GENERATIONS@WORK

Dr. Lothar Meinzer – Director BASF Sustainability Center
Anne Gerbig – Human Resources BASF

FAIRE – Paris
June 11, 2007
Disclaimer

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BASF – Number 1 chemical company worldwide

• The world’s leading chemical company: No. 1–3 market position in 75% of all products and markets
• Sales 2006: 52.6 billion Euro; Income from operations (EBIT) 2006: 6.8 billion Euro; EBIT Margin 2006: 12.8%
• Customers in more than 170 countries
• 150 Production sites in 38 countries
• More than 95,000 employees worldwide
BASF’s balanced portfolio
Focusing on our core activities

2006 total sales*: 52.6 billion Euro

*Including other activities 2006: 2.5 billion Euro (5%)
### BASF sales by customer industry

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Industry 1</th>
<th>Industry 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 15 %</td>
<td>Chemical (not an industry with end users)</td>
<td>Energy</td>
</tr>
<tr>
<td>10-15 % each</td>
<td>Automotive</td>
<td>Construction</td>
</tr>
<tr>
<td>5-10 %</td>
<td>Agriculture</td>
<td></td>
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<tr>
<td>&lt; 5 % each</td>
<td>Cosmetics</td>
<td>Electrical &amp; Electronics</td>
</tr>
<tr>
<td></td>
<td>Detergents &amp; Cleaners</td>
<td>Furniture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Health</td>
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<tr>
<td></td>
<td></td>
<td>Leather/Shoes</td>
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<tr>
<td></td>
<td></td>
<td>Packaging</td>
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<tr>
<td></td>
<td></td>
<td>Paper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Textiles</td>
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</tbody>
</table>

*Other industries amount to approximately 10% of total sales in 2006*
Profitable growth
EBIT by activity*

* Before special items as of 1999, excl. Others, ** excl. Pharma, Polyolefins, *** based on IFRS
BASF 2015 - four strategic guidelines for long-term success

- Earn a premium on our cost of capital
- Help our customers to be more successful
- Form the best team in industry
- Ensure sustainable development
BASF worldwide

- Ludwigshafen
- Antwerp
- Nanjing
- Kuantan
- Freeport
- Geismar

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- Verbund site
- Major chemical production site
### Employees by region in 2006

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of employees</th>
<th>Change compared with 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>61,444</td>
<td>+ 8.5%</td>
</tr>
<tr>
<td>thereof Germany</td>
<td>47,296</td>
<td>+ 3.7%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>12,788</td>
<td>+ 32.3%</td>
</tr>
<tr>
<td>North America</td>
<td>15,513</td>
<td>+ 57.9%</td>
</tr>
<tr>
<td>South America, Africa, Middle East</td>
<td>5,502</td>
<td>+ 13.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95,247</strong></td>
<td><strong>+ 17.7%</strong></td>
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</tbody>
</table>

* as of December 31, 2006
BASF actively shapes the challenges of demographic change

Challenge: demographic change

Phase 1: analyze the need for action
- Rough analysis of European sites
  - External demographic changes
  - Internal personnel structure
- Definition of targets / guidelines – first steps

Board
April 06

Phase 2: GENERATIONS@WORK BASF AG
- 12 projects
- Timeline by the end of 2009

Phase 3: GENERATIONS@WORK Group
- Global risk portfolio by 2nd Q 2007
- Implementation by way of existing structures from 3rd Q 2007

Aim: maintain innovative ability and safeguard necessary productivity
The population is shrinking in Europe
Parts of Asia as life expectancy overall is rising

Source: UN World Population Prospects, 2004 Revision, Medium Variant
The greatest pressure for action in respect of HR in Europe

... is on the Ludwigshafen site: high risk externally and internally – at the same time, the largest site
... in Europe, USA, Australia and Japan – other countries are not affected.

Demographic risk arising from the age structure
The workforce is getting older
Today 55% are between 35 and 50 years old

... in 2020 this majority will be 50-65 years old

Compressed age structure in BASF AG
The GENERATIONS@WORK programme plans all areas of action

… early on and enables BASF to face up to demographic change

<table>
<thead>
<tr>
<th>Effects of demographic change</th>
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<tbody>
<tr>
<td>Sites with a shrinking number of potentially employable people in the surrounding area</td>
</tr>
<tr>
<td>Increasing life expectancy and longer working life</td>
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<tr>
<td>BASF: older employees, fluctuating need for replacement</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Areas of action in BASF</th>
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<tbody>
<tr>
<td>Employability</td>
</tr>
<tr>
<td>Recruitment</td>
</tr>
<tr>
<td>Productivity</td>
</tr>
<tr>
<td>Company pension</td>
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<tr>
<td>Social responsibility</td>
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<tr>
<td>Cultural change</td>
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</tbody>
</table>

GENERATIONS@WORK
Aims of the GENERATIONS@WORK programme

Employability

BASF employees are physically and mentally fit right through to retirement age – as a result of targeted measures by the company and their own initiative.

Cultural change

As the result of a fundamental change in how we deal with aging, we are creating a motivating working environment for all generations.

Social responsibility

Our social responsibility helps us to identify and realise the opportunities of demographic change in the surrounding area.

Sustainable recruitment

We are an attractive employer in all relevant employment markets; we train continuously and appoint innovative management trainees.

Competitive productivity

Our productivity and innovative power remains competitive on the international stage even with an increasing average age.

Financing of pensions

The company pension scheme remains on a sound financial footing and will be safe in the future.
## Structure of the GENERATIONS@WORK programme

<table>
<thead>
<tr>
<th>Aims</th>
<th>Project</th>
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<tbody>
<tr>
<td>Employability</td>
<td>Personnel development</td>
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<tr>
<td></td>
<td>Health management</td>
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<tr>
<td></td>
<td>Occupational safety, ergonomics and work organization</td>
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<tr>
<td>Sustainable recruitment</td>
<td>Personnel structure management</td>
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<td>Training 2015</td>
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<td>Agencies</td>
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<td>Best Employer BASF</td>
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<td>Compatibility of work and family</td>
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<tr>
<td>Productivity</td>
<td>Performance Management LU/Europe</td>
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<tr>
<td></td>
<td>Financing of company pension scheme</td>
</tr>
<tr>
<td>Cultural change</td>
<td>Communication &amp; Change Management</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>Social responsibility in the education field</td>
</tr>
</tbody>
</table>
Back-up
Successful implementation
Ex. 1: further expansion of the measures to combine work and family

Create scope for choice

- Proportion of qualified women in the employment market will continue to grow
- Being an attractive employer for women – and fathers
- Social responsibility: making it easier to decide to have a family by offering a range of support services
- Comprehensive package of measures:
  - supporting parents
  - making it easier to return after a childcare break
  - making it possible to combine work and children

Global Family
Summer holiday programme
Part-time work offensive
Parent and child programme
Flexitime models
Personal review “return agreement”
Hertie Audit “Work & Family”
Parents’ network
Childminder network
Further company / contractual benefits
Teleworking
Information / Advice / Communication
Successful implementation
Example 2: Learning Centre

- Matching the learning curve with the working curve
  - Basic training is not the end, but the start of occupational learning
  - The 50+ generation must open up more to further occupational training and accept it

- Hence the Learning Centre:
  - Individualised, age-specific advice on learning
  - A variety of training opportunities - for different age groups
  - Joint learning events on practical topics bring young and old together
  - Wide range of different learning media

Learn lifelong learning
Successful implementation
Example 3: Proactive Education

Invest early instead of repairing later!

- Germany is missing opportunities: too many young people without a qualification
- Our aging society urgently requires well-trained young people
- Provide children with optimum encouragement and support at an early stage
- Hence “Proactive Education“:
  - Programme to promote the learning capability of young children in the region