with generally accepted accounting principles, give a true and fair view of the net worth, financial position and earnings of the BASF Group.

The BASF Group Management's Analysis, which is combined with the Management's Analysis of BASF Aktiengesellschaft, is consistent with the financial statements of the BASF Group.

**Schitag**

Schwäbische Treuhand-Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Stuttgart, March 1, 1994

Dörner                      Schneck  
Wirtschaftsprüfer        Wirtschaftsprüfer

**Deloitte & Touche GmbH**

Wirtschaftsprüfungsgesellschaft

Frankfurt, March 1, 1994

Prof. Dr. Emmerich      Dr. Künnemann  
Wirtschaftsprüfer        Wirtschaftsprüfer

During the period under review we met six times with the Board of Executive Directors in order to maintain our ongoing supervision of the management of the company's affairs; in addition, we kept ourselves fully informed about questions facing management by reviewing its written and verbal reports.

We have examined the Financial Statements and Management's Analysis of BASF Aktiengesellschaft and the proposal for the appropriation of net income. The Financial Statements, including the books and Management's Analysis of BASF Aktiengesellschaft, have been examined by Schitag Schwäbische Treuhand-Aktiengesellschaft, the auditors appointed by the Annual Meeting, and have been given an unqualified opinion. Having concluded our examination we concur with the auditors and see no grounds for objections.

The Financial Statements and Management's Analysis of the BASF Group as well as the report of the auditors Deloitte & Touche GmbH elected by the Annual Meeting, who have expressed an unqualified opinion, have been brought to our attention. At today's meeting we approved the Financial Statements of the company drawn up by the Board of Executive Directors, which are thus final, and concur with the proposal of the Board of Executive Directors regarding the retained profit.

*Ludwigshafen,  
March 8, 1994  
The Supervisory Board*

# Supervisory Board

Dr. rer. nat. Hans Albers  
Bad Duerkheim  
Chairman

Professor Dr. rer. nat.  
Matthias Seefelder  
Heidelberg  
Honorary Chairman

Volker Obenauer  
Ludwigshafen  
Deputy Chairman  
Chairman of the Works Council  
of the Ludwigshafen Works  
of BASF Aktiengesellschaft

Dr. phil. Marcus Bierich  
Stuttgart  
Chairman of the Supervisory  
Board of Robert Bosch GmbH

Hans-Dieter Brand  
Dittelsheim-Hessloch  
Head of the Advertising Depart-  
ment of Industriegewerkschaft  
Chemie – Papier – Keramik  
(Chemical, Paper and Ceramics  
Industries Union), Head Office,  
Hannover

Etienne Graf Davignon  
Brussels  
President of the Société  
Générale de Belgique  
From April 29, 1993

Professor Dr. rer. nat.  
Manfred Eigen  
Goettingen  
Director, Max Planck Institute  
for Biophysical Chemistry  
in Goettingen

Heinz Götz  
Limburgerhof  
Member of the Works Council  
of the Ludwigshafen Works  
of BASF Aktiengesellschaft  
Up to April 29, 1993

Dr. rer. pol.  
Johan M. Goudswaard  
Wassenaar, Netherlands  
Former Deputy Chairman  
of the Administrative Council  
of Unilever N.V.  
Up to April 29, 1993

Lothar Hick  
Limburgerhof  
Member of the Works Council  
of the Ludwigshafen Works  
of BASF Aktiengesellschaft  
From April 29, 1993

Dr. rer. pol.  
Kurt Hohenemser  
Frankfurt am Main  
Honorary Member of  
Deutsche Schutzvereinigung  
für Wertpapierbesitz e.V.  
(Registered German Associa-  
tion for the Protection of  
Owners of Securities)  
Up to April 29, 1993

Dr. jur. Robert Holzach  
Zumikon, Switzerland  
Honorary President of Schwei-  
zerische Bankgesellschaft  
(Union Bank of Switzerland)  
Up to April 29, 1993

Roland Koch  
Ludwigshafen  
Member of the Works Council  
of the Ludwigshafen Works  
of BASF Aktiengesellschaft  
Up to April 29, 1993

Professor Dr. rer. nat.  
Hans Joachim Langmann  
Jugenheim/Bergstrasse  
Chairman of the Partners'  
Council and the Board of Exe-  
cutive Directors of E. Merck

Dr. rer. nat.  
Karlheinz Messmer  
Weisenheim am Berg  
Plant Manager at the  
Ludwigshafen Works of  
BASF Aktiengesellschaft  
From April 29, 1993

Ulrich Nickel  
Frankenthal  
Deputy Chairman of the  
Works Council of the  
Ludwigshafen Works  
of BASF Aktiengesellschaft

Ellen Schneider  
Wallenhorst  
Chairwoman of the Joint Works  
Council of Elastogran GmbH  
From April 29, 1993

Dr. jur.  
Henning Schulte-Noelle  
Pullach  
Chairman of the Board  
of Executive Directors  
of Allianz Aktiengesellschaft

Gerhard Sebastian  
Ludwigshafen  
Member of the Works Council  
of the Ludwigshafen Works  
of BASF Aktiengesellschaft  
From April 29, 1993

Gerhard Söllner  
Philippsthal  
Chairman of the Works Council  
of the Hattorf Works  
of Kali und Salz GmbH

Hartmut Stahl  
Stuttgart  
Chairman of the  
Joint Works Council of  
BASF Lacke + Farben AG  
Up to April 29, 1993

Dr.-Ing. Ferdinand Straub  
Weisenheim am Berg  
Member of the Board of  
Spokesmen of the  
Management Employees of  
BASF Aktiengesellschaft  
Up to April 29, 1993

Robert Studer  
Zurich  
President of the Board of  
Schweizerische Bankgesellschaft  
(Union Bank of Switzerland)  
From April 29, 1993

Klaus Südhofer  
Recklinghausen  
Deputy Chairman of Industrie-  
gewerkschaft Bergbau und  
Energie (Mining and Energy  
Industries Union)

Jürgen Walter  
Neustadt am Ruebenberge  
Member of the Central Board  
of Executive Directors  
of Industriegewerkschaft  
Chemie-Papier-Keramik  
(Chemical, Paper and Ceramics  
Industries Union)

Dr. rer. pol. Ulrich Weiss  
Bad Soden  
Member of the Board of  
Executive Directors  
of Deutsche Bank AG

Helmut Werner  
Stuttgart  
Chairman of the Executive  
Board of Mercedes Benz AG  
From April 29, 1993

Professor Dr. rer. nat.  
Herbert Willersinn  
Ludwigshafen

## *Board of Executive Directors*

Dr. Jürgen Strube  
Chairman

Dr. Wolfgang Jentsch  
Deputy Chairman

Dr. Albrecht Eckell

Max Dietrich Kley

Dr. Ingo Paetzke  
Up to December 31, 1993

Prof. Dr. Hans-Jürgen Quadbeck-Seeger

Dr. Hanns-Helge Stechl

Dr. J. Dieter Stein

Prof. Dr. Dietmar Werner

Gerhard R. Wolf



## Division Heads

José-Maria Bach Spain, Portugal	Dr. Elmar Frommer Planning and Controlling	Dr. Werner Küsters Main Laboratory	Dr. Reinhard Steinmetz Fine Chemicals
Helmut Becks Works Engineering BASF Aktiengesellschaft	Helmut Glassen Human Resources BASF Group	Klaus Peter Löbke Industrial Chemicals	Barry John Stickings United Kingdom, Ireland, Scandinavia
Dr. Ralf Bethke Potash and Salt	Dr. R. Wayne Godwin North America Polymers	Dr. Norbert Martin France, Benelux	Dr. Hans-Jürgen Sturm South and East Asia, Australia
Dr. Manfred Buller North America Coatings and Colorants	Günter J. Grochla Africa, West Asia	Klaus Messinger North America Finance	Dr. Eckart Sünner Legal, Taxes and Insurance
Dr. Werner Burgert Fiber Products	Harald Grunert Finance	Wolfgang Mörke Raw Materials Purchasing	Dr. Dieter Suter Italy, Switzerland, Austria, Greece
Dr. Dieter Degner Ammonia Laboratory	Dr. Jürgen Hambrecht Engineering Plastics	Dr. Ernst Mühling Logistics	Dieter Thomaschewski Fertilizers
Klaus Deichner Crop Protection	Dr. Hans Jörg Henne Environment, Safety and Energy	Dr. Albrecht Müller Textile and Leather Chemicals	Dr. Volker Trautz Information Systems
Herbert Detharding Oil and Gas	Herbert O. Hetz Informatics	Dr. Rolf Niess Basic Chemicals	Eggert Voscherau North America Consumer Products and Life Science, Latin America North
Jean-Pierre Dhanis Polyurethanes	Dr. Manfred Hopp Coatings and Colorants	Dr. Dietmar Nissen Polymers Laboratory	Winfried Werwie Latin America South
Dr. Antoon Dieusaert BASF Antwerpen	Carl A. Jennings North America Chemicals	Dr. Gerhard Paul Colorants Laboratory	
Dr. Dieter Distler Graphic Systems	Wilfried Kahlmann Eastern Europe	Dr. Hans Georg Peine Foamed Plastics and Reactive Resins	
Dr. Christian Dudeck Intermediates	Dr. Hans Kast Japan	Dr. Siegfried Riedmüller Colorants and Process Chemicals	
Dr. Günther Ehrhardt Accounting	Helmut Klamm in future: Logistics	Professor Dr. Hans-Uwe Schenck Pharmaceuticals	
Peter Eisenlohr Human Resources BASF Aktiengesellschaft	Dr. Harald Köhl Specialty Chemicals	Professor Dr. Burghard Schmitt Polyolefins and PVC	
Diethard Francke Corporate Engineering	Dr. Josef Kohnle Dispersions		
Professor Dr. Walter Frey Technical Development	Hans-Jakob Krämer Germany, Sales		

As of December 31, 1993

## Ten-Year Summary BASF Group

million DM	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
<b>Balance sheet</b>										
Intangible assets	84	1,313	1,188	816	993	818	734	650	683	<b>638</b>
Tangible assets	7,710	9,146	9,282	9,807	10,716	11,865	13,252	14,629	15,214	<b>17,722</b>
Financial assets	1,354	1,595	1,506	1,392	1,238	1,534	1,693	1,692	2,955	<b>1,929</b>
<b>Fixed assets</b>	<b>9,148</b>	<b>12,054</b>	<b>11,976</b>	<b>12,015</b>	<b>12,947</b>	<b>14,217</b>	<b>15,679</b>	<b>16,971</b>	<b>18,852</b>	<b>20,289</b>
Inventories and goods on lease	5,550	6,040	5,682	5,671	6,067	6,533	6,407	6,456	6,748	<b>6,317</b>
Receivables*	6,825	8,045	7,086	7,160	8,159	8,227	8,706	8,888	8,816	<b>8,513</b>
Cash and cash items	2,708	2,209	4,008	4,945	5,557	6,150	5,963	5,157	4,557	<b>5,239</b>
<b>Current assets</b>	<b>15,083</b>	<b>16,294</b>	<b>16,776</b>	<b>17,776</b>	<b>19,783</b>	<b>20,910</b>	<b>21,076</b>	<b>20,501</b>	<b>20,121</b>	<b>20,069</b>
<b>Assets</b>	<b>24,231</b>	<b>28,348</b>	<b>28,752</b>	<b>29,791</b>	<b>32,730</b>	<b>35,127</b>	<b>36,755</b>	<b>37,472</b>	<b>38,973</b>	<b>40,358</b>
Paid-in capital	4,603	6,005	6,599	6,974	7,174	7,176	7,176	7,177	7,182	<b>7,387</b>
Revenue reserves and profit retained	4,008	4,605	5,020	4,873	5,330	6,661	7,054	7,372	7,315	<b>7,629</b>
Translation adjustment										<b>-232</b>
Minority interests	123	119	87	119	129	120	118	86	86	<b>160</b>
<b>Equity</b>	<b>8,734</b>	<b>10,729</b>	<b>11,706</b>	<b>11,966</b>	<b>12,633</b>	<b>13,957</b>	<b>14,348</b>	<b>14,635</b>	<b>14,583</b>	<b>14,944</b>
Special reserves	757	498	338	136	113	110	69	71	74	<b>50</b>
Provisions	7,806	8,965	9,962	11,125	12,195	12,749	13,447	13,449	13,701	<b>13,956</b>
Liabilities to banks and the capital market	2,684	3,410	2,900	2,367	2,475	3,185	3,370	3,926	4,962	<b>5,364</b>
Other liabilities*	4,250	4,746	3,846	4,197	5,314	5,126	5,521	5,391	5,653	<b>6,044</b>
<b>Liabilities</b>	<b>14,740</b>	<b>17,121</b>	<b>16,708</b>	<b>17,689</b>	<b>19,984</b>	<b>21,060</b>	<b>22,338</b>	<b>22,766</b>	<b>24,316</b>	<b>25,364</b>
<b>Equity and Liabilities</b>	<b>24,231</b>	<b>28,348</b>	<b>28,752</b>	<b>29,791</b>	<b>32,730</b>	<b>35,127</b>	<b>36,755</b>	<b>37,472</b>	<b>38,973</b>	<b>40,358</b>

\* including prepaid expenses

million DM	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
<b>Sales and earnings</b>										
Sales (without petroleum and natural gas taxes)	39,357	43,164	39,158	38,805	42,323	46,163	45,043	44,556	41,933	<b>40,568</b>
Petroleum and natural gas taxes	<u>1,043</u>	<u>1,213</u>	<u>1,313</u>	<u>1,433</u>	<u>1,545</u>	<u>1,454</u>	<u>1,580</u>	<u>2,070</u>	<u>2,589</u>	<b>2,555</b>
Sales	40,400	44,377	40,471	40,238	43,868	47,617	46,623	46,626	44,522	<b>43,123</b>
Income from operations	2,984	3,072	2,923	2,586	3,710	4,329	2,755	2,180	1,311	<b>1,032</b>
Profit before taxes	2,520	3,040	2,627	2,587	3,726	4,384	2,747	2,110	1,239	<b>1,058</b>
Net income after taxes and minority interests	895	998	910	1,051	1,410	2,015	1,107	1,039	615	<b>858</b>
<b>Capital expenditures and depreciation</b>										
Additions to tangible assets	2,051	2,794	2,657	2,758	3,495	3,956	4,458	4,800	4,151	<b>4,139</b>
Depreciation of tangible assets	2,128	2,161	2,520	2,663	2,798	2,767	3,025	3,176	3,338	<b>3,174</b>
<b>Number of employees</b>										
(as per December 31)	115,816	130,173	131,468	133,759	134,834	136,990	134,647	129,434	123,254	<b>112,020</b>
<b>Key data</b>										
Net income per share (DM)	19.9	19.4	17.0	18.9	24.7	35.4	19.4	18.2	10.8	<b>14.7</b>
Cash flow	4,408	4,219	4,300	4,380	5,504	5,520	5,024	4,765	4,451	<b>4,635</b>
Cash flow per share (DM)	98	82	80	79	97	97	88	84	78	<b>79</b>
Return on sales before taxes (%)	7.6	8.2	7.9	7.8	9.7	10.6	7.3	5.9	4.3	<b>3.8</b>
Return on assets before income taxes (%)	13.0	13.4	10.8	10.3	13.1	14.4	9.2	7.1	4.7	<b>3.9</b>
Return on equity after taxes (%)	10.4	9.4	7.8	8.8	11.3	14.7	7.8	7.2	4.2	<b>5.1</b>
<b>Appropriation of net income</b>										
Net income of BASF Aktiengesellschaft	555	646	710	820	1 184	1 398	1 041	884	770	<b>668</b>
Transferred to revenue reserve	150	150	175	265	500	600	300	200	200	<b>200</b>
Dividend	405	496	535	555	684	798	741	684	570	<b>468</b>
Dividend per share (DM)	9	10	10	10	12	14*	13	12	10	<b>8</b>
<b>Number of shares (1000)</b>										
	44,990	51,565	53,540	55,484	56,985	56,995	56,997	57,003	57,039	<b>58,450</b>

\* including DM 1.00 Anniversary Bonus

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