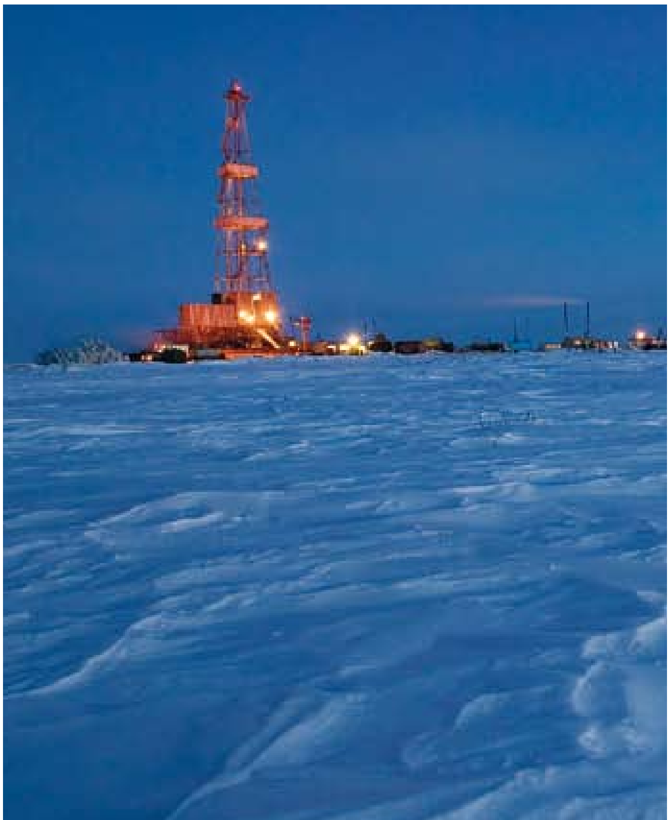
SHAPING THE FUTURE

BASF remains on successful course in 2007

Looking with confidence to 2008



Milestone Q4 2007: BASF expands cooperation with Gazprom

BASF Group Annual Press Conference Report

Published on February 21, 2008

BASF
The Chemical Company

BASF GROUP 2007

Million €

	2007	2006	Change in %
Sales	57,951	52,610	10.2
Income from operations before depreciation and amortization (EBITDA)	10,225	9,723	5.2
Income from operations (EBIT) before special items	7,614	7,257	4.9
Income from operations (EBIT)	7,316	6,750	8.4
Income before taxes and minority interests	6,935	6,527	6.3
Net income	4,065	3,215	26.4
Earnings per share (€)	8.32	6.37	30.6
Income from operations (EBITDA) in percent of sales	17.6	18.5	–
Cash provided by operating activities	5,807	5,940	(2.2)
Additions to long-term assets[1]	4,425	10,039	(55.9)
Excluding acquisitions	2,629	2,425	8,4
Amortization and depreciation[1]	2,909	2,973	(2.2)
Segment assets (as of December 31)[2]	39,049	38,599	1.2
Personnel costs	6,648	6,210	7.1
Number of employees (as of December 31)	95,175	95,247	(0.1)

[1] Intangible assets and property, plant and equipment (including acquisitions)
[2] Intangible assets and property, plant and equipment, inventories and business-related receivables

Contents

BASIS FOR THIS REPORT

This report has not been attested by the external auditors. The BASF Report including the audited Consolidated Financial Statements of BASF Group will be published on March 12, 2008.

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Chemicals

Our organic and inorganic basic chemicals are used to supply raw materials to our value-adding chains and marketed to our external customers. Cost leadership is achieved thanks to integrated production facilities, our Research Verbund and modern large-scale plants. We enhance our portfolio of higher-value products through innovations and acquisitions. In addition, we market a broad range of organic and inorganic specialties, in particular catalysts and electronic chemicals.

Plastics

BASF is one of the global leading suppliers of plastics — the energy-efficient material. In standard plastics, we have a portfolio of focused product lines and efficient marketing processes. In our business with specialties, we offer a wide range of high-value products, system solutions and services. In close collaboration with our customers, we constantly extend this range and add new applications.

Performance Products

Our innovative solutions from performance chemistry contribute to the functionality and performance of many everyday products from cars, paper and construction materials to detergents and babies' diapers. We want to be the key partner for our customers. We develop new products, system solutions and applications in close collaboration with our customers. Here the key to success is our powerful research and development.

Agricultural Products & Nutrition

We strengthen our competitive position with innovative products. Our crop protection products protect crops and thus safeguard harvests. Our broad range of high-value products makes us a preferred partner of customers from the cosmetics and pharmaceutical industries as well as for human and animal nutrition. Our research in plant biotechnology focuses on plants for more efficient agriculture, healthier nutrition and as renewable raw materials.

Oil & Gas

As the largest German producer of oil and gas, we benefit from our many years of expertise in exploration and production and we concentrate on oil and gas-rich regions in Europe, North Africa, South America, Russia and the Caspian Sea region. Together with our partner Gazprom, we are making use of the growth opportunities arising from growing demand and the liberalization of European gas markets.

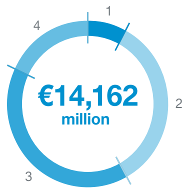
CHANGE IN SALES BY SEGMENT
COMPARED WITH PREVIOUS YEAR

2007	CHEMICALS	PLASTICS
	+22%	+6%

Key data Chemicals

Million €	2007	2006[1]	%
Sales	14,162	11,572	22.4
Income from operations before special items	2,014	1,704	18.2
Income from operations (EBIT)	1,995	1,380	44.6

Sales by division

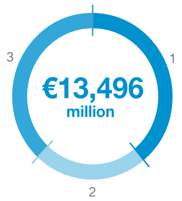


1 -- **Inorganics:** 8%
2 -- **Catalysts:** 34%
3 -- **Petrochemicals:** 40%
4 -- **Intermediates:** 18%

Key data Plastics

Million €	2007	2006	%
Sales	13,496	12,775	5.6
Income from operations before special items	1,327	1,216	9.1
Income from operations (EBIT)	1,236	1,192	3.7

Sales by division

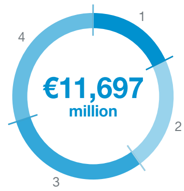


1 -- **Styrenics:** 39%
2 -- **Performance Polymers:** 23%
3 -- **Polyurethanes:** 38%

Key data Performance Products

Million €	2007	2006[2]	%
Sales	11,697	10,133	15.4
Income from operations before special items	842	848	(0.7)
Income from operations (EBIT)	704	669	5.2

Sales by division

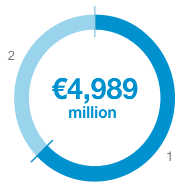


1 -- **Construction Chemicals:** 18%
2 -- **Coatings:** 22%
3 -- **Functional Polymers:** 30%
4 -- **Performance Chemicals:** 30%

Key data Agricultural Products & Nutrition

Million €	2007	2006	%
Sales	4,989	4,934	1.1
Income from operations before special items	653	435	50.1
Income from operations (EBIT)	660	381	73.2

Sales by division

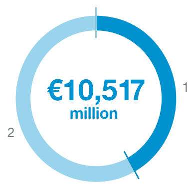


1 -- **Agricultural Products:** 63%
2 -- **Fine Chemicals:** 37%

Key data Oil & Gas

Million €	2007	2006	%
Sales	10,517	10,687	(1.6)
Income from operations before special items	3,014	3,245	(7.1)
Income from operations (EBIT)	3,014	3,250	(7.3)

Sales by business sector



1 -- **Exploration and Production:** 42%
2 -- **Natural Gas Trading:** 58%

[1] Contains sales from the catalysts and Materials Services business acquired on June 6, 2006.
[2] Contains the sales of the construction chemicals business acquired on July 1, 2006.

PERFORMANCE PRODUCTS

+15%

AGRICULTURAL PRODUCTS & NUTRITION

+1%

OIL & GAS

–2%

BASF GROUP BUSINESS REVIEW 2007

BASF remained on its successful course in 2007. Sales and income from operations were significantly higher than in the previous record year of 2006. This was driven in particular by organic growth and the positive development of the businesses acquired in 2006.

Sales in 2007 rose by 10.2% compared with the previous year to €57,951 million. We increased income from operations by €566 million to a record high of €7,316 million.

At €2,895 million, we again earned a significantly higher premium on our cost of capital compared with the previous year (2006: €2,126 million).

Net income increased by €850 million to €4,065 million. Earnings per share were €8.32 in 2007, compared with €6.37 in 2006.

Consolidated statements of income (million €)

	4th Quarter			Full Year		
	2007	2006	Change in %	2007	2006	Change in %
Sales	**14,700**	**14,474**	**1.6**	**57,951**	**52,610**	**10.2**
Cost of sales	10,843	10,539	2.9	41,899	37,698	11.1
Gross profit on sales	**3,857**	**3,935**	**(2.0)**	**16,052**	**14,912**	**7.6**
Selling expenses	1,504	1,424	5.6	5,586	4,995	11.8
General and administrative expenses	285	262	8.8	1,067	893	19.5
Research and development expenses	352	367	(4.1)	1,380	1,277	8.1
Other operating income	517	347	49.0	1,053	934	12.7
Other operating expenses	623	563	10.7	1,756	1,931	(9.1)
Income from operations	**1,610**	**1,666**	**(3.4)**	**7,316**	**6,750**	**8.4**
Income from participations	(6)	8	–	84	72	16.7
Interest result	(114)	(128)	10.9	(472)	(372)	(26.9)
Other financial result	3	(14)	–	7	77	(90.9)
Financial result	**(117)**	**(134)**	**12.7**	**(381)**	**(223)**	**(70.9)**
Income before taxes and minority interests	**1,493**	**1,532**	**(2.5)**	**6,935**	**6,527**	**6.3**
Income taxes	639	697	(8.3)	2,610	3,061	(14.7)
Income before minority interests	**854**	**835**	**2.3**	**4,325**	**3,466**	**24.8**
Minority interests	61	103	(40.8)	260	251	3.6
Net income	**793**	**732**	**8.3**	**4,065**	**3,215**	**26.4**
Earnings per share (€)	**1.65**	**1.46**	**13.0**	**8.32**	**6.37**	**30.6**

RECORD YEAR 2007

- Sales increase again due to organic growth and the strong performance of the acquired businesses
- Income from operations at a record high
- Special charges due to restructuring measures and the integration of the acquired businesses
- Net income increases further
- Earnings per share reaches new record

Sales

Sales in 2007 rose by 10.2% compared with the previous year to €57,951 million. The change in sales was due to the following factors:

Factors influencing sales

	2007 Million €	Contribution to sales growth in %
Volumes	2,557	4.9
Prices	1,321	2.5
Currencies	(1,989)	(3.8)
Acquisitions and additions to the scope of consolidation	3,598	6.9
Divestitures	(146)	(0.3)
	5,341	**10.2**

We posted higher sales volumes in almost all areas of our portfolio. In many businesses this was associated with increases in sales prices due to continued strong demand and higher raw material costs.

Acquisitions, especially the businesses acquired in mid-2006, contributed €3,580 million to the sales increase. Additions to the scope of consolidation contributed €18 million to sales.

Divestitures reduced sales by €146 million. This was due in particular to portfolio measures in the Fine Chemicals division.

Currency effects reduced sales by 3.8%, or €1,989 million: in 2007, the average euro/dollar exchange rate was $1.37 per euro compared with $1.26 in 2006.

The Chemicals segment achieved double-digit sales growth. This was primarily due to the first full-year contribution of sales by the Catalysts division.

In the Plastics segment, sales volumes were higher and we were largely able to pass on increased raw material and energy costs in the form of higher sales prices.

We posted higher sales in all divisions of the Performance Products segment. A significant contribution was made by the activities acquired in mid-2006, especially construction chemicals and the water-based resins and effect pigments businesses.

Sales increased in the Agricultural Products division due to strong demand for our innovative products and a favorable market development. Sales in the Fine Chemicals division declined slightly due to the exit from the lysine and premix businesses.

Overall, sales in the Oil & Gas segment declined. Higher volumes and sales in natural gas trading could not offset the sales decline in exploration and production.

Income from operations

We increased income from operations by €566 million to a record high of €7,316 million. At €2,895 million, we again earned a significantly higher premium on our cost of capital (2006: €2,126 million).

We were able to largely offset significantly higher raw material prices by increasing sales prices. The increase in earnings was due to our ongoing programs to optimize and increase efficiency and, in particular, to the businesses acquired in 2006. In 2007, income from operations was negatively impacted by higher research and development expenditures, plant turnarounds and higher costs for the BASF Option Program.

Earnings increased in the Chemicals segment. This was due in particular to restructuring measures introduced in recent years in the Intermediates division and to improved earnings in the Petrochemicals division.

In the Plastics segment, income from operations increased further in the Polyurethanes and Styrenics divisions.

In the Performance Products segment, the increase in earnings in the Construction Chemicals and Performance Chemicals divisions more than offset the decline in earnings in the Coatings and Functional Polymers divisions.

SALES

€58.0bn

+10.2%

INCOME FROM OPERATIONS

€7.3bn

+8.4%

In the Agricultural Products division, income from operations improved significantly due to higher sales volumes and prices. Higher earnings in the Fine Chemicals division were due in particular to the restructuring measures introduced in recent years.

Income from operations in the Oil & Gas segment was below the previous year's record level despite the higher oil price. In the exploration and production business sector, earnings declined due in particular to the general cost trend in the industry. In the natural gas trading business sector, earnings also declined. Margins were negatively impacted by the steady increase in oil prices throughout the year. The purchase price of natural gas responds to this trend faster than sales prices which contractually can only be adjusted with a lag of several months.

Special items

Income from operations in 2007 contained special charges of €298 million (of which €153 million was incurred in the fourth quarter 2007) compared with €507 million in the previous year (of which €201 million was incurred in the fourth quarter of 2006).

Structural measures were responsible for €185 million, €150 million of which was incurred in the fourth quarter. These measures related to European sites and the Coatings division in North America.

The integration of the businesses acquired in 2006 resulted in special charges of €63 million in 2007.

In 2007, special income resulted from divestitures associated with portfolio optimization in the Fine Chemicals division and from the sale of our approximately 42% stake in an ethylene cracker in the United States.

Income before taxes and minority interests

Compared with 2006, income before taxes and minority interests increased by €408 million to €6,935 million.

The financial result declined by €158 million to €(381) million. Interest expenses increased because of the financing costs for the acquisitions made in mid-2006. In addition, the financial result in 2006 contained a tax-free gain from the sale of securities.

The return on assets was 16.4% compared with 17.5% in 2006.

Net income/earnings per share

Net income increased by €850 million, or 26.4% to €4,065 million.

Minority interests amounted to €260 million. As in 2006, they primarily related to our partners in natural gas trading companies, in the steam cracker in Port Arthur, Texas, and in our Verbund site in Kuantan, Malaysia.

The tax rate decreased significantly from 46.9% in 2006 to 37.6%. As a result of the reduction of the average overall corporate tax rate to 29% as part of the German Corporate Tax Reform 2008, deferred tax assets and liabilities needed to be reassessed. This resulted in non-recurring, non-cash income of €229 million because there are predominately deferred tax liabilities in Germany. Of this amount €43 million was incurred in the fourth quarter due to an adjustment of the amount booked in the third quarter. Noncompensable foreign income taxes on oil production amounted to €1,302 million compared with €1,282 million in 2006.

We increased earnings per share by €1.95 to a record high of €8.32. ///

INCOME FROM OPERATIONS / INCOME BEFORE TAXES AND MINORITY INTERESTS

- Largest increase in earnings in the Chemicals and Agricultural Products & Nutrition segments
- Special charges due to restructuring measures and the integration of businesses acquired in 2006
- Higher interest expenses due to the financing costs for the acquisitions made in mid-2006

NET INCOME / EARNINGS PER SHARE

- Lower tax rate in particular as a result of revaluation of deferred taxes due to German Corporate Tax Reform 2008
- Net income 26% higher than in 2006
- Earnings per share increase by €1.95 to a new record high of €8.32

BASF ON THE CAPITAL MARKET

Strong performance of BASF shares

In 2007, BASF's share price increased by 37.3% and reached its year high of €101.61 in December.

Shareholders who reinvested dividends increased the value of their holding by 42% in 2007. This means that the shares significantly outperformed the German and European stock markets, for which the key indices DAX 30 and DJ EURO STOXX 50 rose by 22.3% and 9.7% respectively in the same period. In 2007, BASF's shares also outperformed the global industry indices DJ Chemicals and MSCI World Chemicals, which increased by 32.9% and 26.7% respectively.

The assets of a long-term investor who invested the equivalent of €1,000 in BASF shares at the end of 1997 and reinvested the dividends in additional BASF shares would have increased to €4,252 by the end of 2007. This average annual return of 15.6% puts BASF shares substantially above the corresponding return for the EURO STOXX 50 (7.8%) and DAX 30 (6.6%).

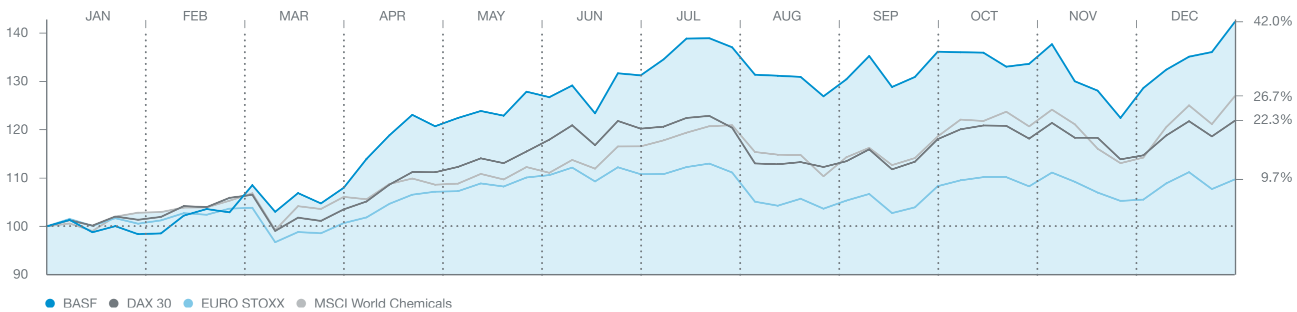
Ambitious dividend policy

BASF belongs to the DivDAX share index, which contains the 15 companies with the highest dividend yield in the DAX 30. We aim to increase our dividend each year, or at least maintain it at the previous year's level.

Share buybacks for €1.9 billion in 2007

In 2007, BASF bought back 21.5 million shares for €1.9 billion at an average price of €88.35 per share. This is the largest amount ever spent by BASF on buying back shares in a single year. The total number of outstanding shares on December 31, 2007, following the deduction of 12.3 million shares that were bought back and are earmarked for cancellation, was 478.2 million. Based on a year-end share price of €101.41, the market capitalization was €48.5 billion. In order to increase earnings per share and further optimize our balance sheet structure, we will continue our ongoing €3 billion share buyback program for 2007 and 2008 as scheduled.

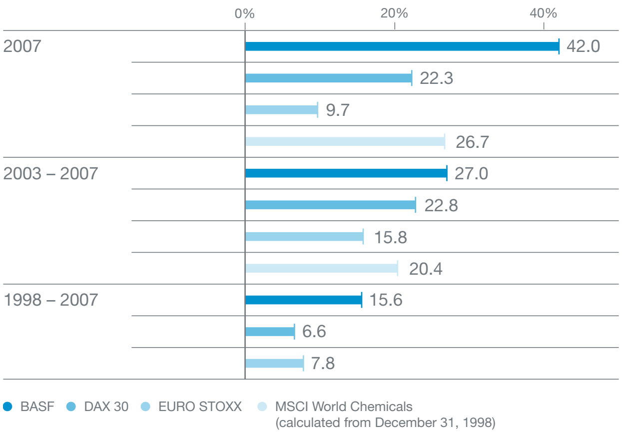
Change in value of an investment in BASF shares 2007 (with dividends reinvested, indexed)



BASF SHARES 2007

- The 42% appreciation in BASF shares was significantly above industry average
- Ambitious dividend policy ensures high dividend yield
- As part of our €3 billion share buyback program for 2007/2008, a record amount €1.9 billion was used to repurchase shares in 2007
- We plan to continue to buy back additional shares
- BASF shares included in key sustainability indices

Investment in BASF shares: average annual performance
Real change compared with previous year



Broad base of international shareholders

With around 460,000 shareholders, BASF is one of the largest publicly owned companies with a high free float.

An analysis of the shareholder structure carried out in October and November 2007 shows that, at 26% of share capital, the United States and Canada make up the largest regional group of institutional investors, followed by investors from Germany with 17%. Shareholders from Britain and Ireland hold 10% of BASF shares, while a further 15% are held by institutional investors from the rest of Europe.

Around 28% of the company's share capital is held by private investors, most of whom are resident in Germany.

BASF no longer listed on the NYSE

As of September 6, 2007, BASF is no longer listed on the New York Stock Exchange (NYSE). In addition, BASF cancelled its registration with the American Securities and Exchange Commission (SEC). The deregistration became effective as of December 6, 2007, thus terminating the associated reporting obligations under U.S. securities laws. This withdrawal from the New York Stock Exchange is helping BASF to reduce both complexity and costs.

Following the deregistration, BASF is still maintaining the high degree of transparency that is expected in international financial markets.

Inclusion in sustainability indices

In 2007, BASF shares were included in the Dow Jones Sustainability World Index (DJSI World) for the seventh year in succession. The DJSI World is a leading sustainability index and represents the top 10% of the largest 2,500 companies in the Dow Jones Global Index in terms of sustainability in their respective industries.

In addition, BASF is still included in the FTSE4Good Index, launched by the Financial Times and the London Stock Exchange, and in the Global 100 list compiled by the New York research house Innovest. Both of these indices/rankings focus on companies with good records with regard to commitment to environmental protection, social responsibility and corporate governance.

→ More information at: www.basf.com/sustainability/share

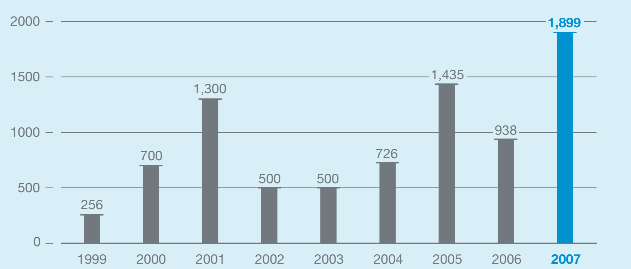
Close dialogue with the capital markets

Our corporate strategy aims to create sustainable value. We support this strategy through regular and open communication with all participants in the capital markets.

Analysts and investors confirm the quality of our communication work and have ranked BASF Investor Relations as the number one on many occasions. For example, BASF was presented with the German Investor Relations Award 2007 in the category of DAX companies and the Capital Investor Relations Prize 2007 among EURO STOXX 50 companies, and also received a distinction in the Thomson Extel Survey for the best IR work in the European chemical industry. ///

More information at www.basf.com/share

Share buybacks (million €)



THE INVESTOR RELATIONS TEAM

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CHEMICALS

Segment data (million €)

	4th Quarter			Full Year		
	2007	2006	Change in %	**2007**	2006	Change in %
Sales to third parties	3,416	3,448	(0.9)	14,162	11,572	22.4
Thereof Inorganics	305	293	4.1	1,192	1,134	5.1
Catalysts	1,130	1,132	(0.2)	4,804	2,411	99.3
Petrochemicals	1,357	1,449	(6.3)	5,696	5,754	(1.0)
Intermediates	624	574	8.7	2,470	2,273	8.7
Income from operations before depreciation and amortization (EBITDA)	476	775	(38.6)	2,689	2,235	20.3
Income from operations (EBIT) before special items	314	592	(47.0)	2,014	1,704	18.2
Income from operations (EBIT)	283	571	(50.4)	1,995	1,380	44.6
Assets	10,219	10,473	(2.4)	10,219	10,473	(2.4)
Research and development expenses	53	66	(19.7)	201	178	12.9
Additions to property, plant and equipment and intangible assets	367	227	61.7	866	3,539	(75.5)

Fourth-Quarter Business Review

Sales almost matched the level achieved in the fourth quarter of 2006 (volumes –8%, prices 14%, currencies –7%). In particular as a result of scheduled plant turnarounds that lasted longer than expected, income from operations before special items was lower than the strong level posted in the fourth quarter of 2006. These turnarounds reduced earnings by approximately €150 million in the fourth quarter of 2007.

Inorganics

Continued strong demand resulted in higher sales. Earnings were negatively impacted by scheduled maintenance turnarounds and the startup of the new Electronic Materials Center Europe in Ludwigshafen.

Catalysts

Sales were at the same level as in the fourth quarter of 2006. Lower sales of refinery catalysts were offset by higher sales of light-duty catalysts. Income from operations before special items declined. Materials Services had posted exceptionally high earnings in the same quarter of 2006.

Petrochemicals

Sales and income from operations before special items were significantly lower than in the strong fourth quarter of 2006. This was due to scheduled maintenance turnarounds of our crackers in Antwerp, Belgium, and Port Arthur, Texas, that lasted longer than expected. In addition, lower cracker margins negatively impacted earnings. Business with plasticizers and solvents as well as with alkylene oxides and glycols developed positively in all regions.

Intermediates

Sales increased significantly compared with the same quarter of 2006 due to strong global demand. Income from operations before special items was higher than in the fourth quarter of 2006. Significantly higher raw material costs could be passed on only partially in the form of higher sales prices. However, the higher volume of business more than compensated for this.

FOURTH-QUARTER BUSINESS REVIEW

- Sales slightly lower than in the fourth quarter of 2006
- Decline in earnings due to plant turnarounds
- New Electronic Chemicals Center Europe starts up in Ludwigshafen

FULL YEAR 2007

SALES

+22%

EBIT

+45%

Business Review 2007

We increased sales by €2,590 million to €14,162 million (volumes 2%, prices 7%, portfolio 18%, currencies –5%). In particular, the Catalysts division, included for the first time for an entire year, contributed to the segment's double-digit sales growth. Income from operations increased by 44.6% to €1,995 million, despite charges resulting from the integration of the catalysts business. The restructuring measures introduced in the Intermediates division in recent years contributed to the increase in earnings. Special income resulted from the sale of our stake in an ethane cracker in Geismar, Louisiana, to Williams Olefins.

Inorganics

We increased sales to €1,192 million (volumes 5%, prices 3%, currencies –3%). In 2007, income from operations was significantly higher than in 2006. Margins for basic inorganic chemicals such as sodium hydroxide, ammonia and methanol were both robust and high. These positive developments more than offset costs arising from the startup of new plants, such as the Electronic Materials Center Europe in Ludwigshafen, as well as from plant turnarounds.

Catalysts

Sales grew strongly from €2,393 million to €4,804 million (volumes 10%, prices 10%, portfolio 84%, currencies –5%) in particular due to the first full-year contribution from the division. Higher demand for our catalysts was driven, in particular, by strong performance in emerging markets and the worldwide tightening of emissions regulations. Sales in the Materials Services business increased due to its first full-year contribution as well as higher precious metal prices and amounted to €2,405 million.

Volumes of light-duty catalysts increased, particularly in Asia Pacific. In addition, volumes of heavy-duty diesel catalysts increased significantly in North America. In Process Technologies, we posted higher volumes of chemical catalysts, with higher prices and an improved product mix. Income from operations increased compared with 2006.

Petrochemicals

At €5,696 million, sales were €58 million lower than in 2006 (volumes –4%, prices 8%, currencies –5%). This was primarily due to a decline in sales of cracker products as a result of scheduled plant turnarounds. We were largely able to pass on higher crude oil and naphtha costs in the form of higher sales prices in all product lines thanks to persistently high demand.

Earnings increased; plasticizers, solvents, alkylene oxides and glycols in particular developed strongly. Income from operations was negatively impacted, particularly, as a result of the scheduled maintenance turnarounds of our steam crackers in Antwerp, Belgium, and Port Arthur, Texas, which lasted longer than expected. During the turnaround, we increased the annual capacity of our steam cracker in Antwerp, Belgium, by 280,000 to 1,080,000 metric tons. A new plant for the production of the plasticizer DPHP started operations in Pasadena, Texas.

Intermediates

We increased sales by €197 million to €2,470 million in all regions, especially in Asia (volumes 8%, prices 5%, currencies -4%). Income from operations increased significantly. Restructuring measures introduced in recent years contributed to this growth in earnings. In 2006, earnings were negatively impacted in particular by the mothballing of the tetrahydrofuran (THF) plant in Caojing, China. In 2007, we successfully tested the use of this plant for the production of maleic anhydride. ///

OUTLOOK

- Inorganics: We expect sales to increase slightly and aim to match the previous year's strong earnings level.
- Catalysts: We expect higher sales and earnings in 2008 assuming that prices for precious metals remain high and the U.S. dollar does not depreciate further.
- Petrochemicals: We expect an increase in sales due to higher available capacities and aim to exceed the excellent earnings posted in 2007.
- Intermediates: We expect further sales growth and earnings to match the high level posted in 2007.

PLASTICS

Segment data (million €)

	4th Quarter			Full Year		
	2007	2006	Change in %	**2007**	2006	Change in %
Sales to third parties	3,307	3,260	1.4	13,496	12,775	5.6
Thereof Styrenics	1,244	1,314	(5.3)	5,306	4,994	6.2
Performance Polymers	733	724	1.2	3,024	2,932	3.1
Polyurethanes	1,330	1,222	8.8	5,166	4,849	6.5
Income from operations before depreciation and amortization (EBITDA)	451	379	19.0	1,817	1,715	5.9
Income from operations (EBIT) before special items	345	253	36.4	1,327	1,216	9.1
Income from operations (EBIT)	257	241	6.6	1,236	1,192	3.7
Assets	6,737	6,911	(2.5)	6,737	6,911	(2.5)
Research and development expenses	36	34	5.9	149	145	2.8
Additions to property, plant and equipment and intangible assets	188	194	(3.1)	532	631	(15.7)

Fourth-Quarter Business Review

Compared with the fourth quarter of 2006, sales increased slightly despite negative currency effects (volumes 10%, prices –4%, currencies –5%). Income from operations before special items was higher than in the same period of 2006, in particular due to the strong performance of the Polyurethanes division.

Styrenics

Sales decreased compared with the fourth quarter of 2006 due to price and currency effects. This was due in particular to weaker demand in the construction industry and the volatile market environment for standard products. The specialty foam business developed favorably in Europe. Income from operations before special items increased slightly.

Performance Polymers

Sales increased slightly compared with the fourth quarter of 2006 due to higher sales volumes, in particular of Ultramid® and Ultradur® as well as of polyamides and intermediates. Sales and earnings were negatively impacted by currency effects due to the weak U.S. dollar. Income from operations before special items was negatively impacted by costs due to capacity expansions. Income from operations decreased significantly as a result of special charges due to an impairment loss on property, plant and equipment and the closure of a pilot plant.

At the end of 2007, BASF purchased SABIC's shares in BASF GE Schwarzheide GmbH & Co. KG and became sole owner of the business on completion of the sale. This company operates a PBT plant.

Polyurethanes

Sales increased again in the fourth quarter due to continued strong demand for polyurethanes. Income from operations before special items was significantly higher than in the same quarter of 2006. The startups of the MDI and TDI plants in Caojing, China, in 2006, contributed to the rise in earnings. In North America, occasional production outages negatively impacted the business. Earnings include a gain from compensation payments of €16 million.

FOURTH-QUARTER BUSINESS REVIEW

- Higher sales and earnings compared with the same period of 2006
- Purchase of SABIC's shares in BASF GE Schwarzheide GmbH & Co. KG
- Polyurethanes division continues to perform well

FULL YEAR 2007

SALES

+6%

EBIT

+4%

Business Review 2007

In 2007, we increased sales by €721 million to €13,496 million (volumes 7%, prices 3%, currencies –4%).

We increased income from operations by €44 million to €1,236 million compared with the previous year's high level.

Styrenics

At €5,306 million, sales were 6% higher than in 2006 (volumes 5%, prices 5%, currencies –4%). The greatest increase was recorded in Europe, but sales also grew in Asia and South America. Sales in North America declined. Overall, income from operations increased significantly.

Thanks to a series of initiatives to optimize existing business models, we also improved earnings with standard styrenics. However, we do not see sufficient long-term potential to differentiate ourselves from our competitors. We have therefore decided to divest our businesses with styrene monomers and standard styrene polymers and copolymers. In the future, our specialties and foam businesses will be operated by the Performance Polymers division and further expanded.

Performance Polymers

At €3,024 million, sales increased in 2007 compared with the previous year (volumes 5%, prices 3%, currencies –5%).

Sales volumes of polyamides and intermediates as well as engineering plastics rose compared with 2006. Growth was particularly strong in Asia. Income from operations was negatively impacted by special charges from an impairment loss on property, plant and equipment in Europe. Supply bottlenecks for feedstocks led to occasional production outages. In addition, income from operations was lower due to costs for expanding capacity for Ultraform® and Ultrason®, higher raw material costs, scheduled plant turnarounds and special charges from the closure of a pilot plant.

Operations were started at a compounding plant in Shanghai, China. In addition, we have opened two new technical centers in Shanghai, China, and Pasir Gudang, Malaysia. The production of Ultraform® was expanded in Ludwigshafen, Germany. We have doubled the capacity for the high-performance plastic Ultrason® and have begun construction of a plant for the feedstock dihydroxydiphenylsulfone (DHDPS).

Polyurethanes

Sales increased by €317 million to €5,166 million (volumes 9%, prices 2%, currencies –4%). Sales rose significantly in all regions except North America. Growth in North America was negatively impacted by unscheduled plant shutdowns of the MDI and TDI plants in Geismar, Louisiana, and by the weak dollar. New production capacity that started up in 2006 and 2007 contributed to higher sales in Asia Pacific and Europe.

Income from operations increased again, in particular due to higher sales volumes. We were largely able to pass on significantly higher raw material and energy costs in the form of higher sales prices. ///

OUTLOOK

- Styrenics: Following the planned divestiture of our businesses with styrene monomers and standard styrene polymers and copolymers in the first half of 2008, we expect higher sales and earnings from the continuing operations with specialties and foams in 2008.
- Performance Polymers: We expect sales and earnings to increase due to expanded capacities and optimized cost structures.
- Polyurethanes: In a market with dynamic global growth and persistently high raw material and energy prices, it will call for concerted effort to match the very strong earnings level of 2007 due to new plant startups.

PERFORMANCE PRODUCTS

Segment data (million €)

	4th Quarter			Full Year		
	2007	**2006**	Change in %	**2007**	**2006**	Change in %
Sales to third parties	2,871	2,830	1.4	11,697	10,133	15.4
Thereof Construction Chemicals [1]	529	512	3.3	2,100	1,081	94.3
Coatings [1]	665	626	6.2	2,587	2,414	7.2
Functional Polymers	851	848	0.4	3,522	3,387	4.0
Performance Chemicals [1]	826	844	(2.1)	3,488	3,251	7.3
Income from operations before depreciation and amortization (EBITDA)	240	209	14.8	1,311	1,177	11.4
Income from operations (EBIT) before special items	136	152	(10.5)	842	848	(0.7)
Income from operations (EBIT)	28	33	(15.2)	704	669	5.2
Assets	9,431	9,727	(3.0)	9,431	9,727	(3.0)
Research and development expenses	68	85	(20.0)	304	288	5.6
Additions to property, plant and equipment and intangible assets	171	217	(21.2)	482	4,490	(89.3)

[1] As of January 1, 2007, the architectural and industrial coatings businesses were transferred from the Construction Chemicals division to the Coatings division and the wood preservatives business was transferred from the Performance Chemicals division to the Construction Chemicals division. The figures from 2006 were adjusted accordingly.

Fourth-Quarter Business Review

Sales increased due to higher volumes and sales prices (volumes 2%, prices 2%, portfolio 1%, currencies –4%). Income from operations before special items declined compared with the same quarter of 2006.

Construction Chemicals

Higher volumes in almost all regions resulted in an increase in sales. Income from operations before special items decreased compared with the fourth quarter of 2006. This was primarily due to the costs associated with the standardization of IT systems during the integration.

Coatings

Sales increased compared with the previous year, particularly for architectural coatings in South America and for automotive coatings in Europe and China. As a result of higher raw material costs, however, income from operations before special items was at the same level as in the fourth quarter of 2006. Income from operations declined due to an impairment loss on property, plant and equipment and intangible assets in the industrial coatings business in North America.

Functional Polymers

Sales increased slightly compared with the same quarter of 2006. We could not fully pass on significantly higher raw material costs. The margins for acrylic monomers remained weak, particularly in Asia and North America. Our business with superabsorbents developed favorably. Income from operations before special items was slightly lower than in the same quarter of 2006.

Performance Chemicals

Sales were slightly lower than in the same period of 2006 due to currency effects. Sales declined significantly in the leather chemicals' business. Income from operations before special items was higher than in the same quarter of 2006. Significantly higher raw material costs were more than offset by price increases and cost savings.

FOURTH-QUARTER BUSINESS REVIEW

- Slight increase in sales due to higher volumes and prices
- Income before special items significantly impacted in particular due to higher raw material costs
- Activities acquired in 2006 perform very strongly overall

FULL YEAR 2007

SALES

+15%

EBIT

+5%

Business Review 2007

In 2007, sales increased by €1,564 million to €11,697 million (volumes 3%, prices 1%, portfolio 14%, currencies –3%). A significant portion of the increase in sales resulted from the acquisitions made in mid-2006. The Construction Chemicals division, which contributed its first full year of sales, made the most significant contribution. In total, we increased income from operations to €704 million. Special items were primarily associated with the integration of the businesses acquired in 2006 and an impairment loss on property, plant and equipment and intangible assets in the Coatings division.

Construction Chemicals

Sales increased due to the new division's full-year contribution for the first time (volumes 2%, prices 2%, portfolio 94%, currencies –4%). The strongest sales growth was posted by Admixture Systems and Construction Systems in Europe. In North America, despite the decline in the North American residential housing market, sales in dollar terms increased due to growth in infrastructure measures and commercial projects. Business in Asia Pacific developed positively.

Income from operations was also higher than the strong level posted in 2006. We offset higher raw material costs by increasing our sales prices. The integration is being implemented rapidly and the synergy potential is being exploited systematically.

Coatings

Overall, sales increased by €173 million to € 2,587 million (volumes 7%, prices –1%, portfolio 4%, currencies –3%). Growth in automotive coatings in China and Europe and architectural coatings in South America contributed in particular to this sales increase. In Europe, the activities in architectural and industrial coatings that we acquired as part of the construction chemicals business in 2006 contributed to the growth in sales.

Income from operations was below the previous year's level. This was primarily due to the appreciation of the euro, higher raw material costs and special charges as a result of an impairment loss on property, plant and equipment and intangible assets in the industrial coatings business in North America.

Functional Polymers

We increased sales by €135 million to €3,522 million (volumes 2%, prices 1%, portfolio 4%, currencies –3%). Sales of polymers for adhesives and construction chemicals continued to rise in Europe and Asia, but declined slightly in North America.

Income from operations was below the previous year's level. This was primarily due to continued pressure on margins for acrylic monomers. The continuing consolidation measures of our customers in the paper industry led to pressure on margins in paper chemicals.

Performance Chemicals

Sales grew by €237 million to €3,488 million (volumes 2%, prices 1%, portfolio 7%, currencies –3%). The strongest sales growth was posted in North America due to acquisitions. In Europe, sales grew due in particular to higher sales prices, while in Asia Pacific sales increased as a result of higher volumes and the startup of a plant for HDI-based coatings in Caojing, China. The sale of the Chemische Fabrik Wibarco GmbH and the weak dollar negatively impacted sales.

Income from operations increased significantly, in particular for performance chemicals for detergents and formulators as well as performance chemicals for the automotive and oil industries. The business unit for chemicals for textile and leather posted a decrease in earnings in what remains a difficult market environment. ///

OUTLOOK

- Construction Chemicals: We expect higher sales and earnings, in particular, due to strong performance of the growth markets China, India, Eastern Europe and the Middle East.
- Coatings: We intend to increase our sales and earnings and to expand our presence in Eastern Europe and Asia.
- Functional Polymers: In an extremely challenging market, we expect higher sales and earnings slightly lower than the level achieved in 2007.
- Performance Chemicals: In 2008, we expect higher sales and earnings from the continuing operations* in this division.

*As of the first quarter 2008, the detergents and formulators business will be reported under the new Care Chemicals division.

AGRICULTURAL PRODUCTS & NUTRITION

Agricultural Products: Division data (million €)

	4th Quarter			Full Year		
	2007	2006	Change in %	**2007**	2006	Change in %
Sales to third parties	709	718	(1.3)	3,137	3,079	1.9
Income from operations before depreciation and amortization (EBITDA)	100	116	(13.8)	692	663	4.4
Income from operations (EBIT) before special items	51	54	(5.6)	499	378	32.0
Income from operations (EBIT)	46	58	(20.7)	489	447	9.4
Assets	4,157	4,458	(6.8)	4,157	4,458	(6.8)
Research and development expenses	94	89	5.6	328	334	(1.8)
Additions to property, plant and equipment and intangible assets	28	35	(20.0)	83	88	(5.7)

Agricultural Products Fourth-Quarter Business Review

Despite higher volumes and prices, sales at €709 million were slightly lower than in the fourth quarter of 2006 due to currency effects (volumes 4%, prices 2%, portfolio –1%, currencies –6%). During the fourth quarter, business in Europe was weaker than in the same period of 2006. Our new fungicide orysastrobin performed strongly in the Japanese rice market and contributed significantly to sales growth in Asia. In the United States, business started early in anticipation of the new season. In the newly established Plant Health market segment, our product Headline®, with the active ingredient F 500®, particularly benefited from this early start. The South American market continued to develop well. However, the weak U.S. dollar negatively impacted sales in both regions. As a result, income from operations before special items declined slightly.

Business Review 2007

Sales increased significantly by €58 million to €3,137 million compared with the previous year (volumes 6%, prices 1%, portfolio –2%, currencies –3%). Currency effects impacted sales by €108 million. The market for crop protection products developed favorably compared with the previous year. Higher prices for agricultural commodities such as soybeans, corn (maize) and cereals played a role as well as the increased demand for biofuels. Sales in Europe increased by 4% to €1,441 million. Compared with 2006, demand increased due to more favorable weather conditions and the early start to the season. Our business with products for the cultivation of canola (oil-seed rape) developed equally favorably. In Asia, sales were slightly lower than in 2006 at €267 million. In North America, sales decreased by 11% to €789 million due to the divestitures in 2006, negative currency effects and the strong competitive pressure in the forestry sector. In the U.S. corn market, we were particularly successful with our product Headline®, which contains the active ingredient F 500®. In South America, sales increased significantly by 21% to €640 million, in particular due to the strong market in Brazil. Above all, our soybean fungicides and sugarcane insecticides benefited from a rise in demand.

Income from operations increased significantly by €42 million to €489 million. This was primarily due to higher volumes and sales prices in particular for high-value fungicides in Brazil. In addition, our ongoing cost reduction measures contributed to this increase.

AGRICULTURAL PRODUCTS FOURTH-QUARTER BUSINESS REVIEW

- Sales and earnings slightly lower than in same quarter of 2006 due to currency effects

BUSINESS REVIEW 2007

- Higher sales and earnings thanks to strong demand for our innovative products

AGRICULTURAL PRODUCTS OUTLOOK

Assuming continuing good seasonal conditions and unfavorable exchange rates, we anticipate higher sales and earnings in 2008. We see great opportunities in the increasing demand for plants as food and to produce energy.

Fine Chemicals: Division data (million €)

	4th Quarter			Full Year		
	2007	2006	Change in %	**2007**	2006	Change in %
Sales to third parties	437	478	(8.6)	1,852	1,855	(0.2)
Income from operations before depreciation and amortization (EBITDA)	98	36	172.2	288	184	56.5
Income from operations (EBIT) before special items	48	20	140.0	154	57	170.2
Income from operations (EBIT)	65	(113)	–	171	(66)	–
Assets	1,448	1,596	(9.3)	1,448	1,596	(9.3)
Research and development expenses	18	16	12.5	66	70	(5.7)
Additions to property, plant and equipment and intangible assets	20	21	(4.8)	68	378	(82.0)

Fine Chemicals
Fourth-Quarter Business Review

At €437 million, sales in the fourth quarter were lower than in the same quarter in 2006 (prices 5%, portfolio –9%, currencies –5%). This was due to the exit from the lysine business and the sale of the premix business. In particular, sales of vitamins increased. Income from operations before special items more than doubled. Lower fixed costs and higher sales prices for vitamins contributed to the rise in earnings. Income from operations contained special income from the reversal of provisions established for restructuring measures in 2006 that were not fully needed.

Business Review 2007

At €1,852 million sales to third parties were at the previous year's level in 2007 (volumes 2%, prices 2%, portfolio –1%, currencies –3%). The decline in sales following the discontinuation of the lysine and premix businesses was offset. Higher sales prices in the nutrition business and the cosmetics business acquired in 2006 contributed significantly to the sales increase.

In the nutrition business, the restructuring initiated in 2006 continued to be successfully implemented. As a consequence of the exit from the lysine business, the production facility in Gunsan, South Korea, was closed in May and the negotiations to sell it were completed in November. The exit from the premix business was furthered by the sale of a large part of the business activities. Due to the improved market environment for several vitamins, sales increased, in some areas significantly, despite negative currency effects. Margins were higher as a result of the optimized portfolio and reduced fixed costs. Earnings increased significantly as a result.

In the cosmetics business, sales rose slightly, partly due to the full-year contribution of the cosmetics business acquired in mid-2006. Earnings matched the previous year's high level. In the pharma solutions business, we increased earnings compared with the previous year even though sales were flat. Following the restructuring at the site in Minden, Germany, the business with active ingredients and excipients developed favorably. The potential of the custom synthesis business has not yet been fully exploited. Initial work on development projects with our customers will first contribute to sales and earnings in 2008.

Income from operations rose significantly by €237 million to €171 million. Due to restructuring measures, 2006 was negatively impacted by special charges. ///

FINE CHEMICALS FOURTH-QUARTER BUSINESS REVIEW

- Higher sales of vitamins; earnings more than double, partly due to special income

BUSINESS REVIEW 2007

- Stable sales, the exit from the lysine and premix businesses more than offset; significant increase in earnings

FINE CHEMICALS OUTLOOK

As of the first quarter 2008, the new Care Chemicals division will combine the activities of the former Fine Chemicals division as well as the Performance Chemicals division's detergents and formulators business. In 2008, we expect lower sales in Care Chemicals due to the divestures in 2007; earnings will increase further.

OIL & GAS

Segment data (million €)

	4th Quarter			Full Year		
	2007	2006	Change in %	**2007**	2006	Change in %
Sales to third parties	3,093	3,105	(0.4)	10,517	10,687	(1.6)
Thereof Exploration and production	1,205	1,135	6.2	4,365	4,555	(4.2)
Natural gas trading	1,888	1,970	(4.2)	6,152	6,132	0.3
Income from operations before depreciation and amortization (EBITDA)	991	946	4.8	3,575	3,766	(5.1)
Thereof Exploration and production	816	681	19.8	2,885	3,008	(4.1)
Natural gas trading	175	265	(34.0)	690	758	(9.0)
Income from operations (EBIT) before special items	804	780	3.1	3,014	3,245	(7.1)
Thereof Exploration and production	667	564	18.3	2,470	2,640	(6.4)
Natural gas trading	137	216	(36.6)	544	605	(10.1)
Income from operations (EBIT)	804	780	3.1	3,014	3,250	(7.3)
Thereof Exploration and production	667	564	18.3	2,470	2,645	(6.6)
Natural gas trading	137	216	(36.6)	544	605	(10.1)
Assets	7,057	5,434	29.9	7,057	5,434	29.9
Thereof Exploration and production	4,037	2,300	75.5	4,037	2,300	75.5
Natural gas trading	3,020	3,134	(3.6)	3,020	3,134	(3.6)
Research and development expenses	137	59	132.2	268	167	60.5
Additions to property, plant and equipment and intangible assets	1,972	177	.	2,280	545	318.3
Income taxes on oil-producing operations non-compensable with German corporate income tax	384	278	38.1	1,302	1,282	1.6

Fourth-Quarter Business Review

Sales matched the level achieved in the fourth quarter of 2006 (volumes 8%, prices/currencies –8%). Income from operations before special items increased compared with the same quarter of 2006. Lower margins in natural gas trading were more than offset by price-related higher earnings in the exploration and production business. The reversal of provisions for royalties in South America was more than offset by special charges related to exploration projects.

Exploration and Production

Hydrocarbon production was expanded. Although oil production was lower than in the same period of 2006, this was more than offset by higher natural gas production due to the successful commissioning of the Yuzhno Russkoye field. Due to higher oil prices, income from operations before special items was higher than in the same quarter of 2006. Included in earnings are €384 million of income taxes on oil production in North Africa that are noncompensable with German corporate income taxes. These taxes are reported as income taxes.

Natural Gas Trading

Volumes were higher than in the fourth quarter of 2006, sales declined slightly. Margins were negatively impacted by the steady increase in oil prices throughout the year. The purchase price of natural gas responds to this trend

FOURTH-QUARTER BUSINESS REVIEW

- Sales at the same level as in the fourth quarter of 2006
- Earnings higher than in the fourth quarter of 2006
- Price-related higher earnings in the exploration and production business

FULL YEAR 2007

SALES

–2%

EBIT

–7%

faster than sales prices which contractually can only be adjusted with a lag of several months. This resulted in the significant decrease in earnings in natural gas trading compared with the same quarter of 2006.

Business Review 2007

Sales decreased by €170 million to €10,517 million (volumes 3%, prices/currencies –5%). Income from operations declined to €3,014 million, which is €236 million below the record level of 2006.

Exploration and Production

Sales decreased by €190 million to €4,365 million compared with 2006. The average price of Brent crude in 2007 increased by $7 to $72 per barrel. As a result of the significant weakening of the U.S. dollar against the euro, the price in euros increased by only €1 per barrel to €53 per barrel. Crude oil and natural gas production rose by 1% to 112 million barrels of oil equivalent (BOE).

The earnings contribution from the exploration and production business sector declined by €175 million to €2,470 million. This was a result of increased expenditures on crude oil and natural gas exploration, the general cost trend in the industry and structural effects, such as the farming out of a concession in Dubai. The reversal of provisions for royalties in South America was more than offset by exploration project costs. The results of the Oil & Gas segment include €1,302 million noncompensable income taxes on oil production in North Africa. These taxes are reported as income taxes.

In 2007, 22 exploration and appraisal wells were drilled in the search for new oil and natural gas deposits, of which 11 were successful. We acquired a stake in licenses to explore in the North Sea off the coasts of Germany, Great Britain, the Netherlands and Norway and in Qatar. We replenished 389% of the volumes produced in 2007. As part of our “Gas for Europe” strategy, we focus particularly on the expansion of our natural gas reserve base.

Negotiations with Gazprom concerning a stake in the Yuzhno Russkoye deposit were successfully completed in 2007. Wintershall has an interest of 35% in the economic rewards of this field through a stake in Severneftegazprom (SNG), which holds the license to this field. Production began in the fourth quarter. In return, Gazprom received a 49% stake in a German Wintershall company that holds concessions 96 and 97 in Libya. In addition, Gazprom’s stake in our natural gas trading company, WINGAS, was increased from 35% to 50% minus one share.

In the Achimgaz joint venture for the production of natural gas and condensate from the Achimov deposit of the Urengoy field, five out of a total of six wells for the first project phase were successfully drilled. Production will start during the first half of 2008.

Natural Gas Trading

The natural gas trading business sector generated sales of €6,152 million, which represents an increase of €20 million compared with the same period in 2006. This was due to higher sales of natural gas which increased by 5% overall to 368.4 billion kilowatt hours. WINGAS increased volumes by approximately 10% to 249.8 billion kilowatt hours. Approximately 16% of this amount was delivered to BASF Group companies. Earnings in our natural gas trading business declined by €61 million to €544 million. Margins declined due to the time lag between the adjustment of sales prices and the development of the oil prices which increased continually throughout the year.

Nord Stream AG, in which BASF has a 24.5% stake, is proceeding with the necessary approval processes in the respective countries for the construction of the Nord Stream Pipeline. The pipeline will run from Russia through the Baltic Sea to the German coast. If Nederlandse Gasunie joins as planned, it will hold a 9% stake in Nord Stream and BASF’s stake will be reduced to 20%.

In Austria, the first stage of the expansion of the Haidach pore storage facility started operations in July. It has a working gas volume of 1.2 billion cubic meters. ///

OUTLOOK

We have based our planning for 2008 on persistently high crude oil prices of around $78 per barrel and in euro terms of approximately the same level as in the previous year. We expect higher sales due to the strong performance of the natural gas trading business and, due to the higher share of natural gas in the production of hydrocarbons, earnings to match the level achieved in 2007.

SEGMENT OVERVIEW

(Million €)

	Sales			EBITDA			EBIT before special items			EBIT		
	2007	2006	%	**2007**	2006	%	**2007**	2006	%	**2007**	2006	%
4th Quarter												
Chemicals	3,416	3,448	(0.9)	476	775	(38.6)	314	592	(47.0)	283	571	(50.4)
Plastics	3,307	3,260	1.4	451	379	19.0	345	253	36.4	257	241	6.6
Performance Products	2,871	2,830	1.4	240	209	14.8	136	152	(10.5)	28	33	(15.2)
Agricultural Products & Nutrition	1,146	1,196	(4.2)	198	152	30.3	99	74	33.8	111	(55)	–
Agricultural Products	709	718	(1.3)	100	116	(13.8)	51	54	(5.6)	46	58	(20.7)
Fine Chemicals	437	478	(8.6)	98	36	172.2	48	20	140.0	65	(113)	–
Oil & Gas	3,093	3,105	(0.4)	991	946	4.8	804	780	3.1	804	780	3.1
Other[1]	867	635	36.5	178	119	49.6	65	16	306.3	127	96	32.3
	14,700	**14,474**	**1.6**	**2,534**	**2,580**	**(1.8)**	**1,763**	**1,867**	**(5.6)**	**1,610**	**1,666**	**(3.4)**
Full Year												
Chemicals	14,162	11,572	22.4	2,689	2,235	20.3	2,014	1,704	18.2	1,995	1,380	44.6
Plastics	13,496	12,775	5.6	1,817	1,715	5.9	1,327	1,216	9.1	1,236	1,192	3.7
Performance Products	11,697	10,133	15.4	1,311	1,177	11.4	842	848	(0.7)	704	669	5.2
Agricultural Products & Nutrition	4,989	4,934	1.1	980	847	15.7	653	435	50.1	660	381	73.2
Agricultural Products	3,137	3,079	1.9	692	663	4.4	499	378	32.0	489	447	9.4
Fine Chemicals	1,852	1,855	(0.2)	288	184	56.5	154	57	170.2	171	(66)	–
Oil & Gas	10,517	10,687	(1.6)	3,575	3,766	(5.1)	3,014	3,245	(7.1)	3,014	3,250	(7.3)
Other[1]	3,090	2,509	23.2	(147)	(17)	.	(236)	(191)	(23.6)	(293)	(122)	(140.2)
	57,951	**52,610**	**10.2**	**10,225**	**9,723**	**5.2**	**7,614**	**7,257**	**4.9**	**7,316**	**6,750**	**8.4**

	Research and development expenses			Assets[2]			Additions to long-term assets[3]			Amortization and depreciation[3]		
4th Quarter												
Chemicals	53	66	(19.7)	10,219	10,473	(2.4)	367	227	61.7	193	204	(5.4)
Plastics	36	34	5.9	6,737	6,911	(2.5)	188	194	(3.1)	194	138	40.6
Performance Products	68	85	(20.0)	9,431	9,727	(3.0)	171	217	(21.2)	212	176	20.5
Agricultural Products & Nutrition	112	105	6.7	5,605	6,054	(7.4)	48	56	(14.3)	87	207	(58.0)
Agricultural Products	94	89	5.6	4,157	4,458	(6.8)	28	35	(20.0)	54	58	(6.9)
Fine Chemicals	18	16	12.5	1,448	1,596	(9.3)	20	21	(4.8)	33	149	(77.9)
Oil & Gas	7	–	–	7,057	5,434	29.9	1,972	177	.	187	166	12.7
Other[1]	76	77	(1.3)	7,753	6,692	15.9	(15)	115	–	51	23	121.7
	352	**367**	**(4.1)**	**46,802**	**45,291**	**3.3**	**2,731**	**986**	**177.0**	**924**	**914**	**1.1**
Full Year												
Chemicals	201	178	12.9	10,219	10,473	(2.4)	866	3,539	(75.5)	694	855	(18.8)
Plastics	149	145	2.8	6,737	6,911	(2.5)	532	631	(15.7)	581	523	11.1
Performance Products	304	288	5.6	9,431	9,727	(3.0)	482	4,490	(89.3)	607	508	19.5
Agricultural Products & Nutrition	394	404	(2.5)	5,605	6,054	(7.4)	151	466	(67.6)	320	466	(31.3)
Agricultural Products	328	334	(1.8)	4,157	4,458	(6.8)	83	88	(5.7)	203	216	(6.0)
Fine Chemicals	66	70	(5.7)	1,448	1,596	(9.3)	68	378	(82.0)	117	250	(53.2)
Oil & Gas	9	–	–	7,057	5,434	29.9	2,280	545	318.3	561	516	8.7
Other[1]	323	262	23.3	7,753	6,692	15.9	114	368	(69.0)	146	105	39.0
	1,380	**1,277**	**8.1**	**46,802**	**45,291**	**3.3**	**4,425**	**10,039**	**(55.9)**	**2,909**	**2,973**	**(2.2)**

[1] "Other" includes the fertilizers business and other businesses as well as expenses, income and assets not allocated to the segments. This item also includes foreign currency results from financial indebtedness that are not allocated to the segments as well as from currency positions that are macro-hedged [€81 million in the fourth quarter of 2007 (fourth quarter of 2006: €23 million) and €89 million in 2007 (2006: €86 million)].

[2] "Other" includes, in addition to the assets of the fertilizers business and other businesses, assets that are not allocated to the segments (financial assets, cash and cash equivalents, financial receivables and deferred tax assets: December 31, 2007, €5,840 million; December 31, 2006: €4,642 million).

[3] Additions to property, plant and equipment and intangible assets; adjusted as of September 30, 2006 following the purchase price allocations relating to the acquisitions of Engelhard Corp. and the construction chemicals business.

REGIONAL RESULTS

Regions (million €)

	Sales by location of company			Sales by location of customer			Income from operations (EBIT)		
	2007	2006	Change in %	**2007**	2006	Change in %	**2007**	2006	Change in %
4th Quarter									
Europe	8,988	8,733	2.9	8,507	8,141	4.5	1,195	1,343	(11.0)
Thereof Germany	6,433	6,365	1.1	3,235	3,277	(1.3)	1,089	995	9.4
North America	2,628	2,852	(7.9)	2,595	2,904	(10.6)	68	189	(64.0)
Asia Pacific	2,294	2,108	8.8	2,482	2,309	7.5	227	32	.
South America, Africa, Middle East	790	781	1.2	1,116	1,120	(0.4)	120	102	17.6
	14,700	**14,474**	**1.6**	**14,700**	**14,474**	**1.6**	**1,610**	**1,666**	**(3.4)**
Full Year									
Europe	34,316	31,444	9.1	32,367	29,529	9.6	5,415	5,485	(1.3)
Thereof Germany	24,312	22,963	5.9	11,967	11,062	8.2	4,226	4,125	2.4
North America	12,007	11,415	5.2	11,928	11,522	3.5	762	869	(12.3)
Asia Pacific	8,785	7,450	17.9	9,561	8,102	18.0	828	181	357.5
South America, Africa, Middle East	2,843	2,301	23.6	4,095	3,457	18.5	311	215	44.7
	57,951	**52,610**	**10.2**	**57,951**	**52,610**	**10.2**	**7,316**	**6,750**	**8.4**

Europe
Sales increased by 9.1% in 2007. This was driven by the Catalysts and Construction Chemicals divisions as well as higher sales volumes and prices in the Intermediates and Inorganics divisions. Income from operations was slightly lower than in 2006 at €5,415 million. The contribution to earnings from the Oil & Gas segment was again high, although slightly lower than in 2006.

North America
Sales increased by 13.2% in local-currency terms and by 5.2% in euro terms. Chemicals and Performance Products posted significantly higher sales. Sales declined in the Plastics segment and in the Agricultural Products division. Income from operations amounted to €762 million, which was 12.3% lower than in 2006 due to special charges.

Asia Pacific
Sales rose by 25.2% in local-currency terms and by 17.9% in euro terms. The Chemicals segment made the largest contribution to the sales growth. The Plastics and Performance Products segments also grew strongly. Income from operations amounted to €828 million and rose significantly compared with the previous year. This was primarily due to strong growth in earnings in the Chemicals and Plastics segments. In addition, earnings had been negatively impacted by special charges in 2006.

South America, Africa, Middle East
Sales increased by 27.8% in local-currency terms and by 23.6% in euro terms. Earnings improved by 44.7% to €311 million. This was due in particular to the higher sales volumes and prices achieved by the Agricultural Products division in South America. The successful integration of the catalysts business in South Africa also contributed to the increase in earnings. ///

REGIONAL TRENDS

- Europe: Increase in sales; large contribution from the Chemicals segment; earnings slightly below the previous year's level due to lower contribution of Oil & Gas segment
- North America: Increase in sales in the Chemicals and Performance Products segments; special charges reduce earnings
- Asia Pacific: Higher sales and significantly higher earnings due in particular to the contribution of the Chemicals segment
- South America, Africa, Middle East: Higher sales and earnings primarily due to the crop protection business in South America; successful integration of catalysts business in South Africa

CONSOLIDATED BALANCE SHEETS

Assets (Million €)

	2007	2006
Long-term assets		
Intangible assets	9,559	8,922
Property, plant and equipment	14,215	14,902
Investments accounted for using the equity method	834	651
Other financial assets	1,952	1,190
Deferred taxes	679	622
Other receivables and other long-term assets	655	612
	27,894	**26,899**
Short-term assets		
Inventories	6,578	6,672
Accounts receivable, trade	8,561	8,223
Other receivables and miscellaneous short-term assets	2,337	2,607
Marketable securities	51	56
Cash and cash equivalents	767	834
Assets of disposal groups	614	–
	18,908	**18,392**
Total assets	**46,802**	**45,291**

Stockholders' equity and liabilities (Million €)

	2007	2006
Stockholders' equity		
Subscribed capital	4,397	4,420
Retained earnings	14,556	13,302
Other comprehensive income	174	325
Minority interests	971	531
	20,098	**18,578**
Long-term liabilities		
Provisions for pensions and similar obligations	1,292	1,452
Other provisions	3,015	3,080
Deferred taxes	2,060	1,441
Financial indebtedness	6,954	5,788
Other liabilities	901	972
	14,222	**12,733**
Short-term liabilities		
Accounts payable, trade	3,763	4,755
Provisions	2,697	2,848
Tax liabilities	881	858
Financial indebtedness	3,148	3,695
Other liabilities	1,976	1,824
Liabilities of disposal groups	17	–
	12,482	**13,980**
Total stockholders' equity and liabilities	**46,802**	**45,291**

Long-term assets increased by €995 million to €27,894 million. The ratio of long-term assets to total assets increased slightly to 59.6% in 2007 (2006: 59.4%). This increase was primarily due to the asset swap with Gazprom and the associated addition to intangible assets for the marketing contract for the natural gas from the Yuzhno Russkoye gas field. Furthermore, the production company, which is consolidated using the equity method, was financed with loans. This increase was partially offset by the appreciation of the euro against a range of currencies.

Inventories declined slightly by €94 million to €6,578 million despite a higher business volume and higher raw material prices. Days of inventory invested could be reduced slightly in the course of the year.

Trade accounts receivable increased by €338 million. We further reduced days of sales outstanding.

Stockholders' equity increased by €1,520 million, mainly due to our high net income. Minority interests increased due to the asset swap with Gazprom. The measurement of the swapped assets at fair value resulted in an excess of €634 million which was recognized in retained earnings.

These effects were partially offset by the payment of dividends, the repurchase of 21.5 million shares for a total of €1.9 billion as well as negative foreign currency translation effects in the amount of €524 million. The equity ratio increased from 41.0% to 42.9%.

Net debt increased by €686 million to €9,335 million.

Net debt (million €)

	2007	2006
Cash and cash equivalents	767	834
Financial indebtedness	10,102	9,483
Net debt	**9,335**	**8,649**

Long-term liabilities increased by €1,489 million to €14,222 million. This was mainly due to partial refinancing of our commercial paper through long-term bonds.

Short-term liabilities decreased by €1,498 million to €12,482 million. This was affected by foreign currency translation effects and the repayment of liabilities from our natural gas trading business and the Materials Services business. As a result, the ratio of short-term liabilities to total liabilities declined from 30.9% in 2006 to 26.7% in 2007.

Since we do not see sufficient differentiation possibilities vis-à-vis our competitors in the market for standard styrenics, we are planning to sell our businesses in styrene monomers, and standard styrene polymers and copolymers. The **assets and liabilities** of these businesses are reported separately in the balance sheet under **disposal groups**. ///

ASSETS BY REGION (%)

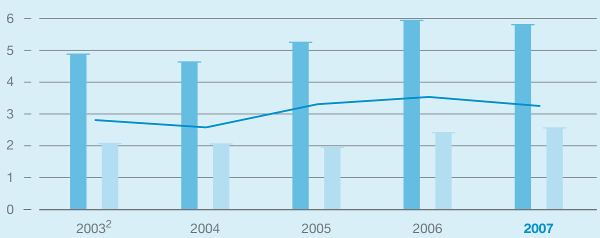
	Property, plant and equipment		Inventories		Trade accounts receivable	
	2007	2006	2007	2006	2007	2006
Europe	56.9	53.5	56.4	53.4	60.1	59.6
North America	21.0	22.4	25.4	28.4	16.6	18.5
Asia Pacific	18.1	20.3	13.5	13.6	17.2	15.6
South America, Africa, Middle East	4.0	3.8	4.7	4.6	6.1	6.3
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Statement of cash flows (million €)

	2007	2006
Net income	4,065	3,215
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	2,947	2,994
Changes in working capital	(999)	10
Miscellaneous items	(206)	(279)
Cash provided by operating activities	**5,807**	**5,940**
Payments related to property, plant and equipment and intangible assets	(2,562)	(2,411)
Acquisitions/divestitures	(536)	(6,240)
Financial investments and other items	(514)	237
Cash used in investing activities	**(3,612)**	**(8,414)**
Capital increases/repayments, share repurchases	(1,749)	(920)
Changes in financial liabilities	1,137	4,574
Dividends	(1,624)	(1,233)
Cash used in financing activities	**(2,236)**	**2,421**
Net changes in cash and cash equivalents	(41)	(53)
Cash and cash equivalents as of beginning of year and other changes	808	887
Cash and cash equivalents as of end of year	**767**	**834**

Cashflow (billion €)



Cash provided by operating activities
Payments related to property, plant and equipment and intangible assets
Free Cashflow[1]

[1] Cash provided by operating activities less payments for property, plant and equipment and intangible assets; in 2005 before the external financing of pension obligations (CTA)

[2] According to the German Commercial Code (HGB)

Cash provided by operating activities

In 2007, we generated cash provided by operating activities of €5,807 million despite the expansion of the business and the associated higher amount tied up in working capital. The cash provided by operating activities almost matched the record level achieved in 2006.

Miscellaneous items primarily reflected reclassification of non-cash gains resulting from the reduction in the overall corporate tax rate to 29% as part of the German Corporate Tax Reform 2008.

Cash used in investing activities

Net expenses decreased to €3,612 million compared with €8,414 million in 2006. Expenditures on acquisitions were significantly higher in 2006.

In 2007, expenditures for acquisitions totaled €635 million and were primarily attributable to the compensation payment for the asset swap with Gazprom in connection with the Yuzhno Russkoye project.

We generated proceeds of €99 million from divestitures. These resulted primarily from portfolio optimization measures in the Fine Chemicals division and from the sale of a stake of approximately 42% in an ethane cracker in the United States to Williams Olefins.

In 2007, we invested a total of €2,562 million, or 6% more than in 2006, in property, plant and equipment and intangible assets. Capital expenditures were again below the level of depreciation and amortization. Free cash flow amounted to €3,245 million compared with €3,529 million in 2006.

Payments for financial investments, marketable securities and financial receivables, of €755 million in 2007 related primarily to BASF's contribution to the financing of the production company for the Yuzhno Russkoye natural gas field. This company is consolidated using the equity method. The disposal of long-term assets generated proceeds of €241 million.

Cash provided by/(used in) financing activities

In 2007, cash used in financing activities was €(2,236) million compared with a cash inflow of €2,421 million in 2006. We repurchased 21.5 million shares at an average price of €88.35 per share for a total of €1,899 million.

The sum of €1,624 million was paid in dividends and profit transfers in 2007. Of this amount, €1,484 million, or €3.00 per share, was for dividend payments to shareholders of BASF Aktiengesellschaft for fiscal year 2006. Minority interests in fully consolidated companies received €140 million.

Financial indebtedness increased by 6.5% to €10,102 million compared with 2006. Net debt increased by €686 million to €9,335 million. We partially refinanced our commercial papers with long-term bonds. ///

CONSOLIDATED STATEMENTS OF CASH FLOWS

- Cash provided by operating activities of €5.8 billion almost matches the record level of 2006
- Over €2.5 billion spent on property, plant and equipment and intangible assets
- Expenditures on acquisitions amounted to €635 million

Capital expenditures by region (%)

	2007	2006
Europe	79.4	46.6
North America	14.3	41.4
Asia Pacific	4.2	7.0
South America, Africa, Middle East	2.1	5.0
	100.0	**100.0**

BASF GROUP OUTLOOK

Our business has developed successfully since the beginning of 2008. The level of orders remains strong. Given the economic assumptions described below, we expect BASF Group's business to develop positively in the next two years.

Economic environment 2008

We have based our business planning for 2008 on the following assumptions:

- A moderate slowdown in global economic growth and growth in chemical production (excluding pharmaceuticals) of 2.8%
- Declining interest rates in the United States in the course of 2008 with moderate knock-on effects for Europe
- An average euro/dollar exchange rate of $1.45 per euro
- Average oil prices of approximately $78 per barrel in 2008

Risks

Risks are posed by:

- Continuing uncertainty due to the global credit crisis
- Unfavorable developments in our customer industries, in particular in the construction and automotive industries
- Economic risks due to the continued high oil price
- An increasing imbalance in exchange rates
- An aggravation of geopolitical tensions and the destabilization of political systems

Opportunities

Four strategic guidelines define the way in which we act. Rigorous value-based management, a strong customer focus, the best team in industry and sustainable development form the foundations for our success.

Innovations are an important impetus for BASF's profitable growth. We have therefore increased the budget for our five growth clusters - energy management, nanotechnology, white (industrial) biotechnology, plant biotechnology and raw material change - to more than €900 million for the period 2006 through 2008. Starting in 2015, BASF expects additional annual sales of between €2 billion and €4 billion from innovations based on projects in these growth clusters.

In 2008, we will further increase our research and development expenditures by approximately 5%.

By expanding global partnerships, BASF is in a position to respond flexibly in world markets. In Gazprom, we have a reliable partner in the joint production, transport, storage and marketing of natural gas. In the area of plant biotechnology, the U.S. company Monsanto is our partner in the research, development and commercialization of stress tolerant and higher yielding crops.

Forecast

In 2008, assuming there are no changes made to our portfolio, we aim to increase sales and improve income from operations before special items slightly. We expect to grow faster than the chemical market each year and we are confident of earning at least our cost of capital in any given year.

Dividends and share buybacks

We aim to further increase our dividend annually and match the previous year's level even in years in which the business environment is difficult. Moreover, we also intend to continue to buy back shares. ///

OUTLOOK 2008

Assuming that our portfolio remains unchanged we aim to:

- Increase sales and slightly improve income from operations before special items
- Grow faster than the chemical market in the following years
- Earn at least our cost of capital each year
- Increase or at least maintain our dividend each year
- Continue our share buyback program

TEN-YEAR SUMMARY

Million €

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales and Earnings[1]										
Sales	27,643	29,473	35,946	32,500	32,216	33,361	37,537	42,745	52,610	57,951
Income before depreciation and amortization (EBITDA)	4,884	4,671	5,983	4,142	5,105	5,110	7,685	8,233	9,723	10,225
Income from operations (EBIT)	2,624	2,009	3,070	1,217	2,641	2,658	5,193	5,830	6,750	7,316
Income from ordinary activities	2,771	2,606	2,827	609	2,641	2,168	4,347	5,926	6,527	6,935
Extraordinary income	–	–	–	6,121	–	–	–	–	–	–
Income before taxes and minority interests	2,771	2,606	2,827	6,730	2,641	2,168	4,347	5,926	6,527	6,935
Income before minority interests	1,664	1,245	1,282	5,826	1,599	976	2,133	3,168	3,466	4,325
Net income	1,699	1,237	1,240	5,858	1,504	910	2,004	3,007	3,215	4,065
Capital expenditures and depreciation[1]										
Additions to property, plant and equipment and intangible assets	3,722	3,253	6,931	3,313	3,055	3,415	2,163	2,523	10,039	4,425
Thereof property, plant and equipment	2,899	2,764	3,631	3,037	2,677	2,293	2,022	2,188	4,068	2,564
Depreciation of property, plant and equipment and intangible assets	2,260	2,662	2,916	2,925	2,464	2,452	2,492	2,403	2,973	2,909
Thereof property, plant and equipment	1,843	2,018	2,245	2,307	2,012	1,951	2,053	2,035	2,482	2,294
Number of employees										
At year-end	105,945	104,628	103,273	92,545	89,389	87,159	81,955	80,945	95,247	95,175
Annual average	106,928	107,163	105,784	94,744	90,899	88,167	85,022	80,992	88,160	94,893
Personnel costs[1]	**6,010**	**6,180**	**6,596**	**6,028**	**5,975**	**5,891**	**5,615**	**5,574**	**6,210**	**6,648**
Key data[1]										
Earnings per share (€)	2.73	2.00	2.02	9.72[2]	2.60	1.62	3.65	5.73	6.37	8.32
Cash provided by operating activities	3,744	3,255	2,992	2,319	2,313	4,878	4,634	5,250[3]	5,940	5,807
EBITDA in percent of sales	17.7	15.8	16.6	12.7	15.8	15.3	20.5	19.3	18.5	17.6
Return on assets (%)	11.9	10.2	9.9	3.1	8.4	7.4	13.2	17.7	17.5	16.4
Return on equity after taxes (%)	13.2	9.1	9.0	36.6[2]	9.3	6.0	12.9	18.6	19.2	22.4
Number of shares as of December 31 (in thousands)[5]	**623,794**	**620,985**	**607,399**	**583,401**	**570,316**	**556,643**	**540,440**	**514,379**	**499,680**	**478,185**

[1] Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS). The previous year's figures have been restated in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

[2] Including extraordinary income

[3] Before external financing of pension obligations

[4] Calculated in accordance with German GAAP

[5] After deduction of repurchased shares earmarked for cancellation

ANNUAL MEETING 2008 MANNHEIM, GERMANY

April 24, 2008

INTERIM REPORT FIRST-QUARTER 2008

April 24, 2008

INTERIM REPORT FIRST-HALF 2008

July 31, 2008

INTERIM REPORT THIRD-QUARTER 2008

Oct. 30, 2008

FULL YEAR 2008 RESULTS

Feb. 26, 2009

ANNUAL MEETING 2009 MANNHEIM, GERMANY

April 30, 2009

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed on page 22. We do not assume any obligation to update the forward-looking statements contained in this report.

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