

News Release



BASF Agricultural Products:

Profitable growth with innovative products and business ideas

- **New demands on farming require innovative crop protection**
- **Research and development pipeline with high potential**
- **Succeeding with new business ideas**

The Agricultural Products division of BASF regards the global upswing in farming as the start of a long-term trend. "With sustained higher prices for farm products, the demand for innovative crop-protection active ingredients will also remain high," division head Michael Heinz told the press on Sept. 12, 2007. Comparing the first half of 2007 to the year-earlier period, the division managed with higher demand to offset both a 3 percent sales penalty from adverse currency conversions and a 2 percent sales erosion from last year's disinvestments. For the whole of 2007, BASF Agricultural Products anticipates a rise in sales and earnings. The EBITDA margin will also increase, he said. "How big these increases will be depends largely upon the trend in South America," he added. "World market prices for farm products and foreign exchange rates will be the decisive variables on which the farmers there base their investment decisions."

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Cooperation with customers – Goal:**Higher yields, better quality of farm products**

According to Heinz, the latest season has shown how great is the need of farming customers for innovative solutions. BASF offers new solutions continually. They come partly from its capable research and development pipeline, one of the strongest in the industry, and also from combinations of active ingredients drawn from the company's strong portfolio and geared to market conditions. The company also works with its customers on new ideas of how demands for greater yield and better quality can be put into practice more successfully in farming.

As an example, Heinz cited the BASF products for plant health. The trailblazer for this series has been products with the active ingredient F 500[®]. Beyond the control of harmful fungi with it, this active ingredient has also turned out to have a beneficial effect on the health and vitality of plants, he said. In U.S. corn farming, a crop on which the use of a fungicide had heretofore been unthinkable, Headline[™] with F 500 has started to conquer the market, he said. "We are the clear trend-setter with this and we offer the farmers an innovative technology that is very popular as more and more corn and soybeans are planted for the production of biofuels," Heinz said.

R&D pipeline well filled

The research and development pipeline of BASF Agricultural Products includes seven active ingredients in the phase of market introduction with a peak sales potential of 1 billion euros and numerous active ingredients in the development stage with additional peak sales potential of 800 million euros. Heinz regards his division to be "very well positioned" with this pipeline in which he said the development of the products to market launching is proceeding rapidly. "We don't need to shrink from comparison with the competition. We regard our research and development – in terms of both the rate of innovation and efficiency – to be clearly at the forefront. And we will do everything to keep it there in the future," Heinz said.

In close cooperation with the large food processors, wholesalers and retailing chains of the European food industry, BASF's Agricultural Products division has initiated various projects which position its products and services high on the food industry's ladder of added value. "With these projects, BASF seeks to contribute to meeting stringent consumer requirements regarding food safety and quality," said Klaus Welsch, head of the European crop-protection business. Promising products for growing strawberries in Spain, table grapes in Turkey, salad in Britain and wheat in Poland were developed this way. "This exchange and the cooperative arrangements resulting from it are an important element of the work of BASF and its relationship to customers as well as to other participants in the value chain, from the farmer to the consumer," Welsch said.

Efficient grain fungicides

BASF, which makes 45 percent of its crop-protection sales in Europe, has expanded its grain fungicides into the most important and best-selling segment in Europe in recent years by building on the innovative strength of its fungicides portfolio. "In view of grain prices, which have been hovering for months in the vicinity of their 10-year high, and the strong impact from this year's rust blight, which is also expected in 2008, the highest priority for farmers will be efficient control of plant diseases to obtain maximum yields. BASF products have proven themselves thoroughly here. This will have a favorable impact on our business," said Welsch.

BASF sees a similarly favorable trend in specialty crops, where growing buying power in the countries of central and southeastern Europe is raising the demand for high-value fruits and vegetables. BASF has already introduced five new products in this market segment in 2007. A product introduced in Germany and Austria, for example, was Alverde[®], an innovative insecticide that controls the potato bug with absolute certainty. Around 20 more new products for application in raising fruits and vegetable are slated to be introduced across Europe by 2015.

BASF expects the trend toward growing oilseeds, especially in the countries of central and southern Europe, to gain momentum. A complete package of capabilities can be offered for rapeseed cultivation – from the control of sclerotinia, through growth regulation, to efficient weed control. Suited to sunflowers is the CLEARFIELD® production system, which combines herbicide-tolerant seeds from traditional breeding with potent herbicides for combating especially troublesome weeds. The CLEARFIELD system is also scheduled to be offered in Russia in 2008 and in France in 2009, after having been introduced in Turkey in 2003 and then in Spain, the Ukraine, Bulgaria, Romania, Hungary and Moldavia.

Political foresight needed

Regarding the decision-making process in the European Parliament on the revision of Plant Protection Products Directive, 91/414/EG, Welsch pointedly emphasized that this matter calls for far-sighted political treatment. The innovative power of the research-driven crop-protection companies must not be endangered, he said. Farmers depend upon readily available, innovative and secure solutions. “Only in this way can the consumer continue to rely on food security,” said Welsch.

With sales of €3,079 million in 2006, BASF’s Agricultural Products division is a leader in crop protection and a strong partner to the farming industry providing well-established and innovative fungicides, insecticides and herbicides. Farmers use these products and services to improve crop yields and crop quality. Other uses include public health, structural/urban pest control, turf and ornamental plants, vegetation management, and forestry. BASF aims to turn knowledge rapidly into market success. The vision of BASF’s Agricultural Products division is to be the world’s leading innovator, optimizing agricultural production, improving nutrition, and thus enhancing the quality of life for a growing world population. Further information can be found on the web at www.agro.basf.com.

BASF is the world's leading chemical company: The Chemical Company. Its portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. As a reliable partner to virtually all industries, BASF's high-value products and intelligent system solutions help its customers to be more successful. BASF develops new technologies and uses them to meet the challenges of the future and open up additional market opportunities. It combines economic success with environmental protection and social responsibility, thus contributing to a better future. BASF has approximately 95,000 employees and posted sales of €52.6 billion (approximately \$66.1 billion) in 2006. Further information on BASF is available on the Internet at www.basf.com.