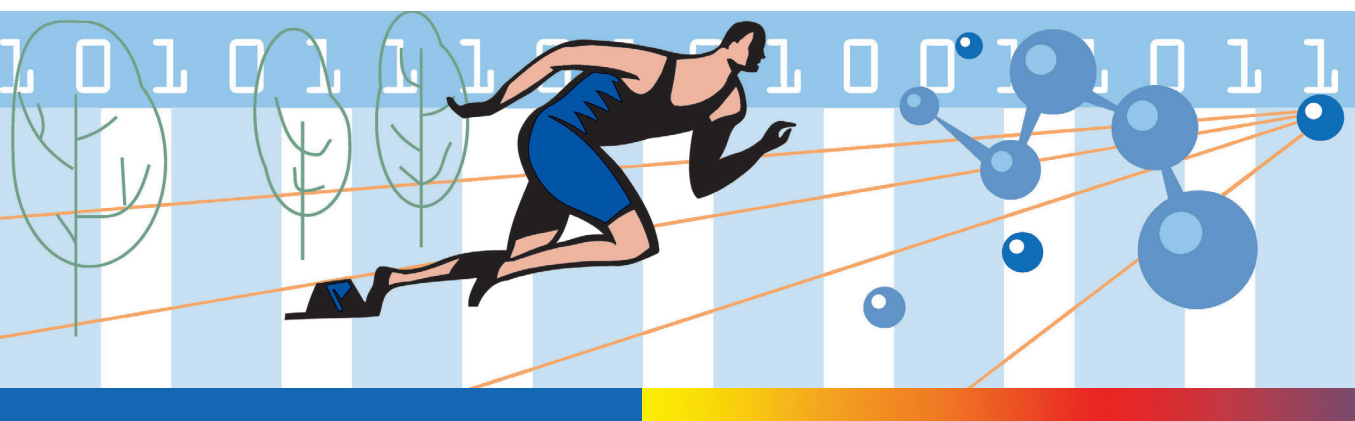


Shareholder Information

Invitation to the Annual Meeting
on May 6, 2003



BASF Group

Overview of key financial data

Million €	2002	2001	Change in %
Sales	32,216	32,500	(0.9)
Income from operations before special items	2,881	2,293	25.6
Income from operations (EBIT)	2,641	1,217	117.0
Special items	(240)	(1,076)	77.7
Extraordinary income	–	6,121	–
Income from operations before interest, taxes, depreciation and amortization (EBITDA)	5,105	4,142	23.2
Income before taxes and minority interests	2,641	6,730	(60.8)
Net income	1,504	5,858	(74.3)
Earnings per share (€)	2.60	9.72	(73.3)
Earnings per share in accordance with U.S. GAAP (€)	2.96	9.45	(68.7)
Dividend per share (€)	1.40	1.30	7.7
R&D expenses	1,135	1,247	(9.0)
Number of employees (as of December 31, 2002)	89,389	92,545	(3.4)

Sales by segment

Million €



Sales by region (location of customer)

Million €





Chemicals – the heart of our Verbund



The production of organic and inorganic basic chemicals and intermediates relies in particular on the synergy potential of our Verbund. Our goal is to achieve cost leadership. Integrated production sites, new processes and the advantages of modern large-scale plants are our keys to success. We are optimizing existing Verbund sites and constructing new ones in the major growth markets.



Plastics & Fibers – cost leadership and innovative specialties



BASF is a leading supplier of plastics and fibers. We strive to achieve global cost leadership with our standard plastics. With our specialty plastics, we focus on the huge range of uses for these materials of the future. Together with customers, we develop new applications and open up new markets. We will sell our fibers business in 2003 and thus further streamline our portfolio.



Performance Products – intensive cooperation with customers



In the Performance Products segment, we concentrate our activities on innovative business areas and products toward the end of our value-adding chains. Our success is based on developing new chemical products, systems and applications in close cooperation with our customers. A key factor is our ability to ensure just-in-time delivery through a network of regional sites.



Agricultural Products & Nutrition – we are strengthening our competitiveness



We have strengthened the competitiveness of our Agricultural Products & Nutrition segment through active portfolio management and are carrying out an ambitious program of cost-reduction measures. We are expanding our position through new active ingredients and our presence in the major agricultural markets. We are extending our activities in plant biotechnology. We supply our customers with a variety of high-value fine chemicals for the food, pharmaceuticals, animal feed and cosmetics industries.



Oil & Gas – expertise and regional focus



We strengthen our oil and gas business through organic growth and through acquisitions. In exploration and production, we benefit from our expertise and focus on areas that are rich in oil and gas. In natural gas trading, we are making use of the growth opportunities arising from the liberalization of European gas markets. The earnings contributions from our oil and gas business act as a bridge over the economic troughs.

Segments

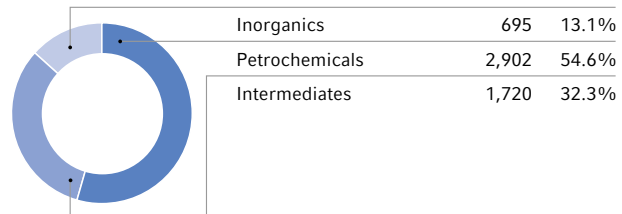
Key data

Million €

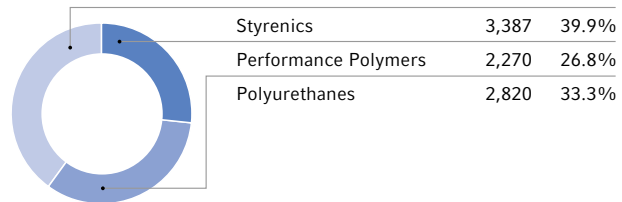
	2002	2001	Change in %
Sales	5,317	4,494	18.3
Income from operations before special items	676	425	59.1
Income from operations	635	362	75.4

Sales by division

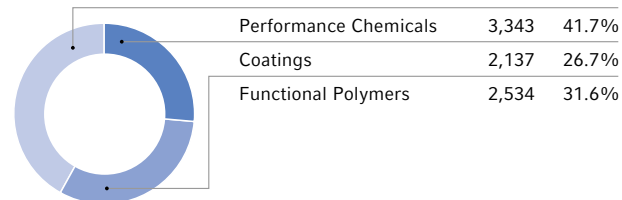
Million €



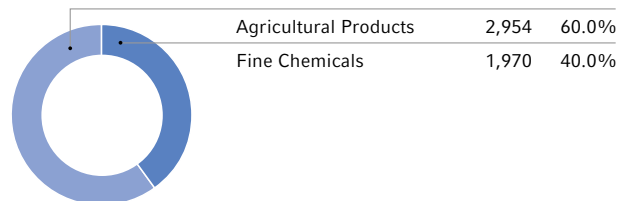
	2002	2001	Change in %
Sales	8,477	8,185	3.6
Income from operations before special items	593	180	229.4
Income from operations	582	(2)	.



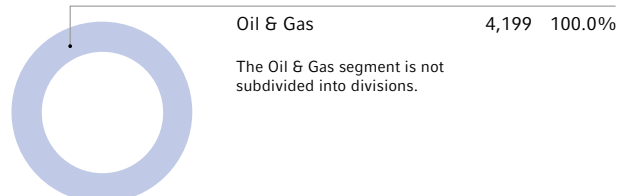
	2002	2001	Change in %
Sales	8,014	8,154	(1.7)
Income from operations before special items	653	397	64.5
Income from operations	646	99	.



	2002	2001	Change in %
Sales	4,924	5,826	(15.5)
Income from operations before special items	217	274	(20.8)
Income from operations	55	(162)	.



	2002	2001	Change in %
Sales	4,199	4,516	(7.0)
Income from operations before special items	1,210	1,308	(7.5)
Income from operations	1,210	1,308	(7.5)



BASF is the world's leading chemical company. We aim to increase and sustain our corporate value through growth and innovation. We offer our customers a range of high-performance products, including chemicals, plastics, performance products, agricultural products and fine chemicals as well as crude oil and natural gas.

Our distinctive approach to integration, known in German as “Verbund,” is our strength. It enables us to achieve cost leadership and gives us a competitive advantage. We conduct our business in accordance with the principles of sustainable development.



Dear shareholders and friends of BASF,

In 2002, we showed that BASF is also capable of performing well in a difficult business environment. Despite a slight decline in sales, we were able to increase income from operations before special items considerably – by 25.6 percent to €2,881 million.

We were, however, unable to avoid the effects of a downturn in financial markets last year, and BASF shares also lost value in 2002. Personally, I find this disappointing, since I am convinced that our current value in financial markets does not reflect the company's performance. The relative performance of BASF shares on the other hand was very satisfactory: Our shares performed considerably better than the DAX 30 and EURO STOXX 50 indexes – for the fourth year in succession. Even though the stock market environment is difficult at the moment, BASF's share price has risen more than threefold from the end of 1992 through the end of 2002. We are committed to our goal of increasing BASF's corporate value through growth and innovation. With a dividend of €1.40 per share that we are proposing to the Annual Meeting, BASF is again offering its shareholders an attractive dividend yield. In the course of 2002, we repurchased shares for €500 million as planned. And we intend to buy back shares for the same amount again, thus further reducing our equity ratio and increasing earnings per share.

The past year was characterized by stock market losses and accounting scandals. This has shifted the focus back to tried and tested principles: Values such as reliability, responsibility and continuity – typical strengths of BASF – are once again in demand. It is now clear that we have been well served by having a clear strategy and adhering to it over the years. We have maintained the initiative and driven forward BASF's development. This might seem unspectacular to some, but it has led us to success.

Over the past few years, we have rid our portfolio of unprofitable businesses, making it not only more profitable, but also more resilient to economic cycles. Between 1993 and 2002, we divested businesses corresponding to approximately one-third of the company's current sales. In turn, we have acquired new future-oriented businesses with about the same amount of sales. We have thus achieved our goal of improving BASF's strategic position – our earnings in 2002 speak for themselves. We are continuing on this path: We have acquired Clyde Netherlands to strengthen our activities in oil and gas, whose earnings contributions act as a bridge over the economic troughs. Through the sale of our fibers business and an acquisition in engineering plastics, we want to improve our position in the Plastics segment. From Bayer we are acquiring the insecticide fipronil as well as a number of fungicides – this will substantially strengthen our crop protection portfolio and our competitiveness in this market.

In mid-2001, when the first dark clouds appeared on the business horizon, we started an extensive program of restructuring measures that took effect in 2002: We are reducing our costs significantly and aim to save €1 billion by the end of 2003. We have identified further potential for reducing costs at our Ludwigshafen site and in the Agricultural Products division. Despite all the uncertainties with regard to future developments in the economic climate, we will face the coming challenges with confidence. Overall, we aim to earn a premium on our cost of capital.

In Asia we are pursuing a long-term strategy: We started investing in the region some time ago and stood by our commitment, even during the Asian economic crisis in the second half of the 1990s. We are now increasingly participating in the dynamic growth in this region: We are expanding our first Asian Verbund site in Kuantan, Malaysia. In Singapore, our ELLBA Eastern joint venture with Shell has started producing propylene oxide and styrene. At the same time, we are taking further steps in Asia to capitalize

even more on the region's potential: The construction of our Verbund site in Nanjing, China, is proceeding apace and the first plants will start operations in 2005. In 2002, we received approval from the Chinese authorities for the construction of integrated production plants for polytetrahydrofuran (PolyTHF®) and tetrahydrofuran (THF) in Caojing, China.

On the basis of our financial strength, we are expanding our position as the world's leading chemical company. We are well set to face the competition and are confidently addressing the tasks ahead.

At the moment, however, I am concerned about the situation in Iraq. Should the crisis escalate, then oil prices may increase in the short term. In such a scenario, falling share prices and another blow to the global economy could be the result. We are prepared and ready to react flexibly to further developments.

The past year showed us clearly just how important trust is as a factor for a company's success. We want to consistently post high profits by maintaining and improving conditions for growth. We can best achieve this by acting responsibly and by linking our economic growth with environmental protection and social stability in accordance with the principle of sustainable development. And we ensure this through high standards that are valid worldwide. We see globalization as an opportunity. For BASF, acting responsibly also means that we contribute to society, for example through Global Compact, an initiative of the U.N. Secretary-General Kofi Annan, or through Germany's Initiative for Job Creation.

Following the Annual Meeting on May 6, Dr. Jürgen Hambrecht will succeed me as Chairman of the Board of Executive Directors. This position offered me 13 challenging and exciting years that, together with BASF's management team, I was able to devote to the company.

I owe particular thanks to two people who accompanied me over the years: Max Dietrich Kley has been at my side for many years, most recently as Vice Chairman, and is now also retiring from the Board of Executive Directors. Professor Berthold Leibinger has been a constant role model and a valuable advisor, even beyond his function as Chairman of the Supervisory Board, from which he now retires.

I should like to thank all members of the Supervisory Board for their constructive cooperation. They have made decisions responsibly and for the good of the company.

I have always considered BASF's successes to be the result of a team effort, and credit is due to all employees. I would therefore like to take this opportunity to thank them for their dedication.

I would also like to thank our business partners for their valuable cooperation and you, our shareholders, for placing your confidence in us. I hope that you will place the same trust in my successor, Dr. Jürgen Hambrecht, and in BASF's Board of Executive Directors.

*Yours sincerely,
Jürgen Strube*

DR. JÜRGEN F. STRUBE

Chairman of the Board of Executive Directors

Finance

In a generally difficult year for business, we increased income from operations before special items by 25.6% to €2,881 million in 2002. Sales, however, declined slightly by 0.9% compared with 2001 to €32.2 billion.

The improvement in earnings was primarily due to higher profitability in the Chemicals, Plastics & Fibers and Performance Products segments. The timely program of restructuring measures that we introduced paid off in 2002: We have significantly reduced costs and will achieve our goal of saving €1 billion by the end of 2003. We have also identified further cost-reduction potentials, in particular at our site in Ludwigshafen and in our Agricultural Products division.

We continued our share buy-back program in 2002 and repurchased shares for €500 million to reduce our cost of capital and increase earnings per share. We are proposing to pay our shareholders a dividend of €1.40 per share.

Results of operations in the BASF Group

Our earnings developed positively in 2002 compared with 2001. The previous year was marked on the one hand by high charges for a comprehensive restructuring program and the reorganization of our sales structures, and on the other hand by high extraordinary income from the sale of our pharmaceuticals activities. In an uncertain economic climate, BASF did well in 2002 and substantially increased earnings. In spite of a somewhat difficult business climate in important customer segments, we were able to increase sales volumes substantially. The economies of scale associated with higher capacity utilization and the cost reductions from structural measures introduced in 2001 contributed to improved earnings.

Sales

In 2002, sales were slightly lower than the previous year's level and decreased €284 million, or 0.9 percent, to €32,216 million. Sales growth in the Chemicals and Plastics & Fibers segments was not quite enough to offset the decline in the Agricultural Products & Nutrition and Oil & Gas segments.

The following factors contributed to the change in sales:

Million €	2002	In % of sales
Volumes	2,547	7.8
Prices	(1,680)	(5.2)
Currencies	(941)	(2.9)
Acquisitions and additions to the scope of consolidation	205	0.6
Divestitures and denconsolidations	(415)	(1.2)
	(284)	(0.9)

Sales and earnings

Million €	2002	2001	Percent change from prev. year
Sales	32,216	32,500	(0.9)
Gross profit	10,400	10,312	0.9
Gross profit as a percentage of sales (%)	32.3	31.7	1.9
Income from operations (EBIT)	2,641	1,217	117.0
Income from operations as a percentage of sales (%)	8.2	3.7	121.6
Special items	(240)	(1,076)	77.7
Income from ordinary operations	2,641	609	333.7
Extraordinary income	–	6,121	
Income before taxes and minority interests	2,641	6,730	(60.8)
Net income	1,504	5,858	(74.3)
Net income as a percentage of sales	4.7	18.0	(73.9)
Earnings per share (€)	2.60	9.72	(73.3)
Net income in accordance with U.S. GAAP	1,717	5,692	(69.8)
Earnings per share in accordance with U.S. GAAP (€)	2.96	9.45	(68.7)
Diluted earnings per share in accordance with U.S. GAAP (€)	2.96	9.45	(68.7)

Sales volumes were up substantially in 2002. We achieved significant growth in the Chemicals and Plastics & Fibers segments. As a result of new plants, in particular the new steam cracker in Port Arthur, Texas, we were able to increase production significantly in the Petrochemicals division. In addition to covering internal requirements, we sold larger volumes to external customers.

The selling prices for our products remained under pressure. Some divisions were able to impose price increases to offset higher raw material costs, but overall prices declined by 5.2 percent. The rise in the value of the euro against the U.S. dollar and Japanese yen, as well as a devaluation of South American currencies had a significantly negative impact on sales.

Portfolio changes, which amounted to €(286) million, were 0.8 percent lower than in 2001 and did not have a substantial impact. Acquisitions – primarily, the Intermediates division's acquisition in mid-2001 of the Italian SISAS Group's activities in Feluy, Belgium – accounted for a €118 million increase in sales.

Divestitures reduced comparable sales by €404 million, primarily due to the divestiture of the pharmaceuticals business at the end of February 2001.

Additions to the scope of consolidation contributed €76 million, or 0.2 percent, to sales.

Income from operations

Following a weak year marked by high restructuring charges, income from operations in 2002 almost returned to the level of previous years. Income from operations of €2,641 million in 2002 was €1,424 million or 117 percent higher than in the previous year and represented 8.2 percent of sales, compared with 3.7 percent in 2001.

Excluding special items of €240 million in 2002 and €1,076 million in 2001, income from operations rose by 25.6 percent to €2,881 million. This was primarily due to improved earnings in the Chemicals and Plastics & Fibers segments as well as in Performance Products.

Special items

Income from operations in 2002 included special charges of €240 million. This was €836 million less than in the previous year. Charges of €124 million were incurred as a result of restructuring measures. These were due to the closure of ethylene oxide and glycol plants in the Chemicals segment in Geismar, Louisiana; various optimization and restructuring measures in the Agricultural Products & Nutrition segment; and measures to improve efficiency associated with the Site Concept at the Ludwigshafen production site.

Further special charges of €116 million resulted primarily from the €100 million provision for claims for damages related to the vitamins business.

The financial result included special income of €301 million related in particular to the sale of marketable securities and of a lease financing company.

Income from ordinary activities/income before taxes

Income from ordinary activities rose from €609 million in 2001 to €2,641 million in 2002. Lower special charges as well as higher special income accounted for €1,210 million of this increase of €2,032 million. On a comparable basis, income from operations contributed €588 million and the financial result €234 million to an increase of €822 million.

Earnings per share

Earnings per share in 2002 were €2.60 compared with ordinary earnings per share of €(0.20) in the previous year. In addition, there was extraordinary income per share of €9.92 in the previous year. In 2002, net income in accordance with U.S. GAAP was €1,717 million or €2.96 per share compared with €5,692 million or €9.45 per share in 2001.

Statements of cash flows

Million €	2002	2001
Net income ¹	1,504	(118)
Depreciation of fixed assets	2,502	2,933
Changes in net current assets	(1,033)	(682)
Miscellaneous items	(660)	186
Cash provided by operating activities	2,313	2,319
Additions to tangible and intangible fixed assets	(2,410)	(2,811)
Acquisitions/divestitures, net	(262)	7,043
Financial investments and other items	508	(112)
Cash provided by (used in) investing activities	(2,164)	4,120
Proceeds from capital increases	(462)	(1,124)
Changes in financial indebtedness	1,040	(4,293)
Dividends	(843)	(1,266)
Cash provided by (used in) financing activities	(265)	(6,683)
Net changes in cash and cash equivalents	(116)	(244)
Initial cash and cash equivalents and other changes	347	604
Cash and cash equivalents	231	360
Marketable securities	132	383
Liquid funds	363	743

Proposed appropriation of profit

BASF Aktiengesellschaft² achieved net income of €1,045 million. After transferring €247 million to other retained earnings, profit retained was €798 million. The Board of Executive Directors and the Supervisory Board are proposing to the Annual Meeting on May 6, 2003 a dividend payment of €1.40 per qualifying share. If shareholders approve this proposal, the dividend payable on qualifying shares as of December 31, 2002 will be €798 million. If the number of qualifying shares and the dividend payable decline by the date of the Annual Meeting

¹ Excluding extraordinary income

² The auditors have approved the Consolidated Financial Statements of BASF Aktiengesellschaft free of qualification. The Consolidated Financial Statements are published in the Federal Gazette and filed in the Commercial Register of Ludwigshafen (Rhine) HRB 3000. A reprint may be obtained by contacting the address shown on the back cover.

due to share buy-backs it is further proposed that the remaining profit retained be carried forward.

Cash provided by operating activities

In 2002, cash provided by operating activities was €2,313 million. In spite of significantly higher net income, cash provided by operating activities was only at the previous year's level. This was caused by cash expenses being charged against provisions for restructuring measures established in 2001. Further funds were required for the payment of fines for antitrust violations involving the vitamins business and compensation payments to direct purchasers of vitamins in the United States following the conclusion of corresponding settlements. The antitrust violations relating to the vitamins business occurred several years ago. The contribution of \$475 million to the pension fund in the United States also led to a cash outflow. This contribution constitutes a prepaid pension asset and will be recognized in subsequent years' earnings as net periodic pension cost.

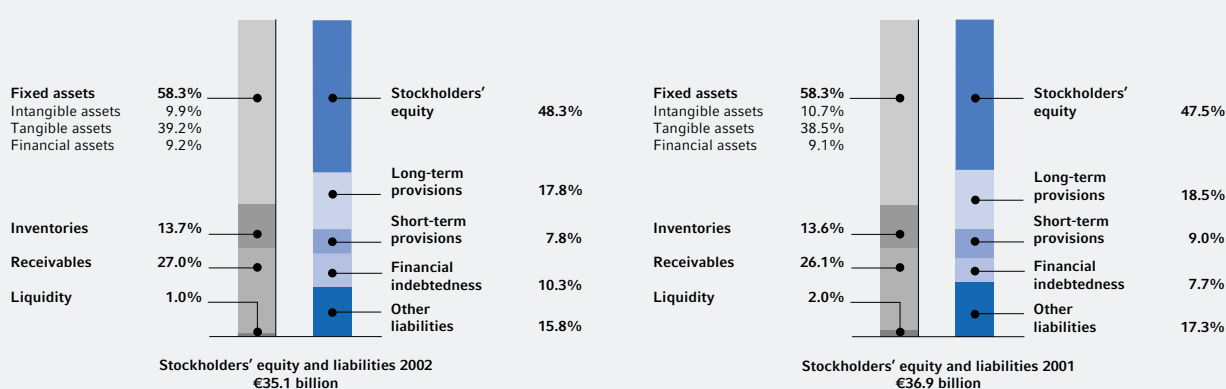
Cash provided by (used in) investment activities

We spent €2,410 million on additions to tangible and intangible assets. We thus substantially reduced capital expenditures compared with 2001 as planned.

Expenditures for acquisitions totaled €267 million. They involved in particular the purchase of Clyde Netherlands B.V., which has concessions for oil and gas exploration in the Dutch North Sea.

The sale of securities held as current assets, as well as fixed assets generated total proceeds of €900 million. Including the funds thus released, outflows for capital expenditures and acquisitions were €2,164 million.

Change in balance sheet structure



Cash provided by (used in) financing activities

In 2002, cash used in financing activities was €265 million. We bought back 13.1 million shares for €500 million at an average price of €38.20 per share (see page 10).

We paid out a total of €843 million in dividends and profit transfers in 2002. Dividend payments to the shareholders of BASF Aktiengesellschaft for fiscal year 2001 totaled €758 million, or €1.30 per share. €85 million in profits was paid or transferred to shareholders in fully or proportionally consolidated companies.

Financial indebtedness increased due in particular to the issuance of commercial paper by BASF Aktiengesellschaft using the cost-effective CP Markets Internet platform.

Balance sheet structure

BASF's total assets decreased by 4.9 percent, or €1.8 billion, to €35.1 billion. This was primarily due to a decline in fixed assets and inventories that was to some extent due to currency translation effects as well as to a reduction in liquid funds. Stockholders' equity declined by €580 million due to a reduction in currency translation adjustments and the buy-back and cancellation of shares. The equity ratio rose to

48.3 percent (2001: 47.5 percent) as a result of a decline in total assets. In the medium term, we aim to achieve an equity ratio of approximately 40 percent.

Long-term liabilities declined by €744 million to €9,211 million. Long-term liabilities as a share of stockholders' equity and liabilities declined to 26.2 percent from 27.0 percent in 2001. Short-term liabilities declined by 4.9 percent to €8,933 million, in particular due to the realization of short-term provisions. Short-term financial indebtedness increased by €905 million to €1,814 million due to the issuance of commercial paper and due to short-term bank loans.

Returns

Return on assets, based on income from ordinary operations plus interest expenses, was 8.4 percent in 2002, compared with 3.1 percent in the previous year. Income from operations as a percentage of sales rose to 8.2 percent from 3.7 percent in 2001.

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft has examined BASF'S Consolidated Financial Statements and Management's Analysis and approved them free of qualification.

The Financial Report contains the complete Consolidated Financial Statements of the BASF Group together with the Management's Discussion and Analysis of BASF Group and BASF Aktiengesellschaft.

We would be pleased to send you a copy (see postcard at the end of this brochure).

We cordially invite you to attend this year's
Annual Meeting at 10:00 a.m. on Tuesday, May 6, 2003,
at the Congress Center Rosengarten Mannheim,
Rosengartenplatz 2, 68161 Mannheim, Germany

March 18, 2003

Dear Shareholders,

The 51st Annual Meeting of BASF Aktiengesellschaft will be held at 10:00 a.m. on Tuesday, May 6, 2003, again at Congress Center Rosengarten Mannheim, Rosengartenplatz 2, 68161 Mannheim, Germany. Please accept our cordial invitation to this meeting.

With this letter, you will find the notice of the Annual Meeting, which was published in the Federal German Gazette together with the detailed Agenda required by law and two reports from the Board of Executive Directors.

Explanatory notes on the Agenda

The shareholders' representatives on the Supervisory Board are to be re-elected at this year's Annual Meeting. **Item 6** of the Agenda contains the specific nominations by the Supervisory Board. Graf Davignon, Dr. Jentzsch, Professor Dr. Leibinger and Dr. Schulte-Noelle are no longer available for re-election. In their place, the Supervisory Board proposes the following persons for election to the Supervisory Board:

1. Michael Diekmann, Munich, member of the Board of Executive Directors of Allianz AG;
2. Max Dietrich Kley, Heidelberg, vice chairman of the Board of Executive Directors of the company up to the end of the Annual Meeting on May 6, 2003;
3. Dr. Renate Köcher, Konstanz, managing director of the Institut für Demoskopie Allensbach, Gesellschaft zum Studium der öffentlichen Meinung mbH;
4. Dr. Jürgen F. Strube, Mannheim, chairman of the Board of Executive Directors up to the end of the Annual Meeting on May 6, 2003.

The other gentlemen who have been nominated are currently members of the Supervisory Board.

The following individuals have already been elected as Supervisory Board members of the employees according to the German Codetermination Act:

Ralf Bastian, member of the works council of BASF Aktiengesellschaft

Wolfgang Daniel, deputy chairman of the works council of BASF Aktiengesellschaft

Rolf Kleffmann, chairman of the works council of Wintershall Aktiengesellschaft's Barnstorf oil plant

Eva Kraut, chairwoman of the works council of BASF IT Services GmbH, Ludwigshafen

Ulrich Küppers, manager of the Ludwigshafen branch of the Mining, Chemical and Energy Industries Union (“Industriegewerkschaft Bergbau, Chemie, Energie”)

Konrad Manteuffel, member of the works council of BASF Aktiengesellschaft

Dr. Karlheinz Messmer, chairman of the Board of Spokespersons of the Executive Employees of BASF Aktiengesellschaft

Robert Oswald, chairman of the works council of BASF Aktiengesellschaft and the joint works council of the BASF Group

Jürgen Walter, member of the Central Board of Executive Directors of the Mining, Chemical and Energy Industries Union (“Industriegewerkschaft Bergbau, Chemie, Energie”), Hanover

Gerhard Zibell, regional manager of the of the Mining, Chemical and Energy Industries Union (“Industriegewerkschaft Bergbau, Chemie, Energie”) Rhineland-Palatinate/Saarland region

Of the above, Ms. Kraut and Messrs. Bastian and Oswald have been elected to the Supervisory Board for the first time. However, Ms. Kraut and Mr. Oswald were already members of the Supervisory Board by virtue of a court appointment.

In 2002, we bought back a total of 13,085,000 shares using the buy-back authorizations granted by the Annual Meeting. Of these shares, 11,750,500 have already been recalled. The remaining 1,334,500 will also be recalled and the share capital further reduced. Since the beginning of this year up to the date of approval of the Consolidated Financial Statements by the Board of Executive Directors, we have bought back a further 4,620,000 shares. As a result of the buyback of further shares between the date of approval of the Consolidated Financial Statements by the Board of Executive Directors and the day of the Annual Meeting, the number of dividend-bearing shares and thus also the dividend payout may decrease again. If necessary, we will announce at the Annual Meeting the number of shares that we have repurchased up to then and adjust the motion for a resolution on the appropriation of profit accordingly.

We intend to continue to take advantage of the possibility of buying our own shares back in the interests of our shareholders, thus reducing the equity ratio and increasing earnings per share. In order to retain this possibility, which can only be granted for a limited time under law, we propose under **Item 7** of the Agenda that this authorization be renewed. We would like to extend, as in the previous year, the authorization to redeem at a later date the shares so acquired by being able to use the acquired shares for purchase by BASF employees and officers of the company in the exercising of their stock option rights. Moreover, it should be possible for the shares to be used for the acquisition of companies or holdings. In this connection, we also refer to the enclosed report of the Board of Executive Directors in accordance with Section 71 (1) and Section 186 (4) of the German Stock Corporation Act concerning the exclusion of the subscription right.

Under **Item 8** of the Agenda, we propose various changes to the Articles of Association. The purpose of these is to implement innovations from the German Transparency and Publicity Act, which came into force in 2002. If a Supervisory Board Audit Committee is set up, the amendment of Article 12 will make

it possible to take due account of the membership, chairmanship and deputy chairmanship of this Committee in the Supervisory Board's remuneration. The new arrangement in Article 20 provides additional flexibility if required in the adoption of a resolution on the appropriation of profit. With the amendments of Articles 13 and 21, the Articles of Association will be brought into line with new regulations.

Under **Item 9** of the Agenda, we propose that a control and profit and loss agreement with BASF Future Business GmbH be approved, the contents and backgrounds of which are given in the report printed at the end of the notice of meeting. This report together with the report on the exclusion of the subscription right and the other relevant documents according to Sections 175 (2) and 293 (F), (1) of the German Stock Corporation Act are available for inspection on the premises of the company with immediate effect and will be available for inspection on the day of the Annual Meeting in the room where the meeting is held.

Proxy

We have an interest in shareholders exercising their right to vote at the Annual Meeting and safeguarding their rights in co-administering the company.

Shareholders who do not attend the Annual Meeting personally can exercise their voting rights as in the past through a proxy of their choice with written authorization, such as through a bank or an association of shareholders.

In order to make it even easier to exercise your voting right, we offer you for the first time this year the opportunity to authorize in writing proxies appointed by our company to vote for you according to your instructions. This can be of interest to you especially if your depository bank refuses to exercise your right to vote at the Annual Meeting. Please note that, even if you cannot or do not want to attend the Annual Meeting personally, you need an entrance ticket to authorize the proxies appointed by our company. This serves as a form for the authorization of our proxies and the issue of your voting instructions. If you want to authorize the proxies appointed by our company, please order an entrance ticket from your depository bank for each of your depositories as early as possible. We can guarantee the proper exercising of your voting right only if the completed authorization forms with your voting instructions have been delivered by no later than Wednesday, April 30, 2003.

A card for ordering our 2002 reports is enclosed with this letter. This year again, we are not including copies of the Annual Report, the Financial Statements of BASF Aktiengesellschaft or the Financial Report 2002 with the complete BASF Group Consolidated Financial Statements. All these documents, however, will be sent to any shareholder upon request or can be viewed together with other information about the Annual Meeting on the company's Website at www.basf.de/en/corporate/investor.

Very truly yours,

BASF Aktiengesellschaft



Strube



Kley

We hereby give notice of our

Annual Meeting

on Tuesday, May 6, 2003, 10:00 a.m. at the Congress Center Rosengarten Mannheim, Rosengartenplatz 2, 68161 Mannheim, Germany.

Agenda

1. [Presentation of the Financial Statements of BASF Aktiengesellschaft and the BASF Group Consolidated Financial Statements for 2002; presentation of Management's Analysis for BASF Aktiengesellschaft and the BASF Group for 2002; presentation of the Report of the Supervisory Board](#)

2. [Adoption of a resolution on the appropriation of profit](#)

The Board of Executive Directors and the Supervisory Board propose to pay a dividend of €1.40 per qualifying share from the profit retained by BASF Aktiengesellschaft in 2002 in the amount of €798,442,974.00. If the shareholders approve this proposal, a total dividend of €791,974,974.00 will be payable on the capital of €565,696,410 qualifying shares as of the date of approval of the Financial Statements for 2002 (February 28, 2003).

[The Board of Executive Directors and the Supervisory Board](#) propose that the remaining profit retained of €6,468,000.00 be carried forward and the profit carried forward be increased accordingly if the number of shares qualifying for dividend and the total dividend paid out are further reduced in the event that further shares are bought back up to the Annual Meeting.

3. [Adoption of a resolution giving formal approval to the actions of the Supervisory Board](#)

The Board of Executive Directors and the Supervisory Board propose that formal approval be given to the actions of the Supervisory Board in 2002.

4. [Adoption of a resolution giving formal approval to the actions of the Board of Executive Directors](#)

The Board of Executive Directors and the Supervisory Board propose that formal approval be given to the actions of the Board of Executive Directors in 2002.

5. [Election of an auditor for the financial year 2003](#)

The Supervisory Board proposes that Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, Germany, be appointed auditors of BASF Aktiengesellschaft and the BASF Group for the financial year 2003.

6. [Election of Supervisory Board members](#)

The Supervisory Board is to be composed in accordance with Sections 96 and 101 of the German Stock Corporation Act and Section 7 of the German Codetermination Act. According to Section 7 (1), No. 3, of the German Codetermination Act, it consists of 10 Supervisory Board members elected by the shareholders and 10 elected by the employees. The terms of office of the current Supervisory Board members expire at the end of the Annual Meeting on May 6, 2003. The Supervisory Board members of the shareholders are elected by the Annual Meeting, which is not bound by nominations. The Supervisory Board proposes the following persons for election to the Supervisory Board:

Professor Dr. François N. Diederich, Zurich,
Professor at Zurich Technical University

Michael Diekmann, Munich, member of the
Board of Executive Directors of Allianz AG

Dr. Tessen von Heydebreck, Frankfurt/Main, member of the Board of Executive Directors of Deutsche Bank AG

Arthur L. Kelly, Chicago, Chief Executive Officer of KEL Enterprises L.P.

Max Dietrich Kley, Heidelberg, vice chairman of the Board of Executive Directors of BASF Aktiengesellschaft up to the end of the Annual Meeting on May 6, 2003

Dr. Renate Köcher, Konstanz, managing director of the Institut für Demoskopie Allensbach, Gesellschaft zum Studium der öffentlichen Meinung mbH

Dr. Hermann Scholl, Stuttgart, managing director of Robert Bosch GmbH

Dr. Jürgen F. Strube, Mannheim, chairman of the Board of Executive Directors of BASF Aktiengesellschaft up to the end of the Annual Meeting on May 6, 2003

Robert Studer, Zurich, formerly president of the administrative council of UBS AG

Helmut Werner, Stuttgart, formerly chairman of the Board of Executive Directors of Mercedes Benz Aktiengesellschaft

7. Authorization to buy back shares

The Board of Executive Directors and the Supervisory Board propose that the following resolution be adopted:

The company is authorized to purchase shares of the company in an amount of up to 10 percent of the company's share capital. The shares will be purchased via the stock exchange or a public purchase offer addressed to all shareholders. The purchase price per share to be paid by the company may not, subject to sentence 5, exceed the highest market price (plus costs and charges) quoted on the floor or electronically on the Frankfurt Stock Exchange on the date of the purchase. It must not be less than 75 percent of this highest price. In the event of a public offer to buy back shares, the purchase price offered and paid for each share may exceed by up to 25 percent the highest market price on the third trading day prior to the publication of the share buy-back offer.

Subject to sentences 8 to 11, the Board of Executive Directors may only sell shares purchased on the basis of the authorization after a corresponding additional resolution has been adopted at the Annual Meeting by a majority comprising at least three-quarters of the share capital represented at the meeting. Irrespective of this, the Board of Executive Directors is authorized to redeem the shares purchased on the basis of this authorization without the adoption of a further resolution by the Annual Meeting.

The Board of Executive Directors is authorized to use shares purchased on the basis of this authorization to service option rights arising from stock options that have been, or may in the future be, issued in connection with the BASF Stock Option Program (BOP 1999/2000) presented at the Annual Meeting of April 29,

1999 or on the basis of the BASF Stock Option Program presented to the Annual Meeting of April 26, 2001 (BOP 2001/2005). As far as the issue of company shares to the members of the Board of Executive Directors is concerned, these authorizations apply to the Supervisory Board. The Board of Executive Directors is also authorized to use, with the approval of the Supervisory Board, shares acquired by virtue of this authorization for the acquisition of companies, parts of companies or holdings in companies in return for the transfer of shares. The subscription right of shareholders is excluded in respect of these company shares if the shares are sold or transferred under the authorizations specified in preceding sentences 8 to 10.

The authorizations to buy back shares and/or to cancel or resell them may be exercised wholly or partially one or more times. The authorizations to buy back company shares and to resell them may also be carried out, at the discretion of the Board of Executive Directors, by companies of the BASF Group or by third parties for the account of the company or Group companies. The authorization to buy back shares has a time limit of November 1, 2004.

The authorization to buy back company shares granted by the Annual Meeting on April 30, 2002, terminates with the coming into effect of this new authorization as far as the Board of Executive Directors is authorized to purchase shares. The authorizations, granted at the same time, to redeem shares purchased thereunder, to re-issue shares for servicing subscription rights from share options of senior executives and to use the shares for acquiring companies, parts of companies or holdings in companies remain valid.

8. Supplement and amendment of Articles 12, 13, para. 1, 20 and 21 of the Articles of Association

The Board of Executive Directors and Supervisory Board propose that the following resolution be adopted:

- a) Article 12 shall become Article 12, para. 1 and be supplemented by the following para. 2:
“2. If the Supervisory Board sets up an Audit Committee, each member of the Committee shall receive a further remuneration in the amount of 25,000 euros. The chairman of this Committee shall receive twice and a deputy chairman one and a half times this further remuneration.”
- b) Article 13, para. 1, shall be worded as follows:
“1. The members of the Supervisory Board shall keep secret confidential data, reports and consultations as well as secrets of the company, especially industrial and business secrets that become known to them in connection with their work as members of the Supervisory Board.”
- c) Article 20 shall be supplemented by the following sentence:
“Instead of or beside a cash distribution, a distribution in kind can be decided by the Annual Meeting.”
- d) In Article 21, the word “electronic” shall be inserted in front of the word “German.”

9. Approval of a control and profit and loss transfer agreement

A control and profit and loss transfer agreement has been concluded between BASF Aktiengesellschaft (hereinafter referred to as "BASF") and BASF Future Business GmbH, 67059 Ludwigshafen, Germany, which is wholly owned by BASF. The object of BASF Future Business GmbH is to assess and develop new operations, particularly in the field of information and communication technology and water management, as well as the acquisition and divestiture of holdings in other companies and the administration of these holdings. In the control and profit and loss transfer agreement, BASF Future Business GmbH places the management of its company under the control of BASF, which is entitled to issue instructions. The company undertakes, subject to the creation of specific provisions, to transfer its entire annual net income to BASF. BASF undertakes to make good any net losses suffered by the company under the provisions of Section 302 of the German Stock Corporations Act.

Subject to approval by the Annual Meeting, the agreement will become retroactively effective on January 1, 2002 and has been concluded for an indefinite period. It can be terminated at the end of a financial year after one month's notice has been given, but not earlier than December 31, 2006.

The Board of Executive Directors and the Supervisory Board propose that the control and profit and loss transfer agreement be approved.

Participation in the Annual Meeting/proxy

Shareholders who deposit their shares at one of the depositories specified below during normal business hours until the end of the Annual Meeting shall be entitled to take part in the Annual Meeting and to exercise their right to vote. Any German notary and any collective securities deposit bank also qualify as a depository. Shares shall also be deemed to have been fully deposited if, with the agreement of a depository, they are held for the latter at a bank until the end of the Annual Meeting.

Deposition shall only be valid if made by April 29, 2003. Deposition with a notary shall only be valid if the attestation in this respect to be issued by the latter is submitted to one of the depositories by April 30, 2003, the serial numbers of the deposited shares to be specified in the attestation.

Shareholders who deposit their shares can also exercise their voting right without personally attending the meeting by authorizing a proxy of their choice, for example a bank or an association of shareholders, to exercise their voting right or to make use of the opportunity offered this year for the first time to authorize in writing the proxies appointed by us to vote according to the shareholders' instructions. This can be of interest to shareholders especially if their depository bank refuses to exercise their right to vote at the Annual Meeting. They also need an entrance ticket to authorize the proxies appointed by us if they do not want to attend the Annual Meeting personally. This serves as a form for the authorization of the proxies and the issue of the shareholders' voting instructions. The shareholders should order their entrance tickets from their depository banks for each of their depositories as early as possible. We

can only guarantee the proper exercising of their voting right if the company has received the completed authorization forms for the proxies appointed by us with the shareholders' voting instructions by Wednesday, April 30, 2003.

Depositories in Germany are the company's depository at Carl-Bosch-Str. 38, Ludwigshafen am Rhein, Germany, Building C 100, Room No. 536, and

Deutsche Bank Aktiengesellschaft
Baden-Württembergische Bank Aktiengesellschaft
Bayerische Hypo- und Vereinsbank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bankhaus Gebrüder Bethmann
Commerzbank Aktiengesellschaft
Delbrück & Co Privatbankiers
Deutsche Bank Saar Aktiengesellschaft
DZ BANK AG Deutsche Zentral-Genossenschaftsbank
Dresdner Bank Aktiengesellschaft
Hauck & Aufhäuser Privatbankiers KGaA
HSBC Trinkaus & Burkhardt KGaA
ING BHF-BANK Aktiengesellschaft
Landesbank Baden-Württemberg
Landesbank Hessen-Thüringen Girozentrale
Landesbank Rheinland-Pfalz Girozentrale
Landesbank Schleswig-Holstein Girozentrale
Merck Finck & Co.
B. Metzler seel. Sohn & Co KGaA
Norddeutsche Landesbank Girozentrale
Oppenheim (Sal) jr. & Cie. KGaA
Vereins- und Westbank AG
UBS-Warburg AG
M.M. Warburg & Co KGaA
Westdeutsche Landesbank Girozentrale
Westfalenbank AG

Depositories outside Germany are as follows

Brussels and Antwerp:
KBC Bank N.V.

Paris:
BNP Paribas SA
Crédit du Nord
Crédit Lyonnais
Lazard Frères
Société Générale

London:
Deutsche Bank AG London
UBS Warburg

Vienna:
Bank Austria AG

Amsterdam:
ABN AMRO Bank N.V.

Zurich, Basel, Bern and Geneva:
Credit Suisse
UBS AG

We have sent order cards for our Annual Report 2002 to all banks that have BASF shares in custody and asked them to forward the cards to each BASF shareholder.

Shareholders who keep their BASF shares at a bank and who, contrary to expectations, have not received the order card for the Annual Report by the end of April 2003 should contact their bank.

If, in addition, you wish to receive a copy of the Financial Statements of BASF Aktiengesellschaft and/or the Financial Report 2002 with the BASF Group Consolidated Financial Statements, please contact

BASF Aktiengesellschaft
Communications Services, ZOA/GI – C 100
67056 Ludwigshafen
Germany
Phone: +49 621 60-0
Fax: +49 621 60-42525
E-mail: info.service@basf-ag.de
Internet: www.basf.de/mediaorders

The reports that have been mentioned and further information about the 2003 Annual Meeting are published on our Internet page www.basf.de/en/corporate/investor/ and can be viewed there.

Shareholders' motions to be made available according to the German Stock Corporation Act will be published by us on the Internet at www.basf.de/en/corporate/investor/ if they are received at the following address not later than two weeks before the date of the Annual Meeting:

BASF Aktiengesellschaft
Corporate Legal Department, ZRR – D 100
67056 Ludwigshafen
Germany
Fax: +49 621 60-21114 or 621 60-41789.

Reports of the Board of Executive Directors to the Annual Meeting on May 6, 2003

1. In respect of Item 7 of the Agenda (Authorization to buy back shares), the Board of Executive Directors submits in accordance with Section 71 (1) No. 8 in combination with Section 186 (4), sentence 2, of the German Stock Corporation Act and Section 193 (2) No. 4 of the German Stock Corporation Act, the following

Report on the exclusion of the subscription right in the event of the reissue of the company's own shares

The resolution proposed to the Annual Meeting under Item 7 of the Agenda (Authorization to buy back shares) is intended to enable the Board of Executive Directors and, where shares are assigned to members of the Board of Executive Directors, the Supervisory Board, to use company shares that have been, or may in the future be, purchased under the buy-back authorization to service subscription rights arising from the stock options issued under BASF's Stock Option Programs for senior executives submitted to the 47th Annual Meeting held on April 29, 1999 (BOP 1999/2000) and to the 49th Annual Meeting held on April 26, 2001 (BOP 2001/2005). This re-issue authorization definitively determines the group of persons to whom the shares may be sold for the purposes of BASF's Stock Option Programs. It is impossible to apply the legal subscription right of shareholders as a result of this arrangement. The Board of Executive Directors reported in detail on the reasons for introducing Stock Option Programs for the senior executives of the BASF Group and the form of Stock Option Programs BOP 1999/2000 and BOP 2001/2005 to the Annual Meetings of April 29, 1999, April 27, 2000, April 26, 2001 and April 30, 2002. The Annual Meetings of April 29, 1999 and

April 26, 2001 also approved the creation of additional capital for servicing subscription rights issued in connection with the Stock Option Programs. These approval resolutions also authorized the company to service the subscription rights with existing company shares.

The use of the company's own existing shares to fulfill the subscription rights arising from the stock options granted to participants is an appropriate way of preventing the dilution of capital holdings and share voting rights affiliated with the fulfillment of subscription rights by the creation of new shares from conditional capital. The Board of Executive Directors and, if subscription rights are exercised by a member of the Board of Executive Directors, the Supervisory Board, will decide whether to fulfill subscription rights by means of the company's own existing shares or by the creation of new shares from conditional capital, and on the extent to which this is to occur, solely on the basis of the interests of the shareholders and the company. According to the option conditions, the company is also entitled to choose a cash settlement instead of supplying shares in exercising options. Up to now, all subscription rights that have been exercised by the company have been compensated by way of a cash settlement.

As in the previous year, the Board of Executive Directors is to be authorized to use, with the approval of the Supervisory Board, company shares acquired under the buy-back authorization for the acquisition of companies, parts of companies or holdings in companies in return for the transfer of shares. This reissue authorization will significantly increase the company's room for maneuver in company mergers or the acquisition of companies and holdings. Particularly with the increasingly large corporate units that are involved in such transactions, the considerations can frequently not, or not alone, be met with

money without putting undue strain on the company's liquidity or raising its indebtedness to an undesirable extent. There are not currently any actual acquisition projects in which the seller is to be given company shares. However, the Board of Executive Directors will study on a case-by-case basis whether the re-issue or transfer of shares for the purpose of acquiring a company and the associated exclusion of the subscription rights, also taking into consideration the interests of the previous shareholders, is in the well-understood interests of the company.

2. In respect of Item 9 of the Agenda (Approval of the control and profit and loss transfer agreement), the Board of Executive Directors provides the following

Report on an agreement between business enterprises (control and profit and loss transfer agreement)

On November 19, 2002, BASF Aktiengesellschaft (hereinafter referred to as "BASF") and its wholly owned subsidiary BASF Future Business GmbH, Ludwigshafen, Germany (hereinafter referred to as "BFB") concluded a written control and profit and loss transfer agreement (hereinafter referred to as "the Agreement") with effect from January 1, 2002.

The object of BFB is to assess and develop new operations, particularly in the field of information and communication technology and water management, as well as the acquisition and divestiture of holdings in other companies and the administration of these holdings.

The main contents of the Agreement are as follows:

BFB places its management under the control of BASF, which is entitled to issue instructions. BFB shall conduct its business as a dependent enterprise of BASF, but in its own name.

BFB undertakes, subject to the creation of provisions specified in greater detail, to transfer its entire net income to BASF. Furthermore, certain provisions are to be dissolved and used to offset a net loss or distributed as profit at the request of BASF. The transfer of provisions in existence prior to the Agreement is excluded. BASF undertakes to make good losses suffered by BFB under the provisions of Section 302 of the German Stock Corporation Act if such losses are not offset by the withdrawal from retained earnings according to Section 272 (3) of the German Commercial Code and capital surpluses resulting from shareholder contributions under Section 272 (2) No. 4 of the German Commercial Code, which amounts were allocated to these provisions during the term of the Agreement. Since BASF has a 100 percent holding in BFB, there is no agreement on an indemnification or compensation for outside shareholders.

The Agreement is effective from January 1, 2002, but, for the purposes of the right to issue instructions, not until it has been entered in the Commercial Register. It is concluded for an indefinite period and may be terminated at the end of the financial year of BFB after notice of one month has been given, but not earlier than December 31, 2006.

To become effective, the Agreement requires the approval of the Annual Meeting of BASF and the shareholders' meeting of BFB. To be passed by the Annual Meeting of BASF, the resolution must be approved by a majority of at least three-quarters of the share capital represented when the resolution

is voted on. The shareholders' meeting of BFB approved the conclusion of the Agreement with the notarized shareholders' resolution of February 27, 2003.

The conclusion of the Agreement is to be seen against the following background:

BFB serves as a platform for the assessment and development of new operations in the BASF Group. BFB does not have any research facilities of its own but uses the services of third parties for this purpose on the basis of contract research agreements and is granted rights to the various research results that are obtained, including the rights to their commercialization.

In order to pursue the corporate aims, BFB is funded with equity of €100 million. Before the initial commercialized research results are available, considerable preliminary work is necessary that is bound to lead to startup losses at BFB. The Agreement enables BASF to take current advantage taxwise of startup losses incurred by BFB. Although the research expenditure would also be allowable for tax purposes per se for BFB, BFB cannot take advantage of this in the startup phase by its own efforts because of inadequate income and thus no possibility of offsetting losses. Not taking tax advantage of these losses until a later date would lead to considerable cash value disadvantages, which can be avoided by the conclusion of the Agreement with BASF. If the research were unsuccessful, taking tax advantage of the research expenditure without the conclusion of the Agreement with BASF would be altogether called into question.

BFB holds 100 percent of the shares BASF Venture Capital GmbH (BVC). BVC is also funded with equity of €100 million. As a provider of venture capital, this company acquires financial holdings in startup companies, whose business idea comes from chemistry-based technologies and thus supplements BFB'S operations in assessing and developing new operations. A control and profit and loss transfer agreement was also concluded between BFB and BVC on November 19, 2002. In this way, the startup loss incurred by BVC through its capital expenditures can first be taken over by BFB and then by BASF via the control and profit and loss transfer agreement between BFB and BASF that is being submitted to this year's Annual Meeting of BASF for approval.

According to the provisions of the German Corporation Tax Act, Turnover Tax Act and Trade Income Tax Act, BFB is integrated into BASF financially, economically and organizationally. However, there is direct legal consequence for a single-entity relationship solely for purposes of turnover tax. For trade income and corporation tax purposes, the conclusion of the present Agreement is also required. No corporate risks are evident that go beyond normal business risks that are associated with the operations of BFB and BVC.

We therefore recommend that the Annual Meeting of BASF Aktiengesellschaft approve the control and profit and loss transfer Agreement with BFB.

Details according to Section 125 (1) of the German Stock Corporation Act about the Supervisory Board candidates proposed for election under Item 6 of the Agenda:

Professor Dr. François N. Diederich

Michael Diekmann

Internal memberships as defined in Section 100 (2) of the German Stock

Corporation Act:

Fireman's Fund Ins. Co.

(chairman of the board of directors)

Allianz Life Ins. Co. of North America

(member of the board of directors)

Allianz Ins. Co. of Canada

(chairman of the board of directors)

Dr. Tessen von Heydebreck

Memberships in statutorily constituted supervisory boards:

BVV Versicherungsverein des Bankgewerbes a. G. (supervisory board member)

Deutsche Euroshop AG (supervisory board member)

Dürr AG (supervisory board member)

Gruner + Jahr AG (supervisory board member)

Memberships in comparable German and non-German controlling bodies:

EFG Eurobank Ergasias S.A., Athens (supervisory board member)

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

Deutsche Bank Luxembourg S.A. (supervisory board chairman)

Deutsche Bank Privat- und Geschäftskunden AG (supervisory board member)

Deutsche Bank 000, Moscow (supervisory board chairman)

Deutsche Bank Polska S.A. (supervisory board chairman)

Deutsche Bank Rt., Budapest (supervisory board chairman)

DWS Investment GmbH

(supervisory board member)

Arthur L. Kelly

Memberships in statutorily constituted supervisory boards:

Bayerische Motoren Werke Aktiengesellschaft (supervisory board member)

Memberships in comparable German and non-German controlling bodies:

Deere & Company (member of the board of directors)

HSBC Trinkaus & Burkhardt KGaA (administrative council member)

Northern Trust Corporation (member of the board of directors)

Snap-on Incorporated

(member of the board of directors)

Max Dietrich Kley

Memberships in statutorily constituted supervisory boards:

Bayerische Hypo- und Vereinsbank AG (supervisory board member)

Gerling NCM Credit and Finance AG (supervisory board member)

Infineon Technologies AG (supervisory board chairman)

RWE Plus AG (supervisory board member)

Memberships in comparable German and non-German controlling bodies:

Cazenove Group plc (Great Britain) (non-executive director)

Landesbank Rheinland-Pfalz (administrative council member)

Dr. Renate Köcher

Memberships in statutorily constituted supervisory boards:

MAN AG (supervisory board member)

Dr. Hermann Scholl

Memberships in statutorily constituted supervisory boards:

Allianz AG (supervisory board member)

Internal memberships as defined in Section 100 (2) of the German Stock Corporation Act:

Robert Bosch Internationale Beteiligungen AG, Zurich (administrative council member)

Robert Bosch Corporation, Broadview, IL (United States) (member of the board of directors)

Dr. Jürgen F. Strube

Memberships in statutorily constituted supervisory boards:

Allianz Lebensversicherungs-AG (supervisory board member)

Bayerische Motoren Werke Aktiengesellschaft (supervisory board member)

Bertelsmann AG (supervisory board member)

Commerzbank AG (supervisory board member)

Hapag-Lloyd AG (supervisory board member)

Hochtief AG (supervisory board member)

Linde AG (supervisory board member)

Robert Studer

Memberships in comparable German and non-German controlling bodies:

Espirito Santo Financial Group S.A. (administrative council member)

Renault S.A. (administrative council member)

Schindler Holding AG (administrative council member)

TotalFinaElf S.A. (administrative council member)

Helmut Werner

Memberships in statutorily constituted supervisory boards:

Ernst & Young AG Wirtschaftsprüfungsgesellschaft (supervisory board deputy chairman)

Gerling-Konzern Versicherungsbeteiligungs AG (supervisory board member)

mg technologies ag (supervisory board chairman)

Memberships in comparable German and non-German controlling bodies:

Aktiebolaget SKF, Göteborg (supervisory board member)

Alcatel S.A., Paris (supervisory board member)

Ludwigshafen am Rhein, March 18, 2003

BASF Aktiengesellschaft

The Board of Executive Directors

BALANCE SHEET										
Million €	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Intangible assets	326	262	884	1,297	1,497	1,965	2,147	4,538	3,943	3,464
Tangible assets	9,061	8,177	7,873	8,217	9,076	10,755	12,416	13,641	14,190	13,745
Financial assets	987	1,057	1,338	2,093	2,132	1,826	1,507	3,590	3,360	3,249
Fixed assets	10,374	9,496	10,095	11,607	12,705	14,546	16,070	21,769	21,493	20,458
Inventories	3,230	3,202	3,439	3,665	3,876	3,703	4,028	5,211	5,007	4,798
Accounts receivable, trade	2,939	3,315	3,356	3,714	4,299	4,017	4,967	6,068	5,875	5,316
Other receivables	1,375	1,259	1,375	1,341	1,765	1,856	2,211	3,369	2,384	2,947
Deferred taxes	38	66	61	69	45	1,077	1,225	1,270	1,373	1,204
Liquid funds	2,679	3,042	3,166	1,957	1,846	1,503	1,508	870	743	363
Current assets	10,261	10,884	11,397	10,746	11,831	12,156	13,939	16,788	15,382	14,628
Assets	20,635	20,380	21,492	22,353	24,536	26,702	30,009	38,557	36,875	35,086

Subscribed capital	1,495	1,559	1,559	1,580	1,590	1,595	1,590	1,555	1,494	1,460
Capital surplus	2,282	2,405	2,405	2,515	2,567	2,590	2,675	2,746	2,914	2,948
Paid-in capital	3,777	3,964	3,964	4,095	4,157	4,185	4,265	4,301	4,408	4,408
Retained earnings	3,901	4,316	5,275	6,262	7,418	8,695	9,002	8,851	12,222	12,468
Currency translation adjustments	(119)	(232)	(254)	(129)	201	39	549	662	532	(330)
Minority interests	82	92	181	248	255	331	329	481	360	396
Stockholders' equity	7,641	8,140	9,166	10,476	12,031	13,250	14,145	14,295	17,522	16,942
Pensions and other long-term provisions	5,207	5,040	4,998	5,052	4,824	5,561	5,812	6,209	6,809	6,233
Tax and other short-term provisions	1,954	2,120	2,393	2,391	2,463	2,185	2,826	3,334	3,332	2,764
Provisions	7,161	7,160	7,391	7,443	7,287	7,746	8,638	9,543	10,141	8,997
Financial indebtedness	2,742	1,857	1,448	1,042	1,126	1,316	1,294	7,892	2,835	3,610
Accounts payable, trade	1,433	1,531	1,417	1,628	1,972	1,871	2,316	2,848	2,467	2,344
Other liabilities	1,658	1,692	2,070	1,764	2,120	2,519	3,616	3,979	3,910	3,193
Liabilities	5,833	5,080	4,935	4,434	5,218	5,706	7,226	14,719	9,212	9,147
Total liabilities	12,994	12,240	12,326	11,877	12,505	13,452	15,864	24,262	19,353	18,144
Thereof long-term	6,424	6,235	6,614	6,223	6,094	6,898	7,529	9,059	9,955	9,211
Stockholders' equity and liabilities	20,635	20,380	21,492	22,353	24,536	26,702	30,009	38,557	36,875	35,086

Inside flap: **Ten-Year Summary** →
 Sales and earnings
 Capital expenditures and depreciation
 Number of employees
 Key data
 Appropriation of profit

Sales and earnings	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Million €										
Sales	20,742	22,330	23,637	24,939	28,520	27,643	29,473	35,946	32,500	32,216
Income from operations (EBIT)	528	1,099	2,057	2,195	2,731	2,624	2,009	3,070	1,217	2,641
Income from ordinary activities	541	1,079	2,111	2,257	2,726	2,771	2,606	2,827	609	2,641
Extraordinary income	–	–	–	–	–	–	–	–	6,121	–
Income before taxes and minority interests	541	1,079	2,111	2,257	2,726	2,771	2,606	2,827	6,730	2,641
Income before minority interests	389	598	1,239	1,452	1,639	1,664	1,245	1,282	5,826	1,599
Net income	439	656	1,263	1,427	1,654	1,699	1,237	1,240	5,858	1,504
Capital expenditures and depreciation										
Additions to fixed assets	2,261	1,674	2,742	3,510	2,964	4,131	3,800	8,637	4,053	3,289
Thereof tangible assets	2,116	1,384	1,546	1,861	2,229	2,899	2,764	3,631	3,037	2,677
Depreciation of fixed assets	1,709	2,239	1,885	1,874	2,048	2,280	2,681	2,921	2,945	2,501
Thereof tangible assets	1,623	2,059	1,707	1,606	1,732	1,843	2,018	2,245	2,307	2,012
Number of employees										
At year-end	112,020	106,266	106,565	105,589	104,979	105,945	104,628	103,273	92,545	89,389
Annual average	117,368	107,716	107,320	108,266	105,885	106,928	107,163	105,784	94,744	90,899
Personnel costs										
	5,507	5,313	5,531	5,637	5,790	6,010	6,180	6,596	6,028	5,975
Key data										
Earnings per share (€)	0.76	1.10	2.07	2.32	2.67	2.73	2.00	2.02	9.72 ¹	2.60
Earnings per share in accordance with U.S. GAAP (€)						2.84	2.14	2.37	9.45	2.96
Cash provided by operating activities	2,370	2,845	3,256	3,476	3,291	3,744	3,255	2,992	2,319	2,313
Return on sales ²	2.5	4.9	8.7	8.8	9.6	9.5	6.8	8.5	3.7	8.2
Return on assets ³	3.9	6.5	11.2	11.4	12.6	11.9	10.2	9.9	3.1	8.4
Return on equity after taxes (%)	5.2	7.6	14.3	14.8	14.6	13.2	9.1	9.0	36.6 ¹	9.3
Appropriation of profit										
Net income of BASF AG	342	465	692	870	943	1,074	1,007	1,265	5,904	1,045
Transfer to retained earnings	102	153	256	332	307	381	304	50	5,153	247
Dividend	239	312	437	537	636	693	695	1,214	758	798 ⁴
Dividend per share (€)	0.41	0.51	0.72	0.87	1.02	1.12	1.13	1.30	1.30	1.40
								+0.70 ⁵		
Number of shares as of Dec. 31, 2002 (in thousands)										
	584,502	609,766	609,766	618,052	622,063	623,794	620,985	607,399	583,401	570,316

¹ Including extraordinary income

² Income from operations as a percentage of sales

³ Income from ordinary activities plus interest expenses as a percentage of average assets

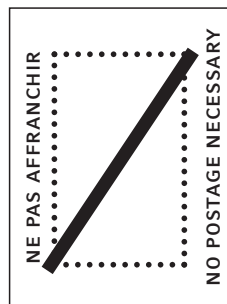
⁴ With regard to the number of qualifying shares as of December 31, 2002

⁵ Special dividend of stockholders' equity charged with 45% corporation tax

Key data BASF Group 2002

Sales (million €)	
BASF Group sales	32,216
Sales by segment	
Chemicals	5,317
Plastics & Fibers	8,477
Performance Products	8,014
Agricultural Products & Nutrition	4,924
Oil & Gas	4,199
Other	1,285
Sales by region (location of customer)	
Europe	17,697
Thereof Germany	6,944
North America (NAFTA)	7,808
South America	1,660
Asia, Pacific Area, Africa	5,051
Earnings (million €)	
Income from operations before special items	2,881
Income from operations (EBIT)	2,641
Income before taxes and minority interests	2,641
Net income	1,504
Net income in accordance with U.S. GAAP	1,717
Other key data	
Equity ratio (%)	48.3
Return on assets (income from ordinary activities plus interest expenses as a percentage of average assets)	8.4
R&D expenses (million €)	1,135
Capital expenditures (million €)	3,289
Number of employees (Dec. 31, 2002)	89,389
Key BASF share data (€)	
Year-end share price	36.08
High	49.80
Low	32.90
Per share information:	
Dividend	1.40
Earnings per share	2.60

BASF Aktiengesellschaft	Corporate Media Relations:	Investor Relations:
67056 Ludwigshafen	Michael Grabicki	Carolin Weitzmann
Germany	Phone: +49 621 60-99938	Phone: +49 621 60-48230
www.basf.com	Fax: +49 621 60-20129	Fax: +49 621 60-22500



RÉPONSE PAYÉE/
INTERNATIONAL BUSINESS REPLY MAIL
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BASF Aktiengesellschaft
Jahres- und Finanzbericht
63253 Neu Isenburg
Germany

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BASF Group key data

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Corporate Department Communications
67056 Ludwigshafen
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Important dates

- ▶ **March 18, 2003**
Financial Results 2002
- ▶ **April 29, 2003**
Interim Report First Quarter 2003
- ▶ **May 6, 2003**
Annual Meeting, Mannheim
- ▶ **August 7, 2003**
Interim Report Second Quarter 2003
- ▶ **November 13, 2003**
Interim Report Third Quarter 2003
- ▶ **March 17, 2004**
Financial Results 2003

Contacts

Corporate Media Relations:
Michael Grabicki
Phone: +49 621 60-99938
Fax: +49 621 60-20129

Investor Relations:
Carolin Weitzmann
Phone: +49 621 60-48230
Fax: +49 621 60-22500

General inquiries:
Phone: +49 621 60-0
Fax: +49 621 60-42525

E-mail:
info.service@basf-ag.de

Internet:
www.basf.com

BASF Aktiengesellschaft
67056 Ludwigshafen
Germany