

# Interim Report

3rd Quarter 2010 (July – September)



## BASF expects record year in 2010

- Business remains dynamic; demand continues at a high level
- Agricultural Solutions: successful start to South American season
- Sales and earnings outlook for 2010 raised

 **BASF**  
The Chemical Company

# BASF Group

## 3rd Quarter 2010

Million €	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales	15,781	12,798	23.3	47,449	37,519	26.5
Income from operations before depreciation and amortization (EBITDA)	2,934	1,993	47.2	8,428	5,156	63.5
Income from operations (EBIT) before special items	2,213	1,248	77.3	6,373	3,373	88.9
Income from operations (EBIT)	2,155	971	121.9	6,074	2,671	127.4
Financial result	(105)	(173)	39.3	(278)	(434)	35.9
Income before taxes and minority interests	2,050	798	156.9	5,796	2,237	159.1
Net income	1,245	237	425.3	3,457	955	262.0
Earnings per share (€)	1.35	0.26	419.2	3.76	1.04	261.5
Adjusted earnings per share (€) <sup>1</sup>	1.52	0.61	149.2	4.34	1.95	122.6
EBITDA as a percentage of sales	18.6	15.6	–	17.8	13.7	–
Cash provided by operating activities	2,586	1,312	97.1	5,307	4,959	7.0
Additions to long-term assets <sup>2</sup>	637	363	75.5	1,511	5,278	(71.4)
Excluding acquisitions	637	520	22.5	1,511	1,780	(15.1)
Research expenses	357	343	4.1	1,083	1,020	6.2
Amortization and depreciation <sup>2</sup>	779	1,022	(23.8)	2,354	2,485	(5.3)
Segment assets (September 30) <sup>3</sup>	43,291	40,934	5.8	–	–	–
Personnel costs	1,913	1,825	4.8	6,029	5,160	16.8
Number of employees (September 30)	103,800	105,858	(1.9)	–	–	–

<sup>1</sup> For further information, see page 33

<sup>2</sup> Intangible assets and property, plant and equipment (including acquisitions)

<sup>3</sup> Intangible assets, property, plant and equipment, inventories and business-related receivables

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<sup>1</sup> This section is not part of the interim management's analysis.

Change  
compared with  
3rd quarter 2009

3rd Quarter  
2010

Sales

+23%

EBIT  
before special items

+77%

# BASF's Segments

## Chemicals

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In the Chemicals segment, we supply products to customers in the chemical, electronics, construction, textile, automotive, pharmaceutical and agricultural industries as well as 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

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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

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Our Performance Products lend stability and color to countless everyday items and help to improve their application profile. Our product portfolio includes vitamins and food additives as well as ingredients for pharmaceuticals and for hygiene, home and personal care items. Other Performance Products improve processes in the paper industry, oil production, mining and water treatment. They can also enhance the efficiency of fuels and lubricants, the effectiveness of adhesives and coatings and the stability of plastics.

## Functional Solutions

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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 construction systems such as tile adhesives and architectural coatings.

## Agricultural Solutions

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Our crop protection products guard against fungal diseases, insects and weeds and they 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

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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.



## BASF Innovations

### Complion™ forest protection system

→ Effective and environmentally compatible protection against bark beetles

**Bark beetles:** They are just a few millimeters long but can cause enormous damage. The tiny beetles bore into tree bark or wood to lay their eggs, thereby harming their host. The beetles often appear en masse, threatening entire forests. The damage is immense for both nature and the forestry sector – the affected wood usually can no longer be used to build houses or furniture. BASF's solution: Complion™.

Complion is a forest protection system based on the use of insecticidal nets for wood. The nets are treated with an insecticide that is targeted to control the harmful beetle. The Complion system can be used to protect living trees as well as stored timber against various types of insects that breed in bark and wood.

To offer long-lasting, rain-resistant protection, the insecticide must be released in a controlled manner. BASF experts have achieved this by combining their expertise in textile finishing and crop protection. In a unique textile finishing process, the insecticide and a polymer binder are applied directly to the fibers of the net. The polymer ensures that only a small amount of active substance is continuously available on the net – just enough to actively control the bark beetle.

The nets are finely meshed, tear-resistant and contain a UV stabilizer that prevents them from becoming brittle in the sun. Furthermore, they remain effective for an entire season and can be reused numerous times in this period.

Impressive forest protection: Complion won the innovation prize at Interforst 2010, awarded by the independent and international *Kuratorium für Waldarbeiten und Forsttechnik e.V.* (Curatorium for Forestry and Forest Technology).



The culprit: a European spruce bark beetle (*Ips typographus*) from the bark beetle family (Scolytidae).



Complion insecticidal nets protect timber being temporarily stored in the forest against bark beetles and other insects that breed in bark and wood.

### Innovations in the chemical industry – Complion™ forest protection system

- Effective and environmentally compatible forest protection system based on the use of insecticidal nets for wood
- Complion technology combines expertise in textile finishing and crop protection
- Long-lasting effectiveness through continuous availability of small amounts of the active ingredient on the net surface
- Insecticidal nets are UV-stable, very finely meshed and tear-resistant
- Complion received the 2010 innovation prize from the independent *Kuratorium für Waldarbeiten und Forsttechnik* (Curatorium for Forestry and Forest Technology)

## BASF Group Business Review

### 3rd Quarter 2010

**Our business continued to develop positively in the third quarter of 2010. There was barely any sign of the usual seasonal slowdown. Nearly every business benefited from the strong demand for chemical products and our plants had good capacity utilization rates. Growth impetus came from all regions. Compared with the same quarter of 2009, sales rose by 23% to €15.8 billion. Income from operations before special items increased by 77% to reach €2,213 million. We maintained the high earnings level of the second quarter of 2010.**

In almost all segments, sales volumes increased compared with the same quarter of the previous year – only the Oil & Gas segment posted a decline in volumes in oil production and natural gas trading. In the Agricultural Solutions segment, prices fell below the level of the third quarter of 2009 as a result of intense competition. In contrast, the other segments experienced rising prices, especially the Chemicals segment. The weaker euro had a positive impact on sales in all businesses.















#### Factors influencing sales (% of sales)

	3rd Quarter	Jan. – Sept.
Volumes	5	14
Prices	10	6
Portfolio measures	–	2
Currencies	8	4
	<b>23</b>	<b>26</b>

In the **Chemicals** segment, sales growth was driven by rising sales volumes, higher prices and positive currency effects. As in the previous quarter, there were delivery bottlenecks for some products in the Petrochemicals and Intermediates divisions in the third quarter of 2010. Earnings were significantly higher than in the third quarter of 2009 as a result of improved margins for several basic products as well as good capacity utilization. We nearly reached the very good sales level of the second quarter of 2010.

Demand in the **Plastics** segment remained strong in the third quarter of 2010 and sales were well above the level of the same quarter of the previous year. Although business with customers in the automotive and construction industries usually slows in the summer months, there was barely any slowdown in the third quarter of 2010. We significantly improved earnings thanks to high capacity utilization rates. Sales and earnings in the segment grew again compared with the second quarter of 2010.

#### Third-quarter sales (million €)

Chemicals	2010	2,874	44%	
	2009	2,000		
Plastics	2010	2,598	32%	
	2009	1,967		
Performance Products	2010	3,206	21%	
	2009	2,651		
Functional Solutions	2010	2,591	37%	
	2009	1,888		
Agricultural Solutions	2010	832	34%	
	2009	623		
Oil & Gas	2010	2,228	(7%)	
	2009	2,389		
Other	2010	1,452	13%	
	2009	1,280		

We posted higher sales volumes in the **Performance Products** segment. Positive currency effects and higher prices further boosted sales growth in the segment. In a favorable business environment, earnings increased despite high one-time charges in the Performance Chemicals division. This was due largely to higher volumes as well as our successful measures to integrate Ciba and restructure the combined businesses.

#### BASF Group 3rd Quarter 2010

- Positive business development; almost no seasonal slowdown
- Sales grow by 23% to €15.8 billion; higher sales volumes and prices in nearly every division
- Earnings improve substantially by 77% to €2,213 million; rise in earnings in almost all divisions
- Sales and earnings increase in Agricultural Solutions in seasonally slower third quarter
- Sales in Oil & Gas segment decline due to lower volumes; slight improvement in earnings thanks to higher oil prices
- High earnings level of the second quarter of 2010 maintained

In the **Functional Solutions** segment, demand from the automotive industry improved in all regions compared with the third quarter of 2009. Sales growth also resulted from positive currency effects and higher precious metals prices. The business environment in the construction industry only improved slightly compared with the third quarter of 2009. Although there were varying trends in our customer industries, earnings increased, primarily thanks to higher volumes.

Despite the typical seasonal slowdown, business in the **Agricultural Solutions** segment in the third quarter was pleasing. Higher sales volumes and positive currency effects contributed to a rise in sales in all regions. In South America, we had a very successful start to the new growing season and experienced particularly strong demand for our soybean fungicides. Thanks to higher volumes, earnings significantly surpassed the level of the previous third quarter.

In the **Oil & Gas** segment, sales decreased in comparison with the third quarter of 2009. As a result of the OPEC production restrictions in Libya, oil production volumes declined. Natural gas trading volumes were also lower. These developments were only partially offset by higher oil prices. In the Exploration & Production business sector, earnings increased thanks to higher prices. In contrast, lower sales volumes in the Natural Gas Trading business sector led to a decrease in earnings. Overall, the segment's earnings were slightly above the level of the third quarter of 2009.

Sales in **Other** grew substantially, mainly resulting from higher prices in the Styrenics business. Styrenics improved its earnings. In addition, earnings growth in Other was driven by gains from hedges against foreign currency risks. Income was generated by the reversal of provisions for the BASF Option program.

In the third quarter of 2010, special items amounted to €58 million. As a result of the Ciba integration, special items in the previous third quarter stood at €277 million.

**Third-quarter EBIT before special items** (million €, absolute change)

Chemicals	2010	617	+253	
	2009	364		
Plastics	2010	371	+155	
	2009	216		
Performance Products	2010	370	+84	
	2009	286		
Functional Solutions	2010	158	+52	
	2009	106		
Agricultural Solutions	2010	66	+45	
	2009	21		
Oil & Gas	2010	573	+23	
	2009	550		
Other	2010	58	+353	
	2009	(295)		

Compared with the same period of the previous year, **EBIT** grew by €1,184 million to €2,155 million. **EBITDA** rose by €941 million to €2,934 million. The EBITDA margin increased to 18.6% (third quarter of 2009: 15.6%).

The financial result was minus €105 million, an improvement of €68 million compared with the same period of the previous year. This was primarily attributable to higher earnings from companies accounted for using the equity method.

**Income before taxes and minority interests** increased by €1,252 million to €2,050 million. At 33.4%, the tax rate was lower than in the third quarter of 2009. This was mainly due to the lower earnings contribution from the highly-taxed Oil & Gas segment.

**Net income** increased by €1,008 million to €1,245 million. **Earnings per share** were €1.35 in the third quarter of 2010, compared with €0.26 in the same period of 2009. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.52 (third quarter of 2009: €0.61).

→ Information on the calculation of adjusted earnings per share can be found on page 33

**BASF Group special items** (million €)

	2010	2009
1st quarter	(114)	(57)
2nd quarter	(127)	(368)
3rd quarter	(58)	(277)
4th quarter		(473)
Full Year		(1,175)

**Adjusted earnings per share** (€)

	2010	2009
1st quarter	1.32	0.55
2nd quarter	1.50	0.79
3rd quarter	1.52	0.61
4th quarter		1.06
Full Year		3.01

## BASF on the Capital Market

### Overview of BASF shares

		3rd Quarter 2010	Jan. – Sept. 2010
<b>Performance (with dividends reinvested)</b>			
BASF	%	2.5	10.6
DAX 30	%	4.4	4.6
DJ EURO STOXX 50	%	7.1	(4.9)
DJ Chemicals	%	22.6	11.5
MSCI World Chemicals	%	15.1	3.6
<b>Share prices and trading (XETRA)</b>			
Average	€	44.62	44.02
High	€	46.92	48.55
Low	€	41.35	39.43
Close (end of period)	€	46.26	46.26
Average daily trade	Million shares	3.4	4.5
Outstanding shares (end of period)	Million shares	918.5	918.5
Market capitalization (end of period)	Billion €	42.5	42.5

### Market trend

At €46.26, BASF's share price at the end of the third quarter of 2010 was approximately 2.5% higher than the closing price at the end of the previous quarter. Over the same period, the benchmark indices DAX 30 and DJ EURO STOXX 50 gained 4.4% and 7.1%, respectively. At the end of the third quarter, the global industry indices DJ Chemicals and MSCI World Chemicals had risen 22.6% and 15.1%, respectively, compared with their value in the second quarter. In the first nine months of the year, the BASF share rose by 10.6%, clearly outperforming the benchmark German and European indices.

→ For up-to-date information on BASF shares, visit [basf.com/share](http://basf.com/share)

### Continued good credit ratings

With an "A/A-1 outlook stable" rating from rating agency Standard & Poor's and "A1/P-1 review for downgrade" from Moody's, BASF continues to have good credit ratings, also compared with its competitors in the chemical industry.

### Conversion to registered shares completed

At the beginning of August, BASF shares were converted from bearer shares to registered shares, enabling better and more direct communication with shareholders. This will also simplify the registration process and issuing of proxies for the Annual Meeting.

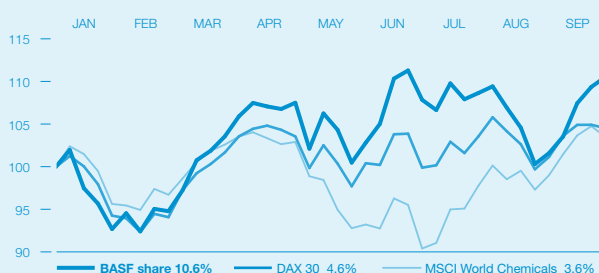
### BASF a sustainable investment

In September, BASF was included in the Dow Jones Sustainability World Index (DJSI World) for the tenth time in succession. We received particular recognition for our Risk & Crisis Management, Environmental Policy and Reporting, and our Climate Strategy. BASF was also once again represented in the prestigious Carbon Disclosure Leadership Index (CDLI), scoring top marks in the Materials sector for the second year in a row. We were also named to the new Carbon Performance Leadership Index (CPLI).

## BASF on the Capital Market

- BASF share outperforms German and European benchmark indices since the beginning of the year
- Conversion from bearer shares to registered shares completed in August
- BASF once again represented in most important sustainability indices
- You can reach our Investor Relations team by phone at +49 621 60-48230 or by e-mail at [investorrelations@basf.com](mailto:investorrelations@basf.com)

Change in value of an investment in BASF shares (January – September 2010)  
(with dividends reinvested; indexed)



## Significant Events

In preparation for the integration of the Cognis activities, BASF established a new division in the Performance Products segment. At the beginning of August, the Care Chemicals division was split into two divisions: The new division Nutrition & Health, which is reported for the first time in the third quarter of 2010, includes the businesses with Nutrition Ingredients, Pharma Ingredients & Services as well as Aroma Chemicals. The Care Chemicals division now comprises the businesses with Personal Care, Hygiene, Home Care and Industrial Formulators.

In August, BASF launched the international research network electrochemistry and batteries. Working together with leading global academic research experts, the network aims to address fundamental questions relating to materials, components and systems for electromobility and electricity storage. One main focus of these activities will be on developing new materials and functional components for future battery types such as lithium sulfur and lithium air batteries. The research network is a long-term project and will be expanded by including more international partners in the coming years.

BASF is combining the majority of its styrenics activities in a newly established company called STYROLUTION. To this end, BASF plans to carve out its businesses in styrene monomers, polystyrene, acrylonitrile butadiene styrene, styrene butadiene copolymers and other styrene-based copolymers and establish separate companies. STYROLUTION will be a leading supplier of styrenics with production sites in Germany, Belgium, South Korea, India and Mexico. The carve-out is to be completed by January 1, 2011.

In order to better serve the fast-growing markets in South China, BASF is building a dispersions plant in Huizhou. With an annual capacity of 100,000 tons, the new plant will produce XSB dispersions and acrylic dispersions. XSB dispersions are used as coating binders for paper while acrylic dispersions are used in the production of paints and coatings, printing and packaging, construction materials and adhesives. Production is scheduled to begin in the first quarter of 2012. In addition, BASF is establishing world-scale production of water treatment and paper chemicals in Nanjing, China. Both the water treatment and papermaking industries are growing at a fast pace in Asia, particularly in China.

## Significant Events

- BASF establishes the Nutrition & Health division within the Performance Products segment
- BASF launches international research network electrochemistry and batteries
- With STYROLUTION, BASF establishes a leading company in styrenics
- BASF is building a new dispersions plant in Huizhou and world-scale production of water treatment and paper chemicals in Nanjing



## Outlook

**Demand for chemical products continued to be high in the third quarter of 2010. For the chemicals industry, growth impetus came from all regions. In this favorable economic environment, our business performed better than we had anticipated. We also expect good business development in the fourth quarter and have therefore raised our outlook for the current year.**

**We aim to reach record levels in sales and earnings in 2010. We expect to earn a high premium on our cost of capital and therefore to increase our dividend. Nevertheless, the positive economic development of the past months will not necessarily continue at the same pace in 2011.**

### Opportunities and risks

Despite the economic upturn, risks still remain for a sustained recovery. The high debt level of many countries is threatening the stability of the financial and banking system. The need to trim government spending around the world will have an impact on demand, as will the winding down of national stimulus programs and the end of inventory restocking. Additional risks are primarily associated with

- volatile raw materials and currency markets,
- excess capacities,
- growing geopolitical tensions, and
- protectionism in the form of new trade barriers.

We see opportunities in consistently implementing our strategy and further improving our operational excellence. We will continue to focus on portfolio improvements, restructuring and increasing efficiency as well as on product innovations and expanding our business in growth markets. We will therefore further strengthen our research and development activities.

The statements on opportunities and risks made in the BASF Report 2009 remain valid.

→ **Current information can be found in the BASF Report 2009, in the Risk Report on pages 103–111**

### Forecast

We still expect the following global economic conditions in 2010:

- Growth of gross domestic product: 3%–4%
- Growth in industrial production: 7%–8%
- Growth in chemical production (excluding pharmaceuticals): 7%–8%
- An average euro/dollar exchange rate of \$1.30 per euro
- Average oil price of \$75 per barrel in 2010

We anticipate our sales growth in 2010 will outpace global chemical production. Overall, we aim for sales of around €63 billion and income from operations before special items of more than €8 billion. We expect to earn a high premium on our cost of capital.

### Outlook for 2010

- Good business development expected in the fourth quarter of 2010
- Aiming for record sales and earnings in 2010; expect to earn a high premium on our cost of capital and to increase our dividend
- Risks related to future economic developments remain; high debt levels in many countries threaten the stability of the financial and banking system
- Focus on portfolio improvements, restructuring, greater efficiency and product innovations

## Chemicals

Excellence in the Verbund, technology and cost leadership

### Segment data Chemicals (million €)

	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales to third parties	2,874	2,000	44	8,432	5,365	57
Thereof Inorganics	322	262	23	929	720	29
Petrochemicals	1,909	1,238	54	5,629	3,275	72
Intermediates	643	500	29	1,874	1,370	37
Income from operations before depreciation and amortization (EBITDA)	787	527	49	2,272	1,184	92
Income from operations (EBIT) before special items	617	364	70	1,765	706	150
Income from operations (EBIT)	619	364	70	1,767	705	151
Assets	6,281	5,918	6	–	–	–
Research expenses	35	32	9	97	98	(1)
Additions to property, plant and equipment and intangible assets	137	117	17	339	330	3

### 3rd Quarter 2010

In the Chemicals segment we increased sales volumes significantly compared with the same quarter of the previous year. Sales grew thanks to improved demand for our products as well as price increases and positive currency effects in all divisions (volumes 10%, prices 25%, currencies 9%). Income from operations before special items significantly exceeded the level of the same quarter of the previous year, mainly as a result of good capacity utilization rates and higher margins for many basic products. Our business experienced very little seasonal slowdown. We nearly matched the very high level of sales posted in the second quarter of 2010.

#### Inorganics

In the Inorganics division, sales were higher year-on-year as a result of increased volumes and prices. The business environment improved, particularly in the electronic chemicals and inorganic salts businesses. Thanks to the positive volume trend, earnings increased substantially compared with the third quarter of 2009. Higher margins for basic products such as ammonia bolstered earnings growth.

#### Petrochemicals

The Petrochemicals division continued to benefit from high demand. Product supplies were tight in some markets, such as acrylic acid, solvents and plasticizers. In contrast, the availability of cracker products such as ethylene and propylene improved over the course of the third quarter, particularly in Asia and North America. The strong sales growth resulted primarily from price increases attributable to higher raw materials costs. Thanks to generally favorable market conditions and good capacity utilization, earnings rose sharply in comparison with the same quarter of 2009.

#### Intermediates

Sales in the Intermediates division grew compared with the previous third quarter thanks to a marked increase in volumes and higher prices. We were unable to fully keep up with demand from our customer industries in the third quarter of 2010. This affected the butanediol value-adding chain as well as some polyalcohols and several amines. As a result of the favorable sales volume trend, earnings clearly surpassed the level of the third quarter of 2009.

### Chemicals

- Substantial sales growth thanks to strong demand and higher prices
- Significant improvement in earnings due to good capacity utilization and higher margins for several basic products
- Nearly matched high sales level of the second quarter of 2010

### 3rd Quarter 2010 (change compared with 3rd quarter 2009)

#### Sales

+44%

#### EBIT

before special items  
(million €)

+253

## Plastics

Energy-efficient materials, innovative solutions

### Segment data Plastics (million €)

	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales to third parties	2,598	1,967	32	7,379	5,180	42
Thereof Performance Polymers	1,140	843	35	3,301	2,190	51
Polyurethanes	1,458	1,124	30	4,078	2,990	36
Income from operations before depreciation and amortization (EBITDA)	479	333	44	1,321	658	101
Income from operations (EBIT) before special items	371	216	72	999	325	207
Income from operations (EBIT)	371	216	72	998	325	207
Assets	5,112	4,592	11	–	–	–
Research expenses	34	29	17	106	93	14
Additions to property, plant and equipment and intangible assets	57	58	(2)	153	185	(17)

### 3rd Quarter 2010

We experienced strong demand for our products in the Plastics segment in the third quarter of 2010. Sales were considerably higher than in the same quarter of the previous year. As a result of increased raw materials costs, we were able to raise prices, particularly in the Performance Polymers division. The weaker euro also contributed to sales growth (volumes 14%, prices 7%, currencies 11%). Although business with customers in the automotive and construction industries usually slows in the summer months, there was barely any weakening in the third quarter of 2010. Capacity utilization at our plants was good and income from operations before special items grew substantially in comparison with the weak third quarter of 2009. We exceeded the high sales and earnings level of the second quarter of 2010.

### Performance Polymers

All businesses within the Performance Polymers division developed positively; sales volumes rose considerably. Price increases as a result of higher raw materials costs and positive currency effects also helped to boost sales growth. For certain

products such as engineering plastics, demand exceeded the available volumes. This was attributable to both an ongoing shortage of polyamide intermediates and the strong demand from our customers. Earnings significantly improved year-on-year, mainly as a result of high capacity utilization at our plants and a favorable business environment for polyamide monomers.

### Polyurethanes

Sales in the Polyurethanes division increased sharply thanks to higher volumes and currency effects. Sales volumes grew in all businesses while prices stayed generally stable. In particular, our businesses with the automotive and construction industries developed favorably. Margins for the basic products MDI and TDI stabilized in the course of the third quarter. The significant earnings growth year-on-year was primarily a result of strong demand.

### Plastics

- Strong sales growth thanks to higher demand
- Significant increase in earnings as a result of good capacity utilization
- Delivery bottlenecks for products such as engineering plastics owing to shortage of intermediates

### 3rd Quarter 2010 (change compared with 3rd quarter 2009)

#### Sales

+32%

#### EBIT

before special items  
(million €)

+155

## Performance Products

### Innovative and high-growth specialties

#### Segment data Performance Products (million €)

	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales to third parties	3,206	2,651	21	9,228	6,771	36
Thereof Dispersions & Pigments	887	700	27	2,467	1,819	36
Care Chemicals	682	546	25	1,992	1,529	30
Nutrition & Health	357	350	2	1,098	990	11
Paper Chemicals	448	392	14	1,308	930	41
Performance Chemicals	832	663	25	2,363	1,503	57
Income from operations before depreciation and amortization (EBITDA)	578	481	20	1,749	703	149
Income from operations (EBIT) before special items	370	286	29	1,260	489	158
Income from operations (EBIT)	377	125	202	1,168	34	.
Assets	9,743	9,521	2	–	–	–
Research expenses	70	73	(4)	216	199	9
Additions to property, plant and equipment and intangible assets	76	(151) <sup>1</sup>	.	191	3,702	(95)

<sup>1</sup> Negative value results from a revaluation following the completion of the purchase price allocation for Ciba; adjusted for this effect, investments amounted to €62 million.

#### 3rd Quarter 2010

Nearly all divisions in the Performance Products segment reported higher sales and volumes. Sales growth was also bolstered by positive currency effects and higher prices (volumes 7%, prices 7%, currencies 7%). In the third quarter of 2010, there was some weakening of the additional demand that had arisen from inventory restocking in some customer industries. Nevertheless, the business environment remained strong. Income from operations before special items increased substantially despite high one-time charges in the Performance Chemicals division. This was due mainly to higher sales volumes as well as our successful measures to integrate Ciba and restructure the combined businesses.

#### Dispersions & Pigments

Sales increased in all businesses in the Dispersions & Pigments division. Both sales volumes and sales prices were above the level of the third quarter of 2009 while margins remained stable.

There continued to be limited availability of some raw materials and finished products. Our earnings increased considerably compared with the weak third quarter of 2009.

#### Care Chemicals

Sales were high in the Care Chemicals division as demand remained strong. As a result of the limited availability of important raw materials, there were some delivery bottlenecks, particularly for hygiene products and products for detergents and cleaners. Nevertheless, sales volumes in these businesses grew substantially compared with the same quarter of the previous year. In a favorable market environment, our sales prices rose and we benefited from a stronger U.S. dollar. As a result of the positive sales trend, earnings significantly surpassed the level of the third quarter of 2009.

#### Performance Products

- Sales growth thanks to larger sales volumes and increased prices
- Earnings rise significantly as a result of higher volumes
- Lasting improvement in profitability thanks to realization of synergies

#### 3rd Quarter 2010 (change compared with 3rd quarter 2009)

##### Sales

+21%

##### EBIT

before special items  
(million €)

+84

### Nutrition & Health

Sales in the Nutrition & Health division were slightly above the level of the third quarter of 2009. Minor declines in volumes were more than offset by positive currency effects. We were able to keep our sales prices nearly stable despite increasing competitive pressure. As a result of a rise in fixed costs, earnings did not reach the high level of the previous third quarter.

### Paper Chemicals

The business environment for the Paper Chemicals division improved year-on-year, with demand increasing especially from Asia. We were mostly able to pass on higher raw materials costs to our customers. Moreover, positive currency effects helped boost sales. Higher volumes, in particular, led to an improvement in earnings. With the divestiture of our starch activities in Europe, we are taking a further step in the successful restructuring of our business. At the same time, we are further strengthening our position in the fast-growing Asian market with investments in Huizhou, in South China, as well as at our Nanjing site.

### Performance Chemicals

In the Performance Chemicals segment, demand from the automotive and plastics processing industries increased substantially year-on-year. The stronger U.S. dollar also had a positive impact on sales. In the plastic additives business in particular, we were unable to keep up with customer demand because there was a shortage of important raw materials and capacities were already fully utilized. Third-quarter earnings were below the previous year's level owing to one-time expenses for valuation adjustments on receivables related to long-term supply agreements.

### Cognis Acquisition

In June 2010, BASF reached an agreement with the owners of Cognis Holding Luxembourg S.à r.l. to acquire the specialty chemicals company Cognis. Cognis is a leading supplier of innovative system solutions and products based on renewable raw materials for the cosmetics, detergents and cleaners industries as well as the health and nutrition market. In order to prepare for the integration of Cognis businesses in the Performance Products segment, the Care Chemicals division was split into two divisions in August. The new division Nutrition & Health comprises products and solutions for the nutrition and health market as well as for the fragrances and flavors industry. The Care Chemicals division comprises products and solutions for cleaning, care, cosmetics and hygiene. BASF expects the antitrust authorities to approve the acquisition in November 2010. Once approval has been granted, we will begin working out the details of the integration plans.

### Cognis Acquisition

- Agreement reached in June 2010 to acquire specialty chemicals company Cognis
- Organizational preparation for the integration: Care Chemicals division split into two divisions
- New Nutrition & Health division includes products and solutions for the health and nutrition market as well as for the fragrance and flavors industry
- Care Chemicals portfolio comprises products and solutions for cleaning, care, cosmetics and hygiene
- Antitrust approval of the acquisition expected in November 2010



## Functional Solutions

### Customer-specific products and system solutions

#### Segment data Functional Solutions (million €)

	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales to third parties	2,591	1,888	37	7,134	5,211	37
Thereof Catalysts	1,347	788	71	3,636	2,116	72
Construction Chemicals	599	543	10	1,607	1,527	5
Coatings	645	557	16	1,891	1,568	21
Income from operations before depreciation and amortization (EBITDA)	260	176	48	728	352	107
Income from operations (EBIT) before special items	158	106	49	434	108	302
Income from operations (EBIT)	159	86	85	434	70	.
Assets	9,171	8,087	13	–	–	–
Research expenses	47	38	24	132	124	6
Additions to property, plant and equipment and intangible assets	43	37	16	111	113	(2)

#### 3rd Quarter 2010

In comparison with the weak third quarter of 2009, the business environment in the automotive industry improved in all regions. We therefore increased sales volumes in the Functional Solutions segment substantially. Sales growth was also driven by higher precious metals prices and positive currency effects (volumes 15%, prices 9%, portfolio 1%, currencies 12%). In contrast, demand from the construction industry remained at the level of the third quarter of 2009. Despite the varying developments in our customer industries, income from operations before special items grew year-on-year.

#### Catalysts

The Catalysts division posted a considerable sales increase compared with the same quarter of the previous year, due mainly to higher sales volumes of mobile emissions catalysts. Demand for chemical catalysts also increased noticeably. In addition, precious metal trading contributed €672 million to the division's sales (third quarter of 2009: €351 million). Earnings were higher year-on-year thanks to stronger demand and the larger contribution from precious metals trading.

#### Construction Chemicals

In a difficult business environment, we were able to increase sales volumes slightly thanks to strong growth in Asia and other emerging markets. The Central, Northern and Eastern European markets proved to be robust. In North America, construction activity stabilized at a low level. Positive currency effects supported sales growth. We continued to successfully implement our measures to improve efficiency. Earnings matched the level of the previous third quarter.

#### Coatings

Sales in the Coatings division grew thanks to higher volumes and currency effects. Sales volumes of automotive OEM and refinish coatings increased sharply compared with the same quarter of the previous year. In the architectural coatings business, the positive business trend seen in the preceding quarters continued. Thanks to higher volumes, earnings improved despite the negative impact of increased raw materials costs.

#### Functional Solutions

- Sales growth thanks to stronger demand from the automotive industry
- Significant earnings improvement in Catalysts and Coatings divisions
- Demand from the construction industry at the previous year's level

#### 3rd Quarter 2010 (change compared with 3rd quarter 2009)

##### Sales

+37%

##### EBIT

before special items  
(million €)

+52

## Agricultural Solutions

### Innovations for the health of crops

#### Segment data Agricultural Solutions (million €)

	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales to third parties	832	623	34	3,188	2,943	8
Income from operations before depreciation and amortization (EBITDA)	111	70	59	850	873	(3)
Income from operations (EBIT) before special items	66	21	214	707	732	(3)
Income from operations (EBIT)	66	21	214	707	727	(3)
Assets	4,683	4,617	1	–	–	–
Research expenses	98	86	14	284	253	12
Additions to property, plant and equipment and intangible assets	36	47	(23)	87	158	(45)

#### 3rd Quarter 2010

In the Agricultural Solutions segment, sales in the seasonally slower third quarter were well above the level of the same period of 2009. The strong growth in volumes in all regions, especially Europe and South America, contributed to the increase in sales. Prices declined as a result of intense competition but this was more than offset by positive currency effects. We posted higher sales in all indications, particularly of fungicides and herbicides (volumes 29%, prices –6%, currencies 11%).

In **Europe**, the fall season started successfully. In the northern hemisphere, lower crop yields led to higher market prices, particularly for grains and canola (oil-seed rape). In addition, favorable weather conditions in Central Europe had a positive effect on demand for herbicides. Sales exceeded the level of the previous third quarter in all indications.

Sales in **North America** topped the level of the third quarter of 2009, mainly as a result of higher sales volumes. After distributors reduced their large inventories in the first half of the year, we experienced stronger demand for fungicides in the United States and Canada. Moreover, sales were boosted by positive currency effects.

In **South America**, we had a very good start to the new growing season. As a result of favorable weather conditions, business with soybean fungicides was good. Thanks to the expansion of production capacity for F 500® in Schwarzhede, Germany, we were able to fully satisfy the increased demand. There was also strong demand for Standak® Top, our seed treatment product that was recently launched in the Brazilian market.

In **Asia**, sales increased considerably, particularly in the growth markets China and India. Our business with soybean herbicides in India developed successfully. Furthermore, positive currency effects bolstered sales growth.

Income from operations before special items improved significantly compared with the same period of 2009 thanks to higher volumes.

#### Agricultural Solutions

- Sales growth in all regions and indications
- Successful start to the new growing season in South America
- Strong earnings increase thanks to higher volumes

#### 3rd Quarter 2010 (change compared with 3rd quarter 2009)

##### Sales

+34%

##### EBIT

before special items  
(million €)

+45

## Oil & Gas

Exploration and production of crude oil and natural gas;  
Trading, transportation and storage of natural gas

### Segment data Oil & Gas (million €)

	3rd Quarter			January – September		
	2010	2009	Change in %	2010	2009	Change in %
Sales to third parties	2,228	2,389	(7)	7,827	8,735	(10)
Thereof Exploration & Production	881	891	(1)	2,760	2,874	(4)
Natural Gas Trading	1,347	1,498	(10)	5,067	5,861	(14)
Income from operations before depreciation and amortization (EBITDA)	684	667	3	2,093	2,131	(2)
Thereof Exploration & Production	581	551	5	1,680	1,651	2
Natural Gas Trading	103	116	(11)	413	480	(14)
Income from operations (EBIT) before special items	573	550	4	1,717	1,781	(4)
Thereof Exploration & Production	503	467	8	1,407	1,407	–
Natural Gas Trading	70	83	(16)	310	374	(17)
Income from operations (EBIT)	573	550	4	1,717	1,781	(4)
Thereof Exploration & Production	503	467	8	1,407	1,407	–
Natural Gas Trading	70	83	(16)	310	374	(17)
Assets	8,301	8,199	1	–	–	–
Thereof Exploration & Production	4,927	4,994	(1)	–	–	–
Natural Gas Trading	3,374	3,205	5	–	–	–
Exploration expenses	33	25	32	121	76	59
Additions to property, plant and equipment and intangible assets	251	224	12	554	686	(19)
Income taxes on oil-producing operations non-compensable with German corporate income tax	224	244	(8)	660	624	6
Net income	272	186	46	693	580	19

### 3rd Quarter 2010

In the Oil & Gas segment, sales decreased in comparison with the third quarter of 2009. Declining volumes in oil production and natural gas trading were only partially offset by higher prices for crude oil (volumes –23%, prices/currencies 16%). Income from operations before special items rose slightly compared with the third quarter of 2009.

Volumes and sales in the **Exploration & Production** business sector were lower due primarily to ongoing OPEC production restrictions in Libya. Natural gas production volumes were below the previous year's level as a result of natural production

declines in Germany and the Netherlands. An increase in crude oil prices, however, limited the decline in sales. The average price for Brent crude oil was \$77 per barrel, compared with \$68 per barrel (+13%) in the third quarter of 2009. In euro terms, oil prices climbed more significantly to €60 per barrel (+25%). Earnings grew as a result of higher prices.

Sales volumes in **Natural Gas Trading** declined sharply in comparison with the exceptionally strong third quarter of 2009. This led to a decrease in sales despite higher natural gas prices. The lower volumes were reflected in earnings, which did not match the level of the same quarter of the previous year.

### Oil & Gas

- Sales below the level of third quarter 2009 due to lower volumes; ongoing OPEC production restrictions
- Earnings improve slightly thanks to higher oil prices
- Sales volume in Natural Gas Trading declines compared to strong third quarter of 2009
- More information on net income in the Oil & Gas segment can be found in the Notes on page 24

### 3rd Quarter 2010 (change compared with 3rd quarter 2009)

#### Sales

–7%

#### EBIT

before special items  
(million €)

+23

## Regional Results

### 3rd Quarter 2010

#### Overview of regions<sup>1</sup> (million €)

	Sales Location of company			Sales Location of customer			EBIT before special items		
	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %
<b>3rd Quarter</b>									
Europe	8,320	7,344	13	7,872	6,959	13	1,608	822	96
Thereof Germany	6,002	5,077	18	2,698	2,446	10	1,087	576	89
North America	3,316	2,309	44	3,150	2,275	38	238	109	118
Asia Pacific	3,047	2,276	34	3,251	2,429	34	307	206	49
South America, Africa, Middle East	1,098	869	26	1,508	1,135	33	60	111	(46)
	<b>15,781</b>	<b>12,798</b>	<b>23</b>	<b>15,781</b>	<b>12,798</b>	<b>23</b>	<b>2,213</b>	<b>1,248</b>	<b>77</b>
<b>January – September</b>									
Europe	26,020	22,647	15	24,574	21,351	15	4,243	2,315	83
Thereof Germany	18,724	16,173	16	8,959	8,035	11	2,996	1,449	107
North America	10,120	7,047	44	9,860	7,083	39	1,030	372	177
Asia Pacific	8,607	5,751	50	9,210	6,258	47	910	452	101
South America, Africa, Middle East	2,702	2,074	30	3,805	2,827	35	190	234	(19)
	<b>47,449</b>	<b>37,519</b>	<b>26</b>	<b>47,449</b>	<b>37,519</b>	<b>26</b>	<b>6,373</b>	<b>3,373</b>	<b>89</b>

Sales by companies in **Europe** were 13% higher than in the third quarter of 2009. Nearly all segments posted sales growth but due to a decrease in volumes in oil production and natural gas trading, sales in the Oil & Gas segment did not match the level of the previous third quarter. Income from operations before special items rose by €786 million to €1,608 million. In a generally favorable business environment, each of our segments increased its earnings compared with the third quarter of 2009.

In **North America**, sales grew by 30% in U.S. dollars and 44% in euro terms. Earnings rose by €129 million to €238 million. Sales and earnings in the chemicals business<sup>2</sup> grew sharply compared with the previous third quarter as a result of higher volumes and prices. In the Agricultural Solutions segment, we increased sales volumes and sales but declining prices led to a slight reduction in earnings.

Sales in the **Asia Pacific** region grew by 19% in local-currency terms and by 34% in euro terms. Higher sales volumes in the chemicals business contributed to sales growth. Earnings in the region also improved by €101 million to reach €307 million. In the Chemicals segment, earnings grew significantly thanks to an increase in volumes as well as higher margins for some basic products.

In **South America, Africa, Middle East**, sales were up year-on-year by 10% in local-currency terms and by 26% in euro terms. Agricultural Solutions in South America made a significant contribution to this growth; we had a successful start to the new growing season in this market. Third-quarter earnings in the region were below the previous year's level owing to one-time expenses for valuation adjustments on receivables related to long-term supply agreements.

#### 3rd Quarter 2010

- Europe: higher sales and earnings; positive business development in nearly all segments
- North America: substantial improvement in sales and earnings; slight decline in earnings in Agricultural Solutions due to lower prices
- Asia Pacific: strong increase in sales and earnings; significant rise in earnings in Chemicals segment
- South America, Africa, Middle East: sales growth thanks to strong performance of Agricultural Solutions; earnings below previous year's level as a result of one-time expenses

<sup>1</sup> The regional classification of some of Central American countries has been changed, the previous year's figures have been adjusted.

<sup>2</sup> Our chemicals business includes the Chemicals, Plastics, Performance Products and Functional Solutions segments.

## Overview of Other Topics

### Research and development

BASF, RWE and Linde achieved a breakthrough with their new technology to capture carbon dioxide (CO<sub>2</sub>) from flue gas. Since 2009, the partners have been testing the technology in a pilot plant at RWE's Niederaussem power station. The results of the test are now available: Compared to conventional carbon capture processes, this innovative technology using new chemical solvents can reduce energy input by about 20%. The new solvents also feature clearly superior oxygen stability, which reduces solvent consumption significantly. Now the partners are working on solutions for demonstration and large-scale power plants. The first demonstration plants are scheduled to come on stream in 2015, and CO<sub>2</sub> capture is expected to be used commercially in coal-fired power stations by 2020.

For the first time, baseclick GmbH, a start-up company spun off from BASF SE and Ludwig-Maximilians-Universität Munich, has made its newly developed process for labeling nucleic acids (DNA and RNA) available to customers. Furthermore, the European Patent Office granted the basic patent for click chemistry on nucleic acids to baseclick GmbH effective September 1, 2010. The baseclick technology allows users to label multiple dye molecules on DNA strands in a sequence-specific manner. This process is more efficient, more cost effective and simpler than conventional technologies. Labeling with multiple dye molecules used to be highly complicated and was not available commercially. The attachment of multiple dyes enables more complex analyses to be carried out in a single operation. Applications include analyses for pathogens like HIV, hepatitis, or even tumor cells.

BASF has created an advanced copper plating chemistry for current and future generation chip technologies. With the help of this chemical additive, even the smallest chip structure – which can be 1,000 times smaller than the width of a

human hair – can be efficiently filled with copper in an electro-chemical process. The chemicals improve the reliability of on-chip copper wiring as well as the performance of the chips. This innovative chemical solution is the result of a joint development program with IBM, which was started in June 2007. The related technology, chemicals and materials were commercialized in the third quarter.

Scientists and technologists at the BASF subsidiary hte AG have been nominated for the "Deutscher Zukunftspreis", the German President's prize for technology and innovation. They are one of three teams that have made it into the final round of the competition. The scientists were nominated for developing a process that enables the search for new and more effective catalysts to be carried out up to 100 times faster than was possible just a few years ago. As reagents which accelerate chemical reactions, catalysts help to save energy, make the use of fossil raw materials more efficient and tap regenerative energy sources. The winner will be announced in Berlin on December 1, 2010.

### Employees

Compared with the end of 2009, the number of BASF Group employees decreased by 979 to a total of 103,800 as of September 30, 2010. This was due to restructuring in the course of the Ciba integration. At the end of the third quarter, 64.4% of employees were employed in Europe while 15% were employed in North America, 14.3% in Asia Pacific and 6.3% in South America, Africa, Middle East.

From January to September 2010, personnel costs were €6,029 million, an increase of 16.8% compared with the first nine months of the previous year. This was a result of the Ciba acquisition as well as higher provisions for the BASF option program and performance-related salary components.

### Research and development

- BASF, RWE and Linde reach breakthrough with new technology to capture carbon dioxide from flue gas
- Market launch of newly developed process for labeling nucleic acids
- BASF creates an advanced copper plating chemistry for current and future generation chip technologies
- Researchers at BASF subsidiary hte AG are nominated for the "Deutscher Zukunftspreis"

### Employees by region<sup>1</sup>

	Sept. 30, 2010	Dec. 31, 2009	Change in %
Europe	66,839	67,621	(1)
North America	15,594	16,027	(3)
Asia Pacific	14,865	14,817	.
South America, Africa, Middle East	6,502	6,314	3
	<b>103,800</b>	<b>104,779</b>	(1)

<sup>1</sup> The regional classification of some Central American countries has been changed, the previous year's figures have been adjusted.



# Interim Financial Statements

## Consolidated Statements of Income

### BASF Group

#### Consolidated Statements of Income (million €)

	Further information in Note	3rd Quarter			January – September		
		2010	2009	Change in %	2010	2009	Change in %
<b>Sales</b>		<b>15,781</b>	<b>12,798</b>	<b>23.3</b>	<b>47,449</b>	<b>37,519</b>	<b>26.5</b>
Cost of sales		11,229	9,127	23.0	33,571	27,208	23.4
<b>Gross profit on sales</b>		<b>4,552</b>	<b>3,671</b>	<b>24.0</b>	<b>13,878</b>	<b>10,311</b>	<b>34.6</b>
Selling expenses		1,691	1,456	16.1	4,865	4,210	15.6
General and administrative expenses		280	297	(5.7)	825	843	(2.1)
Research expenses		357	343	4.1	1,083	1,020	6.2
Other operating income	(5)	194	175	10.9	696	718	(3.1)
Other operating expenses	(5)	263	779	(66.2)	1,727	2,285	(24.4)
<b>Income from operations</b>		<b>2,155</b>	<b>971</b>	<b>121.9</b>	<b>6,074</b>	<b>2,671</b>	<b>127.4</b>
Income from companies accounted for using the equity method		58	33	75.8	162	49	230.6
Other income from participations		22	8	175.0	73	81	(9.9)
Other expenses from participations		3	4	(25.0)	12	8	50.0
Interest income		30	30	–	87	88	(1.1)
Interest expense		194	199	(2.5)	567	538	5.4
Other financial result		(18)	(41)	56.1	(21)	(106)	80.2
<b>Financial result</b>	<b>(6)</b>	<b>(105)</b>	<b>(173)</b>	<b>39.3</b>	<b>(278)</b>	<b>(434)</b>	<b>35.9</b>
<b>Income before taxes and minority interests</b>		<b>2,050</b>	<b>798</b>	<b>156.9</b>	<b>5,796</b>	<b>2,237</b>	<b>159.1</b>
Income taxes	(7)	684	482	41.9	1,940	1,113	74.3
<b>Income before minority interests</b>		<b>1,366</b>	<b>316</b>	<b>332.3</b>	<b>3,856</b>	<b>1,124</b>	<b>243.1</b>
Minority interests	(8)	121	79	53.2	399	169	136.1
<b>Net income</b>		<b>1,245</b>	<b>237</b>	<b>425.3</b>	<b>3,457</b>	<b>955</b>	<b>262.0</b>
<b>Earnings per share (€)</b>	<b>(9)</b>						
Undiluted	(9)	1.35	0.26	419.2	3.76	1.04	261.5
Diluted	(9)	1.35	0.26	419.2	3.76	1.04	261.5

## Consolidated Balance Sheets

### BASF Group

#### Assets (million €)

	Further information in Note	Sept. 30, 2010	Sept. 30, 2009	Change in %	Dec. 31, 2009	Change in %
Intangible assets	(10)	10,470	10,841	(3.4)	10,449	0.2
Property, plant and equipment	(10)	16,243	16,388	(0.9)	16,285	(0.3)
Investments accounted for using the equity method	(10)	1,214	1,292	(6.0)	1,340	(9.4)
Other financial assets	(10)	1,696	1,612	5.2	1,619	4.8
Deferred tax assets		1,300	1,214	7.1	1,042	24.8
Other receivables and miscellaneous short-term assets		494	1,028	(51.9)	946	(47.8)
<b>Long-term assets</b>		<b>31,417</b>	<b>32,375</b>	<b>(3.0)</b>	<b>31,681</b>	<b>(0.8)</b>
Inventories	(11)	7,962	6,559	21.4	6,776	17.5
Accounts receivable, trade	(11)	9,005	7,737	16.4	7,738	16.4
Other receivables and miscellaneous short-term assets	(11)	4,009	2,800	43.2	3,223	24.4
Marketable securities	(11)	16	167	(90.4)	15	6.7
Cash and cash equivalents	(11)	2,282	2,931	(22.1)	1,835	24.4
<b>Short-term assets</b>		<b>23,274</b>	<b>20,194</b>	<b>15.3</b>	<b>19,587</b>	<b>18.8</b>
<b>Total assets</b>		<b>54,691</b>	<b>52,569</b>	<b>4.0</b>	<b>51,268</b>	<b>6.7</b>

#### Stockholders' equity and liabilities (million €)

	Further information in Note	Sept. 30, 2010	Sept. 30, 2009	Change in %	Dec. 31, 2009	Change in %
Subscribed capital	(12)	1,176	1,176	–	1,176	–
Capital surplus	(12)	3,229	3,247	(0.6)	3,229	–
Retained earnings	(12)	13,692	12,744	7.4	12,916	6.0
Other comprehensive income		729	(71)	.	156	367.3
<b>Equity of shareholders of BASF SE</b>		<b>18,826</b>	<b>17,096</b>	<b>10.1</b>	<b>17,477</b>	<b>7.7</b>
Minority interests		1,256	1,083	16.0	1,132	11.0
<b>Stockholders' equity</b>		<b>20,082</b>	<b>18,179</b>	<b>10.5</b>	<b>18,609</b>	<b>7.9</b>
Provisions for pensions and similar obligations	(13)	3,552	2,194	61.9	2,255	57.5
Other provisions	(14)	3,398	3,252	4.5	3,289	3.3
Deferred tax liabilities		2,164	2,289	(5.5)	2,093	3.4
Financial indebtedness	(15)	11,616	12,441	(6.6)	12,444	(6.7)
Other long-term liabilities	(15)	887	1,080	(17.9)	898	(1.2)
<b>Long-term liabilities</b>		<b>21,617</b>	<b>21,256</b>	<b>1.7</b>	<b>20,979</b>	<b>3.0</b>
Accounts payable, trade		4,157	3,196	30.1	2,786	49.2
Provisions	(14)	3,215	3,020	6.5	3,276	(1.9)
Tax liabilities		1,155	1,007	14.7	1,003	15.2
Financial indebtedness	(15)	2,081	3,361	(38.1)	2,375	(12.4)
Other short-term liabilities	(15)	2,384	2,550	(6.5)	2,240	6.4
<b>Short-term liabilities</b>		<b>12,992</b>	<b>13,134</b>	<b>(1.1)</b>	<b>11,680</b>	<b>11.2</b>
<b>Total stockholders' equity and liabilities</b>		<b>54,691</b>	<b>52,569</b>	<b>4.0</b>	<b>51,268</b>	<b>6.7</b>

## Consolidated Statements of Cash Flows

### BASF Group

#### Consolidated Statements of Cash Flows (million €)

	January – September	
	2010	2009
Net income	3,457	955
Depreciation and amortization of intangible assets, property, plant and equipment and financial assets	2,360	2,503
Changes in net working capital	(783)	1,558
Miscellaneous items	273	(57)
<b>Cash provided by operating activities</b>	<b>5,307</b>	<b>4,959</b>
Payments related to property, plant and equipment and intangible assets	(1,518)	(1,828)
Acquisitions/divestitures	30	(1,463)
Financial investments and other items	313	(127)
<b>Cash used in investing activities</b>	<b>(1,175)</b>	<b>(3,418)</b>
Capital increases/repayments, share repurchases	–	(134)
Changes in financial liabilities	(2,003)	789
Dividends	(1,811)	(2,027)
<b>Cash used in financing activities</b>	<b>(3,814)</b>	<b>(1,372)</b>
Net changes in cash and cash equivalents	318	169
Cash and cash equivalents as of beginning of year and other changes	1,964	2,762
<b>Cash and cash equivalents at end of period</b>	<b>2,282</b>	<b>2,931</b>

From January to September 2010, cash provided by operating activities amounted to €5,307 million. Particularly in the first quarter and to a moderate degree in the second quarter, the significant upturn in business led to an increase in net working capital. In the third quarter, net working capital was significantly decreased as a result of a reduction in trade accounts receivable.

In the first three quarters, €1,175 million were used in investing activities. This compared with €3,418 million in the same period of the previous year, which was particularly affected by the acquisition of Ciba. Payments for property, plant and equipment and intangible assets were clearly below depreciation and amortization.

Cash used in financing activities amounted to €3,814 million. Dividends of €1,561 million were paid to shareholders of BASF SE and €250 million to minority shareholders in Group companies.

The outflow for the repayment of financial liabilities was €2,003 million. In connection with hedging activities for the financing of our North American business, we exchange euro for U.S. dollars at banks. The regular renewal of these hedging transactions can result in inflows or outflows in euro depending on the development of the U.S. dollar exchange rate. Since 2010, these payments have been reported as changes in financial liabilities under cash used in financing activities; previously they were reported under cash provided by operating activities. In line with this change in presentation, the figures from the previous year have been adjusted accordingly.

Cash and cash equivalents amounted to €2,282 million as of September 30, 2010, compared with €1,835 million at the end of 2009. Net debt was reduced to €11,415 million at the end of the third quarter, compared with €12,984 million as of December 31, 2009.

## Consolidated Statements of Recognized Income and Expense

### BASF Group

#### Income and expense items (million €)

	January – September	
	2010	2009
<b>Income before minority interests</b>	<b>3,856</b>	<b>1,124</b>
Actuarial gains/losses from pensions and other obligations; asset ceiling	(1,627)	389
Foreign currency translation adjustment	508	(34)
Fair value changes in available-for-sale securities	78	(55)
Cash flow hedges	(3)	173
Hedges of net investments in foreign operations	(4)	–
Revaluation due to acquisition of majority of shares	(2)	(1)
Deferred taxes	497	(80)
Minority interests	28	13
<b>Total income and expense recognized in equity</b>	<b>(525)</b>	<b>405</b>
<b>Total income and expense for the period</b>	<b>3,331</b>	<b>1,529</b>
Thereof BASF	2,904	1,347
Thereof minority interests	427	182

#### Development of income and expense recognized directly in equity (million €)

	Retained earnings	Other comprehensive income						Total income and expense recognized directly in equity
	Actuarial gains/ losses; asset ceiling	Foreign currency translation adjustment	Fair value changes in available-for-sale securities	Cash flow hedges	Hedges of net investments in foreign operations	Revaluation due to acquisition of majority of shares	Total of other comprehensive income	
<b>As of January 1, 2010</b>	(1,425)	(555)	698	5	–	8	156	(1,269)
Additions	–	508	78	–	–	–	586	586
Releases	(1,627)	–	–	(3)	(4)	(2)	(9)	(1,636)
Deferred taxes	501	(7)	.	3	–	–	(4)	497
<b>As of Sept. 30, 2010</b>	<b>(2,551)</b>	<b>(54)</b>	<b>776</b>	<b>5</b>	<b>(4)</b>	<b>6</b>	<b>729</b>	<b>(1,822)</b>
<b>As of January 1, 2009</b>	(1,511)	(637)	668	(137)	–	10	(96)	(1,607)
Additions	389	–	–	173	–	–	173	562
Releases	–	(34)	(55)	–	–	(1)	(90)	(90)
Deferred taxes	(22)	.	.	(58)	–	–	(58)	(80)
<b>As of Sept. 30, 2009</b>	<b>(1,144)</b>	<b>(671)</b>	<b>613</b>	<b>(22)</b>	<b>–</b>	<b>9</b>	<b>(71)</b>	<b>(1,215)</b>

## Consolidated Statements of Stockholders' Equity

### BASF Group

#### January – September 2010 (million €)

	Number of subscribed shares out- standing	Subscribed capital	Capital surplus	Retained earnings	Other com- prehensive income <sup>1</sup>	Equity of sharehol- ders of BASF SE	Minority interests	Stockhol- ders' equity
<b>As of January 1, 2010</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,229</b>	<b>12,916</b>	<b>156</b>	<b>17,477</b>	<b>1,132</b>	<b>18,609</b>
Effect of change of control	–	–	–	–	–	–	(53)	(53)
Dividends paid	–	–	–	(1,561)	–	(1,561)	(250) <sup>2</sup>	(1,811)
Net income	–	–	–	3,457	–	3,457	399	3,856
Change in income and expense recognized directly in equity	–	–	–	(1,126)	573	(553)	28	(525)
Changes in scope of consolidation and other changes	–	–	–	6	–	6	–	6
<b>As of September 30, 2010</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,229</b>	<b>13,692</b>	<b>729</b>	<b>18,826</b>	<b>1,256</b>	<b>20,082</b>

#### January – September 2009 (million €)

<b>As of January 1, 2009</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,241</b>	<b>13,250</b>	<b>(96)</b>	<b>17,571</b>	<b>1,151</b>	<b>18,722</b>
Share buyback and cancellation of own shares including own shares intended to be cancelled	–	–	6	(6)	–	–	–	–
Effect of acquisitions achieved in stages	–	–	–	(26)	–	(26)	–	(26)
Capital withdrawal/contribution	–	–	–	–	–	–	(39)	(39)
Dividends paid	–	–	–	(1,791)	–	(1,791)	(236) <sup>2</sup>	(2,027)
Net income	–	–	–	955	–	955	169	1,124
Change in income and expense recognized directly in equity	–	–	–	367	25	392	13	405
Changes in scope of consolidation and other changes	–	–	–	(5)	–	(5)	25	20
<b>As of September 30, 2009</b>	<b>918,478,694</b>	<b>1,176</b>	<b>3,247</b>	<b>12,744</b>	<b>(71)</b>	<b>17,096</b>	<b>1,083</b>	<b>18,179</b>

<sup>1</sup> Details are provided in the "Consolidated Statements of Recognized Income and Expense" on page 18.

<sup>2</sup> Including profit and loss transfers



## Segment Reporting

### BASF Group

#### 3rd Quarter (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %
Chemicals	2,874	2,000	43.7	787	527	49.3	617	364	69.5	619	364	70.1
Plastics	2,598	1,967	32.1	479	333	43.8	371	216	71.8	371	216	71.8
Performance Products	3,206	2,651	20.9	578	481	20.2	370	286	29.4	377	125	201.6
Functional Solutions	2,591	1,888	37.2	260	176	47.7	158	106	49.1	159	86	84.9
Agricultural Solutions	832	623	33.5	111	70	58.6	66	21	214.3	66	21	214.3
Oil & Gas	2,228	2,389	(6.7)	684	667	2.5	573	550	4.2	573	550	4.2
Other	1,452	1,280	13.4	35	(261)	.	58	(295)	.	(10)	(391)	97.4
	15,781	12,798	23.3	2,934	1,993	47.2	2,213	1,248	77.3	2,155	971	121.9

#### 3rd Quarter (million €)

	Research expenses			Assets			Additions to long-term assets <sup>1</sup>			Amortization and depreciation <sup>2</sup>		
	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %
Chemicals	35	32	9.4	6,281	5,918	6.1	137	117	17.1	168	163	3.1
Plastics	34	29	17.2	5,112	4,592	11.3	57	58	(1.7)	108	117	(7.7)
Performance Products	70	73	(4.1)	9,743	9,521	2.3	76	(151) <sup>3</sup>	.	201	356	(43.5)
Functional Solutions	47	38	23.7	9,171	8,087	13.4	43	37	16.2	101	90	12.2
Agricultural Solutions	98	86	14.0	4,683	4,617	1.4	36	47	(23.4)	45	49	(8.2)
Oil & Gas	3	3	–	8,301	8,199	1.2	251	224	12.1	111	117	(5.1)
Other	70	82	(14.6)	11,400	11,635	(2.0)	37	31	19.4	45	130	(65.4)
	357	343	4.1	54,691	52,569	4.0	637	363	75.5	779	1,022	(23.8)

<sup>1</sup> Investment in intangible assets and property, plant and equipment

<sup>2</sup> Depreciation and amortization of intangible assets and property, plant and equipment

<sup>3</sup> Negative value results from a revaluation following the completion of the purchase price allocation for Ciba; adjusted for this effect, investments amounted to €62 million.

## January – September (million €)

	Sales			EBITDA			Income from operations (EBIT) before special items			Income from operations (EBIT)		
	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %
Chemicals	8,432	5,365	57.2	2,272	1,184	91.9	1,765	706	150.0	1,767	705	150.6
Plastics	7,379	5,180	42.5	1,321	658	100.8	999	325	207.4	998	325	207.1
Performance Products	9,228	6,771	36.3	1,749	703	148.8	1,260	489	157.7	1,168	34	.
Functional Solutions	7,134	5,211	36.9	728	352	106.8	434	108	301.9	434	70	.
Agricultural Solutions	3,188	2,943	8.3	850	873	(2.6)	707	732	(3.4)	707	727	(2.8)
Oil & Gas	7,827	8,735	(10.4)	2,093	2,131	(1.8)	1,717	1,781	(3.6)	1,717	1,781	(3.6)
Other	4,261	3,314	28.6	(585)	(745)	21.5	(509)	(768)	33.7	(717)	(971)	26.2
	47,449	37,519	26.5	8,428	5,156	63.5	6,373	3,373	88.9	6,074	2,671	127.4

## January – September (million €)

	Research expenses			Assets			Additions to long-term assets <sup>1</sup>			Amortization and depreciation <sup>2</sup>		
	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %	2010	2009	Change in %
Chemicals	97	98	(1.0)	6,281	5,918	6.1	339	330	2.7	505	479	5.4
Plastics	106	93	14.0	5,112	4,592	11.3	153	185	(17.3)	323	333	(3.0)
Performance Products	216	199	8.5	9,743	9,521	2.3	191	3,702	(94.8)	581	669	(13.2)
Functional Solutions	132	124	6.5	9,171	8,087	13.4	111	113	(1.8)	294	282	4.3
Agricultural Solutions	284	253	12.3	4,683	4,617	1.4	87	158	(44.9)	143	146	(2.1)
Oil & Gas	8	8	–	8,301	8,199	1.2	554	686	(19.2)	376	350	7.4
Other	240	245	(2.0)	11,400	11,635	(2.0)	76	104	(26.9)	132	226	(41.6)
	1,083	1,020	6.2	54,691	52,569	4.0	1,511	5,278	(71.4)	2,354	2,485	(5.3)

<sup>1</sup> Investments in intangible assets and property, plant and equipment

<sup>2</sup> Depreciation and amortization of intangible assets and property, plant and equipment

Other<sup>3</sup> (million €)

	3rd Quarter			January - September		
	2010	2009	Change in %	2010	2009	Change in %
<b>Sales</b>	1,452	1,280	13.4	4,261	3,314	28.6
Thereof Styrenics	815	696	17.1	2,544	1,817	40.0
Thereof Other business included under Other	637	584	9.1	1,717	1,497	14.7
<b>EBIT before special items</b>	58	(295)	.	(509)	(768)	33.7
Thereof Group corporate costs	(54)	(54)	–	(160)	(164)	2.4
Corporate research	(67)	(81)	17.3	(227)	(240)	5.4
Currency results, hedges and other valuation effects	104	(92)	.	(231)	(521)	55.7
Styrenics, fertilizers, other business	77	43	79.1	245	259	(5.4)
Special items	(68)	(96)	29.2	(208)	(203)	(2.5)
<b>EBIT</b>	(10)	(391)	97.4	(717)	(971)	26.2

<sup>3</sup> Further information about Other can be found in the Notes on pages 23 and 24.

## Notes to the Interim Financial Statements of BASF Group

### 1 – Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2009 were prepared according to the International Financial Reporting Standards (IFRS) valid as of the balance sheet date. The Interim Financial Statements as of September 30, 2010 have been prepared in line with the rules of International Accounting Standard 34 in abbreviated form and using the same accounting policies. The Interim Financial Statements and Interim Management's Analysis have been neither audited nor subject to an auditor's review.

→ The BASF Report 2009 containing the Consolidated Financial Statement as of December 31, 2009 can be found on the Internet: [basf.com/report](http://basf.com/report)

The appreciation of important currencies against the euro since December 31, 2009 led to a balance sheet expansion of around €1.6 billion. Shareholders' equity increased by €501 million due to exchange rate effects.

#### Selected exchange rates

	Closing rates		Average rates Jan. - Sept.	
	Sept. 30, 2010	Dec. 31, 2009	Current year	Previous year
€1 equals				
Argentina (ARS)	5.41	5.46	5.12	5.06
Brazil (BRL)	2.32	2.51	2.34	2.84
China (CNY)	9.13	9.84	8.95	9.33
Great Britain (GBP)	0.86	0.89	0.86	0.89
Japan (JPY)	113.68	133.16	117.66	129.48
Malaysia (MYR)	4.21	4.93	4.28	4.86
Mexico (MXN)	17.13	18.92	16.71	18.61
The Russian Federation (RUB)	41.69	43.15	39.76	44.32
South Korea (KRW)	1,550.65	1,666.97	1,529.46	1,788.94
United States (USD)	1.36	1.44	1.31	1.37

### 2 – Scope of consolidation

The Consolidated Financial Statements include BASF SE as well as all material subsidiaries on a fully consolidated basis. Material jointly operated companies are proportionally consolidated. The development of the number of fully and proportionally consolidated companies is shown in the table.

There have been five first-time consolidations since the beginning of 2010 due to the increasing importance of these companies.

Since the beginning of 2010, 45 companies have been deconsolidated as a result of mergers with other BASF companies, sale to third parties or decreased significance. These restructuring measures were primarily a consequence of the Ciba integration.

#### Scope of consolidation

	2010	2009
As of January 1	345	293
Thereof proportionally consolidated	19	19
First-time consolidations	5	74
Thereof proportionally consolidated	2	–
Deconsolidations	45	17
Thereof proportionally consolidated	1	–
<b>As of September 30</b>	<b>305</b>	<b>350</b>
Thereof proportionally consolidated	20	19

### 3 – Acquisitions/divestitures

On June 23, BASF reached an agreement to buy the specialty chemicals business Cognis, based in Monheim, Germany. The equity purchase price is €700 million, including net financial debt and pension obligations the enterprise value of the transaction is €3.1 billion. The acquisition is still subject to approval by the competent authorities. The closing of the transaction is expected in the second half of November, 2010.

As part of the Ciba acquisition, BASF was required by antitrust authorities to make certain divestitures. As of September 30, BASF divested its business with synthetic dry strength agents (used in the paper industry). In addition, the business with starch production and modification plants was sold to Chemigate Oy, Finland.

BASF signed an agreement on June 7, 2010 to divest its business with hydrophilic melt additives, marketed under the brand name Irgasurf® HL, to Techmer PM, based in Tennessee. In the first quarter, BASF divested major parts of the Ciba Expert Services business to Intertek Group plc as well as its businesses with the pigments bismuthvanadate and indanthrone blue to the Dominion Colour Corporation. Apart from these transactions, BASF did not make any material acquisitions or divestitures in the first three quarters of 2010.

### 4 – Segment reporting

BASF's worldwide business is managed by operating divisions that are aggregated into six segments for reporting purposes.

Chemicals consists of the Inorganics, Petrochemicals and Intermediates divisions. Its portfolio ranges from basic chemicals, glues and electronic chemicals to solvents and plasticizers, as well as starting materials for products such as detergents, plastics, textile fibers, paints and coatings and pharmaceuticals.

Plastics is composed of the Performance Polymers and Polyurethanes divisions.

As of August 1, 2010, the division Nutrition & Health was established within the Performance Products segment. This division's core business areas include human and animal nutrition as well as pharmaceuticals, which were previously part of the Care Chemicals division. The new division Nutrition & Health had been formed to prepare for the integration of the Cognis activities. Performance Products now includes five divisions that primarily make customer-specific specialties alongside standard products. In addition to Care Chemicals and Nutrition & Health, these divisions are Dispersions & Pigments, Paper Chemicals and Performance Chemicals.

Functional Solutions comprises the Catalysts, Construction Chemicals and Coatings divisions.

Agricultural Solutions contains the Crop Protection division.

Oil & Gas is composed of the Oil & Gas division with the Exploration & Production and Natural Gas Trading business sectors.

Activities not allocated to a particular segment are reported under Other and include, in particular, Styrenics as well as our fertilizer activities. In addition, the sale of raw materials, engineering and other services, rental income and leases are reported under Other. Group corporate costs consist of the expenses for steering the BASF Group; these costs are not allocated to the segments, they are reported under Other.

With our cross-divisional corporate research, which is also reported under Other, we develop growth clusters and ensure the long-term competence of BASF with regard to technology and methods.

Earnings from currency conversion that are not allocated to the segments are reported under Other as are earnings from the hedging of raw materials prices and foreign currency exchange risks. Expenses and revenues from the BASF option program are also reported under Other.

In the first three quarters of 2010, sales in Other increased significantly compared with the same period of 2009. This was mainly due to the positive business development in Styrenics. Earnings in the Styrenics business also increased substantially. Provisions for the BASF option program had a negative impact on earnings because BASF shares outperformed the benchmark index MSCI World Chemicals in the first three quarters of 2010.

Transfers between the segments are almost always executed at market-based prices. The allocation of assets and depreciation to the segments is based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

## Assets of Other (million €)

	January – September	
	2010	2009
Assets of business included under Other	2,493	2,360
Financial assets	2,910	2,904
Deferred tax assets	1,300	1,214
Cash and cash equivalents, marketable securities	2,298	3,098
Defined benefit assets	69	479
Miscellaneous receivables/prepaid expenses	2,330	1,580
	<b>11,400</b>	<b>11,635</b>

## Reconciliation reporting for Oil &amp; Gas (million €)

	3rd Quarter		January – September	
	2010	2009	2010	2009
<b>Income from operations</b>	<b>573</b>	<b>550</b>	<b>1,717</b>	<b>1,781</b>
Income from participations	44	26	153	50
Other income	5	(14)	(23)	(225)
<b>Income before taxes and minority interests</b>	<b>622</b>	<b>562</b>	<b>1,847</b>	<b>1,606</b>
Income taxes	298	320	987	910
thereof income taxes on oil-producing operations non-compensable with German corporate income tax	224	244	660	624
<b>Income before minority interests</b>	<b>324</b>	<b>242</b>	<b>860</b>	<b>696</b>
Minority interests	52	56	167	116
<b>Net income</b>	<b>272</b>	<b>186</b>	<b>693</b>	<b>580</b>

In the reconciliation reporting for Oil & Gas, the income from operations of the Oil & Gas segment is reconciled to the contribution of the companies in this segment to the net income of the BASF Group.

Other income includes all expenses and income not included in income from operations of the segment, the interest result and the miscellaneous financial result.

The increase in income from participations in the first three quarters resulted chiefly from earnings at OAO Severneftegazprom, which is accounted for using the equity method.



## 5 – Other operating income and expenses

### Other operating income (million €)

	3rd Quarter		January – September	
	2010	2009	2010	2009
Income from currency conversion and foreign currency transactions	(43)	(16)	154	83
Disposal of property, plant and equipment	29	6	70	28
Reversal/usage of provisions	22	9	29	18
Reversal of allowances for doubtful receivables	12	16	52	49
Revenue from miscellaneous typical business activities	88	36	104	70
Miscellaneous	86	124	287	470
<b>Other operating income</b>	<b>194</b>	<b>175</b>	<b>696</b>	<b>718</b>

### Other operating expenses (million €)

	3rd Quarter		January – September	
	2010	2009	2010	2009
Losses from currency conversion and foreign currency transactions	(93)	(30)	165	348
Oil and gas exploration expenses	33	25	121	76
Miscellaneous	323	784	1,441	1,861
<b>Other operating expenses</b>	<b>263</b>	<b>779</b>	<b>1,727</b>	<b>2,285</b>

The decline of income from currency conversion and foreign currency transactions in the third quarter of 2010 was mainly a result of the lower market value of U.S. dollar hedging transactions. The decrease in income from Miscellaneous in the first three quarters of 2010 resulted primarily from lower income from hedging for raw materials price risks. Losses from currency conversion and foreign currency transactions narrowed as a result of the depreciation of the U.S. dollar and the higher market value of hedging transactions in British pounds.

The reversal of provisions for the BASF option program resulted in income in the third quarter of 2010 because the benchmark index MSCI World Chemicals outperformed the BASF share. In the third quarter of 2009, the provisions had been increased in response to the higher market value of the option rights for the BASF option program.

The reduction in expenses from Miscellaneous was mainly the result of lower special charges. Expenses in the previous year were primarily related to the integration of Ciba.

## 6 – Financial result

Million €	3rd Quarter		January – September	
	2010	2009	2010	2009
<b>Income from companies accounted for using the equity method</b>	<b>58</b>	<b>33</b>	<b>162</b>	<b>49</b>
Income from participations in affiliated and associated companies	17	4	47	72
Income from the disposal of participations	1	1	2	1
Income from profit transfer agreements	4	3	22	7
Income from tax allocation to participating interests	–	–	2	1
<b>Other income from participations</b>	<b>22</b>	<b>8</b>	<b>73</b>	<b>81</b>
Losses from loss transfer agreements	(1)	(1)	(3)	(2)
Write-downs of/losses from the sale of participations	(2)	(3)	(9)	(6)
<b>Other expenses from participations</b>	<b>(3)</b>	<b>(4)</b>	<b>(12)</b>	<b>(8)</b>
Interest income from cash and cash equivalents	27	24	69	68
Interest and dividend income from securities and loans	3	6	18	20
<b>Interest income</b>	<b>30</b>	<b>30</b>	<b>87</b>	<b>88</b>
<b>Interest expense</b>	<b>(194)</b>	<b>(199)</b>	<b>(567)</b>	<b>(538)</b>
Write-ups/profits from the sale of securities and loans	–	(2)	–	14
Expected income from plan assets to cover pensions and similar obligations	190	168	574	490
Income from plan assets to cover other long-term personnel obligations	1	8	5	14
Income from construction interest	16	16	46	44
Miscellaneous financial income	1	–	25	–
<b>Other financial income</b>	<b>208</b>	<b>190</b>	<b>650</b>	<b>562</b>
Write-downs/losses from the disposal of securities and loans	(2)	–	(2)	(10)
Interest accrued on pension obligations and other similar obligations	(205)	(206)	(611)	(567)
Expenses from other long-term employee obligations	(8)	(14)	(33)	(34)
Interest accrued on other long-term liabilities	(11)	(11)	(25)	(32)
Miscellaneous financial expenses	–	–	–	(25)
<b>Other financial expenses</b>	<b>(226)</b>	<b>(231)</b>	<b>(671)</b>	<b>(668)</b>
<b>Financial result</b>	<b>(105)</b>	<b>(173)</b>	<b>(278)</b>	<b>(434)</b>

Income from companies accounted for using the equity method grew in the first three quarters of 2010, due particularly to OAO Severneftegazprom.

Interest income and expenses relate to expenses and income from interest-bearing liabilities and financial investments, including dividend income on securities. In addition, these items take into account the ongoing interest expenses and income from interest rate and currency swaps with banks. The interest result was lower in comparison with the previous year. This is attributable to the higher interest expense for bonds issued in 2009.

The higher level of expected income from pension plan assets can be attributed to the increase in pension plan assets compared with the previous year.

Additional pension obligations arose due to the acquisition of Ciba in April 2009. As a result, expenses for interest accrued on pension obligations and similar obligations increased compared with the first three quarters of 2009.

## 7 – Income taxes

### Income before taxes and minority interests (million €)

	3rd Quarter		January – September	
	2010	2009	2010	2009
Germany	781	90	1,926	206
Foreign oil production branches of German companies	303	314	859	809
Other foreign	966	394	3,011	1,222
	<b>2,050</b>	<b>798</b>	<b>5,796</b>	<b>2,237</b>

### Income taxes (million €)

	3rd Quarter		January – September	
	2010	2009	2010	2009
Germany	220	43	596	88
Foreign oil production branches of German companies	268	291	786	744
Thereof non-compensable	224	244	660	624
Other foreign	196	148	558	281
	<b>684</b>	<b>482</b>	<b>1,940</b>	<b>1,113</b>
Tax rate (%)	33.4	60.4	33.5	49.8

The lower contribution to earnings from the highly taxed Oil & Gas segment led to a reduction in the tax rate.

## 8 – Minority interests

Million €	3rd Quarter		January – September	
	2010	2009	2010	2009
Minority interests in profits	118	66	400	172
Minority interests in losses	3	13	(1)	(3)
	<b>121</b>	<b>79</b>	<b>399</b>	<b>169</b>

Minority interests in profits resulted primarily from natural gas trading companies as well as Gazprom's stake in the Wintershall subsidiary that holds production and exploration rights in Libya. Partners' minority interests in profits were higher

in particular at BASF PETRONAS Chemicals Sdn. Bhd., based in Malaysia, and BASF FINA Petrochemicals Ltd. Partnership, based in the United States.

## 9 – Earnings per share

		3rd Quarter		January – September	
		2010	2009	2010	2009
Net income	million €	1,245	237	3,457	955
Number of outstanding shares (weighted average)	(in thousands)	918,479	918,479	918,479	918,479
<b>Earnings per share</b>	<b>€</b>	<b>1.35</b>	<b>0.26</b>	<b>3.76</b>	<b>1.04</b>

The calculation of earnings per share is based on the weighted average number of common shares outstanding. The calculation of diluted earnings per common share reflects all possible outstanding common shares and the resulting effect on income of the BASF incentive share program "Plus".

In the first three quarters of 2010, and in the corresponding period of 2009, there was no dilutive effect; undiluted earnings per share were the same as the diluted value per share.

## 10 – Long-term assets

### Development (million €)

	January – September 2010		
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
<b>Acquisition costs</b>			
Balance as of January 1	13,303	51,943	3,220
Additions	39	1,472	214
Disposals	(226)	(367)	(332)
Transfers	55	62	19
Exchange differences	403	974	36
<b>Balance as of September 30</b>	<b>13,574</b>	<b>54,084</b>	<b>3,157</b>
<b>Amortization and depreciation</b>			
Balance as of January 1	2,854	35,658	261
Additions	467	1,887	6
Disposals	(218)	(276)	(18)
Transfers	(75)	26	(1)
Exchange differences	76	546	(1)
<b>Balance as of September 30</b>	<b>3,104</b>	<b>37,841</b>	<b>247</b>
<b>Net book value as of September 30</b>	<b>10,470</b>	<b>16,243</b>	<b>2,910</b>

### Development (million €)

	January – September 2009		
	Intangible assets	Property, plant and equipment	Investments accounted for using the equity method and other financial assets
<b>Acquisition costs</b>			
Balance as of January 1	12,408	49,147	3,424
Additions	1,850	3,428	403
Disposals	(319)	(596)	(158)
Transfers	(64)	29	(474)
Exchange differences	(208)	(455)	(15)
<b>Balance as of September 30</b>	<b>13,667</b>	<b>51,553</b>	<b>3,180</b>
<b>Amortization and depreciation</b>			
Balance as of January 1	2,519	34,115	331
Additions	636	1,849	18
Disposals	(309)	(532)	(72)
Transfers	(1)	(8)	(1)
Exchange differences	(19)	(259)	–
<b>Balance as of September 30</b>	<b>2,826</b>	<b>35,165</b>	<b>276</b>
<b>Net book value as of September 30</b>	<b>10,841</b>	<b>16,388</b>	<b>2,904</b>

Additions to property, plant and equipment from January to September 2010 arose from a number of investments. The most significant investments were: the expansion of the synthesis gas plants in Ludwigshafen, Germany; the construction of natural gas pipelines in Europe (in particular OPAL and NEL); the ex-

pansion measures at the site in Nanjing, China; construction of a sulfuric acid plant and a Deacon plant in Antwerp, Belgium; and the construction of a polyol plant and a production plant for methylamines in Geismar, Louisiana.

## 11 – Short-term assets

Million €	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
Raw materials and factory supplies	2,146	1,774	1,845
Work-in-process, finished goods and merchandise	5,724	4,680	4,860
Advance payments and services-in-process	92	105	71
<b>Inventories</b>	<b>7,962</b>	<b>6,559</b>	<b>6,776</b>
<b>Accounts receivables, trade</b>	<b>9,005</b>	<b>7,737</b>	<b>7,738</b>
Other receivables and miscellaneous short-term assets	4,009	2,800	3,223
Marketable securities	16	167	15
Cash and cash equivalents	2,282	2,931	1,835
<b>Other short-term assets</b>	<b>6,307</b>	<b>5,898</b>	<b>5,073</b>
<b>Short-term assets</b>	<b>23,274</b>	<b>20,194</b>	<b>19,587</b>

Work-in-process and finished goods and merchandise are combined into one item because of the production conditions in the chemical industry. Uncompleted contracts relate primarily to services not invoiced at the balance sheet date. Inventories are valued using the weighted average cost method.

The increase in inventories compared with year-end 2009 is in part attributable to translation effects amounting to €195 million.

Trade accounts receivable increased in comparison with year-end 2009 as a result of currency effects of €232 million as well as the expansion of business activities.

## 12 – Stockholders' equity

### Authorized capital

At the Annual Meeting of April 30, 2009, shareholders authorized the Board of Executive Directors to increase subscribed capital by issuing new shares in an amount of up to €500 million against cash with the approval of the Supervisory Board through April 30, 2014. The Board of Executive Directors is empowered, following the approval of the Supervisory Board, to decide on the exclusion of shareholders' subscription rights for these new shares. Until now, this option has not been exercised and no new shares were issued.

### Retained earnings

Transfers to Other retained earnings increased legal reserves by €9 million in the first three quarters. The offsetting of actuarial gains and losses, as well as the asset ceiling, resulted in a reduction in retained earnings of €1,126 million in the first three quarters of 2010, and an increase of €367 million in the same period of 2009.

The Annual Meeting of BASF SE decided on April 29, 2010 to distribute a dividend of €1,561 million for 2009 to shareholders, corresponding to €1.70 per share.

### Reserves (million €)

	Sept. 30, 2010	Dec. 31, 2009
Legal reserves	431	429
Other retained earnings	13,261	12,487
	<b>13,692</b>	<b>12,916</b>

## 13 – Provisions for pensions

**Assumptions used to determine the defined benefit obligation** (weighted average in %)

	Germany		Foreign	
	Sept. 30, 2010	31.12.2009	Sept. 30, 2010	31.12.2009
Discount rate	4.25	5.50	4.25	5.17
Projected increase of wages and salaries	2.75	2.75	3.91	3.91
Projected pension increase	2.00	2.00	0.92	0.92

**Assumptions used to determine expenses for pension benefits** (from January 1 through September 30 of the respective year; weighted average in %)

	Germany		Foreign	
	Sept. 30, 2010	31.12.2009	Sept. 30, 2010	31.12.2009
Discount rate	5.50	6.00	5.17	5.59
Projected increase of wages and salaries	2.75	2.75	3.91	3.82
Projected pension increase	2.00	2.00	0.92	0.76
Expected return on plan assets	5.13	5.42	6.28	6.60

The assumptions regarding the overall expected long-term rate of return are based on the target asset allocation and the weighted average rate of expected returns of each individual asset class. The forecasts are based on long-term historical average returns and take into consideration the current yield level and the inflation trend.

In the first three quarters of 2010, developments in the capital markets led to a significant reduction of the average weighted discount rate for existing pension obligations. In particular, the resulting actuarial losses of €2,320 million led to an increase in pension provisions as of September 30, 2010.

## 14 – Other provisions

Million €	Sept. 30, 2010	Sept. 30, 2009	Dec. 31, 2009
Other long-term provisions	3,398	3,252	3,289
Short-term provisions	3,215	3,020	3,276
	6,613	6,272	6,565

In the first three quarters of 2010, other provisions increased compared with the end of 2009. This increase primarily affects provisions for the BASF option program.

## 15 – Liabilities

### Liabilities (million €)

	Sept. 30, 2010		Sept. 30, 2009		Dec. 31, 2009	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
<b>Accounts payable, trade</b>	<b>4,157</b>	<b>–</b>	<b>3,196</b>	<b>–</b>	<b>2,786</b>	<b>–</b>
Bonds and other liabilities to the capital market	1,472	10,231	2,443	11,264	1,491	11,351
Liabilities to credit institutions	609	1,385	918	1,177	884	1,093
<b>Financial indebtedness</b>	<b>2,081</b>	<b>11,616</b>	<b>3,361</b>	<b>12,441</b>	<b>2,375</b>	<b>12,444</b>
<b>Tax liabilities</b>	<b>1,155</b>	<b>–</b>	<b>1,007</b>	<b>–</b>	<b>1,003</b>	<b>–</b>
Advances received on orders	69	–	68	–	116	–
Liabilities on bills	14	25	62	24	52	23
Liabilities related to social security	155	35	163	15	156	30
Miscellaneous liabilities	1,890	625	2,032	858	1,801	663
Deferred income	256	202	225	183	115	182
<b>Other liabilities</b>	<b>2,384</b>	<b>887</b>	<b>2,550</b>	<b>1,080</b>	<b>2,240</b>	<b>898</b>

### Financial indebtedness (million €)

	Carrying amounts based on effective interest method				
	Nominal value	Effective interest rate	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
3.5% Euro Bond 2003/2010 of BASF SE	1,000	3.63 %	–	999	999
4% Euro Bond 2006/2011 of BASF SE	1,000	4.05 %	1,000	999	999
3.375% Euro Bond 2005/2012 of BASF SE	1,400	3.42 %	1,399	1,399	1,398
3.75% Euro Bond 2009/2012 of BASF SE	1,350	3.97 %	1,345	1,343	1,342
4.5% Euro Bond 2006/2016 of BASF SE	500	4.62 %	497	497	497
4.25% Euro Bond 2009/2016 of BASF SE	200	4.40 %	198	198	198
5.875% GBP Bond 2009/2017 of BASF SE	400	6.04 %	461	446	436
4.625% Euro Bond 2009/2017 of BASF SE	300	4.69 %	299	299	299
3.25% CHF Bond 2008/2011 of BASF Finance Europe N.V.	300	3.39 %	226	202	199
6% Euro Bond 2008/2013 of BASF Finance Europe N.V.	1,250	6.15 %	1,245	1,244	1,243
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	1,000	5.09 %	997	996	996
5% Euro Bond 2007/2014 of BASF Finance Europe N.V.	250	4.83 %	251	252	252
3.625% CHF Bond 2008/2015 of BASF Finance Europe N.V.	200	3.77 %	149	134	132
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	1,500	5.30 %	1,489	1,488	1,487
5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.	500	4.38 %	515	517	518
4.5% Euro Medium Term Note 2009/2016 of BASF Finance Europe N.V.	150	4.56 %	150	149	149
USD Extendible Floating Rate Notes of BASF Finance Europe N.V.		0.33 %	–	3	242
3.25% CHF Bond 2006/2012 of Ciba Spezial. Finanz AG	225	3.32 %	166	147	145
4.875% Euro Bond 2003/2018 of Ciba Special. Chem. Finance Luxembourg S.A.	477	4.88 %	399	393	391
USD Commercial Paper	320		234	487	1,198
Other bonds			683	650	587
<b>Bonds and other liabilities to the capital market</b>			<b>11,703</b>	<b>12,842</b>	<b>13,707</b>
Liabilities to credit institutions			1,994	1,977	2,095
			<b>13,697</b>	<b>14,819</b>	<b>15,802</b>



## 16 – Related-party transactions

Material supply relationships exist for the supply of oil and gas between companies of the BASF Group and the proportionally consolidated joint venture companies Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin, and Wintershall Erdgas Handelshaus Zug AG, Zug, Switzerland. These transactions are conducted at arm's length prices and business terms. The unconsolidated portion of these supplies amounted to €647 million in the first three quarters of 2010 and €622 million in the same period of 2009.

In addition, there are material supply relationships with Ellba C.V., Netherlands, and Ellba Eastern Private Ltd., Singapore. The unconsolidated portion of these supplies amounted to €353 million in the first three quarters of 2010 and €204 million in the same period of 2009.

There were no reportable related party transactions with members of the Board of Executive Directors or the Supervisory Board. BASF has not issued loans to members of the Board of Executive Directors or the Supervisory Board.

## Calculation of Adjusted Earnings per Share

Million €	3rd Quarter		January – September	
	2010	2009	2010	2009
Income before taxes and minority interests	2,050	798	5,796	2,237
Special items	58	277	299	702
Amortization of intangible assets	161	301	467	636
Amortization of intangible assets contained in the special items	–	(128)	(5)	(187)
<b>Adjusted income before taxes and minority interests</b>	<b>2,269</b>	<b>1,248</b>	<b>6,557</b>	<b>3,388</b>
Adjusted income taxes	756	606	2,167	1,418
<b>Adjusted income before minority interests</b>	<b>1,513</b>	<b>642</b>	<b>4,390</b>	<b>1,970</b>
Adjusted minority interests	123	82	406	176
<b>Adjusted net income</b>	<b>1,390</b>	<b>560</b>	<b>3,984</b>	<b>1,794</b>
Weighted average number of outstanding shares	(in thousands) 918,479	918,479	918,479	918,479
<b>Adjusted earnings per share</b>	<b>€ 1.52</b>	<b>0.61</b>	<b>4.34</b>	<b>1.95</b>

The earnings per share figure adjusted for special items and amortization of intangible assets has become internationally established as a key figure that can be compared over the course of time and is particularly suitable for forecasts of future earnings.

The special items are primarily the result of the integration of acquired businesses, restructuring measures, impairment losses and gains or losses resulting from divestitures. This involves expenses and income that do not arise in conjunction with ordinary business activities. Intangible assets primarily result from purchase price allocation following acquisitions. The amortization of intangible assets is therefore of a temporary nature.

The calculation of earnings per share in accordance with IFRS is presented in the Notes on page 27. The adjusted income before taxes and minority interests, the adjusted net income and the adjusted earnings per share are indicators that are not defined in IFRS. They should not be viewed in isolation, but rather treated as supplementary information.

### Forward-looking Statements

This report contains forward-looking statements. These statements are based on current estimates and projections of BASF management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of BASF to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed from pages 103 to 111 in the BASF Report 2009. The BASF Report can be found on the Internet at: [basf.com/report](http://basf.com/report). We do not assume any obligation to update the forward-looking statements contained in this report.

Full Year Results 2010

Feb. 24, 2011

Annual Meeting 2011 / Interim Report 1st Quarter 2011

May 6, 2011

Interim Report 1st Half 2011

July 28, 2011

Interim Report 3rd Quarter 2011

Oct. 27, 2011

#### Further Information

**Published on October 28, 2010**

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