

# BASF In Brief 2009



 **BASF**  
The Chemical Company

# BASF GROUP 2009

Million €

	2009	2008	Change in %
Sales	50,693	62,304	(18.6)
Income from operations before depreciation and amortization (EBITDA)	7,388	9,562	(22.7)
Income from operations (EBIT) before special items	4,852	6,856	(29.2)
Income from operations (EBIT)	3,677	6,463	(43.1)
Income before taxes and minority interests	3,079	5,976	(48.5)
Net income	1,410	2,912	(51.6)
Earnings per share (€)	1.54	3.13	(50.8)
Adjusted earnings per share (€)	3.01	3.85	(21.8)
EBITDA in percent of sales	14.6	15.3	–
Cash provided by operating activities	6,270	5,023	24.8
Additions to long-term assets <sup>1</sup>	5,972	3,634	64.3
Excluding acquisitions	2,536	2,526	0.4
Research costs	1,398	1,355	3.2
Amortization and depreciation <sup>1</sup>	3,711	3,099	19.7
Segment assets (as of December 31) <sup>2</sup>	40,707	38,117	6.8
Personnel costs	7,107	6,364	11.7
Number of employees (as of December 31)	104,779	96,924	8.1

<sup>1</sup> Intangible assets and property, plant and equipment (including acquisitions); includes adjustment of additions to property, plant and equipment and intangible assets following purchase price allocation for Ciba.

<sup>2</sup> Intangible assets and property, plant and equipment, inventories and business-related receivables

## BUSINESS DEVELOPMENT 2009

In 2009, our business was shaped by the economic crisis and the integration of Ciba. As forecast at the beginning of the year, sales and earnings were significantly below the previous year's level. Sales declined by 19% to €50,693 million, while income from operations decreased by 43% to €3,677 million. Despite the difficult business environment, we only narrowly missed our goal of earning our cost of capital. The capacity utilization at our plants was at a historically low level. Demand recovered, however, over the course of the year, in particular in Asia. Our measures to reduce costs and increase efficiency were effective and contributed significantly to stabilizing earnings and increasing cash flow to a record high.

→ Key data for the segments can be found inside the cover. Information on the business development in the segments can be found on pages 12 to 17.

## BASF GROUP 2009

- Lower sales and earnings due to crisis in key customer industries and weak demand
- Measures to increase efficiency were effective
- Cash flow at record high
- High one-time expenses due to Ciba integration

## SALES AND EBIT 2009

Sales (million €)

50,693

EBIT (million €)

3,677

EBITDA Margin

14.6%

# BASF'S SEGMENTS AT A GLANCE

## CHEMICALS

→ PAGE 12



In the Chemicals segment, we supply products to customers in the chemical, electronics, construction, textile, automotive, pharmaceutical, agricultural industries, and many others. Furthermore, we ensure that other BASF segments are supplied with chemicals for the production of higher value products. Our portfolio ranges from basic chemicals, glues and electronic chemicals for the semiconductor and solar cell industries, to solvents and plasticizers, as well as starting materials for products such as detergents, plastics, textile fibers, paints and coatings and pharmaceuticals.

## PLASTICS

→ PAGE 13



The Plastics segment includes a broad range of products, system solutions and services. We offer a number of engineering plastics for the automotive and electric industries as well as for use in household appliances and sports and leisure products. Our styrenic foams are used as insulating materials in the construction industry and in packaging. Our polyurethanes are extremely versatile: as soft foams, for example, they improve car seats and mattresses, and as rigid foams they serve as highly efficient insulation in refrigerators.

## PERFORMANCE PRODUCTS

→ PAGE 14



Performance products help our customers to improve their products and processes. They give special characteristics to countless everyday products: from diapers, paper, vitamins for food supplements or UV filters for sunscreen to products for the oil, automotive and coatings industries as well as for the production of textiles and leather. The acquisition of Ciba strengthens the existing businesses and extends the portfolio to include plastic additives and products for water treatment and mining applications.

## FUNCTIONAL SOLUTIONS

→ PAGE 15



In the Functional Solutions segment we bundle system solutions and innovative products for specific customers and industries, in particular for the automotive and construction sectors. Our portfolio comprises automotive and industrial catalysts, automotive and industrial coatings, as well as concrete admixtures and building products such as tile adhesives and architectural coatings.

## AGRICULTURAL SOLUTIONS

→ PAGE 16



Our crop protection products guard against fungal diseases, insects and weeds, increase quality and secure crop yields. Our research in plant biotechnology concentrates on plants for greater efficiency in agriculture, healthier nutrition and for use as renewable raw materials.

## OIL & GAS

→ PAGE 17

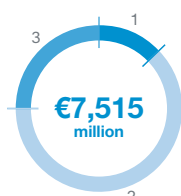


As the largest German producer of oil and gas, we focus our exploration and production on oil and gas-rich regions in Europe, North Africa, South America, Russia and the Caspian Sea region. Together with our Russian partner Gazprom, we are active in the trading, transport and storage of natural gas in Europe.

# KEY DATA SEGMENTS

## CHEMICALS

- 1 -- Inorganics: 13%
- 2 -- Petrochemicals: 62%
- 3 -- Intermediates: 25%



### Key data Chemicals

million €	2009	2008	Change in %
Sales	7,515	11,171	(32.7)
Income from operations (EBIT)	735	1,369	(46.3)

## PLASTICS

- 1 -- Performance Polymers: 42%
- 2 -- Polyurethanes: 58%

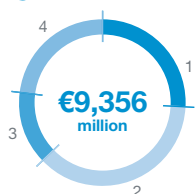


### Key data Plastics

million €	2009	2008	Change in %
Sales	7,128	9,116	(21.8)
Income from operations (EBIT)	554	539	2.8

## PERFORMANCE PRODUCTS

- 1 -- Dispersions & Pigments: 26%
- 2 -- Care Chemicals: 37%
- 3 -- Paper Chemicals: 14%
- 4 -- Performance Chemicals: 23%

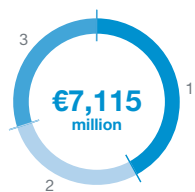


### Key data Performance Products

million €	2009	2008	Change in %
Sales	9,356	8,125	15.2
Income from operations (EBIT)	(150)	768	,

## FUNCTIONAL SOLUTIONS

- 1 -- Catalysts: 42%
- 2 -- Construction Chemicals: 28%
- 3 -- Coatings: 30%



### Key data Functional Solutions

million €	2009	2008	Change in %
Sales	7,115	9,388	(24.2)
Income from operations (EBIT)	107	151	(29.1)

## AGRICULTURAL SOLUTIONS

- 1 -- Crop Protection: 100%



### Key data Agricultural Solutions

million €	2009	2008	Change in %
Sales	3,646	3,409	7.0
Income from operations (EBIT)	769	705	9.1

## OIL & GAS

- 1 -- Exploration & Production: 34%
- 2 -- Natural Gas Trading: 66%



### Key data Oil & Gas

million €	2009	2008	Change in %
Sales	11,356	14,445	(21.4)
Income from operations (EBIT)	2,289	3,844	(40.5)



# BASF IN BRIEF 2009

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Interview Dr. Jürgen Hambrecht .....	02
Board of Executive Directors and Supervisory Board .....	04
BASF Shares .....	06
Our Strategy .....	08
Our Goals .....	09
BASF's Innovations .....	10
BASF's Segments .....	12
<b>BASF takes action: Energy &amp; Climate Protection .....</b>	<b>18</b>
<b>BASF takes action: Housing &amp; Construction .....</b>	<b>20</b>
<b>BASF takes action: Mobility .....</b>	<b>22</b>
<b>BASF takes action: Health &amp; Nutrition .....</b>	<b>24</b>
Trust & Responsibility .....	26
Work & Life .....	27
BASF in the Regions .....	28
Business Development .....	30
Balance Sheets .....	31
Statements of Cash Flow .....	32
Ten-Year Summary .....	33
BASF's Segments at a Glance .....	inside front cover

## ABOUT OUR CORPORATE REPORTING

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The information contained on the financial position and financial performance of BASF Group is based on the requirements of the German Commercial Code as well as on International Financial Reporting Standards (IFRS), according to which the BASF Group Consolidated Financial Statements are prepared. "BASF In Brief 2009" as a short 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. We do not assume any obligation to update the forward-looking statements contained in this short report. The reporting period was fiscal 2009. To ensure that this short report contains the latest information, the report includes relevant information up to the editorial deadline of March 4, 2010. "BASF In Brief" is published each year in mid-March in English and German.

## »WE WILL GROW AGAIN IN 2010«

**Interview with Dr. Jürgen Hambrecht,  
Chairman of BASF SE's Board of Executive Directors**

**With necessary measures such as short-time work and the closing of sites, BASF has made it relatively well through the economic crisis in 2009, even though sales and earnings decreased significantly compared with 2008, and the company did not earn its cost of capital. What comes after the crisis? What will happen in 2010 and beyond?**

**BASF Chairman Dr. Jürgen Hambrecht on upcoming tasks and long-term chances.**

**What comes after the crisis year 2009 – the long-awaited year of economic growth?**

The worst is behind us. Still, we will have a lot of work to do this year to get the consequences of the crisis under control. 2010 will be a year of transition with an uneven development in our businesses. But we will grow further. We will probably not be back at pre-crisis levels until 2012.

**Who will have to pay the price for the bad times?**

The burden of the crisis will be carried on many shoulders. In the past year, the BASF team has mastered extraordinary tasks and showed its full potential. For that, I would like to express my heartfelt gratitude to all employees worldwide! After the strong slump in 2008, we were able to post an above-average rebound for our shares in 2009. A solid result and our stable financial position allow us to propose an adequate dividend of €1.70 per share.

**What are the most important tasks in this new reality?**

After the immediate crisis management of the past months, our medium-term tasks remain the same: We will focus on portfolio optimization, restructuring, increased efficiency, product innovations and on expanding our business in growth markets. Through our acquisitions in the past years, together with organic growth, our portfolio has become considerably more stable. Even in times of crisis we were able to show that we have the right strategy – and we continue to follow our strategy unchanged and consistently.

**Has the Ciba acquisition proved its worth even under the different circumstances?**

A definite yes! We have become a leading supplier of specialty chemicals in key business sectors. The new BASF team is highly motivated and will fully tap this new potential. We expect annual cost synergies from the combined business of at least €450 million annually by the end of 2012 at the latest.

**While everybody is busy dealing with the crisis, will the topic of sustainability be left behind?**

Not at all! Sustainable business management is and will remain one of our four strategic guidelines. Sustainable Development guarantees long-term success. It minimizes risks, promotes existing businesses and helps create new opportunities. This is why sustainability is an integral

### OPPORTUNITIES

2010 will be a year of transition with an uneven development in our businesses. But we will grow further. We will continue to implement our solid strategy: We will focus on portfolio optimization, restructuring, increased efficiency, product innovations and on expanding our business in growth markets.

### RESEARCH AND DEVELOPMENT

New technologies and products help us to find solutions for global challenges. Therefore, we again increased our investments in Research & Development. This is long-term provision for the future.

part of our strategy and our daily business. And we can see this now: New technologies and chemical products are helping to deal with global challenges such as the conservation of natural resources. Sustainability is an integral part of our daily business. Investors are also including sustainability aspects more and more in their investment decisions. Our excellent ranking in key sustainability indices proves that we are leading the competition.

#### Let's look into the future: Where are the growth chances?

Regionally they are definitely in Asia, and especially in China. We want to exceed the annual growth of the chemical market by two percentage points in this region. Based on an expected annual market growth of four to five percent this means doubling sales in the region by 2020. At the same time, global changes such as population growth, urbanization and energy demand, are opening new market opportunities. New technologies, such as biotechnology or organic photovoltaics, are helping us to find solutions for these challenges. Therefore, we again increased our investments in Research & Development. This is long-term provision for the future.



[www.basf.com](http://www.basf.com)

More information about our company.



#### What will be important to you in 2010?

**»We have to shape the future together – with openness, respect and mutual support.«**

Dr. Jürgen Hambrecht, Chairman of BASF SE

**We are acting quickly and decisively – committed to our clear strategy.** We have to assume that in 2010, we will face slow and irregular economic growth in most parts of the world. This means we will have to further increase our efficiency and productivity, and to work as hard as ever to provide our customers with the best products and solutions. Only then can we maintain our position as the world's leading chemical company – The Chemical Company.

## RESPONSIBILITY

Sustainable business management guarantees long-term economic success. It minimizes risks, promotes existing businesses and helps create new opportunities. This is why sustainability is an integral part of our strategy and our daily business.

## DIVIDEND

Despite the 2009 economic crisis, we are standing by our ambitious dividend policy. Even though we were not able to earn our capital costs due to the crisis and integration costs for Ciba, we will propose to pay an adequate dividend of €1.70 per share.

## BOARD OF EXECUTIVE DIRECTORS AND SUPERVISORY BOARD



### **DR. JÜRGEN HAMBRECHT**

Chairman of the Board of Executive Directors, Chemist  
63, with BASF for 34 years



### **DR. KURT BOCK**

Chief Financial Officer,  
Business economist  
51, with BASF for 19 years



### **DR. MARTIN BRUDERMÜLLER**

Chemist  
48, with BASF for 22 years



### **DR. HANS-ULRICH ENGEL**

Lawyer  
50, with BASF for 22 years



### **DR. JOHN FELDMANN**

Chemist  
60, with BASF for 22 years



### **DR. ANDREAS KREIMEYER**

Research Executive Director, Biologist  
54, with BASF for 24 years



### **DR. STEFAN MARCINOWSKI**

Chemist  
57, with BASF for 31 years



### **DR. HARALD SCHWAGER**

Industrial Relations Director, Chemist  
49, with BASF for 22 years

 [basf.com/board](http://basf.com/board)

More information on the Board of Executive Directors can be found in the Report 2009 on pages 10 and 122, or on the Internet.

 [basf.com/supervisoryboard](http://basf.com/supervisoryboard)

More information on the Supervisory Board can be found in the Report 2009 on page 123, or on the Internet.



## Board of Executive Directors

The Board of Executive Directors of BASF SE consists of eight members who are appointed by the Supervisory Board.

**DR. JÜRGEN HAMBRECHT**, Ludwigshafen  
Chairman of the Board of Executive Directors, Chemist  
Legal, Taxes & Insurance; Strategic Planning & Controlling;  
Communications & Government Relations BASF Group;  
Global HR - Executive Management & Development;  
Investor Relations; Chief Compliance Officer

**DR. KURT BOCK**, Ludwigshafen  
Chief Financial Officer, Business economist  
Finance; Catalysts; Market & Business Development North America;  
Regional Functions North America; Information Services;  
Corporate Controlling; Corporate Audit

**DR. MARTIN BRUDERMÜLLER**, Hong Kong  
Member of the Board of Executive Directors, Chemist  
Performance Polymers; Polyurethanes; Styrenics;  
Market & Business Development Asia Pacific;  
Regional Functions & Country Management Asia Pacific

**DR. HANS-ULRICH ENGEL**, Ludwigshafen  
Member of the Board of Executive Directors, Lawyer  
Oil & Gas; Region Europe; Global Procurement & Logistics

**DR. JOHN FELDMANN**, Ludwigshafen  
Member of the Board of Executive Directors, Chemist  
Construction Chemicals; Dispersions & Pigments; Care Chemicals;  
Paper Chemicals; Performance Chemicals; Polymer Research

**DR. ANDREAS KREIMEYER**, Ludwigshafen  
Research Executive Director and Member of the Board  
of Executive Directors, Biologist  
Inorganics; Petrochemicals; Intermediates;  
Chemicals Research & Engineering; BASF Future Business

**DR. STEFAN MARCINOWSKI**, Ludwigshafen  
Member of the Board of Executive Directors, Chemist  
Crop Protection; Coatings; Specialty Chemicals Research;  
BASF Plant Science; Region South America

**DR. HARALD SCHWAGER**, Ludwigshafen  
Industrial Relations Director and Member of the Board  
of Executive Directors, Chemist  
Human Resources; Environment, Health & Safety;  
Engineering & Maintenance; Verbund Site Management Europe

## Supervisory Board

The Supervisory Board of BASF SE comprises twelve members: six shareholder representatives and six employee representatives.

**DR. H.C. EGGERT VOSCHERAU**, Wachenheim  
Chairman of the Supervisory Board (since April 30, 2009)

**MICHAEL DIEKMANN**, Munich  
Deputy Chairman of the Supervisory Board  
Chairman of the Board of Management of Allianz SE

**ROBERT OSWALD**, Altrip  
Deputy Chairman of the Supervisory Board  
Chairman of the works council of the Ludwigshafen site of BASF SE  
and chairman of the joint council of BASF Group

**RALF GERD BASTIAN**, Neuhofen  
Member of the works council of the Ludwigshafen site of BASF SE

**WOLFGANG DANIEL**, Limburgerhof  
Deputy Chairman of the works council of the Ludwigshafen site of  
BASF SE

**PROF. DR. FRANÇOIS DIEDERICH**, Zurich  
Professor at the Swiss Federal Institute of Technology Zurich

**FRANZ FEHRENBACH**, Stuttgart  
Chairman of the Board of Management of Robert Bosch GmbH

**STEPHEN K. GREEN**, London  
(since April 30, 2009)  
Group Chairman of HSBC Holdings plc

**MAX DIETRICH KLEY**, Heidelberg  
Lawyer

**DENISE SCHELLEMANS**, Kalmthout  
Full-time trade union delegate

**RALF SIKORSKI**, Ludwigshafen  
Manager of the Ludwigshafen branch of the Mining, Chemical and  
Energy Industries Union (IGBCE)

**MICHAEL VASSILIADIS**, Hannover  
Chairman of the Mining, Chemical and Energy Industries Union (IGBCE)

## TRANSPARENT CORPORATE MANAGEMENT

Effective and transparent corporate governance fosters the confidence of our domestic and international investors, the financial markets, our business partners, employees and the public in the management of the company. The Board is responsible for the management of the company, and represents BASF SE in business undertakings with third parties. The Board of Executive Directors reports to the Supervisory Board regularly, comprehensively and in a timely manner on all relevant matters concerning the company with regard to strategic planning, business development, risks and risk management, and agrees on corporate strategy with the Supervisory Board. The Supervisory Board appoints the members of the Board of Executive Directors and monitors and advises the Board on management issues. The Board is strictly separated from the Supervisory Board: A member of the Supervisory Board cannot simultaneously be a member of the Board.

## BASF SHARES

**At year-end, BASF shares had a price of €43.46 per share, 57% above the previous year.** In 2009, shareholders who reinvested dividends increased the value of their holding by 67.3% (2008: (42.9%)). This means that in 2009, after the strong declines in 2008, BASF shares outperformed the German and European stock markets. Their key indices DAX 30 and DJ EURO STOXX 50, rose by 23.9% and 25.5% respectively in the same time period. The global industry indices DJ Chemicals and MSCI World Chemicals also gained 53.7% and 44.5% respectively. The assets of a long-term investor who invested the equivalent of €1,000 in BASF shares at the end of 1999, and reinvested the dividends in additional BASF shares, would have increased to €2,472 by the end of 2009. This equates to a dividend yield of 9.5% per year.

### Proposed dividend of €1.70 per share

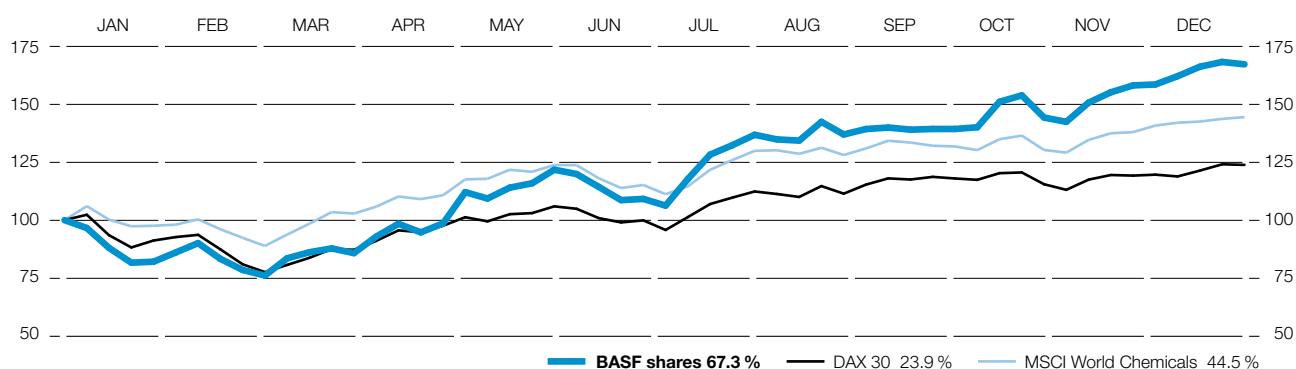
At the Annual Meeting, the Board of Executive Directors and the Supervisory Board will propose to distribute a dividend of €1.70 per share. This means that, even in difficult times, we are standing by our ambitious dividend policy

and will pay €1.6 billion to our shareholders (based on the number of qualifying shares on December 31, 2009). Based on the year-end share price for 2009, BASF shares offer a high dividend yield of 3.9%. We aim to increase our dividend each year, or at least maintain it at the previous year's level.

### Broad base of international shareholders

With around 460,000 shareholders, BASF is one of the largest publicly owned companies with a high free float. At 19% of share capital, the United States and Canada make up the largest regional group of institutional investors. Institutional investors from Germany make up 12%, while a further 27% is 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. In many countries we offer share purchase programs to encourage our employees to become BASF shareholders. In connection with this, more than 20,800 employees ordered employee shares in 2009, worth a total of around €33 million (2008: €44 million).

**Change in value of an investment in BASF shares 2009**  
(with dividends reinvested, indexed)



### BASF SHARES AT A GLANCE

- BASF shares developed better than German and European stock markets
- Proposed dividend of €1.70 per share
- Dividend yield of 3.9%
- Market capitalization of €39.9 billion at year-end 2009
- We aim to increase our dividend each year, or at least maintain it at the previous year's level.

### PROPOSED DIVIDEND PER SHARE

# €1.70

**BASF in the important sustainability indices**

For the ninth year in succession, BASF was included in the world's most important sustainability index, the Dow Jones Sustainability Index (DJSI). In September, the international investor group Carbon Disclosure Project again included BASF in the prestigious Carbon Disclosure Leadership Index (CDLI). BASF is ranked number one among all companies in the materials sector and is thus among the top performers in the area of climate protection.

**Good credit ratings and solid financing**

With "A+/A-1/outlook negative" from the rating agency Standard & Poor's and "A1/P-1/outlook stable" from Moody's, BASF has a good rating, especially compared with its competitors in the chemical industry. Our solid financial position also allowed us unrestricted access to the international money and capital markets in 2009. Since the beginning of 2009, BASF has issued several bonds and promissory notes totaling €4.4 billion to finance the acquisition of Ciba and optimize its financing structure. At year-end 2009, the financial indebtedness of the BASF Group was €14.8 billion with a liquidity of €1.8 billion. Approximately 84% of this financial indebtedness is long-term with a maturity of over one year.


[basf.com/share](http://basf.com/share)

More information on BASF shares.



**»BASF is an attractive investment. And very future-oriented! We are acting today to be ideally positioned tomorrow!«**

Magdalena Moll, Head of Investor Relations BASF SE

**There are a lot of good reasons for investing in BASF:**

BASF is growing faster than the market, because we invested in growth markets in Asia at an early stage, and, through our products, we are making a significant contribution to the megatrends of the future. Over recent years, we have actively managed our portfolio to make us less susceptible to cyclical and oil price fluctuations. In addition, our unique Verbund production system helps us to operate cost-effectively. Thus, we were able to present good figures, even in a difficult economic environment as we had in 2009, and will pay an attractive dividend to our shareholders. But this is not enough. It is our goal to further strengthen our position in the ever stronger global competition. Alongside portfolio optimization and increasing efficiency, innovation is extremely important. BASF invests nearly €1.4 billion annually in Research and Development, and has a well-stocked innovation pipeline, which contributes significantly to increasing sales.

**BASF SHARES:  
ANNUAL RETURN SINCE 1999**

Average annual return with dividends reinvested

# +9.5%

**FOR QUESTIONS ON BASF SHARES**

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- Online registration: [basf.com/share/newsletter](http://basf.com/share/newsletter)

# OUR STRATEGY

## Strategies for value-adding growth

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

And we want to remain the number one in chemistry: we want to offer innovative products, achieve attractive returns, offer our employees interesting perspectives and opportunities, and be a reliable partner for customers, shareholders and society.

We will achieve this goal by successfully combining new and proven ideas. It is important for our further development that **we earn a premium on our cost of capital**. This makes us more attractive for investors and brings us in a position to further shape our leading position independently. We must recognize what our partners need tomorrow – in order to develop innovative products and intelligent solutions in partnership with them. In this way **we can help our customers to be more successful**.

To achieve this, we rely on the strengths of our company culture. We want to **form the best team in industry**: committed and skilled employees who together create BASF's success. By combining economic success with environmental protection and social responsibility, **we ensure sustainable development**. This is our contribution to a better future for us and for coming generations.

The BASF team aligns its activities with these four guidelines and implements them in their daily work – in all regions and throughout the whole BASF world.

### Our strategic guidelines:

#### • We earn a premium on our cost of capital

Despite the economic crisis and costs of €785 million due to the Ciba integration, we only narrowly missed our goal to earn a premium on our cost of capital in 2009. Our long-term cost reduction and efficiency program NEXT supported us in this and enabled us to save expenses of about €300 million in 2009.

#### • We help our customers to be more successful

Customer satisfaction is an important precondition for long-term economic success. In 2009, we again received awards from many customers; BASF received the "Supplier of the Year" Award from Procter & Gamble, and is one of seven prize winners chosen by the company from over 80,000 suppliers. In South America, for example, we were awarded with the prize as best supplier to the Suzano Group.

#### • We form the best team in industry

In spite of the difficult economic environment in 2009, we invested in long-term issues, such as demography and training. Our Diversity + Inclusion initiative aims at attracting and winning employees with different cultural backgrounds, experiences and ways of thinking – employees who are willing to use their personal and professional competence to pursue the goals and values of our company.

#### • We ensure sustainable development

Climate protection is part of our social responsibility, therefore we want to continue to reduce the emissions of greenhouse gases per metric ton of sales product. In 2009, we have installed catalysts at the Ludwigshafen site to convert nitrous oxide even more efficiently into nitrogen and oxygen, which are natural elements of the atmosphere. This will reduce the greenhouse gas emissions by several million tons of CO<sub>2</sub> equivalents per year from 2010 on and improve our corporate carbon footprint.

## STRATEGIES FOR VALUE-ADDING GROWTH

- Maintain high level of investments in Research & Development, even in a difficult economic environment
- Global research cooperations
- Innovative business areas
- Align business models with market requirements
- Restructuring and cost cutting
- Strategic partnerships
- Active portfolio management

## OUR VALUES AND PRINCIPLES

- Sustainable profitable performance
- Innovation for the success of our customers
- Environmental protection, health and safety
- Personal and professional competence
- Mutual respect and open dialogue
- Integrity

# OUR GOALS

Binding goals for orientation

A complete list of our goals:  [www.basf.com](http://www.basf.com)  Report 2009, page 12

## 01 ECONOMIC GOALS

**Premium on the cost of capital:** Earn an EBIT of at least 9% based on the assets of the operating divisions.

**EBITDA margin:** EBITDA margin of 18% by 2012

Goal 2009:  
EBIT of (million €)

> 3,903

Status at year-end 2009:

With an EBIT of €3,677 million, we only narrowly missed our goal of earning our cost of capital.

Goal 2012:

18%

Status at year-end 2009:

14.6%

## 02 EMPLOYEES AND SOCIETY

**Occupational safety**

Goal 2020:  
Reduction in lost time injuries per million working hours (baseline 2002)

–80%

Status at year-end 2009:

–46.5%

**Senior executives with international experience**

Long-term goal:  
Increase in the proportion of senior executives with international experience

>70%

Status at year-end 2009:

76.8%

## 03 ENVIRONMENT AND SAFETY

**Reduction of greenhouse gases**

Goal 2020:  
Emissions of greenhouse gases per metric ton of sales product (baseline 2002)

–25%

Status at year-end 2009:

+0.1%\*

**Transport safety**

Goal 2020:  
Reduction in transportation accidents (baseline 2003)

–70%

Status at year-end 2009:

–57.0%

\*This increase is mainly due to the Ciba acquisition and to extensive repair and installation work on the nitrous oxide decomposer in Ludwigshafen.

### EBITDA MARGIN 2009

Goal: EBITDA margin of 18% by 2012.

14.6%

### ENERGY EFFICIENCY 2009

Improvement of specific energy efficiency of production processes (baseline 2002)

+16%



# BASF'S INNOVATIONS

Research is the future

More Information on innovative products:



[www.basf.com/innovations](http://www.basf.com/innovations)



Report 2009, page 31

BASF can look back on a long history of innovation and numerous innovative products. Our research makes important contributions to improve people's quality of life, environmental protection as well as to the sustainable use of resources. With Research & Development we are shaping the future and generating growth opportunities. In 2009, we invested around €1.4 billion in R&D projects. BASF has more than 9,300 employees at 70 research sites worldwide, often working together closely with the most important international research institutes, customers and other partners. With the Ciba acquisition, we were able to significantly expand our research team, our research portfolio, and our global presence.

## Chemistry makes electronics printable



With the printing technology of the future, we can not only print newspapers but also electronic circuits. With lower costs and new functions, many applications are becoming possible, such as flexible and lightweight displays (e-paper) or so-called smart labels. Our contribution to this is, for example, new materials for transistors.

## Tradition of ideas: From Styropor to Neopor



Styropor® is the classic material for economical construction as well as for safe packaging: applications include food boxes, shockproof packaging for electronic devices and wall insulation panels. Styropor – the name comes from styrene and porous – is foamed polystyrene comprising of 98% enclosed air. Polystyrene is a BASF innovation. Chemists at BASF in Ludwigshafen successfully synthesized polystyrene in 1930. In a polymerization reaction, long chains of the same molecule, styrene, are formed that are crosslinked with each other. From 1949 on, BASF chemist Fritz Stastny was experimenting with styrene, hoping to polymerize it in the presence of a gas. The gas was being used as an expanding agent to create a foam: Styropor. With this new product, completely new applications were possible, as the material was lighter than cork and did not decompose. Today we offer Neopor®, an innovative, improved form of Styropor. Neopor contains fine graphite particles that act as infrared absorbers and reflectors, thus reducing heat loss. Neopor's insulating properties are up to 20% better than those of Styropor – and it helps to reduce the heating and cooling energy consumption in buildings.

## BASF-PATENTS ARE NUMBER ONE

Research at the highest level: patents are a crucial basis for long-term competitiveness. With the Patent Asset Index™, developed by the WHU – School of Management in Vallendar near Koblenz, Germany, patent portfolios worldwide can be compared more precisely. BASF ranks first in the index, and is among the most innovative companies in the chemical industry.

## NUMBER OF PATENT APPLICATIONS

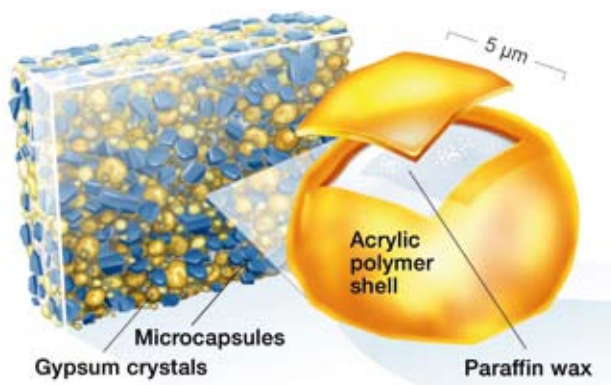
(2008: 1,265)

# 1,300

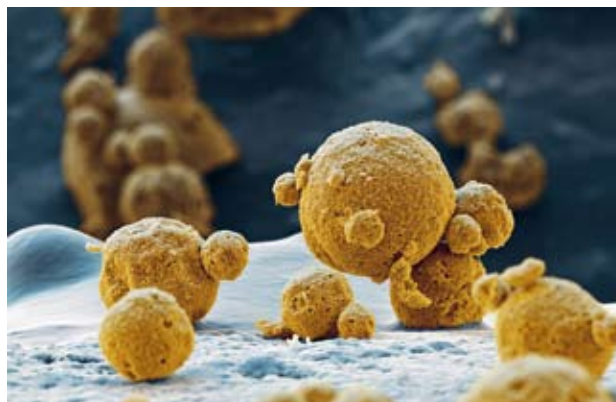
### Magnetic technology revolutionizes the refrigerator

Heat is expensive – and so is cooling energy! Refrigerators, for example, account for about one-fifth of total domestic energy consumption and air conditioners are power-hungry appliances. One possible solution to cut energy consumption significantly could be using a unit with magnetic refrigerating technology. The so-called magnetocaloric effect describes the phenomenon that materials heat up when introduced into a magnetic field and cool down again when removed. Together with our Taiwanese partner Delta Electronics, we want to use this environmentally-friendly technology to develop new cooling systems.

### Micronal nominated for the German Future Prize



Cool in summer, warm in winter: latent heat storage materials can regulate temperatures in buildings without additional energy costs. For their joint development of Micronal® PCM, a microencapsulated latent heat storage material for construction materials, the Fraunhofer Institute ISE and BASF were one of only three projects nominated for the German Future Prize 2009.



### Energy store of the future

Long-lasting, climate-friendly and energy-saving: the lithium-ion battery, which can be charged up to 2000 times, is currently the most efficient battery on the market. It is already being used in laptops or cameras – a newer, much more stable system is now being developed for new applications. This will ensure that plug-in hybrid cars, which operate with both gasoline and electricity, and especially electrically powered vehicles, can reach acceptable driving ranges and can be charged quickly. In future they should only need to recharge after 200 kilometers instead of the current 50 kilometers. Together with other companies, we are investing in further research and development of lithium-ion batteries. BASF Future Business GmbH, and in the future the Catalysts division, together with partners from industry and science from the cross-sector consortium "HE-Lion," want to develop cathode materials for higher performing, safer and above all affordable lithium-ion batteries, and bring them to market.

→ More examples of BASF's product innovations can be found on pages 12 to 25

## RESEARCH COOPERATIONS 2009

# 1,900

## INNOVATION IN NUMBERS

- 3,300 R&D projects
- More than 9,300 employees in R&D
- Around 70 research sites worldwide
- €1.4 billion invested in R&D in 2009
- In 2010 annual sales of up to €6 billion and in 2015 between €6 to 8 billion expected from product innovations – new or improved products or applications, which have been on the market for less than five years

# CHEMICALS

The Chemicals segment consists of the **Inorganics, Petrochemicals and Intermediates divisions**. In our integrated production facilities – our **Verbund** – we produce a broad range of basic chemicals and higher value products in Europe, Asia and North America for our internal and external customers.

At €7,515 million, **sales** in 2009 decreased sharply by 33% compared with the previous year's level. **Income from operations** also declined by 46% to €735 million. This was mainly due to the dramatic drop in demand at the end of 2008 and in the first quarter of 2009. For 2010, we expect a further stabilization in demand. We expect sales and earnings to improve significantly.

Sales in the **Inorganics** division decreased by 29% to €983 million in 2009. We saw a decline in all market segments. Following the sharp sales downturn in the fourth quarter of 2008, this downward trend continued in the first half of 2009. In the second half-year our businesses recovered; nevertheless, we were not able to reach the high level of the previous year. Income from operations was considerably below the previous year's level and was negative. This was mainly due to lower prices and margins for basic products.

In 2009, the **Petrochemicals** division posted sales of €4,664 million, 36% below the previous year. Due to the economic crisis, demand dropped significantly at the end of 2008. In the first months of the year, we had to reduce production considerably. Over the course of the year, sales volumes improved slowly, but did not, however, match the high levels of the previous year. After a drop in the first quarter, raw material prices also rose noticeably; still, the average annual prices did not reach the high level of 2008. After a difficult start in the first quarter of 2009, we were

able to improve income from operations in the following quarters. Overall, earnings, however, were below the previous year's strong level.

In the **Intermediates** division, sales decreased by 26% to €1,868 million in 2009. Business with products for the agricultural, energy and pharmaceutical industries remained largely stable compared with the previous year. A strong decline in demand from our customer in the textile, leather, automotive, coatings and plastics industries had an impact on the beginning of the year 2009. From April on, demand picked up. This was mainly due to government stimulus programs, the end of inventory destocking by customers and solid demand in Asia. In spite of improved margins and reduced costs, income from operations was below the previous year's level. Earnings were impacted by special items in connection with the planned closure of a BASF plant in Feluy, Belgium.

 [basf.com/chemicals\\_e](http://basf.com/chemicals_e)

More information on business development in the Chemicals segment

## Variable power transmission with Basonetic

Our Basonetic® magnetorheological fluids (MRF) can be diversified from free flowing to solid in just milliseconds by the introduction of magnetic fields. This property makes them suitable for the design of mechanical devices for adaptive force and torque transmission, such as engine mounts, clutches or shock absorbers. Together with pilot customers, we have already successfully tested Basonetic in applications with high loads, including for example suspension bridges.

**FULL YEAR 2009**  
compared with previous year

**SALES**

**EBIT**

**–33% –46%**



Safe and stable: suspension bridges with Basonetic.

# PLASTICS

**BASF is one of the world's leading producers of plastics. Our Performance Polymers and Polyurethanes divisions offer energy-efficient products and system solutions as well as customer-oriented services.**

**Sales** decreased by 22% to €7,128 million. At €554 million, **income from operations** was 3% above the previous year's level, mainly due to the positive earnings contribution from Performance Polymers. Against the backdrop of a global economic recovery, we expect a strong increase in sales and earnings in 2010.

At €3,005 million, sales in the **Performance Polymers** division were 24% below the level of the previous year. Demand from our main customer industries – automotive, construction, electric, and, in Asia, textiles – recovered from the drop seen in the second half of 2008, but did not match the level seen before the economic crisis. In particular the engineering plastics business was adversely affected by weak demand from the automotive industry in the first half of 2009. After negative earnings in the first quarter, business development improved in nearly all business sectors. Short-time work had to be introduced temporarily at our production facilities due to significantly lower sales volumes. In 2009, we implemented further measures to optimize costs. They included the closure of plants in Tarragona, Spain, and Ludwigshafen. Due to the recovering economy and cost reductions achieved through several cost-cutting measures, income from operations again reached the profit zone, after negative earnings in 2008.

Sales in the **Polyurethanes** division were €4,123 million, around 20% below the previous year's level. All regions and product lines recorded a decline in sales; this was mainly due to lower volumes and prices. Compared with the previous year, demand from important customer industries,

such as the automotive and construction industries, decreased worldwide, especially strongly in Europe and North America. Supported by the positive development in China, the demand for polyurethanes in Asia reached the previous year's level. At the end of the year we were able to gradually implement price increases, thus compensating for higher raw material and energy prices. Due to lower sales volumes and margins, income from operations was below the previous year's level. As leading supplier of polyurethane solutions, we are constantly expanding our worldwide network of system houses. In currently 38 system houses, we provide fast local support from the development of customized solutions to technical service for our customers in numerous important industries.

 [basf.com/plastics\\_e](http://basf.com/plastics_e)

More information on business development in the Plastics segment

## Abacustica puts a stop to noise

Noise is the enemy of concentration, and a high noise level in schools and kindergartens often makes it impossible to pay attention. With Abacustica®, a do-it-yourself solution based on our Basotect® foam, buildings can be acoustically optimized after they have been built. The concept is very easy – and so is the installation: with a few small steps, teachers, parents and pupils can solve the problem of noise together – efficiently and economically.

**FULL YEAR 2009**  
compared with previous year

**SALES**

**EBIT**

**–22%** **+3%**



Reading and learning without stress: sound absorption with Abacustica improves room acoustics.



# PERFORMANCE PRODUCTS

**The Performance Products segment consists of the Dispersions & Pigments, Care Chemicals, Paper Chemicals and Performance Chemicals divisions. Our customers use our products and services to make their processes more efficient and to give their products special characteristics, such as heat resistance, UV stability or color.**

**Sales** increased by 15% to €9,356 million, solely due to the inclusion of the Ciba businesses from April 2009 onward. Due to the economic crisis and high charges incurred as a result of the Ciba integration, **income from operations** was €(150) million. In 2010, we expect an upturn in demand resulting in a strong increase in sales. As a result of high synergy effects from the acquisition and significantly lower integration costs we expect income from operations to be considerably higher than in the previous year.

In the **Dispersions & Pigments** division we achieved sales of €2,445 million, around 9% above the previous year's level, mainly due to the included Ciba businesses. In 2009, we adjusted production worldwide to meet declining demand and reduced our inventories. Lower capacity utilization rates at our plants and high integration costs had a negative impact on the income from operations, which was negative.

At €3,405 million, sales in the **Care Chemicals** division were 5% lower than in the previous year. In spite of weaker demand we were able to increase margins and keep sales prices stable. Income from operations was negatively affected by integration costs and was below the high level of the previous year. Due to the fast integration of the Ciba activities into existing BASF structures, we have already been able to use synergies from the combined portfolio in our marketing activities in 2009.

The new **Paper Chemicals** division posted sales of

€1,326 million in 2009, 29% higher than in the previous year. This was solely due to the Ciba businesses, which were included in the division from April 2009 onward. The integration of the Ciba paper business contributed with €479 million to sales. Due to high integration costs, impairment charges, restructuring measures and the creation of structures in the newly established division, income from operations decreased and was negative.

At €2,180 million, sales in the **Performance Chemicals** division were 73% above the previous year's level. The established BASF businesses contributed to sales with €1,080 million, the Ciba businesses with €1,100 million. Due to the economic crisis, all business sectors recorded a decline in demand compared to the previous year. In 2009, the division was negatively impacted by costs resulting from the integration of the Ciba businesses. Therefore, income from operations was considerably lower than in the previous year and was negative.



[basf.com/performanceproducts\\_e](http://basf.com/performanceproducts_e)

More information on business development in the Performance Products segment

## Well-protected with Tinosorb

Sunshine does have a dark side. The UV radiation component in sunlight can be harmful to human skin. However, we can protect our skin with sunscreens containing highly effective UV filters. Ciba's Tinosorb® products are now part of our portfolio. Together with BASF's Uvinul® UV filters, they cover a very broad UV ray spectrum, enabling cosmetics companies to produce sunscreens with extensive UV protection.

## FULL YEAR 2009

### SALES

compared with previous year

# +15%

### EBIT

High costs due to the Ciba integration resulted in an EBIT of €(150) million.



Safe in the sun: Our UV filters are tested for environmental compatibility and skin compatibility.



# FUNCTIONAL SOLUTIONS

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

In 2009, sales decreased by 24% to €7,115 million. Income from operations also declined by 29% to €107 million. This was mainly due to the dramatic drop in demand from the automotive industry, and higher raw material costs which negatively impacted margins. For 2010, we expect an improvement of the market environment in the construction and automotive industries, resulting in a slight recovery in sales. We also aim to increase income from operations significantly.

In the Catalysts division, sales decreased strongly by 37% to €2,961 million, due to lower precious metal prices and the weaker demand. The dramatic drop in demand from our main customer industries, the automotive and chemical industries, negatively impacted sales and earnings in 2009. A higher business volume in emerging markets, particularly in Asia Pacific, could not offset the sharp decline in Europe and North America. Due to the extraordinarily weak market environment, especially in the first half of 2009, income from operations was significantly below the previous year's level – in spite of considerably reduced fixed costs. Higher earnings in our refinery catalysts business could not compensate for lower earnings in other businesses.

In the Construction Chemicals division, sales decreased by 8% to €1,991 million due to lower volumes. This was due to the continuing weakness in the construction sector in many of our important markets. In the U.S., Spain, Great Britain, Brazil and Japan, we recorded the strongest decline in sales. In China and on the Arabian Peninsula, we continued to grow. Although, income from

operations improved compared to the previous year and was again positive, it was negatively impacted by significant special items resulting from measures to strengthen competitiveness.

At €2,163 million, sales in the Coatings division were 13% below the level of the previous year. All business units in Europe, North and South America were affected by the worldwide decline in demand. Lower sales resulted in particular from the deterioration in the market environment for the automotive industry in Europe, North and South America as well as to our divestitures in our industrial coatings activities in North America in 2008. Income from operations exceeded the previous year's level, because we were able to reduce fixed costs through personnel adjustments and strict cost discipline, and thus were able to keep the margins stable.



[basf.com/functionalsolutions\\_e](http://basf.com/functionalsolutions_e)

More information on business development in the Functional Solutions segment

## Tata Nano sports coatings from BASF

Economical and efficient: Since 2009, the compact Tata Nano® has been seen on India's streets – manufactured with BASF technology. Our most noticeable contribution are color and brilliance of the vehicle's exterior: We supply about 35% of the coating materials for Tata Motors and are the only supplier from whose range one product – white paint – is used for all Tata model lines. In addition, BASF has been approved by Tata Motors to supply additional colors for the Nano. However, our contribution to cleaner air is invisible: our catalytic converter helps the Nano meet India's current emission standards.

FULL YEAR 2009  
compared with previous year

SALES

EBIT

–24% –29%



Small car – large effects: BASF technology lets the Tata Nano shine.

# AGRICULTURAL SOLUTIONS

The Agricultural Solutions segment consists of the Crop Protection division. We develop and produce innovative active ingredients and formulations for the improvement of crop quality and yields, and market them worldwide. BASF Plant Science conducts research in the field of plant biotechnology.

Compared with the previous year, we increased sales by 7% to €3,646 million in 2009. Income from operations rose by 9% to a new record high of €769 million. In 2010, we want to achieve an increase in sales, in spite of a difficult market environment. We want to keep our profitability on the high level of 2009.

The Crop Protection division again increased sales and earnings. Thanks to a very strong demand in trade, we had a very good start in 2009. From the beginning of the second quarter, business weakened, mainly due to unfavorable weather conditions resulting in decreased use of plant protection products in the Northern hemisphere. Overall positive currency effects and the Sorex/Whitmire business acquired at the end of 2008 contributed to improved sales. At €1,520 million, sales to customers in Europe nearly matched the previous year's level. Negative currency effects, particularly related to Eastern European currencies, adversely impacted sales. Use of crop protection products declined due to a late start to the season following a long winter, as well as low disease pressure for field crops. Lower sales volumes could be offset by higher prices. In the growth markets of Central and Eastern Europe our cautious credit management paid off. At €910 million, sales in North America, were significantly higher than in 2008. This was mainly due to higher prices and the strong annual average U.S. dollar in 2009. In addition, the Sorex Group, which we acquired in 2008, contributed to

the increase in sales. Adjusted for portfolio and currency affects, sales were at the level of the previous year. In Asia, we could increase sales to €378 million, mainly due to higher sales volumes. Sales grew especially strongly in Chinese and Indian markets. At €838 million, sales in South America were above the previous year's level, mainly due to higher sales volumes resulting from favorable weather conditions. With an EBITDA margin of 26.7%, we again exceeded our goal of 25%.

BASF Plant Science focuses on plants for more efficient agriculture, healthier nutrition, and for use as renewable raw materials. We cooperate with leading seed production companies such as Monsanto, KWS, Embrapa or CTC.

 [basf.com/agriculturalsolutions\\_e](http://basf.com/agriculturalsolutions_e)

More information on business development in the Agricultural Solutions segment

## Capalo: one product – three active ingredients

Farmers usually have to treat their fields with a large variety of different substances. To help them reduce the number of applications, we have combined three different active ingredients in one crop protection product. This is achieved with innovative formulations with polymer auxiliaries optimized for agricultural applications. In this way, two of the most common wheat diseases – septoria leaf spot and powdery mildew – can be fought with a single combined product, for example with our Capalo® plant protectant.

**FULL YEAR 2009**  
compared with previous year

**SALES**

**+7%**

**EBIT**

**+9%**



We are constantly researching on new and improved solutions for healthy plants.

## OIL & GAS

**BASF's oil and gas activities are bundled in the Wintershall Group. Wintershall and its subsidiaries operate in the business sectors Exploration & Production and Natural Gas Trading.**

In 2009, **sales** decreased considerably by 21% to €11,356 million. **Income from operations** declined by 41% to €2,289 million. In 2010, we expect earnings to increase while sales remain nearly unchanged.

In the **Exploration & Production** business sector sales decreased by 28% to €3,874 million compared with the previous year. In 2009, the average reference price of crude oil (Brent) was \$62 per barrel, \$36 per barrel less than in the previous year. As a result of the recovering U.S. dollar against the euro, the decrease in euro terms was only from €22 per barrel to €44 per barrel. Crude oil and gas production increased by 4% to 136 million barrels oil equivalent (BOE). Income from operations decreased by 46% to €1,781 million, primarily due to prices. In 2009, earnings from the Oil & Gas segment included €870 million from income taxes on oil production in North Africa that are noncompensable with German corporate income taxes (2008: €1,851 million). In Norway, we acquired stakes in more exploration licenses in 2009. In the natural gas field Yuzhno Russkoje, we have a share of 35% in the economic success, through Severneftegazprom. Following commissioning of all 142 production sites, the anticipated plateau production rate was reached faster than scheduled.

In the **Natural Gas Trading** business sector, sales decreased by 18% to €7,509 million primarily due to lower prices. Due to the unfavorable economic climate, natural gas volumes decreased by 7% to 388 billion kilowatt hours. This decline was almost equally attributable to markets in Germany and abroad – particularly in Romania.

Of these volumes, around 10% was supplied to BASF Group companies. At €508 million, income from operations was 3% lower than in the previous year. As sales prices for natural gas can contractually only be adjusted to the course of the oil price with a time lag of several months, we benefitted from the high average oil price in mid-2008. This effect, however, was reversed in the course of 2009. A significant component of our growth strategy in natural gas trading is our stake in Nord Stream AG. This company is building a natural gas pipeline that runs from Russia through the Baltic Sea to the German coast. In the meantime, all relevant countries – Denmark, Sweden, Russia, Germany and Finland – granted the building permits. Construction is planned to start in the first half of 2010.

 [basf.com/oilandgas\\_e](http://basf.com/oilandgas_e)

More information on business development in the Oil & Gas segment

### New gas storage facilities for Europe

Natural gas storage facilities are an important means to ensure a secure energy supply, and the flexible availability of gas for Europe. The BASF subsidiary WINGAS has now increased its storage capacity by more than 40%, due to new natural gas storage facilities in Haidach, Austria, in Jemgum, located at German-Dutch border, and England. The German-Russian company WINGAS has thus expanded its position as one of the leading providers of storage capacities in Europe.

**FULL YEAR 2009**  
compared with previous year

**SALES**

**EBIT**

**–21% | –41%**



Secure energy supply with gas storage facilities – for example our new facility in Haidach.



## BASF TAKES ACTION: ENERGY & CLIMATE PROTECTION

 [basf.com/future/climate](http://basf.com/future/climate)

### Climate friendly energy source: Better use of wind energy thanks to BASF



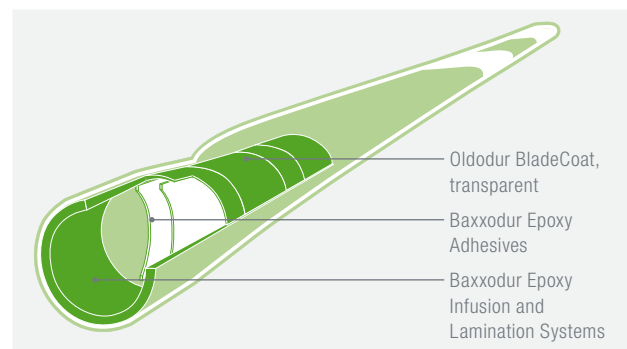
BASF products can also be found in the large wind turbines of the company Enercon.

**Wind energy is considered to be one of the key sources of climate friendly energy for the future.** This is where we can play a crucial role in generating clean, renewable energy. Our products – from concrete additives to anti-corrosives and system solutions for wind turbine blades – are used in wind parks all over the world.

**Secure and solid thanks to BASF:** Before power can be generated, the giant wind turbines have to be safely and stably secured in the ground. This is where, in addition to our specially developed Masterflow® mortars, our concrete additives also ensure stability. The concrete used to anchor the turbines in the ground often has to be transported over long distances, as well as withstand a wide range of ambient temperatures. Our Delvo® stabilizer can be individually adjusted to both weather conditions and transportation routes. In addition, our high performance plasticizer PS 1466 is used to ensure that the concrete has the necessary stability. Rheocrete® CNI acts as an anti-corrosive.

**System solutions for wind turbine wings:** We offer tailor-made high-value products for the moving parts of wind

turbines too: BASF systems made of epoxy resin and Baxxodur® brand hardeners give the wind turbine blades high mechanical strength. They also help to speed up production times for the manufacture of rotor blades by up to 30%. In addition, our coatings protect the surface of the rotor blades. Thanks to these system solutions we help to make wind energy more cost-efficient.



Cross section of a rotor blade.

Climate change is one of the major challenges facing society. Business, science, politicians and society are called upon to halt the continuing increase in greenhouse gases and to use existing resources more efficiently. We offer a variety of solutions to protect the climate – products to make wind and solar energy more economic in the long-run, and for energy efficient vehicles and buildings. These are all areas that offer good business opportunities in the future. In addition, in 2008 we were the world's first industrial company to publish a comprehensive carbon footprint.

## Intelligent products for solar energy

**BASF also has a lot to offer in the solar energy field:** from chemicals for solar cells through new printing technologies to insulating materials for solar collectors.

**All-round solutions for solar cells:** Our Seluris™ chemicals offer economic and tailor-made solutions for different process steps in the production of solar cells from silicon wafers. We have also developed silver and aluminium pastes under the CypoSol™ brand name for the printing of contacts on solar cells. Combined with a new contact free laser transfer printing process, they reduce the breakage rate and make it possible to handle and process even thinner solar cells.

**Better solar collectors thanks to BASF:** Our UV-stable COLO-Fast® polyurethane casting system is poured as frames directly onto the solar cells. This results in greater freedom of design, faster production times, better edge protection, extreme resistance to weathering and high UV resistance. Our Basotect® foam ensures the long term heat



BASF chemicals make solar collectors cost-efficient and stable.

insulation of solar collectors. Basotect also shows good insulating properties over a long period, even when exposed to high temperatures and it positively affects the air exchange in the collector at different climatic conditions. Moreover, in contrast to conventional insulating materials, the BASF foam can be cut into different forms very easily.

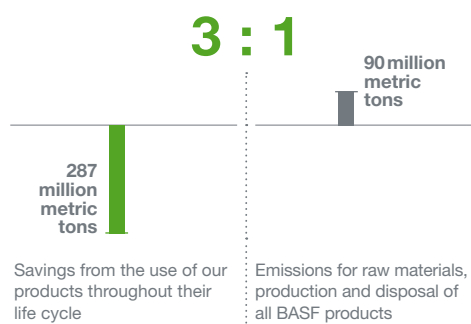
## Climate protection is a top priority: our carbon footprint

**Many BASF products help to reduce CO<sub>2</sub> emissions.**

We were the world's first company, in February 2008, to publish a comprehensive carbon footprint, which was updated in October 2009. This corporate carbon footprint contrasts the CO<sub>2</sub> emission savings that are achieved with BASF products and processes with the emissions from raw material extraction, production and product disposal of all BASF products. An independent study by the Institute of Applied Ecology (Öko-Institut) in Freiburg has confirmed the accuracy of our calculations: BASF products help to save three times more greenhouse gases than the entire amount caused by their production and disposal.

**Customers save with our products:** This positive carbon footprint is only possible because we not only reduce our own CO<sub>2</sub> emissions, but also help our customers to save CO<sub>2</sub> – whether in construction, cars or industrial production. A total of more than 287 million metric tons of CO<sub>2</sub>, for example, are being saved worldwide through the use of products sold by us in 2008. To maintain or improve

### Comprehensive carbon footprint



our footprint, we invest more than €400 million annually on research and development in areas such as energy efficiency, climate protection, resource conservation and renewable raw materials. Our transparent reporting and consistent actions on climate protection have been recognized by the Carbon Disclosure Project: BASF was voted top company in the materials sector.



## BASF TAKES ACTION: HOUSING & CONSTRUCTION

 [basf.com/future/housing](http://basf.com/future/housing)

### City of the future: Masdar city will be climate-neutral and clean



The construction of Masdar City has started – in the future, almost 50,000 people will live and work in the world's first climate-neutral city.

**Masdar City, approximately 30 kilometers from the center of Abu Dhabi,** is the first CO<sub>2</sub>-neutral and zero-waste city in the world to be built. As strategic partner, we are contributing to the project with our products and system solutions for sustainable and energy-efficient construction in order to significantly reduce Masdar City's energy requirements. The city is currently in its first phase of construction. It is already attracting companies and scientists as research and development center for innovations in the areas of renewable energy and environmental technologies. For example the International Renewable Energy Agency (IRENA) is going to locate its headquarters in Masdar City.

**Close cooperation with Masdar:** We are a strategic partner and preferred supplier of building materials and system solutions. Masdar is also collaborating with the world's leading enterprises, investment companies and educational institutions in order to develop and deploy innovative technologies, systems and sustainable solutions in Masdar City, Abu Dhabi and the Gulf region. This is why we will also be based in Masdar City. With this project, we are under-

lining our commitment to energy-efficient and climate-friendly construction. BASF develops and markets a wide variety of products to help conserve energy and resources in construction projects: From concrete admixtures, industrial floors, insulation materials and thermal insulation composite systems to latent heat storers and pigments.



Futuristic and energy-efficient: houses of the future in Masdar City.

**New construction, renovation or interior work: in almost all construction projects, raw materials and products from BASF play a role. With energy-efficient, economically and environmentally sound solutions from BASF, contractors and home owners can protect the climate and save costs.**

## Sustainable and cost-efficient: concrete hardening with X-SEED

In 2009, we launched our new **Crystal Speed Hardening™ concept** for contractors and precast producers. The core product of the system is X-SEED® 100, a unique hardening accelerator. It speeds up concrete hardening significantly in the early stages of the process and also improves the quality and thus the durability of the hardened material. This makes concrete more efficient and easier to process.



Efficient concrete processing with X-SEED.

## Kaurit Light makes chipboard lighter

Wood-based panels produced with our **Kaurit® Light technology** consist of wood chips, a plastic (Kaurit Light) and a binder (Kaurit glue). Thus, the weight is reduced by 30% but the panels can still be produced and processed with existing equipment and materials. This means the panels are a light and energy-saving alternative to conventional chipboards – for example for kitchen work surfaces or furniture.



Lightweight wood-based materials: Kaurit Light makes panels 30% lighter.

### BASF products for houses



## BASF TAKES ACTION: MOBILITY

 [basf.com/future/mobility](http://basf.com/future/mobility)

### Cost-effective and energy-efficient: Light materials for heavy machinery



Robust, light and stable: BASF plastics protect agricultural machinery.

#### Across unsurfaced fields in all kinds of weather:

Tractors, combine harvesters and other agricultural machines are usually exposed to greater pressure than normal road vehicles, which is why they need strong and robust materials. This is where our plastics, such as Terblend® N and Ultramid®, come in. Both the global market leader in agricultural engineering, John Deere, and the Italian agricultural machinery maker Same Deutz-Fahr use BASF plastics in standard production.

#### Terblend N meets all requirements

The interior panels in tractors present challenging demands for the materials: plastic components in agricultural machines are, for example, often very large. To save on costs, they are generally either not painted, or only partially painted. The plastics used must therefore not only be easy to manufacture and at the same time stable but also look attractive – requirements that Terblend meets perfectly. The result? Both improved surface quality and sturdier paneling. Moreover, the components are impact resistant and chemical resistant.

**BASF plastics save time, costs and energy:** For years, car and agricultural vehicle manufacturers have relied increasingly on plastics. At the moment, the proportion of plastics in cars is 15 to 18% – with rising tendency. Plastic components that are just as stable as metal components but only half as heavy protect the environment and save money. They are not only easier to process, they also reduce fuel consumption.



Many applications: Terblend N in the overhead console of the new Opel Zafira.



How can we combine mobility with environmental protection? With our modern products and solutions for the automotive industry, we are seizing business opportunities and at the same time protecting the environment. Our products range from catalysts, particle filters, fuel additives and plastics, all the way to chemicals for automotive textiles and coatings. In this way, we improve comfort, enhance performance, reduce fuel consumption, ensure more safety and lower emissions.

## BASF makes sure the seat is right

**Sporty, comfortable but still robust** – that's what a good car seat should be. The front seats of the new Opel Insignia OPC were developed by Opel and Recaro with BASF's assistance. BASF's Ultramid® plastics were used in the seat pan and the backrest shell. The insert for the backrest shell is made of Neopolen®. In addition to the seat, the Opel Insignia also contains more than 20 individual components such as interior panels or mirror shells made from BASF plastics.



Ultramid makes car seats comfortable and safe.

## Shiny colors – environmentally friendly production

**Whether they're for trucks, cars, buses or motorbikes** – modern automotive coatings don't only look good, they are also resistant to heat and cold, grit and road salt. At one-tenth of a millimeter, the coating is as thin as a human hair and still has to withstand extreme levels of stress. We develop innovative solutions for automotive coatings. Our integrated process combines the functionality of two layers of coating and in this way helps to lower emissions and energy consumption during automobile production.



The quality check proves: BASF coatings are robust and environment-friendly.

### BASF products for cars

The **iGloss** clear coat is extremely scratch-resistant, long-lasting, high gloss and resistant to environmental influences.

Our **Keropur** fuel additives guarantee a clean engine, help save fuel and reduce emissions.

**Neopolen** foam components in bodywork and doors absorb collision energy.

**Ultramid** can now be found in new seats. In addition, motor parts made of **Ultramid** reduce vehicle weight and help save fuel.

**Lumogen Black** and **Sicopal Black** reduce the temperature of the dashboard in sunlight.

**Terblend N** and **Terluran** plastics in consoles and components guarantee a high-quality overall look.

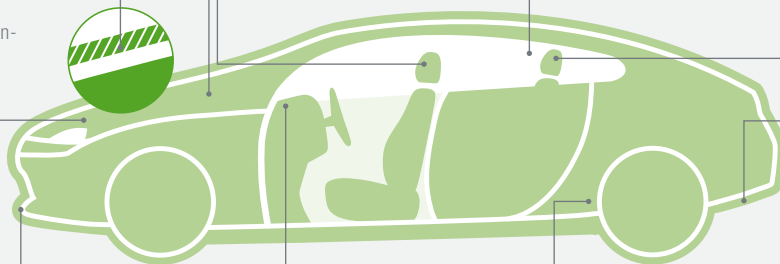
Damping elements made of **Cellasto** enhance passenger comfort and safety.

Our **Astacin** range refines leather surfaces and is exceptionally environment-friendly.

**Catalysts** for diesel and gasoline engines purify exhaust fumes and reduce harmful emissions such as NOx and CO.



Products and applications introduced to market in 2009.



## BASF TAKES ACTION: HEALTH & NUTRITION

 [basf.com/future/nutrition](http://basf.com/future/nutrition)

### Samruddhi business model for more wealth: Better yields with BASF know-how



Good and profitable yields: Indian farmers benefit from BASF know-how.

**BASF's Agricultural Solutions segment is well positioned** to help farmers become more sustainable. We not only provide our customers with reliable and innovative products, but also support them with our know-how. In many parts of the world, farmers do not have the knowledge necessary to improve their yields sustainably. In these places, for example Eastern Europe and India, we are supporting local farmers with our expertise.

**Samruddhi helps Indian farmers:** In India, the market for plant protection products is growing twice as fast as the industry average – and local farmers are interested in information on the best agricultural methods. Here, BASF can help with know-how and expertise: In 2005, we started our business model “Samruddhi” – a Hindi expression for “prosperity”. Our agronomists accompany and coach farmers throughout the season. Today, we are working with more than 100,000 farmers, helping them select the best agricultural practices, the ideal seed varieties, as well as the best fertilizers and effective plant protection technologies for good harvests. Samruddhi is a success for all partners: In soy production, for example, participating farmers

achieved an average increase in yield of 30%. Our business with plant protection products for soybeans in India also grew by an average 60% annually over the last 3 years.



With consultancy service and expertise BASF boosts soy bean production in India.



The world's population is growing, and in addition to healthy and adequate nutrition, access to clean drinking water is becoming more and more important. Our expertise not only helps to support agricultural production, it also makes us a reliable partner for customers in the cosmetics and pharmaceutical industries, as well as for human and animal nutrition and for non-profit organizations.

## Better health thanks to clean water

**According to the World Health Organization (WHO),** more than one billion people worldwide do not have access to clean drinking water. To solve this problem, the Danish company Vestergaard Frandsen has developed a revolutionary gadget: the portable LifeStraw® Family water purification system. The easy-to-use plastic tool can convert large quantities of dirty surface water into potable water. The primary element is an approximately 30 cm long plastic housing that contains filter membranes made from our plastic Ultrason® E. They remove viruses as well as bacteria from dirty water that may have come from rivers, lakes, rainwater collection barrels or puddles.

**Lightweight, safe and ready-to-use:** The tool is not only easy-to-use, but also inexpensive. LifeStraw Family is able to purify at least 18,000 liters of water reliably without the need for batteries, electricity, replacement parts, chemicals or complex technology – thus providing a family of four with clean water for up to three years. The products can be quickly and easily distributed during natural disasters. This happened, for example, in response to Myanmar's cyclone Nargis in May 2008 and the Chinese earthquake in August 2008.



Filter membranes made out of BASF plastics guarantee clean drinking water.

## Strong plants for good yields

**Environmental factors like heat or cold** often determine how good the harvest is. According to experts, the number and duration of dry spells is expected to increase as a result of climate change. To provide yield stability to farmers, we have developed a drought-tolerant corn (maize) together with our biotech partner Monsanto. In the United States, farmers will probably be able to use this drought-tolerant product as early as 2012.



Good yields in spite of bad weather – possible with drought-tolerant corn (maize).

# TRUST & RESPONSIBILITY

**We integrate social and environmental responsibility into our business activities.**

**Forward-looking, safe and reliable – we combine economic success with environmental protection and social responsibility. In this way we help to create a better future for coming generations. With sustainable development, we create value for us and for our partners in industry and society.**

## Employees become safety champions

BASF attaches great importance to safety for its employees, neighbors and the community, not only in industrial plants and transportation, but also in offices and on the way to work. And safety concerns all of us. This is why we launched the “safety champion” initiative in 2008. It’s not about rules, but about making employees enthusiastic about safety. That means: setting a good example, being careful, talking about mistakes, identifying opportunities for improvement, accepting criticism and tackling flaws. In many different events, more than 14,000 employees at 36 sites worldwide have already been discussing safety with managers, experts, and partner companies. As a result, we are developing ideas and implementing improvements. Under the overall theme of “safety champions,” we have further advanced this initiative simultaneously in Asia as “C.A.R.E.,” in North America as part of “Journey to EHS Excellence,” and in South America as “Cultura de Segurança”.

## Success through open dialogue

Every day, we meet customers, suppliers, employees, investors but also representatives from governments, municipalities, NGOs and the media. As a company from the chemical industry, we are aware of the special responsibility we have to our communities. We believe that the more we actively integrate our interest groups into projects and partnerships, the more trust they will place in our business activities. Transparency is essential. This is why

we conduct regular surveys on a wide variety of topics. This helps us to identify what expectations and demands will be made on us in the future.

## Responsibility for our products worldwide

We are responsible for ensuring that our products are safe and do not pose a danger to people or the environment when they are used responsibly and in the manner intended. The basis for this are our risk assessments and product testing as well as comprehensive and continuous information on products and their safe handling. In connection with REACH, the European regulation on chemicals, we have successfully completed the pre-registration, and are now working on the registration of all large-volume substances of more than 1,000 metric tons. Beyond the statutory requirements, we introduced our own global guidelines for product responsibility and have set ourselves worldwide goals. In addition, we support the Global Product Strategy (GPS) of the International Council of Chemical Associations (ICCA). Through GPS, global standards and practices are being established to improve the safety of using chemical products worldwide.

## Trust in new technologies

Nanotechnology opens up chances for society and BASF – and we want to use these chances responsibly. This is why we started engaging in public and political debates on this topic in 2004, at a very early stage of its technological development. In 2008, we established the “Nano Dialogue Forum” with BASF and external experts, such as representatives of environmental and consumer protection organizations and churches.



[basf.com/sustainability](http://basf.com/sustainability)

More information on sustainability at BASF



## WE GENERATE VALUE WITH RESPONSIBILITY

“A business cannot be successful in the long term if it does not act responsibly towards the environment and society. That is why sustainability is an integral part of our strategy.”

**Dr. Jürgen Hambrecht**, Chairman of BASF SE

# WORK & LIFE

## Commitment to our employees

**Our employees are the key to our success: Their qualifications, commitment and motivation, make BASF competitive and fit for the future.**

### Attractive for new talents

To remain the best team in industry, we need the best employees – and we must support them with programs to help combine their job and family life, and with further training. Our global employee survey helps us to become even better. Even in times of crisis, we want to win, keep, and develop qualified talents. This is why we are investing in our global employer brand and showing what makes us an attractive employer: a wealth of attractive job and career opportunities and teams where everyone counts. BASF as employer is presented with new motifs – in brochures, ads or on our career sites on the Internet.

### Successful crisis management

Company management, employee representatives and employees worked together in a spirit of partnership to cope with the economic crisis in 2009 – determinedly, flexibly, and with the right sense of proportion. Our flexible personnel systems, personnel transfers between the divisions and, where it could not be avoided, short time work, we minimized the consequences for our employees. In addition, all employees had regular access to information on the current state of the company and the necessary steps of our crisis management. Altogether, the team made it well through the crisis year 2009.

 [basf.com/employees](http://basf.com/employees)

More information on employee topics



**» I've always enjoyed working for Ciba, but working for the world's largest chemical company is a very motivating challenge for me.«**

*Xenia Beyrich-Graf, Head of Performance Chemicals Research.*

**Together for success:** Integration brings with it significant changes for employees. For our colleagues from Ciba, it was one of the major challenges to handle BASF's complexity – mainly due to the size of the company. In addition, organizational adjustments and, for employees affected by the change, sometimes painful restructuring had to be made to increase competitiveness. Here, managers need to have an eye for what is both necessary and possible, as well as a deep understanding for their employees. Only then can the integration be successful. Transparency and open handling of critical topics, such as restructuring measures and lay-offs, are therefore our top priority. Approximately 120 global integration teams are working closely with employees and management in the regions to successfully complete the structural integration by April 2010.



## WE OFFER CHANCES FOR ALL EMPLOYEES

“BASF is an attractive employer and has an HR policy with a vision. This means that even in economically difficult times, we offer continuous training, hire qualified new talents and invest in the development of our employees.”

**Dr. Harald Schwager**, BASF Board member and Industrial Relations Director.

We are positioning ourselves as an attractive employer with a new advertising campaign.

# BASF IN THE REGIONS

Sales 2009: €50,693 million; EBIT 2009: €3,677 million



[www.basf.com](http://www.basf.com)



Report 2009, pages 22 and 82

## NORTH AMERICA

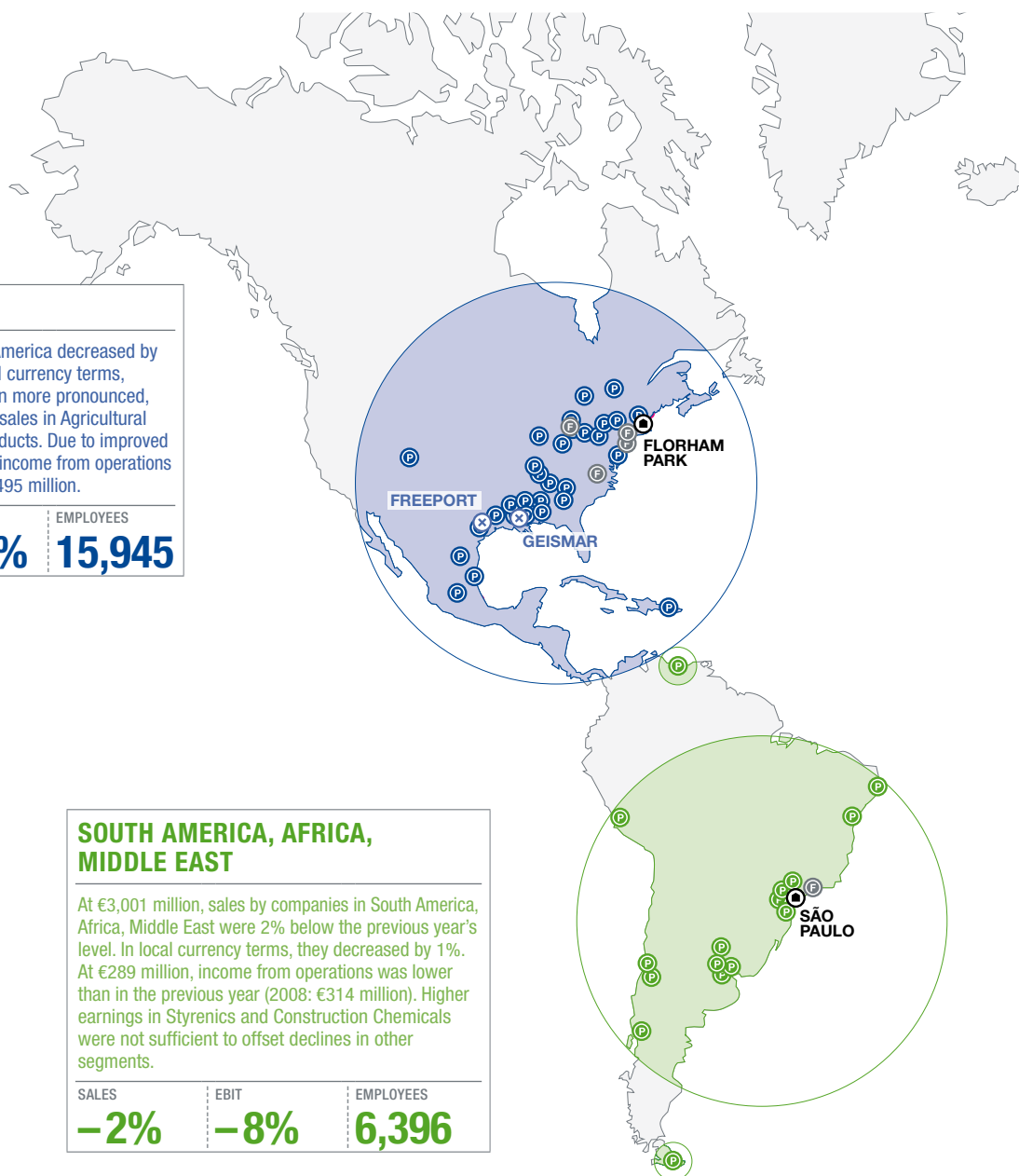
Sales by companies in North America decreased by 22% to €9,320 million. In local currency terms, the decrease in sales was even more pronounced, at 25%. We recorded a rise in sales in Agricultural Solutions and Performance Products. Due to improved margins and lower fixed costs, income from operations increased by €422 million to €495 million.

SALES	EBIT	EMPLOYEES
<b>-22%</b>	<b>+578%</b>	<b>15,945</b>

## SOUTH AMERICA, AFRICA, MIDDLE EAST

At €3,001 million, sales by companies in South America, Africa, Middle East were 2% below the previous year's level. In local currency terms, they decreased by 1%. At €289 million, income from operations was lower than in the previous year (2008: €314 million). Higher earnings in Styrenics and Construction Chemicals were not sufficient to offset declines in other segments.

SALES	EBIT	EMPLOYEES
<b>-2%</b>	<b>-8%</b>	<b>6,396</b>



## HIGHLIGHTS IN THE REGIONS

### North America

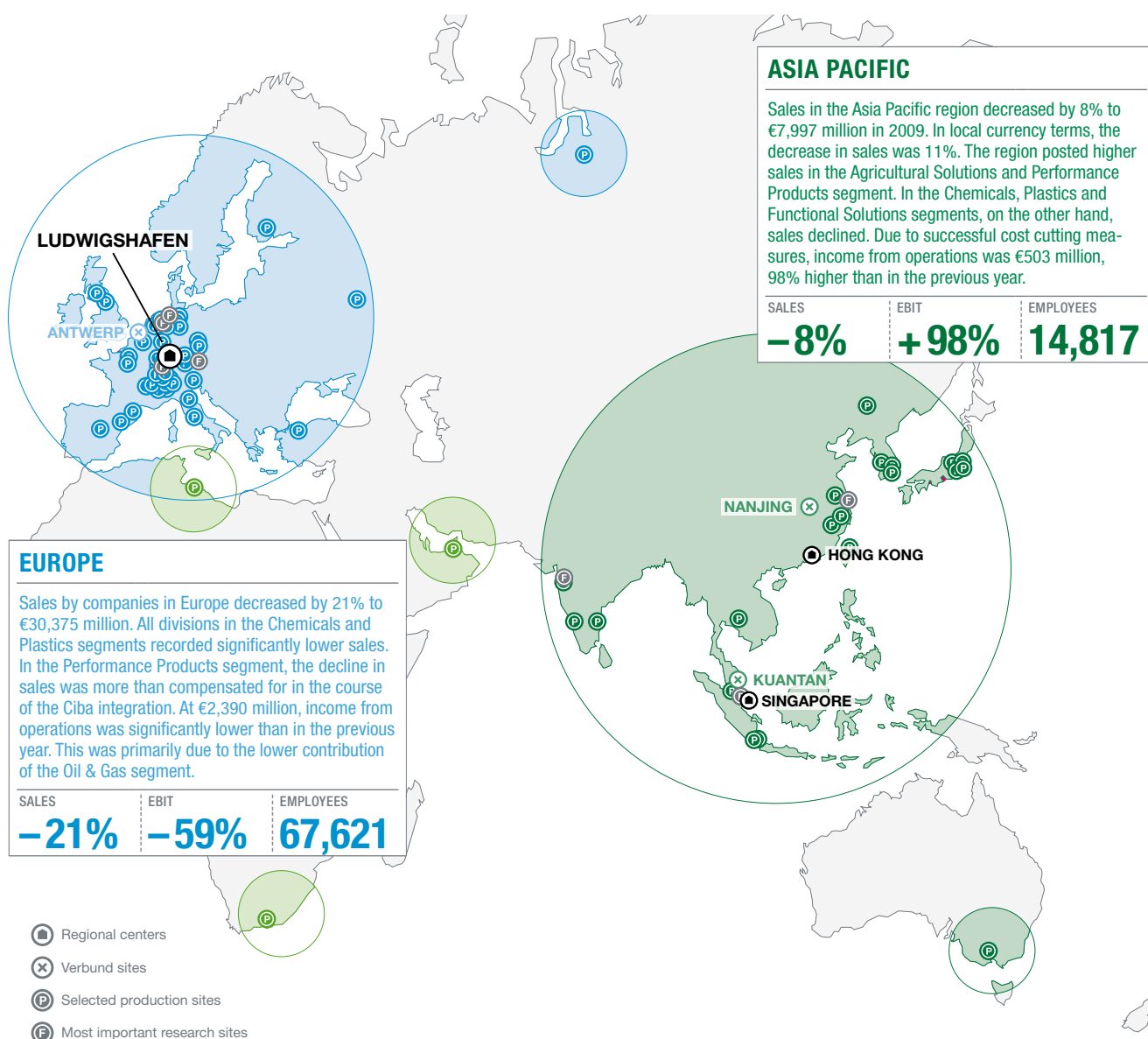
In connection with the Ciba integration, we have consolidated our various technology centers in North East America at the former Ciba site in Tarrytown, New York. In addition to our three other R&D sites – Wyandotte, Michigan, Iselin, New Jersey and RTP, North Carolina – this is now our fourth R&D center in North America.

### South America, Africa, Middle East

In 2009, our reforestation and education program “Mata Viva” (Living Forest) celebrated 25 years since its foundation. Its goals are reforestation and conveying environmental education to local communities and agricultural partners. Since the project started we have planted more than 500 million seedlings, with the help of about 46,000 students.



**BASF is the world's leading chemical company – The Chemical Company. With about 105,000 employees, six Verbund sites and approximately 380 additional production sites worldwide, we support customers and partners in almost all countries.**



## Europe

We are accelerating the Ciba integration process, which will be finished in 2010. Ciba's former service and business structures will be fully integrated into the existing BASF structures. With the Ciba integration, Basel became headquarter of the newly founded Paper Chemicals division and the new Business Center Switzerland. Furthermore, we have concentrated our R&D activities in Basel and Ludwigshafen.

## Asia Pacific

In 2009, the Chinese central government approved the expansion of our Verbund site in Nanjing, China, which we operate together with the Chinese company Sinopec. BASF and Sinopec will invest approximately \$1.4 billion. We plan to strengthen the market competitiveness of the site with a broader product scope and further leveraging of the advantages of the Verbund principle.

# BUSINESS DEVELOPMENT

## BASF GROUP

### Sales and Earnings (million €)

	2009	2008	Change in %
Sales	50,693	62,304	(18.6)
Income from operations before depreciation and amortization (EBITDA)	7,388	9,562	(22.7)
EBITDA in percent of sales (%)	14.6	15.3	–
Income from operations (EBIT) before special items	4,852	6,856	(29.2)
Income from operations (EBIT)	3,677	6,463	(43.1)
Financial result	(598)	(487)	(22.8)
Income before taxes and minority interests	3,079	5,976	(48.5)
Income before minority interests	1,655	3,305	(49.9)
Income before minority interests as a percentage of sales	3.3	5.3	–
Net income	1,410	2,912	(51.6)
Earnings per share (€)	1.54	3.13	(50.8)
Earnings per share adjusted for special charges and amortization (€)	3.01	3.85	(21.8)

In 2009, **sales** decreased by 19% to €50,693 million. Sales in “Other” declined. This was mainly due to lower sales in Styrenics, fertilizers and in raw materials trading. **Income from operations** amounted to €3,677 million, 43% below the previous year’s level. We have only narrowly missed our goal of earning a premium on our cost of capital. Earnings in “Other” increased. This was mainly due to higher earnings in Styrenics. We have reached our goal to achieve an **EBITDA margin** of more than 14% even in a recession year. Income from operations was negatively impacted by **special charges** of €1,175 million (2008: €393 million). Restructuring measures accounted for special charges of €366 million. In 2009, the special charges contained integration costs of €723 million.

The **financial result** declined to €(598) million compared with €(487) million in 2008. **Income before taxes and minority interests** amounted to €3,079 million in 2009 (2008: €5,976 million). The **return on assets** in 2008

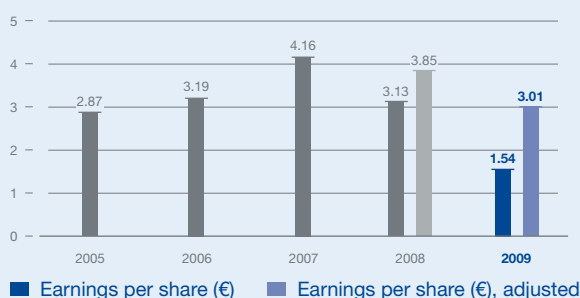
was 7.5% compared with 13.5% in 2008. **Net income** decreased by €1,502 million, or 51.6% to €1,410 million. In spite of the Ciba acquisition, total assets increased only slightly, inventories and receivables were at the level of the previous year. Net financial debt increased moderately and the equity base is still solid.

**Outlook:** In 2010, we expect further economic recovery, but it is likely to be slow and uneven. Risks are associated, for example, with ongoing overcapacities, the winding down of national stimulus programs and rising unemployment. After a very difficult business year in 2009, we expect higher sales and a significant increase in earnings in 2010. Overall, we expect to earn a premium on our cost of capital again.

 [basf.com/businessdevelopment\\_e](http://basf.com/businessdevelopment_e)

More information on business development in 2009

### Earnings per share (€)/adjusted



## OUTLOOK 2010

- Further economic recovery
- Risks: ongoing overcapacities, the winding down of national stimulus programs and rising unemployment
- Higher sales and a significant increase in earnings expected
- Premium on our cost of capital expected to be earned again

# CONSOLIDATED BALANCE SHEETS

## Assets

	2009 Million €	2009 %	2008 Million €	2008 %
Intangible assets	10,449	20.4	9,889	19.4
Property, plant and equipment	16,285	31.8	15,032	29.6
Financial assets	2,959	5.8	3,093	6.1
Miscellaneous long-term assets	1,988	3.8	1,572	3.1
<b>Long-term assets</b>	<b>31,681</b>	<b>61.8</b>	<b>29,586</b>	<b>58.2</b>
Inventories	6,776	13.2	6,736	13.3
Accounts receivable, trade	10,961	21.4	11,700	23.0
Marketable securities, cash and cash equivalents	1,850	3.6	2,811	5.5
<b>Short-term assets</b>	<b>19,587</b>	<b>38.2</b>	<b>21,274</b>	<b>41.8</b>
<b>Total assets</b>	<b>51,268</b>	<b>100</b>	<b>50,860</b>	<b>100</b>

## Stockholders' equity and liabilities

	2009 Million €	2009 %	2008 Million €	2008 %
<b>Stockholders' equity</b>	<b>18,609</b>	<b>36.3</b>	<b>18,722</b>	<b>36.8</b>
Provisions	5,544	10.8	4,469	8.8
Deferred taxes	2,093	4.1	2,167	4.3
Financial indebtedness	12,444	24.3	8,290	16.3
Other liabilities	898	1.7	917	1.8
<b>Long-term liabilities</b>	<b>20,979</b>	<b>40.9</b>	<b>15,843</b>	<b>31.2</b>
Accounts payable, trade	2,786	5.4	2,734	5.4
Provisions	3,276	6.4	3,043	6.0
Financial indebtedness	2,375	4.6	6,224	12.2
Other liabilities and tax liabilities	3,243	6.4	4,294	8.4
<b>Short-term liabilities</b>	<b>11,680</b>	<b>22.8</b>	<b>16,295</b>	<b>32.0</b>
<b>Total stockholders' equity and liabilities</b>	<b>51,268</b>	<b>100</b>	<b>50,860</b>	<b>100</b>

## Liquidity and debt ratio

		2009	2008
Net debt-to-EBITDA ratio	= $\frac{\text{Net debt}}{\text{Income from operations before depreciation and amortization (EBITDA)}}$	1.8	1.2
Dynamic debt level (%)	= $\frac{\text{Cashflow provided by operating activity}}{\text{Financial indebtedness}}$	42	35
Leverage (%)	= $\frac{\text{Liabilities}}{\text{Stockholders' equity + liabilities}}$	64	63

# CONSOLIDATED STATEMENTS OF CASH FLOWS

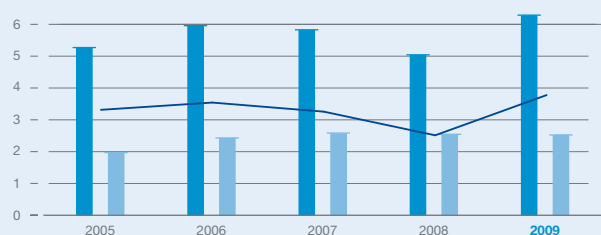
In spite of the economically difficult environment, **cash provided by operating activities** reached the record level of €6,270 million, after €5,023 million in the previous year. Through a significant decrease in working capital, we were able to generate nearly €1.6 billion. In 2009, we used €4,082 million for financial investments, compared to €3,460 million in 2008.

In 2009, **free cash flow** amounted to a record level of €3,763 million (2008: €2,502 million). **Cash used in financing activities** was €(3,133) million. We paid **dividends** of €1,791 million or €1.95 per share for shareholders of BASF SE. Minority interests in proportionally or fully consolidated companies received €298 million.

## Consolidated Statements of Cash Flows (million €)

	2009	2008
Net income	1,410	2,912
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	3,740	3,180
Changes in working capital	1,567	(1,339)
Miscellaneous items	(447)	270
<b>Cash provided by operating activities</b>	<b>6,270</b>	<b>5,023</b>
Payments related to property, plant and equipment and intangible assets	(2,507)	(2,521)
Acquisitions/divestitures	(1,447)	(564)
Financial investments and other items	(128)	(375)
<b>Cash used in investing activities</b>	<b>(4,082)</b>	<b>(3,460)</b>
Capital increases/repayments, share repurchases	(134)	(1,573)
Changes in financial liabilities	(910)	4,189
Dividends	(2,089)	(2,157)
<b>Cash used in financing activities</b>	<b>(3,133)</b>	<b>459</b>
Net changes in cash and cash equivalents	(945)	2,022
Cash and cash equivalents as of beginning of year and other changes	2,780	754
<b>Cash and cash equivalents as of end of year</b>	<b>1,835</b>	<b>2,776</b>

## Cashflow (billion €)



- Cash provided by operating activities
- Payments related to property, plant and equipment and intangible assets
- Free cash flow<sup>1</sup>

<sup>1</sup> Cash provided by operating activities minus payments related to property, plant and equipment and intangible assets, in 2005 excluding external financing of pension obligations (CTA).



# TEN-YEAR SUMMARY

## Ten-Year Summary (million €)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Sales and Earnings<sup>1</sup></b>										
Sales	35,946	32,500	32,216	33,361	37,537	42,745	52,610	57,951	62,304	50,693
Income from operations before depreciation and amortization (EBITDA)	5,986	4,142	5,105	5,110	7,685	8,233	9,723	10,225	9,562	7,388
Income from operations (EBIT)	3,070	1,217	2,641	2,658	5,193	5,830	6,750	7,316	6,463	3,677
Income from ordinary activities	2,827	609	2,641	2,168	4,347	5,926	6,527	6,935	5,976	3,079
Extraordinary income	–	6,121	–	–	–	–	–	–	–	–
Income before taxes and minority interests	2,827	6,730	2,641	2,168	4,347	5,926	6,527	6,935	5,976	3,079
Income before minority interests	1,282	5,826	1,599	976	2,133	3,168	3,466	4,325	3,305	1,655
Net income	1,240	5,858	1,504	910	2,004	3,007	3,215	4,065	2,912	1,410
<b>Capital expenditures and depreciation<sup>1</sup></b>										
Additions to property, plant and equipment and intangible assets	6,931	3,313	3,055	3,415	2,163	2,523	10,039	4,425	3,634	5,972
Thereof property, plant and equipment	3,631	3,037	2,677	2,293	2,022	2,188	4,068	2,564	2,809	4,126
Depreciation and amortization of property, plant and equipment and intangible assets	2,916	2,925	2,464	2,452	2,492	2,403	2,973	2,909	3,099	3,711
Thereof property, plant and equipment	2,245	2,307	2,012	1,951	2,053	2,035	2,482	2,294	2,481	2,614
<b>Number of employees at year-end</b>	<b>103,273</b>	<b>92,545</b>	<b>89,389</b>	<b>87,159</b>	<b>81,955</b>	<b>80,945</b>	<b>95,247</b>	<b>95,175</b>	<b>96,924</b>	<b>104,779</b>
<b>Personnel costs<sup>1</sup></b>	<b>6,596</b>	<b>6,028</b>	<b>5,975</b>	<b>5,891</b>	<b>5,615</b>	<b>5,574</b>	<b>6,210</b>	<b>6,648</b>	<b>6,364</b>	<b>7,107</b>
<b>Key data<sup>1</sup></b>										
Earnings per share (€) <sup>2,3</sup>	1.01	4.86 <sup>4</sup>	1.30	0.81	1.83	2.87	3.19	4.16	3.13	1.54
Cash provided by operating activities	2,992	2,319	2,313	4,878	4,634	5,250 <sup>5</sup>	5,940	5,807	5,023	6,270
EBITDA in percent of sales	16.7	12.7	15.8	15.3	20.5	19.3	18.5	17.6	15.3	14.6
Return on assets (%)	9.9	3.1	8.4	7.4	13.2	17.7	17.5	16.4	13.5	7.5
Return on equity after taxes (%)	9.0	36.6 <sup>4</sup>	9.3	6.0	12.9	18.6	19.2	22.4	17.0	8.9
<b>Share<sup>2</sup></b>										
Year-end price (€)	24.09	20.88	18.04	22.29	26.50	32.36	36.93	50.71	27.73	43.46
Dividend per share (€)	1.00 <sup>6</sup>	0.65	0.70	0.70	0.85	1.00	1.50	1.95	1.95	1.70
Number of shares as of December 31 (million) <sup>7</sup>	1,214.8	1,166.8	1,140.6	1,113.3	1,080.9	1,028.8	999.4	956.4	918.5	918.5

<sup>1</sup> Starting in 2005, the accounting and reporting of the BASF Group is performed in accordance with International Financial Reporting Standards (IFRS).

The previous years' figures have been restated in accordance with IFRS. The figures for years up to and including 2003 were prepared according to German GAAP.

<sup>2</sup> In the second quarter of 2008, we conducted a two-for-one stock split. The previous years' figures have been adjusted accordingly.

<sup>3</sup> Adjusted for special charges and amortization of intangible assets, earnings per share were €3.01 in 2009 and €3.85 in 2008.

<sup>4</sup> Including extraordinary income

<sup>5</sup> Before external financing of pension obligations

<sup>6</sup> Including €0.35 special dividend of stockholders' equity charged with 45% corporate income tax

<sup>7</sup> After deduction of repurchased shares earmarked for cancellation



## FURTHER INFORMATION

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