

# Interim Report

3rd Quarter 2011 (July – September)



## BASF with good earnings in 3rd quarter

- High demand in the third quarter
- Growth in chemical production expected to slow in the 4th quarter
- Outlook for 2011: Sales and earnings still expected to significantly exceed previous year's levels

 **BASF**  
The Chemical Company

# BASF Group

## 3rd Quarter 2011

| Million €  | 3rd Quarter |         |             | January – September |         |             |
|--|-------------|---------|-------------|---------------------|---------|-------------|
|  | 2011        | 2010    | Change in % | 2011                | 2010    | Change in % |
| Sales  | 17,607      | 15,781  | 11.6        | 55,429              | 47,449  | 16.8        |
| Income from operations before depreciation and amortization (EBITDA) | 2,709       | 2,934   | (7.7)       | 9,089               | 8,428   | 7.8         |
| Income from operations (EBIT) before special items                   | 1,964       | 2,213   | (11.3)      | 6,933               | 6,373   | 8.8         |
| Income from operations (EBIT)  | 1,882       | 2,155   | (12.7)      | 6,649               | 6,074   | 9.5         |
| Financial result   | (161)       | (105)   | (53.3)      | 548                 | (278)   | .           |
| Income before taxes and minority interests                           | 1,721       | 2,050   | (16.0)      | 7,197               | 5,796   | 24.2        |
| Net income   | 1,192       | 1,245   | (4.3)       | 5,057               | 3,457   | 46.3        |
| Earnings per share (€)   | 1.30        | 1.35    | (3.9)       | 5.51                | 3.76    | 46.3        |
| Adjusted earnings per share (€) <sup>1</sup>                         | 1.52        | 1.52    | –           | 5.21                | 4.34    | 20.0        |
| EBITDA margin (%)  | 15.4        | 18.6    | –           | 16.4                | 17.8    | –           |
| Cash provided by operating activities                                | 1,990       | 2,586   | (23.0)      | 5,028               | 5,307   | (5.3)       |
| Additions to long-term assets <sup>2</sup>                           | 853         | 637     | 33.9        | 2,234               | 1,511   | 47.8        |
| Research and development expenses                                    | 405         | 357     | 13.4        | 1,176               | 1,083   | 8.6         |
| Amortization and depreciation <sup>2</sup>                           | 827         | 779     | 6.2         | 2,440               | 2,354   | 3.7         |
| Segment assets (as of September 30) <sup>3</sup>                     | 50,208      | 43,291  | 16.0        | 50,208              | 43,291  | 16.0        |
| Personnel costs  | 2,032       | 1,913   | 6.2         | 6,489               | 6,029   | 7.6         |
| Number of employees (as of September 30)                             | 111,724     | 103,800 | 7.6         | 111,724             | 103,800 | 7.6         |

<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>4</sup> This section is not part of the interim management's analysis.

Change  
compared with  
3rd quarter 2010

3rd Quarter  
2011

Sales

+12%

EBIT  
before special items

–11%

← Cover photo: Project leader Miwa Sashida and physicist Jochen Brill check a screen into which a transparent organic polymer film has been integrated. Unlike screens with an integrated metal film, BASF's polymer film only reflects infrared radiation. Radio, GPS or Bluetooth signals are not adversely affected.

## 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. We also ensure that other BASF segments are supplied with chemicals for producing downstream 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 detergents, plastics, textile fibers, paints and coatings, crop protection products 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 electrical 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 increase the energy efficiency of refrigerators.

### Performance Products

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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 and gas 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 sectors and customers, in particular for the automotive and construction industries. Our portfolio comprises automotive and industrial catalysts, automotive and industrial coatings and concrete admixtures as well as 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. Research and development expenses, sales, earnings and all other data of BASF Plant Science are not included in the Agricultural Solutions segment; they are reported in Other.

### 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 transport, storage and trading of natural gas in Europe.

# BASF Innovations

## smart forvision

→ Forward-looking ideas for the electric mobility of tomorrow

**Transparent organic solar cells and light-emitting diodes, all-plastic wheel rims, new lightweight seat and body components, and infrared-reflective films and coatings: The smart forvision, jointly introduced by Daimler and BASF, combines innovations in energy efficiency, lightweight construction and temperature management with a futuristic design. At the 64th International Motor Show, Daimler and BASF offered a look into the future of electric mobility.**

Longer range and greater comfort – this was Daimler's and BASF's goal when they started the smart forvision project. And they achieved it: The smart forvision's range is up to 20% greater than that of the typical electric car. Many ideas for holistic electric mobility have been employed in this concept vehicle.

For example, BASF's electricity-generating organic dye solar cells supply the smart forvision with energy even in poor light conditions, thereby relieving the battery. An additional new feature is hidden under the solar cells: Transparent organic light-emitting diodes illuminate the vehicle interior in the dark.

In addition to the fiber-reinforced plastics in the car's body, the wheel rims, made of BASF Ultramid® Structure material, are the first entirely plastic rims to be ready for series production. These rims can reduce weight by up to 30% compared to metal, while affording the same degree of stability. The electric car thus becomes lighter and requires less electricity to run.

The heating and air conditioning systems are also more energy efficient: A polymer film in the smart forvision's windows reflects heat away from the car. Furthermore, BASF's high-performance foams are built into the body panels, keeping the vehicle pleasantly cool in summer and insulating it against the cold in winter.

This is how Daimler and BASF have achieved the optimal conditions for efficient, sustainable electric mobility.



Modern materials and technology make new concepts possible in the smart forvision electric car: The vehicle not only saves energy, it also generates it.



Organic light-emitting diodes illuminate the vehicle interior in the dark. They are transparent, creating a sunroof effect during the day.

## Innovations in the chemical industry – smart forvision

The smart forvision shows today what electric mobility can look like tomorrow:

- Organic dye solar cells on the roof supply energy efficiently
- Transparent organic light-emitting diodes illuminate the vehicle interior in the dark
- Innovations in plastic make the smart forvision lighter, thereby reducing electricity use
- Holistic temperature management ensures a comfortable interior

→ Further information on the smart forvision can be found online at: [smartforvision.basf.com](http://smartforvision.basf.com)



## BASF Group Business Review

### 3rd Quarter 2011

After a strong first half, growth slowed down in the third quarter of 2011. Nevertheless, our business developed positively. We were largely able to pass on increased raw material costs to the market. Despite the suspension of oil production in Libya as well as negative currency effects, our sales rose to €17.6 billion, 11.6% higher than in the third quarter of 2010.

Income from operations before special items decreased by €249 million to around €2 billion. The third quarter of 2010 included an earnings contribution from oil production in Libya of €355 million, of which €224 million were non-compensable income taxes on oil-producing operations. Excluding the contribution from Libya, earnings were higher than the level of the previous third quarter.

Sales volumes decreased slightly compared with the third quarter of 2010 due to lower production volumes in the Oil & Gas segment following our suspension of crude oil production in Libya. Excluding this effect, our volumes increased slightly overall. Sharply increased raw material costs could be passed on through our sales prices in almost all divisions. Portfolio measures, mostly resulting from the acquisition of Cognis in December 2010, led to a 5% increase in sales; however, negative currency effects reduced sales growth by 4%.

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

|                    | 3rd Quarter | Jan. – Sept. |
|--------------------|-------------|--------------|
| Volumes            | (3)         | 1            |
| Prices             | 14          | 13           |
| Portfolio measures | 5           | 6            |
| Currencies         | (4)         | (3)          |
|                    | 12          | 17           |

We increased sales in all divisions in the **Chemicals** segment. Significantly higher sales prices in several business areas contributed to this positive development. Slightly lower volumes overall as well as negative currency effects were more than offset by these price increases. Thanks to improved margins in some areas, earnings also slightly exceeded the level of the third quarter of 2010.

In the **Plastics** segment, sales rose despite negative currency effects. This was mostly due to sharply increased prices, particularly in the Performance Polymers division. In the Polyurethanes division, earnings were reduced by the decline in the TDI business. Earnings in this segment were below the very good level of the third quarter of 2010.

#### Third-quarter sales (million €)

|                        |      |       |      |  |
|------------------------|------|-------|------|--|
| Chemicals              | 2011 | 3,168 | 10%  |  |
|                        | 2010 | 2,874 |      |  |
| Plastics               | 2011 | 2,801 | 8%   |  |
|                        | 2010 | 2,598 |      |  |
| Performance Products   | 2011 | 3,991 | 24%  |  |
|                        | 2010 | 3,206 |      |  |
| Functional Solutions   | 2011 | 2,907 | 12%  |  |
|                        | 2010 | 2,591 |      |  |
| Agricultural Solutions | 2011 | 908   | 9%   |  |
|                        | 2010 | 832   |      |  |
| Oil & Gas              | 2011 | 2,195 | (1%) |  |
|                        | 2010 | 2,228 |      |  |
| Other                  | 2011 | 1,637 | 13%  |  |
|                        | 2010 | 1,452 |      |  |

We posted a strong sales increase in the **Performance Products** segment. This development was attributable to the inclusion of the Cognis businesses as well as to higher sales prices. Sales growth was reduced by negative currency effects and a slight decrease in volumes. Earnings grew substantially, also owing to the acquired Cognis businesses.

### BASF Group 3rd Quarter 2011

- After a strong first half, growth slows
- Sales improve by 11.6% to €17.6 billion; sales growth reduced by 4% due to negative currency effects
- Higher raw material costs largely passed on to the market through increased sales prices
- Lower volumes following the suspension of production in Libya
- Income from operations before special items declines by 11.3% to around €2 billion due to suspension of oil production in Libya; adjusted for this effect, earnings above the level of the previous third quarter
- Adjusted earnings per share unchanged year-on-year at €1.52

We also increased sales in the **Functional Solutions** segment compared with the previous third quarter. Negative currency effects were more than offset by higher prices. Demand in the automotive industry for our coatings and catalysts remained high. Earnings improved thanks to the strong contribution from the Catalysts division.

In the seasonally slower third quarter, sales in the **Agricultural Solutions** segment surpassed the good level of the previous third quarter. The very successful start to the season in South America made a significant contribution to this improvement. Increased sales volumes in all regions and higher prices compensated for negative currency effects. We were able to substantially increase earnings.

In the **Oil & Gas** segment, sales were slightly below the level of the third quarter of 2010 due to lower volumes. The volume decrease in the Exploration & Production business sector was a result of the suspension of our production in Libya at the end of February 2011. Increased sales prices in natural gas trading and higher crude oil prices could almost fully offset this decline. Earnings improved in the Natural Gas Trading business sector; however, earnings declined overall without the contribution from Libya.

**Other** posted sales growth, primarily as a result of higher prices in the Styrenics business and raw materials trading. Earnings in Other did not match the level of the previous third quarter owing to negative currency effects. Income from the reversal of provisions for our long-term incentive (LTI) program resulted from the lower share price.

**Special items** in EBIT amounted to minus €82 million (third quarter of 2010: minus €58 million), due in part to the integration of the Cognis businesses. A further special charge arose from a legal dispute in the United States, which was resolved with a settlement.

Compared with the third quarter of the previous year, **EBIT** decreased by 13% to €1,882 million. **EBITDA** fell by €225 million to €2,709 million. The EBITDA margin was 15.4% (third quarter of 2010: 18.6%).

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

|                        |      |      |       |  |
|------------------------|------|------|-------|--|
| Chemicals              | 2011 | 621  | +4    |  |
|                        | 2010 | 617  |       |  |
| Plastics               | 2011 | 317  | (54)  |  |
|                        | 2010 | 371  |       |  |
| Performance Products   | 2011 | 440  | +70   |  |
|                        | 2010 | 370  |       |  |
| Functional Solutions   | 2011 | 162  | +4    |  |
|                        | 2010 | 158  |       |  |
| Agricultural Solutions | 2011 | 95   | +29   |  |
|                        | 2010 | 66   |       |  |
| Oil & Gas              | 2011 | 350  | (223) |  |
|                        | 2010 | 573  |       |  |
| Other                  | 2011 | (21) | (79)  |  |
|                        | 2010 | 58   |       |  |

The **financial result** was minus €161 million, a decrease of €56 million compared with the third quarter of 2010. This was primarily attributable to lower earnings from companies accounted for using the equity method. Overall, special items in income before taxes and minority interests amounted to minus €117 million (third quarter of 2010: minus €58 million). **Income before taxes and minority interests** decreased by €329 million to €1,721 million in the third quarter of 2011.

**Net income** decreased by 4% to €1,192 million. At 23.2%, the tax rate was far lower than in the third quarter of 2010. This decline was primarily due to the lack of non-compensable income taxes on oil-producing operations following the suspension of oil production in Libya.

**Earnings per share** were €1.30 in the third quarter of 2011, compared with €1.35 in the third quarter of 2010. Adjusted for special items and amortization of intangible assets, earnings per share amounted to €1.52, remaining unchanged compared with the previous third quarter.

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

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

|             | 2011  | 2010  |
|-------------|-------|-------|
| 1st quarter | 705   | (114) |
| 2nd quarter | (49)  | (127) |
| 3rd quarter | (117) | (58)  |
| 4th quarter |       | (78)  |
| Full year   |       | (377) |

#### Adjusted earnings per share (€)

|             | 2011 | 2010 |
|-------------|------|------|
| 1st quarter | 1.94 | 1.32 |
| 2nd quarter | 1.75 | 1.50 |
| 3rd quarter | 1.52 | 1.52 |
| 4th quarter |      | 1.39 |
| Full year   |      | 5.73 |

## BASF on the Capital Market

### Overview of BASF shares

|  |                | 3rd Quarter 2011 | Jan. – Sept. 2011 |
|--|----------------|------------------|-------------------|
| <b>Performance (with dividends reinvested)</b> |                |                  |                   |
| BASF   | %              | (31.8)           | (20.2)            |
| DAX 30   | %              | (25.4)           | (20.4)            |
| DJ EURO STOXX 50                               | %              | (23.1)           | (20.0)            |
| DJ Chemicals                                   | %              | (24.8)           | (16.2)            |
| MSCI World Chemicals                           | %              | (20.8)           | (15.8)            |
| <b>Share prices and trading (XETRA)</b>        |                |                  |                   |
| Average  | €              | 55.03            | 59.00             |
| High   | €              | 68.75            | 69.40             |
| Low  | €              | 43.66            | 43.66             |
| Close (end of period)                          | €              | 46.09            | 46.09             |
| Average daily trade                            | million shares | 6.0              | 4.7               |
| Outstanding shares (end of period)             | million shares | 918.5            | 918.5             |
| Market capitalization (end of period)          | billion €      | 42.3             | 42.3              |

### Market trend

After significant stock market gains in the second quarter of 2011, stock exchanges in the third quarter were increasingly marked by uncertainty. Share prices worldwide declined sharply from the beginning of August. This was a result of both the intensification of the national debt crises in Europe and the United States as well as financial markets' lower growth expectations for the world economy in 2012. BASF's stock was unable to escape this negative trend: At €46.09, BASF's share price at the end of the third quarter of 2011 was 31.8% lower 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 fell 25.4% and 23.1%, respectively. At the end of the third quarter, the global industry indices DJ Chemicals and MSCI World Chemicals had declined 24.8% and 20.8%, respectively, compared with their value at the end of the previous quarter.

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

### Continued good credit ratings

With "A+/A-1 outlook stable" from rating agency Standard & Poor's and "A1/P-1 outlook negative" from Moody's, BASF continues to have good credit ratings, especially compared with our competitors in the chemical industry. We continue to have solid financing. Since the beginning of the year, we have reduced our net debt by €1,940 million to €11,606 million.

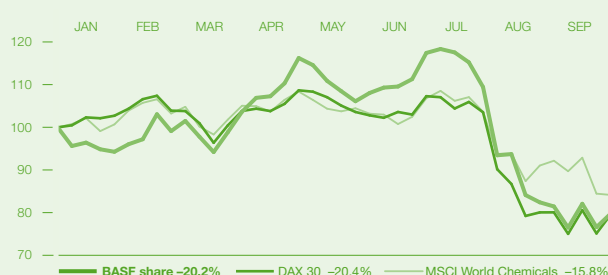
### BASF a sustainable investment

In September, BASF was included in the Dow Jones Sustainability World Index (DJSI World) for the eleventh time in a row. We received particular recognition for our commitment to Product Stewardship, Environmental Management and Climate Strategy as well as our Risk & Crisis Management. Furthermore, the Carbon Disclosure Project has again selected BASF for inclusion in the prestigious Carbon Disclosure Leadership Index (CDLI) and Carbon Performance Leadership Index (CPLI).

## BASF on the Capital Market

- Intensification of the national debt crises leads to decline in share prices on international stock exchanges; performance of BASF shares: –20.2% since beginning of 2011
  - Good credit ratings and continued solid financing
  - 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 email at [ir@basf.com](mailto:ir@basf.com)

Change in value of an investment in BASF shares (January – September 2011) (with dividends reinvested; indexed)



## Significant Events

BASF and INEOS have received approval from all relevant anti-trust authorities for the formation of the joint venture Styrolution. Since October 1, 2011, Styrolution has been operating independently on the market. BASF and INEOS have combined their global business activities in styrene monomers, polystyrene, acrylonitrile butadiene styrene, styrene-butadiene block copolymers and other styrene-based copolymers as well as copolymer blends into the new joint venture. With production sites in Europe, North America and Asia, Styrolution is the global leader in the styrenic plastics industry. BASF received around €600 million at the beginning of October as compensation for its contributed businesses.

BASF has signed a contract with EuroChem, Russia's largest producer of mineral fertilizers, to sell its fertilizer activities in Antwerp, Belgium. BASF also plans to sell its 50% share of the joint venture PEC-Rhin in Ottmarsheim, France, to EuroChem. The total transaction value is expected to be around €700 million. The divestments are subject to approval by the appropriate antitrust authorities. The sale process is expected to be completed by the end of the first quarter 2012.

BASF will build the first production complex in South America for acrylic acid and superabsorbent polymers in the Brazilian state of Bahia. The investment volume for the construction of this world-scale production site for acrylic acid, butyl acrylate and superabsorbents amounts to more than €500 million. Operations are scheduled to begin in 2014. In addition, BASF will build the first production plant in South America for 2-ethyl-hexyl acrylate, a raw material for the adhesives and coatings industries, in its existing chemical complex in Guaratinguetá, Brazil. With these investments, we aim to continue our profitable growth in South America.

In Nanjing, China, the first production facilities in the expansion of BASF-YPC Company Limited have begun operations. Along with the successful completion of the steam cracker expansion, the newly constructed butadiene extraction plant and the non-ionic surfactants plant are now operational. The bulk of the remaining plants are expected to come on-stream around the end of 2011. BASF and Sinopec are investing around \$1.4 billion in the expansion of the Verbund site in Nanjing, which was begun in September 2009.

In the middle of August, relevant antitrust authorities gave their approval for BASF's acquisition of Inge Wassertechnologies AG and Inge GmbH; the transaction was thus successfully completed. Inge Wassertechnologies is a leading provider of solutions in ultrafiltration technology, a process for the treatment of drinking water, process water, wastewater and seawater using special membranes. With the acquisition of Inge Wassertechnologies, BASF continues to strengthen its position in the quickly growing water treatment market.

## Significant Events

- Styrolution joint venture operating independently on the market since October 1
- BASF signs contract with EuroChem to sell its fertilizer activities in Antwerp, Belgium
- BASF building production complex for acrylic acid and superabsorbents in Brazil
- First plants of BASF-YPC expansion in Nanjing, China come on-stream
- Acquisition of Inge Wassertechnologies AG and Inge GmbH completed



## Chemicals

Excellence in the Verbund, technology and cost leadership

### Segment data Chemicals (million €)

|  | 3rd Quarter |       |             | January – September |       |             |
|--|-------------|-------|-------------|---------------------|-------|-------------|
|  | 2011        | 2010  | Change in % | 2011                | 2010  | Change in % |
| Sales to third parties   | 3,168       | 2,874 | 10          | 9,836               | 8,432 | 17          |
| Thereof Inorganics   | 356         | 322   | 11          | 1,060               | 929   | 14          |
| Petrochemicals   | 2,141       | 1,909 | 12          | 6,703               | 5,629 | 19          |
| Intermediates  | 671         | 643   | 4           | 2,073               | 1,874 | 11          |
| Income from operations before depreciation and amortization (EBITDA) | 848         | 787   | 8           | 2,621               | 2,272 | 15          |
| Income from operations (EBIT) before special items                   | 621         | 617   | 1           | 2,060               | 1,765 | 17          |
| Income from operations (EBIT)  | 612         | 619   | (1)         | 2,063               | 1,767 | 17          |
| Assets   | 6,974       | 6,281 | 11          | 6,974               | 6,281 | 11          |
| Research expenses  | 35          | 35    | –           | 100                 | 97    | 3           |
| Additions to property, plant and equipment and intangible assets     | 160         | 137   | 17          | 416                 | 339   | 23          |

### 3rd Quarter 2011

In the Chemicals segment, we were able to increase sales in all divisions (volumes –3%, prices 18%, currencies –5%). Significantly higher sales prices in several business areas more than compensated for negative currency effects. The slight decrease in volumes resulted mostly from the optimization of our supply chain for steam cracker products. Adjusted for this effect, sales volumes for the segment matched the level of the previous third quarter. Thanks to improved margins in some areas and high plant capacity utilization, income from operations before special items increased slightly compared with the very strong third quarter of 2010.

### Inorganics

Sales in the Inorganics division grew year-on-year, largely as a result of higher prices. Sales volumes increased slightly. Earnings were also above the level of the third quarter of 2010. Ongoing strong demand for our products and higher margins, especially for ammonia and urea, contributed significantly to this positive development.

### Petrochemicals

Sales in the Petrochemicals division increased substantially compared with the third quarter of 2010; this was mainly attributable to higher sales prices as a result of increased raw material costs. The introduction of a swap agreement to optimize our value-adding chain for steam cracker products resulted in a decrease in volumes, which did not impact earnings. Negative currency effects additionally reduced sales growth. Earnings matched the very good level of the previous third quarter.

### Intermediates

In the Intermediates division, demand from all key customer sectors, such as the coatings, plastics and pharmaceutical industries, was as high as in the same quarter of the previous year. We were mostly able to pass on higher raw material costs through our prices and thus improve sales. However, negative currency effects reduced sales growth. Earnings matched the level of the previous third quarter.

### Chemicals

- Sales growth in all divisions
- Higher raw material costs largely offset by price increases
- Earnings improve slightly with higher margins in some areas and good plant capacity utilization

### 3rd Quarter 2011 (change compared with 3rd quarter 2010)

#### Sales

+10%

#### EBIT

before special items  
(million €)

+4

## Plastics

Energy-efficient products and system solutions for our customers

### Segment data Plastics (million €)

|  | 3rd Quarter |       |             | January – September |       |             |
|--|-------------|-------|-------------|---------------------|-------|-------------|
|  | 2011        | 2010  | Change in % | 2011                | 2010  | Change in % |
| Sales to third parties   | 2,801       | 2,598 | 8           | 8,417               | 7,379 | 14          |
| Thereof Performance Polymers   | 1,321       | 1,140 | 16          | 3,960               | 3,301 | 20          |
| Polyurethanes  | 1,480       | 1,458 | 2           | 4,457               | 4,078 | 9           |
| Income from operations before depreciation and amortization (EBITDA) | 418         | 479   | (13)        | 1,398               | 1,321 | 6           |
| Income from operations (EBIT) before special items                   | 317         | 371   | (15)        | 1,093               | 999   | 9           |
| Income from operations (EBIT)  | 315         | 371   | (15)        | 1,091               | 998   | 9           |
| Assets   | 5,413       | 5,112 | 6           | 5,413               | 5,112 | 6           |
| Research expenses  | 39          | 34    | 15          | 112                 | 106   | 6           |
| Additions to property, plant and equipment and intangible assets     | 74          | 57    | 30          | 165                 | 153   | 8           |

### 3rd Quarter 2011

Sales in the Plastics segment improved compared with the previous third quarter. Significant price increases in several business areas compensated for negative currency effects. Volumes were slightly above the very high level of the third quarter of 2010; capacity utilization rates at our plants were good (volumes 2%, prices 10%, currencies –4%). The lower contribution from the TDI business led to a decline in income from operations before special items compared with the very good third quarter of 2010.

### Performance Polymers

Sales in the Performance Polymers division grew in comparison with the previous third quarter. Higher prices supported sales growth; however, currency effects had a negative influence on sales development. Demand for our products improved in all business areas. Capacity utilization rates at our plants continued to be good. With higher margins and increased volumes in some areas, especially intermediates and engineering plastics, we were able to surpass the earnings level of the strong third quarter of 2010.

### Polyurethanes

Sales in the Polyurethanes division increased year-on-year, mainly as a result of higher prices. Almost all business areas developed positively, particularly specialties and system houses; however, better availability on the market led to a decrease in TDI prices. Demand from the automotive industry grew, while sales volumes weakened for our products for the construction industry. Due to lower contributions from the TDI business, we were unable to match the very good earnings level of the previous third quarter.

### Plastics

- Sales growth in both operating divisions
- Higher sales prices in several business areas
- Decline in earnings due to lower contribution from TDI business

### 3rd Quarter 2011 (change compared with 3rd quarter 2010)

#### Sales

+8%

#### EBIT

before special items  
(million €)

–54

## Performance Products

Innovative, fast-growing and cyclically resilient

### Segment data Performance Products (million €)

|  | 3rd Quarter |       |             | January – September |       |             |
|--|-------------|-------|-------------|---------------------|-------|-------------|
|  | 2011        | 2010  | Change in % | 2011                | 2010  | Change in % |
| Sales to third parties   | 3,991       | 3,206 | 24          | 12,068              | 9,228 | 31          |
| Thereof Dispersions & Pigments                                       | 928         | 887   | 5           | 2,714               | 2,467 | 10          |
| Care Chemicals   | 1,265       | 682   | 85          | 3,994               | 1,992 | 101         |
| Nutrition & Health   | 471         | 357   | 32          | 1,420               | 1,098 | 29          |
| Paper Chemicals  | 423         | 448   | (6)         | 1,233               | 1,308 | (6)         |
| Performance Chemicals  | 904         | 832   | 9           | 2,707               | 2,363 | 15          |
| Income from operations before depreciation and amortization (EBITDA) | 602         | 578   | 4           | 1,937               | 1,749 | 11          |
| Income from operations (EBIT) before special items                   | 440         | 370   | 19          | 1,507               | 1,260 | 20          |
| Income from operations (EBIT)  | 403         | 377   | 7           | 1,266               | 1,168 | 8           |
| Assets   | 13,863      | 9,743 | 42          | 13,863              | 9,743 | 42          |
| Research expenses  | 84          | 70    | 20          | 242                 | 216   | 12          |
| Additions to property, plant and equipment and intangible assets     | 201         | 76    | 164         | 432                 | 191   | 126         |

### 3rd Quarter 2011

Sales rose in all divisions in the Performance Products segment, with the exception of Paper Chemicals. The inclusion of the Cognis businesses was mostly responsible for this growth. Increased sales prices resulting from higher raw material costs also contributed to sales growth. However, negative currency effects and slightly decreased volumes had a negative impact on sales (volumes –2%, prices 7%, portfolio 23%, currencies –4%). We were able to significantly improve income from operations before special items, mainly due to the businesses acquired from Cognis. Furthermore, one-time charges in the Performance Chemicals division had been incurred in the previous third quarter.

### Dispersions & Pigments

Sales in the Dispersions & Pigments division grew, mostly thanks to higher prices. Sales volumes were slightly below the level of the previous third quarter; currency effects also had a negative impact on sales development. We were partly able to pass on increased raw material costs to the market. As a result of lower margins, earnings did not match the level of the third quarter of 2010.

### Care Chemicals

Sales grew strongly in the Care Chemicals division, primarily due to the acquisition of the Cognis activities. We were largely able to pass on higher raw material costs to the market, particularly for detergents, cleaning agents and superabsorbents. Negative currency effects had an adverse impact on business. Through the inclusion of the Cognis activities, we significantly exceeded the earnings level of the previous third quarter.

### Performance Products

- Sales increase in almost all divisions
- Acquired Cognis businesses make significant contribution to sales growth
- Earnings improve compared with previous third quarter

### 3rd Quarter 2011 (change compared with 3rd quarter 2010)

#### Sales

+24%

#### EBIT

before special items  
(million €)

+70

### Nutrition & Health

Sales in the Nutrition & Health division improved sharply, especially due to the inclusion of the Cognis businesses. We were able to significantly increase sales volumes, particularly in our animal nutrition and pharmaceutical business areas. Overall, sales prices were comparable with the previous third quarter, while the weaker U.S. dollar dampened sales growth. Increasing raw material prices and energy costs negatively affected our margins. Nevertheless, earnings surpassed the level of the third quarter of 2010 thanks to positive sales volume development and the inclusion of the Cognis businesses.

### Paper Chemicals

The business environment in the Paper Chemicals division remained challenging. Compared with the previous third quarter, sales volumes declined as a result of both lower demand and our restructured, streamlined product portfolio. Higher sales prices were unable to fully compensate for this downward trend and sales declined. Despite reduced fixed costs, earnings were below the level of the previous third quarter.

### Performance Chemicals

In the Performance Chemicals division, we were able to increase sales compared with the previous third quarter owing to the inclusion of the acquired Cognis businesses and price increases. By contrast, declining sales volumes and negative currency effects had an adverse impact on sales growth. The previous third quarter included one-time charges for valuation adjustments on receivables related to long-term supply agreements. The lack of these expenses in addition to higher prices led to a significant improvement in earnings, despite sharply increased raw material costs.

### Performance Products

- Dispersions & Pigments: Sales rise; earnings decrease due to declining margins
- Care Chemicals: Sales and earnings improve sharply thanks especially to the acquired Cognis businesses
- Nutrition & Health: Sales and earnings rise thanks to higher sales volumes and the inclusion of Cognis
- Paper Chemicals: Sales and earnings decline due to a difficult business environment
- Performance Chemicals: Sales grow; earnings rise significantly, due in part to higher prices

## Functional Solutions

### Customer-specific products and system solutions

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

|  | 3rd Quarter      |       |             | January – September |       |             |
|--|------------------|-------|-------------|---------------------|-------|-------------|
|  | 2011             | 2010  | Change in % | 2011                | 2010  | Change in % |
| Sales to third parties   | 2,907            | 2,591 | 12          | 8,491               | 7,134 | 19          |
| Thereof Catalysts  | 1,608            | 1,347 | 19          | 4,785               | 3,636 | 32          |
| Construction Chemicals   | 599              | 599   | –           | 1,645               | 1,607 | 2           |
| Coatings   | 700              | 645   | 9           | 2,061               | 1,891 | 9           |
| Income from operations before depreciation and amortization (EBITDA) | 258              | 260   | (1)         | 754                 | 728   | 4           |
| Income from operations (EBIT) before special items                   | 162              | 158   | 3           | 471                 | 434   | 9           |
| Income from operations (EBIT)  | 161              | 159   | 1           | 468                 | 434   | 8           |
| Assets   | 9,785            | 9,171 | 7           | 9,785               | 9,171 | 7           |
| Research expenses  | 48               | 47    | 2           | 143                 | 132   | 8           |
| Additions to property, plant and equipment and intangible assets     | (3) <sup>1</sup> | 43    | –           | 212                 | 111   | 91          |

<sup>1</sup> The negative value results from the adjustment of the preliminary purchase price allocation for Heesung Catalysts Corporation.

#### 3rd Quarter 2011

We were able to increase sales in the Functional Solutions segment in the third quarter (volumes 4%, prices 11%, portfolio 3%, currencies –6%). Demand from the automotive industry for both our mobile emissions catalysts and automotive coatings remained strong. Higher precious metal prices also had a positive effect on sales growth. Income from operations before special items exceeded the level of the previous third quarter; this was especially due to the strong contribution from the Catalysts division resulting from higher volumes and prices.

#### Catalysts

In the Catalysts division, the chemical and refinery catalysts business developed very successfully compared with the third quarter of 2010. Demand for our mobile emissions catalysts also grew substantially. At €674 million, the contribution from precious metals trading matched the level of the previous third quarter (third quarter of 2010: €672 million). Thanks to increased sales volumes in almost all business areas, we achieved significantly higher earnings.

#### Construction Chemicals

The Construction Chemicals division posted a slight increase in both sales volumes and prices compared with the third quarter of 2010. Due to negative currency effects, sales were at the level of the previous third quarter. The business environment in North America remained difficult, but we gained market share, especially in concrete admixtures. Demand continued to develop favorably in the emerging markets of Asia, South America and Eastern Europe. Overall, we were not able to fully pass on increased raw material costs to the market through our sales prices. Earnings therefore did not match the level of the previous third quarter.

#### Coatings

In the Coatings division, demand for our automotive coatings increased considerably in almost all regions, as did demand for our architectural coatings in South America. Sales rose in comparison with the same quarter of 2010. However, we were only partially able to pass on higher raw material costs to the market. Earnings were slightly below the good level of the previous third quarter.

#### Functional Solutions

- Sales rise mainly as a result of higher volumes and prices
- Earnings improve compared with the third quarter of 2010
- Catalysts makes strong contribution to earnings

#### 3rd Quarter 2011 (change compared with 3rd quarter 2010)

##### Sales

+12%

##### EBIT

before special items  
(million €)

+4



## Agricultural Solutions

### Innovations for the health of crops

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

|  | 3rd Quarter |       |             | January – September |       |             |
|--|-------------|-------|-------------|---------------------|-------|-------------|
|  | 2011        | 2010  | Change in % | 2011                | 2010  | Change in % |
| Sales to third parties   | 908         | 832   | 9           | 3,343               | 3,188 | 5           |
| Income from operations before depreciation and amortization (EBITDA) | 137         | 111   | 23          | 894                 | 850   | 5           |
| Income from operations (EBIT) before special items                   | 95          | 66    | 44          | 769                 | 707   | 9           |
| Income from operations (EBIT)  | 95          | 66    | 44          | 769                 | 707   | 9           |
| Assets   | 4,941       | 4,683 | 6           | 4,941               | 4,683 | 6           |
| Research expenses  | 101         | 98    | 3           | 293                 | 284   | 3           |
| Additions to property, plant and equipment and intangible assets     | 40          | 36    | 11          | 99                  | 87    | 14          |

#### 3rd Quarter 2011

In the Agricultural Solutions segment, we improved sales year-on-year in the seasonally slower third quarter. The very good start to the season in South America made a significant contribution to this improvement. Stronger sales volumes in all regions and higher sales prices more than offset negative currency effects (volumes 12%, prices 3%, currencies –6%).

In **Europe**, the fall season began successfully. The strong demand for canola herbicides in France and Eastern Europe particularly led to sales growth.

Weather-related factors in **North America** pushed the application period for corn and soybean fungicides into the third quarter. We were thus able to achieve higher sales than in the same quarter of the previous year.

We once again posted high sales growth in **Asia**. The good development of our fungicide business in India especially contributed to this success.

In **South America**, we had a very good start to the growing season. There was especially strong demand for our newly launched AgCelence® production system, as well as for our insecticides. Sales growth was also supported by the rapid expansion of our business with the innovative herbicide tolerance technology Clearfield®.

Increases in sales volumes and prices led to significantly higher income from operations before special items compared with the previous third quarter.

#### Agricultural Solutions

- Sales increase in seasonally slower third quarter
- Stronger sales volumes in all regions and higher sales prices
- Earnings significantly above the level of the previous third quarter

#### 3rd Quarter 2011 (change compared to 3rd quarter 2010)

##### Sales

+9%

##### EBIT before special items (million €)

+29

## 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 |       |             |
|---|-------------|-------|-------------|---------------------|-------|-------------|
|   | 2011        | 2010  | Change in % | 2011                | 2010  | Change in % |
| Sales to third parties  | 2,195       | 2,228 | (1)         | 8,111               | 7,827 | 4           |
| Thereof Exploration & Production  | 534         | 881   | (39)        | 2,165               | 2,760 | (22)        |
| Natural Gas Trading   | 1,661       | 1,347 | 23          | 5,946               | 5,067 | 17          |
| Income from operations before depreciation and amortization (EBITDA)                      | 474         | 684   | (31)        | 1,784               | 2,093 | (15)        |
| Thereof Exploration & Production  | 317         | 581   | (45)        | 1,378               | 1,680 | (18)        |
| Natural Gas Trading   | 157         | 103   | 52          | 406                 | 413   | (2)         |
| Income from operations (EBIT) before special items  | 350         | 573   | (39)        | 1,426               | 1,717 | (17)        |
| Thereof Exploration & Production  | 227         | 503   | (55)        | 1,122               | 1,407 | (20)        |
| Natural Gas Trading   | 123         | 70    | 76          | 304                 | 310   | (2)         |
| Income from operations (EBIT)   | 350         | 573   | (39)        | 1,426               | 1,717 | (17)        |
| Thereof Exploration & Production  | 227         | 503   | (55)        | 1,122               | 1,407 | (20)        |
| Natural Gas Trading   | 123         | 70    | 76          | 304                 | 310   | (2)         |
| Assets  | 9,232       | 8,301 | 11          | 9,232               | 8,301 | 11          |
| Thereof Exploration & Production  | 5,008       | 4,927 | 2           | 5,008               | 4,927 | 2           |
| Natural Gas Trading   | 4,224       | 3,374 | 25          | 4,224               | 3,374 | 25          |
| Exploration expenses  | 59          | 33    | 79          | 142                 | 121   | 17          |
| Additions to property, plant and equipment and intangible assets                          | 351         | 251   | 40          | 818                 | 554   | 48          |
| Income taxes on oil-producing operations non-compensable with German corporate income tax | –           | 224   | –           | 280                 | 660   | (58)        |
| Net income  | 225         | 272   | (17)        | 788                 | 693   | 14          |

### 3rd Quarter 2011

In the Oil & Gas segment, sales were slightly below the level of the third quarter of 2010. Due to the suspension of production in Libya at the end of February, production volumes fell considerably. This decrease in sales volumes was almost entirely offset by increased prices in natural gas trading, as well as higher crude oil prices (volumes –25%, prices/currencies 24%). Income from operations before special items did not match the level of the previous third quarter due to the lack of earnings contributions from Libya. Adjusted for this effect, earnings were above the level of the third quarter of 2010.

In the **Exploration & Production** business sector, production volumes fell sharply due to the suspension of our crude oil production in Libya. Sales therefore declined despite higher

crude oil and natural gas prices. The average price for Brent crude oil was \$113 per barrel, compared with \$77 per barrel (+48%) in the previous third quarter. Earnings were also below the level of the third quarter of 2010 due to the lack of contribution from Libya. In the previous third quarter, earnings contained non-compensable income taxes on oil-producing operations of €224 million.

Sales in the **Natural Gas Trading** business sector improved significantly, primarily as a result of increased gas prices. Margins were negatively impacted by the contractually delayed adjustment of sales prices to higher purchase prices. This effect was partly offset by one-time gains from contractual revisions. Earnings were above the level of the previous third quarter.

### Oil & Gas

- Sales decrease slightly compared with previous third quarter
- Volumes fall sharply due to production stoppage in Libya
- Earnings decline as a result of the lack of a contribution from Libya
- More information on net income in the Oil & Gas segment can be found in the Notes on page 24

### 3rd Quarter 2011 (change compared with 3rd quarter 2010)

#### Sales

–1%

#### EBIT before special items (million €)

–223

## Regional Results

### 3rd Quarter 2011

#### Overview of regions (million €)

|                                    | Sales<br>Location of company |               |                | Sales<br>Location of customer |               |                | EBIT<br>before special items |              |                |
|------------------------------------|------------------------------|---------------|----------------|-------------------------------|---------------|----------------|------------------------------|--------------|----------------|
|                                    | 2011                         | 2010          | Change<br>in % | 2011                          | 2010          | Change<br>in % | 2011                         | 2010         | Change<br>in % |
| <b>3rd Quarter</b>                 |                              |               |                |                               |               |                |                              |              |                |
| Europe                             | 9,355                        | 8,320         | 12             | 8,906                         | 7,872         | 13             | 1,234                        | 1,608        | (23)           |
| Thereof Germany                    | 6,613                        | 6,002         | 10             | 3,199                         | 2,698         | 19             | 742                          | 1,087        | (32)           |
| North America                      | 3,545                        | 3,316         | 7              | 3,372                         | 3,150         | 7              | 301                          | 238          | 26             |
| Asia Pacific                       | 3,424                        | 3,047         | 12             | 3,663                         | 3,251         | 13             | 259                          | 307          | (16)           |
| South America, Africa, Middle East | 1,283                        | 1,098         | 17             | 1,666                         | 1,508         | 10             | 170                          | 60           | 183            |
|                                    | <b>17,607</b>                | <b>15,781</b> | <b>12</b>      | <b>17,607</b>                 | <b>15,781</b> | <b>12</b>      | <b>1,964</b>                 | <b>2,213</b> | <b>(11)</b>    |
| <b>January – September</b>         |                              |               |                |                               |               |                |                              |              |                |
| Europe                             | 30,720                       | 26,020        | 18             | 29,305                        | 24,574        | 19             | 4,476                        | 4,243        | 5              |
| Thereof Germany                    | 21,496                       | 18,724        | 15             | 10,839                        | 8,959         | 21             | 2,709                        | 2,996        | (10)           |
| North America                      | 11,376                       | 10,120        | 12             | 10,790                        | 9,860         | 9              | 1,151                        | 1,030        | 12             |
| Asia Pacific                       | 10,107                       | 8,607         | 17             | 10,982                        | 9,210         | 19             | 961                          | 910          | 6              |
| South America, Africa, Middle East | 3,226                        | 2,702         | 19             | 4,352                         | 3,805         | 14             | 345                          | 190          | 82             |
|                                    | <b>55,429</b>                | <b>47,449</b> | <b>17</b>      | <b>55,429</b>                 | <b>47,449</b> | <b>17</b>      | <b>6,933</b>                 | <b>6,373</b> | <b>9</b>       |

Sales in **Europe** were 12% higher than in the third quarter of 2010. The Performance Products segment made a substantial contribution to this development, thanks to the acquired Cognis businesses. The Chemicals segment also strongly supported sales growth; in the Petrochemicals division in particular, we were able to pass on higher raw material costs to the market. Earnings fell by €374 million to €1,234 million, primarily as a result of the suspension of our oil production in Libya<sup>1</sup>.

Sales in **North America** grew by 16% in U.S. dollars and by 7% in euro terms. The acquisition of the Cognis businesses strengthened regional sales growth considerably. Our chemicals business developed positively overall. Agricultural Solutions increased sales thanks to a weather-related shift of the application period for corn and soybean fungicides. Earnings at €301 million were €63 million above the level of the previous third quarter.

Sales in the **Asia Pacific** region grew by 17% in local-currency terms and by 12% in euro terms. This rise in sales was mainly driven by price increases in the Petrochemicals division due to higher raw material costs, as well as good demand in the Catalysts division and for intermediates in the Performance Polymers division. Largely due to lower margins in the Polyurethanes division, earnings did not match the level of the third quarter of 2010, decreasing by €48 million to €259 million.

In **South America, Africa, Middle East** sales increased by 24% in local currencies and by 17% in euro terms. Our businesses with crop protection products and architectural coatings developed very successfully in South America; sales grew strongly in the Agricultural Solutions segment and the Coatings division. Earnings improved by €110 million to €170 million. The previous third quarter included one-time charges for valuation adjustments on receivables related to long-term supply agreements.

#### 3rd Quarter 2011

- Europe: Sales increase thanks to inclusion of Cognis; earnings decrease due to suspension of oil production in Libya<sup>1</sup>
- North America: Sales and earnings rise; chemicals business develops positively
- Asia Pacific: Sales improve; earnings decline as a result of lower margins in the Polyurethanes division
- South America, Africa, Middle East: Sales and earnings increase; very successful business with crop protection products and architectural coatings in South America

<sup>1</sup> Crude oil production in Libya is operated by branches belonging to European BASF companies; sales and earnings from these activities are therefore reported in the region Europe.

## Overview of Other Topics

### Research and development

In October, we opened the jointly operated laboratory BELLA (Battery and Electrochemistry Laboratory) together with the Karlsruhe Institute of Technology (KIT), located on the KIT campus. Here, we will develop new battery materials. The laboratory combines our expertise in the industry with the fundamental work of KIT in order to turn research results into market-ready products as quickly as possible. This work centers on increasing the lifetime of batteries and the use of materials with high storage capacity. A further focal point is battery system safety. The joint laboratory is a part of our research network in electrochemistry and batteries, established in 2010.

We have also begun another joint research program on magnetocaloric materials, together with the Foundation for Fundamental Research on Matter (FOM) in the Netherlands. This new class of materials could help to make cooling systems both quieter and more efficient. Magnetocaloric materials heat up in a magnetic field and cool down again when they are removed from it. A heat pump based on magnetocaloric materials may therefore be an ideal alternative for traditional cooling units. Since 2008, we have been conducting research with FOM to develop new, improved materials and to explore processes for production on a larger scale.

To show our commitment to the growing importance of lightweight construction in the automotive industry, we have established a lightweight composites team. The group focuses on the development of marketable materials and technologies that are suitable for manufacturing high-performance fiber-reinforced parts for automotive applications. Our broad portfolio allows us to offer three different plastic matrix systems at the same time, and to bundle our expertise in epoxy resins, polyurethanes and polyamides. Replacing metal is only possible if the composite material and parts are light and strong. In this way, energy consumption and carbon emissions can be reduced further, regardless of the vehicle's propulsion system.

### Employees

Compared with the end of 2010, the number of BASF Group employees increased by 2,584 to a total of 111,724 as of September 30, 2011. On this date, 63.6% of BASF Group employees were employed in Europe while North America accounted for 14.7% of employees, Asia Pacific for 15.4% and South America, Africa, Middle East for 6.3%.

From January to September 2011, personnel costs were €6,489 million, an increase of 7.6% compared with the first nine months of the previous year. This was due in large part to the acquisition of Cognis.

### Research and development

- KIT and BASF open BELLA, a joint laboratory for the development of new battery materials
- BASF and FOM begin further research program for magnetocaloric materials
- BASF establishes lightweight composites team

### Employees by region

|                                    | Sept. 30,<br>2011 | Dec. 31,<br>2010 | Change<br>in % |
|------------------------------------|-------------------|------------------|----------------|
| Europe                             | 71,087            | 69,809           | 2              |
| North America                      | 16,457            | 16,487           | .              |
| Asia Pacific                       | 17,146            | 15,965           | 7              |
| South America, Africa, Middle East | 7,034             | 6,879            | 2              |
|                                    | <b>111,724</b>    | <b>109,140</b>   | <b>2</b>       |

## Outlook

**Our business continued to develop positively overall in the third quarter of 2011. Demand from our customer industries remained high. However, growth slowed further compared with the first half of 2011. We anticipate a continuation of this trend in the fourth quarter. For the full year, we therefore expect worldwide growth of gross domestic product as well as industrial and chemical production to be just under one percentage point lower than our previous forecast. In 2011, we continue to aim to significantly exceed the record 2010 levels in sales and earnings.**

### Opportunities and risks

We see opportunities for our business in consistently implementing our strategy and further improving our operational excellence. We will continue to concentrate on portfolio improvements, restructuring and increasing efficiency as well as on product innovations and expanding our business in growth markets. For example, the efficiency and cost-reduction program NEXT, begun in October 2008, will be brought to a close at the end of 2011 as planned. By the end of 2011, we expect an improvement in earnings of more than €800 million through the NEXT program. From the beginning of 2012, we expect an annual improvement of more than €1 billion in comparison with the base year of 2007. We will continue to strengthen our research and development activities.

However, there are also risks to the development of our business. Credit restrictions in China, as well as debt crises in Europe and the United States, could adversely impact economic growth. Increasing raw material costs could also negatively affect our margins and dampen demand.

The statements on opportunities and risks made in the BASF Report 2010 remain valid.

→ **More detailed information can be found in the BASF Report 2010, in the Risk Report on pages 103–111**

### Forecast

We have adjusted our forecast for the global economy in 2011 in response to developments in the third quarter and our expectations for the fourth quarter (previous forecasts in parentheses):

- Growth of gross domestic product: 2.5%–3% (3%–4%)
- Growth in industrial production: 4.5%–5% (5%–6%)
- Growth in chemical production (excluding pharmaceuticals): 4.5%–5% (5%–6%)
- An average euro/dollar exchange rate of \$1.40 per euro
- An average oil price of \$110 per barrel in 2011

In October 2011, we resumed crude oil production activities in Libya on a limited scale. Despite the overall reduced oil production, we expect significant sales growth for BASF Group in 2011.

Due to the suspension of crude oil production in Libya between February and October 2011, we expect non-compensable income taxes on oil-producing operations reported in income from operations will be around €700 million lower in 2011 (2010: €983 million). Adjusted for the non-compensable income taxes on oil-producing operations, we continue to aim to significantly exceed the record 2010 level in income from operations before special items. We will earn a high premium on our cost of capital once again in 2011.

### Outlook 2011

- We aim for a significant improvement in sales and earnings and expect to earn a high premium on our cost of capital once again
- Oil production in Libya resumed on a limited scale in October 2011
- Risks include credit restrictions in China as well as debt crises in Europe and the United States



## Interim Financial Statements

### Consolidated Statements of Income

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

|   | Further information in Note | 3rd Quarter   |               |               | January – September |               |             |
|---|-----------------------------|---------------|---------------|---------------|---------------------|---------------|-------------|
|   |                             | 2011          | 2010          | Change in %   | 2011                | 2010          | Change in % |
| <b>Sales</b>  |                             | <b>17,607</b> | <b>15,781</b> | <b>11.6</b>   | <b>55,429</b>       | <b>47,449</b> | <b>16.8</b> |
| Cost of sales   |                             | 13,022        | 11,229        | 16.0          | 40,349              | 33,571        | 20.2        |
| <b>Gross profit on sales</b>                                |                             | <b>4,585</b>  | <b>4,552</b>  | <b>0.7</b>    | <b>15,080</b>       | <b>13,878</b> | <b>8.7</b>  |
| Selling expenses  |                             | 1,823         | 1,691         | 7.8           | 5,396               | 4,865         | 10.9        |
| General and administrative expenses                         |                             | 330           | 280           | 17.9          | 941                 | 825           | 14.1        |
| Research and development expenses                           |                             | 405           | 357           | 13.4          | 1,176               | 1,083         | 8.6         |
| Other operating income                                      | (5)                         | 238           | 194           | 22.7          | 808                 | 696           | 16.1        |
| Other operating expenses                                    | (5)                         | 383           | 263           | 45.6          | 1,726               | 1,727         | (0.1)       |
| <b>Income from operations</b>                               |                             | <b>1,882</b>  | <b>2,155</b>  | <b>(12.7)</b> | <b>6,649</b>        | <b>6,074</b>  | <b>9.5</b>  |
| Income from companies accounted for using the equity method |                             | (24)          | 58            | .             | 37                  | 162           | (77.2)      |
| Other income from participations                            |                             | 19            | 22            | (13.6)        | 947                 | 73            | .           |
| Other expenses from participations                          |                             | 3             | 3             | –             | 21                  | 12            | 75.0        |
| Interest income   |                             | 40            | 30            | 33.3          | 110                 | 87            | 26.4        |
| Interest expense  |                             | 191           | 194           | (1.5)         | 555                 | 567           | (2.1)       |
| Other financial result                                      |                             | (2)           | (18)          | 88.9          | 30                  | (21)          | .           |
| <b>Financial result</b>                                     | <b>(6)</b>                  | <b>(161)</b>  | <b>(105)</b>  | <b>(53.3)</b> | <b>548</b>          | <b>(278)</b>  | <b>.</b>    |
| <b>Income before taxes and minority interests</b>           |                             | <b>1,721</b>  | <b>2,050</b>  | <b>(16.0)</b> | <b>7,197</b>        | <b>5,796</b>  | <b>24.2</b> |
| Income taxes  | (7)                         | 400           | 684           | (41.5)        | 1,779               | 1,940         | (8.3)       |
| <b>Income before minority interests</b>                     |                             | <b>1,321</b>  | <b>1,366</b>  | <b>(3.3)</b>  | <b>5,418</b>        | <b>3,856</b>  | <b>40.5</b> |
| Minority interests  | (8)                         | 129           | 121           | 6.6           | 361                 | 399           | (9.5)       |
| <b>Net income</b>   |                             | <b>1,192</b>  | <b>1,245</b>  | <b>(4.3)</b>  | <b>5,057</b>        | <b>3,457</b>  | <b>46.3</b> |
| <b>Earnings per share (€)</b>                               | <b>(9)</b>                  |               |               |               |                     |               |             |
| Undiluted   | (9)                         | 1.30          | 1.35          | (3.9)         | 5.51                | 3.76          | 46.3        |
| Diluted   | (9)                         | 1.30          | 1.35          | (3.9)         | 5.51                | 3.76          | 46.3        |

## Consolidated Balance Sheets

### BASF Group

#### Assets (million €)

|   | Further information in Note | Sept. 30, 2011 | Sept. 30, 2010 | Change in % | Dec. 31, 2010 | Change in %  |
|---|-----------------------------|----------------|----------------|-------------|---------------|--------------|
| Intangible assets                                     | (10)                        | 11,897         | 10,470         | 13.6        | 12,245        | (2.8)        |
| Property, plant and equipment                         | (10)                        | 17,082         | 16,243         | 5.2         | 17,241        | (0.9)        |
| Investments accounted for using the equity method     | (10)                        | 1,259          | 1,214          | 3.7         | 1,328         | (5.2)        |
| Other financial assets                                | (10)                        | 837            | 1,696          | (50.6)      | 1,953         | (57.1)       |
| Deferred tax assets                                   |                             | 1,082          | 1,300          | (16.8)      | 1,112         | (2.7)        |
| Other receivables and miscellaneous short-term assets |                             | 642            | 494            | 30.0        | 653           | (1.7)        |
| <b>Long-term assets</b>                               |                             | <b>32,799</b>  | <b>31,417</b>  | <b>4.4</b>  | <b>34,532</b> | <b>(5.0)</b> |
| Inventories   | (11)                        | 10,174         | 7,962          | 27.8        | 8,688         | 17.1         |
| Accounts receivable, trade                            | (11)                        | 10,388         | 9,005          | 15.4        | 10,167        | 2.2          |
| Other receivables and miscellaneous short-term assets | (11)                        | 3,644          | 4,009          | (9.1)       | 3,883         | (6.2)        |
| Marketable securities                                 | (11)                        | 26             | 16             | 62.5        | 16            | 62.5         |
| Cash and cash equivalents                             | (11)                        | 1,446          | 2,282          | (36.6)      | 1,493         | (3.1)        |
| Assets of disposal groups                             |                             | 1,302          | –              | –           | 614           | 112.1        |
| <b>Short-term assets</b>                              |                             | <b>26,980</b>  | <b>23,274</b>  | <b>15.9</b> | <b>24,861</b> | <b>8.5</b>   |
| <b>Total assets</b>                                   |                             | <b>59,779</b>  | <b>54,691</b>  | <b>9.3</b>  | <b>59,393</b> | <b>0.6</b>   |

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

|   | Further information in Note | Sept. 30, 2011 | Sept. 30, 2010 | Change in %  | Dec. 31, 2010 | Change in %  |
|---|-----------------------------|----------------|----------------|--------------|---------------|--------------|
| Subscribed capital                                | (12)                        | 1,176          | 1,176          | –            | 1,176         | –            |
| Capital surplus                                   | (12)                        | 3,216          | 3,229          | (0.4)        | 3,216         | –            |
| Retained earnings                                 | (12)                        | 18,249         | 13,692         | 33.3         | 15,817        | 15.4         |
| Other comprehensive income                        |                             | (104)          | 729            | .            | 1,195         | .            |
| <b>Equity of shareholders of BASF SE</b>          |                             | <b>22,537</b>  | <b>18,826</b>  | <b>19.7</b>  | <b>21,404</b> | <b>5.3</b>   |
| Minority interests                                |                             | 1,256          | 1,256          | –            | 1,253         | 0.2          |
| <b>Stockholders' equity</b>                       |                             | <b>23,793</b>  | <b>20,082</b>  | <b>18.5</b>  | <b>22,657</b> | <b>5.0</b>   |
| Provisions for pensions and similar obligations   | (13)                        | 3,345          | 3,552          | (5.8)        | 2,778         | 20.4         |
| Other provisions                                  | (14)                        | 3,444          | 3,398          | 1.4          | 3,352         | 2.7          |
| Deferred tax liabilities                          |                             | 2,501          | 2,164          | 15.6         | 2,467         | 1.4          |
| Financial indebtedness                            | (15)                        | 10,514         | 11,616         | (9.5)        | 11,670        | (9.9)        |
| Other long-term liabilities                       | (15)                        | 970            | 887            | 9.4          | 901           | 7.7          |
| <b>Long-term liabilities</b>                      |                             | <b>20,774</b>  | <b>21,617</b>  | <b>(3.9)</b> | <b>21,168</b> | <b>(1.9)</b> |
| Accounts payable, trade                           |                             | 4,489          | 4,157          | 8.0          | 4,738         | (5.3)        |
| Provisions  | (14)                        | 3,427          | 3,215          | 6.6          | 3,324         | 3.1          |
| Tax liabilities                                   |                             | 1,350          | 1,155          | 16.9         | 1,140         | 18.4         |
| Financial indebtedness                            | (15)                        | 2,538          | 2,081          | 22.0         | 3,369         | (24.7)       |
| Other short-term liabilities                      | (15)                        | 3,043          | 2,384          | 27.6         | 2,802         | 8.6          |
| Liabilities of disposal groups                    |                             | 365            | –              | –            | 195           | 87.2         |
| <b>Short-term liabilities</b>                     |                             | <b>15,212</b>  | <b>12,992</b>  | <b>17.1</b>  | <b>15,568</b> | <b>(2.3)</b> |
| <b>Total stockholders' equity and liabilities</b> |                             | <b>59,779</b>  | <b>54,691</b>  | <b>9.3</b>   | <b>59,393</b> | <b>0.6</b>   |

## Consolidated Statements of Cash Flows

### BASF Group

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

|  | January – September |                |
|--|---------------------|----------------|
|  | 2011                | 2010           |
| Net income   | 5,057               | 3,457          |
| Depreciation and amortization of intangible assets, property, plant and equipment and financial assets | 2,441               | 2,360          |
| Changes in net working capital   | (1,337)             | (783)          |
| Miscellaneous items  | (1,133)             | 273            |
| <b>Cash provided by operating activities</b>   | <b>5,028</b>        | <b>5,307</b>   |
| Payments related to property, plant and equipment and intangible assets                                | (2,101)             | (1,518)        |
| Acquisitions/divestitures  | (22)                | 30             |
| Financial investments and other items  | 1,166               | 313            |
| <b>Cash used in investing activities</b>   | <b>(957)</b>        | <b>(1,175)</b> |
| Capital increases/repayments, share repurchases  | –                   | –              |
| Changes in financial liabilities   | (1,727)             | (2,003)        |
| Dividends  | (2,378)             | (1,811)        |
| <b>Cash used in financing activities</b>   | <b>(4,105)</b>      | <b>(3,814)</b> |
| Net changes in cash and cash equivalents   | (34)                | 318            |
| Cash and cash equivalents as of beginning of year and other changes                                    | 1,480               | 1,964          |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,446</b>        | <b>2,282</b>   |

From January to September 2011, cash provided by operating activities amounted to €5,028 million. The change in net working capital was particularly due to an increase in inventories. Higher price levels and the building up of natural gas inventories played a considerable role in this. The negative value for miscellaneous items resulted primarily because the gain of €887 million from the disposal of around 19.7 million shares in K+S Aktiengesellschaft was reclassified into cash flow from investing activities.

Cash used in investing activities was €957 million, as compared with €1,175 million in the same period of the previous year. Payments for property, plant and equipment and intangible assets amounted to €2,101 million, which was considerably higher than the amount of €1,518 million one year earlier. Expenditures for acquisitions totaled €82 million and related in part to the acquisition of Inge Wassertechnologies AG and Inge GmbH, a specialist in ultrafiltration technology. Divestitures led to a cash inflow of €60 million. We divested numerous smaller activities. The sale of shares in K+S Aktiengesellschaft resulted in cash inflows of €972 million in March.

Financing activities led to a cash outflow of €4,105 million, compared with €3,814 million in the same period of the previous year. Dividends of €2,021 million were paid to shareholders of BASF SE and €357 million was paid to minority shareholders in Group companies. The 4% euro-denominated bond from 2006 and the 3.25% CHF-denominated bond from 2008 were repaid. A cash outflow also resulted from the decrease in volume of BASF SE's U.S. dollar-denominated commercial paper program. Financial liabilities totaling €1,727 million were repaid.

Cash and cash equivalents amounted to €1,446 million as of September 30, 2011, compared with €1,493 million at the end of 2010. Net debt was reduced to €11,606 million at the end of the third quarter, compared with €13,546 million as of December 31, 2010.

## Consolidated Statements of Recognized Income and Expense

### BASF Group

#### Consolidated statements of recognized income and expense (million €)

|   | January – September |              |
|---|---------------------|--------------|
|   | 2011                | 2010         |
| <b>Income before minority interests</b>                                   | <b>5,418</b>        | <b>3,856</b> |
| Actuarial gains/losses from pensions and other obligations; asset ceiling | (829)               | (1,627)      |
| Foreign currency translation adjustment                                   | (250)               | 508          |
| Fair value changes in available-for-sale securities <sup>1</sup>          | (1,019)             | 78           |
| Cash flow hedges  | (59)                | (3)          |
| Hedges of net investments in foreign operations                           | 5                   | (4)          |
| Revaluation due to acquisition of majority of shares                      | (2)                 | (2)          |
| Deferred taxes  | 216                 | 497          |
| Minority interests  | (26)                | 28           |
| <b>Total income and expense recognized in equity</b>                      | <b>(1,964)</b>      | <b>(525)</b> |
| <b>Total income and expense for the period</b>                            | <b>3,454</b>        | <b>3,331</b> |
| Thereof BASF  | 3,119               | 2,904        |
| Thereof minority interests  | 335                 | 427          |

<sup>1</sup> Following the disposal of the shares in K+S Aktiengesellschaft in 2011, the realized fair value changes were reclassified in the financial result.

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

|                              | Other comprehensive income            |   |   |                  |   |  |                                     | Total income and expense recognized directly in equity |
|------------------------------|---------------------------------------|---|---|------------------|---|--|-------------------------------------|--|
|                              | Retained earnings                     |   |   |                  |   |  |                                     |  |
|                              | 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, 2011</b> | <b>(1,526)</b>                        | <b>190</b>                              | <b>1,009</b>  | <b>(3)</b>       | <b>(7)</b>                                      | <b>6</b>   | <b>1,195</b>                        | <b>(331)</b>   |
| Additions                    | –                                     | –                                       | –   | –                | 5   | –  | 5                                   | 5  |
| Releases                     | (829)                                 | (250)                                   | (1,019)   | (59)             | –   | (2)  | (1,330)                             | (2,159)  |
| Deferred taxes               | 190                                   | 4                                       | 15  | 7                | –   | –  | 26                                  | 216  |
| <b>As of Sept. 30, 2011</b>  | <b>(2,165)</b>                        | <b>(56)</b>                             | <b>5</b>  | <b>(55)</b>      | <b>(2)</b>                                      | <b>4</b>   | <b>(104)</b>                        | <b>(2,269)</b>   |
| <b>As of January 1, 2010</b> | <b>(1,425)</b>                        | <b>(555)</b>                            | <b>698</b>  | <b>5</b>         | <b>–</b>  | <b>8</b>   | <b>156</b>                          | <b>(1,269)</b>   |
| 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>   |

# Consolidated Statements of Stockholders' Equity

## BASF Group

### January – September 2011 (million €)

|  | Number of<br>subscribed<br>shares out-<br>standing | Subscribed<br>capital | Capital<br>surplus | Retained<br>earnings | Other com-<br>prehensive<br>income <sup>1</sup> | Equity of<br>sharehol-<br>ders of<br>BASF SE | Minority<br>interests | Stockhol-<br>ders' equity |
|--|--|-----------------------|--------------------|----------------------|---|--|-----------------------|---------------------------|
| <b>As of January 1, 2011</b>                               | <b>918,478,694</b>                                 | <b>1,176</b>          | <b>3,216</b>       | <b>15,817</b>        | <b>1,195</b>                                    | <b>21,404</b>                                | <b>1,253</b>          | <b>22,657</b>             |
| Effects of acquisitions achieved in stages                 | –  | –                     | –                  | 34                   | –   | 34   | –                     | 34                        |
| Dividends paid   | –  | –                     | –                  | (2,021)              | –   | (2,021)                                      | (357) <sup>2</sup>    | (2,378)                   |
| Net income   | –  | –                     | –                  | 5,057                | –   | 5,057  | 361                   | 5,418                     |
| Change in income and expense recognized directly in equity | –  | –                     | –                  | (639)                | (1,299)   | (1,938)                                      | (26)                  | (1,964)                   |
| Changes in scope of consolidation and other changes        | –  | –                     | –                  | 1                    | –   | 1  | 25                    | 26                        |
| <b>As of September 30, 2011</b>                            | <b>918,478,694</b>                                 | <b>1,176</b>          | <b>3,216</b>       | <b>18,249</b>        | <b>(104)</b>                                    | <b>22,537</b>                                | <b>1,256</b>          | <b>23,793</b>             |

### January – September 2010 (million €)

|  |                    |              |              |               |            |               |                    |               |
|--|--------------------|--------------|--------------|---------------|------------|---------------|--------------------|---------------|
| <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> |

<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<br>(EBIT) before special items |       |                | Income from operations<br>(EBIT) |       |                |
|------------------------|--------|--------|----------------|--------|-------|----------------|---|-------|----------------|----------------------------------|-------|----------------|
|                        | 2011   | 2010   | Change<br>in % | 2011   | 2010  | Change<br>in % | 2011  | 2010  | Change<br>in % | 2011                             | 2010  | Change<br>in % |
| Chemicals              | 3,168  | 2,874  | 10.2           | 848    | 787   | 7.8            | 621   | 617   | 0.6            | 612                              | 619   | (1.1)          |
| Plastics               | 2,801  | 2,598  | 7.8            | 418    | 479   | (12.7)         | 317   | 371   | (14.6)         | 315                              | 371   | (15.1)         |
| Performance Products   | 3,991  | 3,206  | 24.5           | 602    | 578   | 4.2            | 440   | 370   | 18.9           | 403                              | 377   | 6.9            |
| Functional Solutions   | 2,907  | 2,591  | 12.2           | 258    | 260   | (0.8)          | 162   | 158   | 2.5            | 161                              | 159   | 1.3            |
| Agricultural Solutions | 908    | 832    | 9.1            | 137    | 111   | 23.4           | 95  | 66    | 43.9           | 95                               | 66    | 43.9           |
| Oil & Gas              | 2,195  | 2,228  | (1.5)          | 474    | 684   | (30.7)         | 350   | 573   | (38.9)         | 350                              | 573   | (38.9)         |
| Other                  | 1,637  | 1,452  | 12.7           | (28)   | 35    | .              | (21)  | 58    | .              | (54)                             | (10)  | .              |
|                        | 17,607 | 15,781 | 11.6           | 2,709  | 2,934 | (7.7)          | 1,964   | 2,213 | (11.3)         | 1,882                            | 2,155 | (12.7)         |

#### 3rd Quarter (million €)

|                        | Research expenses |      |                | Assets |        |                | Additions to<br>long-term assets <sup>1</sup> |      |                | Amortization and<br>depreciation <sup>2</sup> |      |                |
|------------------------|-------------------|------|----------------|--------|--------|----------------|---|------|----------------|---|------|----------------|
|                        | 2011              | 2010 | Change<br>in % | 2011   | 2010   | Change<br>in % | 2011  | 2010 | Change<br>in % | 2011  | 2010 | Change<br>in % |
| Chemicals              | 35                | 35   | -              | 6,974  | 6,281  | 11.0           | 160   | 137  | 16.8           | 236   | 168  | 40.5           |
| Plastics               | 39                | 34   | 14.7           | 5,413  | 5,112  | 5.9            | 74  | 57   | 29.8           | 103   | 108  | (4.6)          |
| Performance Products   | 84                | 70   | 20.0           | 13,863 | 9,743  | 42.3           | 201   | 76   | 164.5          | 199   | 201  | (1.0)          |
| Functional Solutions   | 48                | 47   | 2.1            | 9,785  | 9,171  | 6.7            | (3)   | 43   | .              | 97  | 101  | (4.0)          |
| Agricultural Solutions | 101               | 98   | 3.1            | 4,941  | 4,683  | 5.5            | 40  | 36   | 11.1           | 42  | 45   | (6.7)          |
| Oil & Gas              | 5                 | 3    | 66.7           | 9,232  | 8,301  | 11.2           | 351   | 251  | 39.8           | 124   | 111  | 11.7           |
| Other                  | 93                | 70   | 32.9           | 9,571  | 11,400 | (16.0)         | 30  | 37   | (18.9)         | 26  | 45   | (42.2)         |
|                        | 405               | 357  | 13.4           | 59,779 | 54,691 | 9.3            | 853   | 637  | 33.9           | 827   | 779  | 6.2            |

<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

## January – September (million €)

|                        | Sales  |        |                | EBITDA |       |                | Income from operations<br>(EBIT) before special items |       |                | Income from operations<br>(EBIT) |       |                |
|------------------------|--------|--------|----------------|--------|-------|----------------|---|-------|----------------|----------------------------------|-------|----------------|
|                        | 2011   | 2010   | Change<br>in % | 2011   | 2010  | Change<br>in % | 2011  | 2010  | Change<br>in % | 2011                             | 2010  | Change<br>in % |
| Chemicals              | 9,836  | 8,432  | 16.7           | 2,621  | 2,272 | 15.4           | 2,060   | 1,765 | 16.7           | 2,063                            | 1,767 | 16.8           |
| Plastics               | 8,417  | 7,379  | 14.1           | 1,398  | 1,321 | 5.8            | 1,093   | 999   | 9.4            | 1,091                            | 998   | 9.3            |
| Performance Products   | 12,068 | 9,228  | 30.8           | 1,937  | 1,749 | 10.7           | 1,507   | 1,260 | 19.6           | 1,266                            | 1,168 | 8.4            |
| Functional Solutions   | 8,491  | 7,134  | 19.0           | 754    | 728   | 3.6            | 471   | 434   | 8.5            | 468                              | 434   | 7.8            |
| Agricultural Solutions | 3,343  | 3,188  | 4.9            | 894    | 850   | 5.2            | 769   | 707   | 8.8            | 769                              | 707   | 8.8            |
| Oil & Gas              | 8,111  | 7,827  | 3.6            | 1,784  | 2,093 | (14.8)         | 1,426   | 1,717 | (16.9)         | 1,426                            | 1,717 | (16.9)         |
| Other                  | 5,163  | 4,261  | 21.2           | (299)  | (585) | 48.9           | (393)   | (509) | 22.8           | (434)                            | (717) | 39.5           |
|                        | 55,429 | 47,449 | 16.8           | 9,089  | 8,428 | 7.8            | 6,933   | 6,373 | 8.8            | 6,649                            | 6,074 | 9.5            |

## January – September (million €)

|                        | Research expenses |       |                | Assets |        |                | Additions to<br>long-term assets <sup>1</sup> |       |                | Amortization and<br>depreciation <sup>2</sup> |       |                |
|------------------------|-------------------|-------|----------------|--------|--------|----------------|---|-------|----------------|---|-------|----------------|
|                        | 2011              | 2010  | Change<br>in % | 2011   | 2010   | Change<br>in % | 2011  | 2010  | Change<br>in % | 2011  | 2010  | Change<br>in % |
| Chemicals              | 100               | 97    | 3.1            | 6,974  | 6,281  | 11.0           | 416   | 339   | 22.7           | 558   | 505   | 10.5           |
| Plastics               | 112               | 106   | 5.7            | 5,413  | 5,112  | 5.9            | 165   | 153   | 7.8            | 307   | 323   | (5.0)          |
| Performance Products   | 242               | 216   | 12.0           | 13,863 | 9,743  | 42.3           | 432   | 191   | 126.2          | 671   | 581   | 15.5           |
| Functional Solutions   | 143               | 132   | 8.3            | 9,785  | 9,171  | 6.7            | 212   | 111   | 91.0           | 286   | 294   | (2.7)          |
| Agricultural Solutions | 293               | 284   | 3.2            | 4,941  | 4,683  | 5.5            | 99  | 87    | 13.8           | 125   | 143   | (12.6)         |
| Oil & Gas              | 12                | 8     | 50.0           | 9,232  | 8,301  | 11.2           | 818   | 554   | 47.7           | 358   | 376   | (4.8)          |
| Other                  | 274               | 240   | 14.2           | 9,571  | 11,400 | (16.0)         | 92  | 76    | 21.1           | 135   | 132   | 2.3            |
|                        | 1,176             | 1,083 | 8.6            | 59,779 | 54,691 | 9.3            | 2,234   | 1,511 | 47.8           | 2,440   | 2,354 | 3.7            |

<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

Other<sup>3</sup> (million €)

|  | 3rd Quarter  |              |             | January – September |              |             |
|--|--------------|--------------|-------------|---------------------|--------------|-------------|
|  | 2011         | 2010         | Change in % | 2011                | 2010         | Change in % |
| <b>Sales</b>   | <b>1,637</b> | <b>1,452</b> | <b>12.7</b> | <b>5,163</b>        | <b>4,261</b> | <b>21.2</b> |
| Thereof Styrenics <sup>4</sup>                       | 739          | 683          | 8.2         | 2,393               | 2,134        | 12.1        |
| Thereof Other business included under Other          | 898          | 769          | 16.8        | 2,770               | 2,127        | 30.2        |
| <b>EBIT before special items</b>                     | <b>(21)</b>  | <b>58</b>    | <b>.</b>    | <b>(393)</b>        | <b>(509)</b> | <b>22.8</b> |
| Thereof Group corporate costs                        | (58)         | (54)         | (7.4)       | (172)               | (160)        | (7.5)       |
| Corporate research                                   | (86)         | (67)         | (28.4)      | (256)               | (227)        | (12.8)      |
| Currency results, hedges and other valuation effects | 104          | 104          | –           | (92)                | (231)        | 60.2        |
| Styrenics, fertilizers, other business               | 82           | 77           | 6.5         | 343                 | 245          | 40.0        |
| Special items  | (33)         | (68)         | 51.5        | (41)                | (208)        | 80.3        |
| <b>EBIT</b>  | <b>(54)</b>  | <b>(10)</b>  | <b>.</b>    | <b>(434)</b>        | <b>(717)</b> | <b>39.5</b> |

<sup>3</sup> Further information about Other can be found in the Notes on pages 24 and 25.

<sup>4</sup> Since January 1, 2011, Styrenics only includes the carved-out Styrenics businesses; the previous year's values were adjusted accordingly.

## 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, 2010 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, 2011 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 2010 containing the Consolidated Financial Statements as of December 31, 2010 can be found on the Internet at: [basf.com/report](http://basf.com/report)

#### Selected exchange rates

|                              | Closing rates  |               | Average rates     |          |
|------------------------------|----------------|---------------|-------------------|----------|
|                              | Sept. 30, 2011 | Dec. 31, 2010 | Jan. – Sept. 2011 | 2010     |
| €1 equals                    |                |               |                   |          |
| Brazil (BRL)                 | 2.51           | 2.22          | 2.29              | 2.34     |
| China (CNY)                  | 8.62           | 8.82          | 9.14              | 8.95     |
| Great Britain (GBP)          | 0.87           | 0.86          | 0.87              | 0.86     |
| Japan (JPY)                  | 103.79         | 108.65        | 113.17            | 117.66   |
| Malaysia (MYR)               | 4.31           | 4.10          | 4.26              | 4.28     |
| Mexico (MXN)                 | 18.59          | 16.55         | 16.93             | 16.71    |
| The Russian Federation (RUB) | 43.35          | 40.82         | 40.49             | 39.76    |
| Switzerland (CHF)            | 1.22           | 1.25          | 1.23              | 1.40     |
| South Korea (KRW)            | 1,594.92       | 1,499.06      | 1,540.63          | 1,529.46 |
| United States (USD)          | 1.35           | 1.34          | 1.41              | 1.31     |

### 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 22 first-time consolidations since the beginning of 2011; 11 of these were due to the carve-out of the styrenics activities, four due to the acquisition of inge water-technologies AG and inge GmbH, and seven were due to the increasing importance of these companies.

Since the beginning of 2011, 17 companies have been deconsolidated as a result of mergers with other BASF companies or decreased significance.

#### Scope of consolidation

|                                     | 2011       | 2010       |
|-------------------------------------|------------|------------|
| As of January 1                     | 339        | 345        |
| Thereof proportionally consolidated | 21         | 19         |
| First-time consolidations           | 22         | 5          |
| Thereof proportionally consolidated | 2          | 2          |
| Deconsolidations                    | 17         | 45         |
| Thereof proportionally consolidated | –          | 1          |
| <b>As of September 30</b>           | <b>344</b> | <b>305</b> |
| Thereof proportionally consolidated | 23         | 20         |

### 3 – Acquisitions/Divestitures

BASF SE's acquisition of the ultrafiltration specialist inge water-technologies AG and inge GmbH, announced in April 2011, was successfully closed on August 16. The antitrust authorities approved the transaction. Through this acquisition, BASF gains access to the market of ultrafiltration technology, a process used in the treatment of drinking water, process water, wastewater and seawater based on special Multibore® membrane technology.

In accordance with IFRS 3, a purchase price allocation has to be carried out for the acquisition, which was done in the third quarter based on estimates and should be regarded as preliminary. The purchase price allocation can be adjusted within one year. It resulted in additions to assets of €79 million (thereof €71 million in goodwill).

On May 31, 2011, BASF increased its stake to 50% in Heesung Catalysts Corporation, based in South Korea. The company was previously reported using the equity method. Following the acquisition of the additional shares, the company is now proportionally consolidated in the Consolidated Financial Statements. In connection with the reclassification of the company, €64 million has been charged as a special item to the financial result. In accordance with IFRS 3, a purchase price allocation has to be carried out as a result of the acquisition of the interest. The purchase price allocation took place in the second quarter on the basis of estimates and should be considered preliminary. The purchase price allocation can be adjusted within one year.

On August 31, 2011, the bisomer monomer business and the conventional contact lens business of Cognis were divested to GEO Specialty Chemicals Inc. In this way, BASF has fulfilled the condition set down by the European Commission for its approval of the Cognis acquisition. The transaction includes manufacturing facilities in Hythe, England.

On April 8, 2011, BASF divested its surface technologies business for thermal spray coatings, which had been acquired as part of the Engelhard acquisition in 2006. The business was sold to North American firm Metal Improvement Company, LLC, a subsidiary of Curtiss Wright Corporation, based in New Jersey.

On April 1, 2011, a BASF joint venture with Sumitomo Metal Mining in Japan divested the business with chemicals for surface treatment and electroplating to Metalor, based in Switzerland. This business includes solutions for precious metals as well as apparatus engineering for electroplating applications, which are primarily sold to customers in the electrical industry.

The purchase price allocation for Cognis Holding GmbH, acquired on December 9, 2010, should still be generally considered preliminary.

### 4 – Segment reporting

BASF's worldwide business is conducted 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, crop protection products and pharmaceuticals.

Plastics is composed of the Performance Polymers and Polyurethanes divisions.

Performance Products, which is made up of the Dispersions & Pigments, Care Chemicals, Nutrition & Health, Paper Chemicals and Performance Chemicals operating divisions, primarily offers customer-specific specialties alongside standard products.

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

Agricultural Solutions contains the Crop Protection division.

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

Activities not assigned to a particular division are reported in Other. This comprises primarily the Styrenics and fertilizers activities. With the carve-out of the styrenic plastics business as of January 1, 2011, the Styrenics business now corresponds to the carved-out activities. Effective October 1, 2011, these were included in the Styrolution joint venture, which is reported using the equity method. The activities that were not affected by the carve-out are still reported under Other, but not as part of Styrenics. The previous year's values have been adjusted.

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 and are not allocated to the segments but 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. Furthermore, expenses and revenues from the long-term incentive (LTI) program are reported under Other.

The sales and earnings of Other improved considerably in the first three quarters of 2011 compared with the same period of the previous year. As well as Styrenics and fertilizers, raw

materials trading was particularly responsible for the rise in sales. The increase in earnings is primarily due to lower expenses for the long-term incentive program. A charge arose from a legal dispute in the United States, which was resolved with a settlement.

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 |               |
|--|---------------------|---------------|
|  | 2011                | 2010          |
| Assets of business included under Other          | 3,009               | 2,493         |
| Financial assets                                 | 2,096               | 2,910         |
| Deferred tax assets                              | 1,082               | 1,300         |
| Cash and cash equivalents, marketable securities | 1,472               | 2,298         |
| Defined benefit assets                           | 219                 | 69            |
| Miscellaneous receivables/prepaid expenses       | 1,693               | 2,330         |
|  | <b>9,571</b>        | <b>11,400</b> |

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

|   | 3rd Quarter |            | January – September |              |
|---|-------------|------------|---------------------|--------------|
|   | 2011        | 2010       | 2011                | 2010         |
| <b>Income from operations</b>   | <b>350</b>  | <b>573</b> | <b>1,426</b>        | <b>1,717</b> |
| Income from participations  | 1           | 44         | 73                  | 153          |
| Other income  | (30)        | 5          | (42)                | (23)         |
| <b>Income before taxes and minority interests</b>   | <b>321</b>  | <b>622</b> | <b>1,457</b>        | <b>1,847</b> |
| Income taxes  | 53          | 298        | 535                 | 987          |
| Thereof income taxes on oil-producing operations non-compensable with German corporate income tax | –           | 224        | 280                 | 660          |
| <b>Income before minority interests</b>   | <b>268</b>  | <b>324</b> | <b>922</b>          | <b>860</b>   |
| Minority interests  | (43)        | (52)       | (134)               | (167)        |
| <b>Net income</b>   | <b>225</b>  | <b>272</b> | <b>788</b>          | <b>693</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 decrease in income from operations and income taxes are attributable to the suspension of oil production in Libya.

The decrease in income from participations in the first three quarters resulted chiefly from lower 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 |            |
|---|-------------|------------|---------------------|------------|
|   | 2011        | 2010       | 2011                | 2010       |
| Income from currency conversion and foreign currency transactions | (89)        | (43)       | 72                  | 154        |
| Disposal of property, plant and equipment                         | 18          | 29         | 45                  | 70         |
| Reversal/usage of provisions                                      | 11          | 22         | 14                  | 29         |
| Reversal of allowances for doubtful receivables                   | 12          | 12         | 34                  | 52         |
| Revenue from miscellaneous typical business activities            | 12          | 88         | 31                  | 104        |
| Miscellaneous   | 274         | 86         | 612                 | 287        |
| <b>Other operating income</b>                                     | <b>238</b>  | <b>194</b> | <b>808</b>          | <b>696</b> |

### Other operating expenses (million €)

|   | 3rd Quarter |            | January – September |              |
|---|-------------|------------|---------------------|--------------|
|   | 2011        | 2010       | 2011                | 2010         |
| Losses from currency conversion and foreign currency transactions | (11)        | (93)       | 123                 | 165          |
| Oil and gas exploration expenses                                  | 59          | 33         | 142                 | 121          |
| Miscellaneous   | 335         | 323        | 1,461               | 1,441        |
| <b>Other operating expenses</b>                                   | <b>383</b>  | <b>263</b> | <b>1,726</b>        | <b>1,727</b> |

The decline of income from currency conversion and foreign currency transactions in the first three quarters of 2011 was primarily a result of the devaluation of all major currencies in comparison to the euro. The rise in income reported in Miscellaneous is mainly based on higher income from hedges against raw material price risks as well as higher revenues from miscellaneous revenue-generating activities of BASF SE.

Miscellaneous operating expenses included a special charge arising from a legal dispute in the United States, which was resolved with a settlement.

## 6 – Financial result

| Million €  | 3rd Quarter  |              | January – September |              |
|--|--------------|--------------|---------------------|--------------|
|  | 2011         | 2010         | 2011                | 2010         |
| <b>Income from companies accounted for using the equity method</b>         | <b>(24)</b>  | <b>58</b>    | <b>37</b>           | <b>162</b>   |
| Income from participations in affiliated and associated companies          | 16           | 17           | 47                  | 47           |
| Income from the disposal of participations                                 | –            | 1            | 890                 | 2            |
| Income from profit transfer agreements                                     | 3            | 4            | 8                   | 22           |
| Income from tax allocation to participating interests                      | –            | –            | 2                   | 2            |
| <b>Other income from participations</b>                                    | <b>19</b>    | <b>22</b>    | <b>947</b>          | <b>73</b>    |
| Losses from loss transfer agreements                                       | (2)          | (1)          | (6)                 | (3)          |
| Write-downs of/losses from the sale of participations                      | (1)          | (2)          | (15)                | (9)          |
| <b>Other expenses from participations</b>                                  | <b>(3)</b>   | <b>(3)</b>   | <b>(21)</b>         | <b>(12)</b>  |
| Interest income from cash and cash equivalents                             | 39           | 27           | 100                 | 69           |
| Interest and dividend income from securities and loans                     | 1            | 3            | 10                  | 18           |
| <b>Interest income</b>   | <b>40</b>    | <b>30</b>    | <b>110</b>          | <b>87</b>    |
| <b>Interest expense</b>  | <b>(191)</b> | <b>(194)</b> | <b>(555)</b>        | <b>(567)</b> |
| Write-ups/profits from the sale of securities and loans                    | 1            | –            | 1                   | –            |
| Expected income from plan assets to cover pensions and similar obligations | 202          | 190          | 605                 | 574          |
| Income from plan assets to cover other long-term personnel obligations     | 1            | 1            | 9                   | 5            |
| Income from construction interest  | 16           | 16           | 61                  | 46           |
| Miscellaneous financial income   | 8            | 1            | 36                  | 25           |
| <b>Other financial income</b>  | <b>228</b>   | <b>208</b>   | <b>712</b>          | <b>650</b>   |
| Write-downs/losses from the disposal of securities and loans               | –            | (2)          | (1)                 | (2)          |
| Interest accrued on pension obligations and other similar obligations      | (206)        | (205)        | (616)               | (611)        |
| Expenses from other long-term employee obligations                         | (9)          | (8)          | (23)                | (33)         |
| Interest accrued on other long-term liabilities                            | (15)         | (11)         | (42)                | (25)         |
| Miscellaneous financial expenses   | –            | –            | –                   | –            |
| <b>Other financial expenses</b>  | <b>(230)</b> | <b>(226)</b> | <b>(682)</b>        | <b>(671)</b> |
| <b>Financial result</b>  | <b>(161)</b> | <b>(105)</b> | <b>548</b>          | <b>(278)</b> |

The decline in income from companies accounted for using the equity method resulted primarily from the lower income contribution from OAO Severneftegazprom as well as the earnings effects from the proportional consolidation of the South Korean company Heesung Catalysts Corporation.

Income from the disposal of participations was generated in particular from the sale of shares in K+S Aktiengesellschaft.

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 improved compared with the same period of the previous year. The repayment of two bonds led to lower interest expenses. In addition, the higher interest rate level resulted in an increase in interest income.

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.

## 7 – Income taxes

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

|   | 3rd Quarter  |              | January – September |              |
|---|--------------|--------------|---------------------|--------------|
|   | 2011         | 2010         | 2011                | 2010         |
| Germany   | 670          | 781          | 3,029               | 1,926        |
| Foreign oil production branches of German companies | (8)          | 303          | 343                 | 859          |
| Other foreign                                       | 1,059        | 966          | 3,825               | 3,011        |
|   | <b>1,721</b> | <b>2,050</b> | <b>7,197</b>        | <b>5,796</b> |

### Income taxes (million €)

|   | 3rd Quarter |            | January – September |              |
|---|-------------|------------|---------------------|--------------|
|   | 2011        | 2010       | 2011                | 2010         |
| Germany   | 137         | 220        | 550                 | 596          |
| Foreign oil production branches of German companies | (5)         | 268        | 311                 | 786          |
| Thereof non-compensable                             | –           | 224        | 280                 | 660          |
| Other foreign                                       | 268         | 196        | 918                 | 558          |
|   | <b>400</b>  | <b>684</b> | <b>1,779</b>        | <b>1,940</b> |
| Tax rate (%)  | 23.2        | 33.4       | 24.7                | 33.5         |

Oil production in Libya was suspended at the end of February 2011. This resulted in a year-on-year decline in both income taxes for oil production that are non-compensable with German corporate income tax, as well as the tax rate.

## 8 – Minority interests

| Million €                     | 3rd Quarter |            | January – September |            |
|-------------------------------|-------------|------------|---------------------|------------|
|                               | 2011        | 2010       | 2011                | 2010       |
| Minority interests in profits | 130         | 118        | 362                 | 400        |
| Minority interests in losses  | (1)         | 3          | (1)                 | (1)        |
|                               | <b>129</b>  | <b>121</b> | <b>361</b>          | <b>399</b> |

The decline in minority interests in profits was primarily related to Wintershall AG's suspension of oil production in Libya. In contrast, there were higher minority interests in profits at BASF FINA Petrochemicals L.P. in Port Arthur, Texas.

## 9 – Earnings per share

|   |              | 3rd Quarter |             | January – September |             |
|---|--------------|-------------|-------------|---------------------|-------------|
|   |              | 2011        | 2010        | 2011                | 2010        |
| Net income                                      | million €    | 1,192       | 1,245       | 5,057               | 3,457       |
| Number of outstanding shares (weighted average) | in thousands | 918,479     | 918,479     | 918,479             | 918,479     |
| <b>Earnings per share</b>                       | <b>€</b>     | <b>1.30</b> | <b>1.35</b> | <b>5.51</b>         | <b>3.76</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 2011, and in the corresponding period of 2010, 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 2011 |                               |  |
|--|--|--------------------------|-------------------------------|--|
|  |  | 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                  |  | 15,232                   | 54,732                        | 3,544  |
| Additions                                |  | 341                      | 1,893                         | 95   |
| Disposals                                |  | (322)                    | (561)                         | (1,297)  |
| Transfers                                |  | 61                       | (336)                         | 19   |
| Exchange differences                     |  | (206)                    | (164)                         | (8)  |
| <b>Balance as of September 30</b>        |  | <b>15,106</b>            | <b>55,564</b>                 | <b>2,353</b>   |
| <b>Amortization and depreciation</b>     |  |                          |                               |  |
| Balance as of January 1                  |  | 2,987                    | 37,491                        | 263  |
| Additions                                |  | 532                      | 1,908                         | 1  |
| Disposals                                |  | (297)                    | (475)                         | (4)  |
| Transfers                                |  | 10                       | (353)                         | (3)  |
| Exchange differences                     |  | (23)                     | (89)                          | –  |
| <b>Balance as of September 30</b>        |  | <b>3,209</b>             | <b>38,482</b>                 | <b>257</b>   |
| <b>Net book value as of September 30</b> |  | <b>11,897</b>            | <b>17,082</b>                 | <b>2,096</b>   |

Additions to property, plant and equipment in the first three quarters of 2011 arose from a number of investments. The most significant investments were: the expansion of the synthesis gas plants and construction of the intermodal transportation terminal in Ludwigshafen; the construction of the oleum/sulfuric acid plant in Antwerp, Belgium; the construction of natural gas pipelines in Europe; and a methylamines plant in Geismar, Louisiana.

Disposals of intangible assets primarily comprised the derecognition of fully amortized licenses for crop protection products. The disposal of the participation in K+S Aktiengesell-

schaft is reported under other financial assets; the participation had previously been booked at fair value as an asset available for sale.

The reclassification of property, plant and equipment is primarily related to the assets of the styrenics and fertilizer businesses. These assets are reported as assets of disposal groups.

Depreciation includes impairment charges of €73 million due to the expectation of lower future utilization capacity rates at the production facilities of Sabina Petrochemicals LLC in Port Arthur, Texas.

## 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>   |

## 11 – Short-term assets

| Million €   | Sept. 30, 2011 | Sept. 30, 2010 | Dec. 31, 2010 |
|---|----------------|----------------|---------------|
| Raw materials and factory supplies                    | 2,821          | 2,146          | 2,427         |
| Work-in-process, finished goods and merchandise       | 7,223          | 5,724          | 6,171         |
| Advance payments and services-in-process              | 130            | 92             | 90            |
| <b>Inventories</b>                                    | <b>10,174</b>  | <b>7,962</b>   | <b>8,688</b>  |
| <b>Accounts receivable, trade</b>                     | <b>10,388</b>  | <b>9,005</b>   | <b>10,167</b> |
| Other receivables and miscellaneous short-term assets | 3,644          | 4,009          | 3,883         |
| Marketable securities                                 | 26             | 16             | 16            |
| Cash and cash equivalents                             | 1,446          | 2,282          | 1,493         |
| Assets of disposal groups                             | 1,302          | –              | 614           |
| <b>Other short-term assets</b>                        | <b>6,418</b>   | <b>6,307</b>   | <b>6,006</b>  |
| <b>Short-term assets</b>                              | <b>26,980</b>  | <b>23,274</b>  | <b>24,861</b> |

Work-in-process, finished goods and merchandise are combined into one item because of the production conditions in the chemical industry. Services-in-process relate primarily to services not invoiced at the balance sheet date. Inventories are valued using the weighted average cost method. The increase in inventories is attributable to the Cognis acquisition, seasonal effects in the crop protection products business as well as natural gas trading, and business expansion in several areas.

Trade accounts receivable increased in comparison with year-end 2010 as a result of the expansion of business activities and higher price levels.

Assets of disposal groups comprise the assets of BASF's Styrenics and fertilizer activities. The increase in comparison with the end of 2010 arose from the reclassification of assets of the fertilizer business into a disposal group on September 30, 2011. In addition, operating activities led to an increase in trade accounts receivable in the Styrenics disposal group.

## 12 – Stockholders' equity

### Authorized capital

At the Annual Meeting of April 30, 2009, shareholders authorized the Board of Executive Directors to increase the 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 in certain predefined cases covered by the enabling resolution. 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 €24 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 €639 million in the first three quarters of 2011, and a reduction of €1,126 million in the same period of 2010.

### Reserves (million €)

|                         | Sept. 30,<br>2011 | Dec. 31,<br>2010 |
|-------------------------|-------------------|------------------|
| Legal reserves          | 473               | 436              |
| Other retained earnings | 17,776            | 15,381           |
|                         | 18,249            | 15,817           |

### Payment of dividends

In accordance with the resolution of the Annual Meeting on May 6, 2011, BASF SE paid a dividend of €2.20 per share from the retained profit of the 2010 fiscal year. With 918,478,694 shares entitled to dividends, this corresponds to a total dividend payout of €2,020,653,126.80.

### Other comprehensive income

Following the sale of the shares in K+S Aktiengesellschaft, the realized gain was recorded in the financial result. Accordingly, there was a derecognition of the effects of the fair market valuation of the participation amounting to €1,014 million which had been previously reported in stockholders' equity.

## 13 – Provisions for pensions

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

|  | Germany        |               | Foreign        |               |
|--|----------------|---------------|----------------|---------------|
|  | Sept. 30, 2011 | Dec. 31, 2010 | Sept. 30, 2011 | Dec. 31, 2010 |
| Discount rate                            | 5.00           | 5.00          | 4.53           | 4.74          |
| Projected increase of wages and salaries | 2.75           | 2.75          | 3.79           | 3.79          |
| Projected pension increase               | 1.75           | 1.75          | 1.00           | 1.00          |

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

|  | Germany |      | Foreign |      |
|--|---------|------|---------|------|
|  | 2011    | 2010 | 2011    | 2010 |
| Discount rate                            | 5.00    | 5.50 | 4.74    | 5.17 |
| Projected increase of wages and salaries | 2.75    | 2.75 | 3.79    | 3.91 |
| Projected pension increase               | 1.75    | 2.00 | 1.00    | 0.92 |
| Expected return on plan assets           | 5.28    | 5.13 | 5.49    | 6.28 |

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 2011, developments in the capital markets led to a reduction of the discount rate for existing pension obligations which are denominated in U.S. dollars.

The discrepancy between the actual and expected return on plan assets led to actuarial losses of €712 million in the first three quarters of 2011.

## 14 – Other provisions

| Million €                  | Sept. 30, 2011 | Sept. 30, 2010 | Dec. 31, 2010 |
|----------------------------|----------------|----------------|---------------|
| Other long-term provisions | 3,444          | 3,398          | 3,352         |
| Short-term provisions      | 3,427          | 3,215          | 3,324         |
|                            | <b>6,871</b>   | <b>6,613</b>   | <b>6,676</b>  |

In the first three quarters of 2011, other provisions increased compared with the end of 2010. This increase primarily relates

to provisions for variable compensation as well as for restructuring measures in the course of the Cognis integration.

## 15 – Liabilities

### Liabilities (million €)

|   | September 30, 2011 |               | September 30, 2010 |               | December 31, 2010 |               |
|---|--------------------|---------------|--------------------|---------------|-------------------|---------------|
|   | Short-term         | Long-term     | Short-term         | Long-term     | Short-term        | Long-term     |
| <b>Accounts payable, trade</b>                    | <b>4,489</b>       | <b>–</b>      | <b>4,157</b>       | <b>–</b>      | <b>4,738</b>      | <b>–</b>      |
| Bonds and other liabilities to the capital market | 1,550              | 8,875         | 1,472              | 10,231        | 2,637             | 10,267        |
| Liabilities to credit institutions                | 988                | 1,639         | 609                | 1,385         | 732               | 1,403         |
| <b>Financial indebtedness</b>                     | <b>2,538</b>       | <b>10,514</b> | <b>2,081</b>       | <b>11,616</b> | <b>3,369</b>      | <b>11,670</b> |
| <b>Tax liabilities</b>                            | <b>1,350</b>       | <b>–</b>      | <b>1,155</b>       | <b>–</b>      | <b>1,140</b>      | <b>–</b>      |
| Advances received on orders                       | 95                 | –             | 69                 | –             | 283               | –             |
| Liabilities on bills                              | 52                 | 1             | 14                 | 25            | 73                | 2             |
| Liabilities related to social security            | 167                | 26            | 155                | 35            | 166               | 26            |
| Miscellaneous liabilities                         | 2,471              | 714           | 1,890              | 625           | 2,126             | 670           |
| Deferred income                                   | 258                | 229           | 256                | 202           | 154               | 203           |
| <b>Other liabilities</b>                          | <b>3,043</b>       | <b>970</b>    | <b>2,384</b>       | <b>887</b>    | <b>2,802</b>      | <b>901</b>    |



## Financial indebtedness (million €)

|   |  |                         | Carrying amounts based on effective interest method |               |                |
|---|--|-------------------------|---|---------------|----------------|
|   |  |                         |   |               |                |
|   | Nominal value (million, in issuing currency) | Effective interest rate | Sept. 30, 2011                                      | Dec. 31, 2010 | Sept. 30, 2010 |
| 4% Euro Bond 2006/2011 of BASF SE                                     | 1,000  | 4.05 %                  | –   | 1,000         | 1,000          |
| 3.375% Euro Bond 2005/2012 of BASF SE                                 | 1,400  | 3.42 %                  | 1,400   | 1,399         | 1,399          |
| 3.75% Euro Bond 2009/2012 of BASF SE                                  | 1,350  | 3.97 %                  | 1,345 <sup>1</sup>                                  | 1,345         | 1,345          |
| 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 %                  | 199   | 199           | 198            |
| 5.875% GBP Bond 2009/2017 of BASF SE                                  | 400  | 6.04 %                  | 458   | 461           | 461            |
| 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 %                  | –   | 240           | 226            |
| 6% Euro Bond 2008/2013 of BASF Finance Europe N.V.                    | 1,250  | 6.15 %                  | 1,246   | 1,245         | 1,245          |
| 5% Euro Bond 2007/2014 of BASF Finance Europe N.V.                    | 1,000  | 5.09 %                  | 998   | 997           | 997            |
| 5% Euro Bond 2007/2014 of BASF Finance Europe N.V.                    | 250  | 4.83 %                  | 251   | 251           | 251            |
| 3.625% CHF Bond 2008/2015 of BASF Finance Europe N.V.                 | 200  | 3.77 %                  | 164   | 159           | 149            |
| 5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.                | 1,500  | 5.30 %                  | 1,491   | 1,489         | 1,489          |
| 5.125% Euro Bond 2009/2015 of BASF Finance Europe N.V.                | 500  | 4.38 %                  | 512   | 515           | 515            |
| 4.5% Euro Medium Term Note 2009/2016 of BASF Finance Europe N.V.      | 150  | 4.56 %                  | 150   | 150           | 150            |
| 3.25% CHF Bond 2006/2012 of Ciba Spezialitätenchemie Finanz AG        | 225  | 3.32 %                  | 183   | 177           | 166            |
| 4.875% Euro Bond 2003/2018 of Ciba Spec. Chem. Finance Luxemburg S.A. | 477  | 4.88 %                  | 407   | 401           | 399            |
| USD Commercial Paper  | 200  |                         | 148   | 1,384         | 234            |
| Other bonds   |  |                         | 677   | 696           | 683            |
| <b>Bonds and other liabilities to capital market</b>                  |  |                         | <b>10,425</b>                                       | <b>12,904</b> | <b>11,703</b>  |
| Liabilities to credit institutions                                    |  |                         | 2,627   | 2,135         | 1,994          |
|   |  |                         | <b>13,052</b>                                       | <b>15,039</b> | <b>13,697</b>  |

<sup>1</sup> Interest rate swaps were performed in July 2011 to hedge against interest rate risks for the 3.75% Euro Bond of BASF SE. Fair value hedge accounting is applied in this context, resulting in an adjustment of the carrying amount of the bond by minus €2 million.

## 16 – Related-party transactions

Material supply relationships exist for the supply of 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 €531 million in the first three quarters of 2011 and €647 million in the same period of 2010.

In addition, there are material supply relationships with Ellba C.V., the Netherlands, and Ellba Eastern Private Ltd., Singapore. The unconsolidated portion of these supplies amounted to €360 million in the first three quarters of 2011 and €353 million in the same period of 2010.

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

## Calculation of Adjusted Earnings per Share

|  | 3rd Quarter  |              | January – September |              |
|--|--------------|--------------|---------------------|--------------|
|  | Million €    | Million €    | Million €           | Million €    |
|  | 2011         | 2010         | 2011                | 2010         |
| Income before taxes and minority interests                       | 1,721        | 2,050        | 7,197               | 5,796        |
| Special items  | 117          | 58           | (539)               | 299          |
| Amortization of intangible assets                                | 165          | 161          | 532                 | 467          |
| Amortization of intangible assets contained in the special items | –            | –            | (30)                | (5)          |
| <b>Adjusted income before taxes and minority interests</b>       | <b>2,003</b> | <b>2,269</b> | <b>7,160</b>        | <b>6,557</b> |
| Adjusted income taxes  | 471          | 756          | 2,001               | 2,167        |
| <b>Adjusted income before minority interests</b>                 | <b>1,532</b> | <b>1,513</b> | <b>5,159</b>        | <b>4,390</b> |
| Adjusted minority interests                                      | 138          | 123          | 372                 | 406          |
| <b>Adjusted net income</b>                                       | <b>1,394</b> | <b>1,390</b> | <b>4,787</b>        | <b>3,984</b> |
|  |              |              |                     |              |
| Weighted average number of outstanding shares                    | in thousands | 918,479      | 918,479             | 918,479      |
| <b>Adjusted earnings per share</b>                               | <b>€</b>     | <b>1.52</b>  | <b>5.21</b>         | <b>4.34</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 and sales of participations. 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 International Financial Reporting Standards (IFRS) is presented in the Notes on page 28. Adjusted income before taxes and minority interests, adjusted net income and adjusted earnings per share are key ratios that are not defined under 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 2010. 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 2011

Feb. 24, 2012

Annual Meeting 2012 / Interim Report 1st Quarter 2012

April 27, 2012

Interim Report 1st Half 2012

July 26, 2012

Interim Report 3rd Quarter 2012

Oct. 25, 2012

#### Further Information

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