

From **AG**
to **SE:**

How BASF Implements its Vision in Europe

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What is an SE?

- **SE** stands for **Societas Europaea** = European Company
- SE is a modern legal form for companies in the European Union
- The creation of an SE has been possible since 2004
- SEs are a European alternative to national company structures such as the German AG (Aktiengesellschaft)

**The SE is the affirmation
of an entrepreneurial vision of Europe**

Why do we want to become an SE?

Because

- ... the conversion of BASF Aktiengesellschaft into BASF SE will make a positive contribution to the ongoing integration of Europe
- ... we see it as a logical consequence to the 10-year development process of our European structures
- ... it is an affirmation of our commitment to our home market of Europe
- ... we will thus assume a pioneering role in the (chemical) industry

**Supporting and promoting
the idea of Europe**

What advantages does BASF see in the SE?

Strengthening corporate governance

- The SE is a modern legal form for which a 12-member supervisory board is much better suited. The quality of co-determination will remain in place.

European social partnership

- By integrating the European employee representatives into the Supervisory Board and continuing the culture of co-determination, BASF is emphasizing social partnership throughout Europe.

What impact will this have on employees?

In day-to day operations:

- None, i.e., No changes to employment contracts
No changes to company agreements
No changes to elected employee representatives

For employee representatives on the Supervisory Board:

- There will be fewer overall, but the balance of employee and shareholder representation will remain (six of each)
The quality of co-determination will be retained

For European employee representatives:

- The current “Euro Dialog“ will be replaced by a new SE body
- A special negotiating body (SNB) will be established at employee level to conduct negotiations on employee participation in the SE

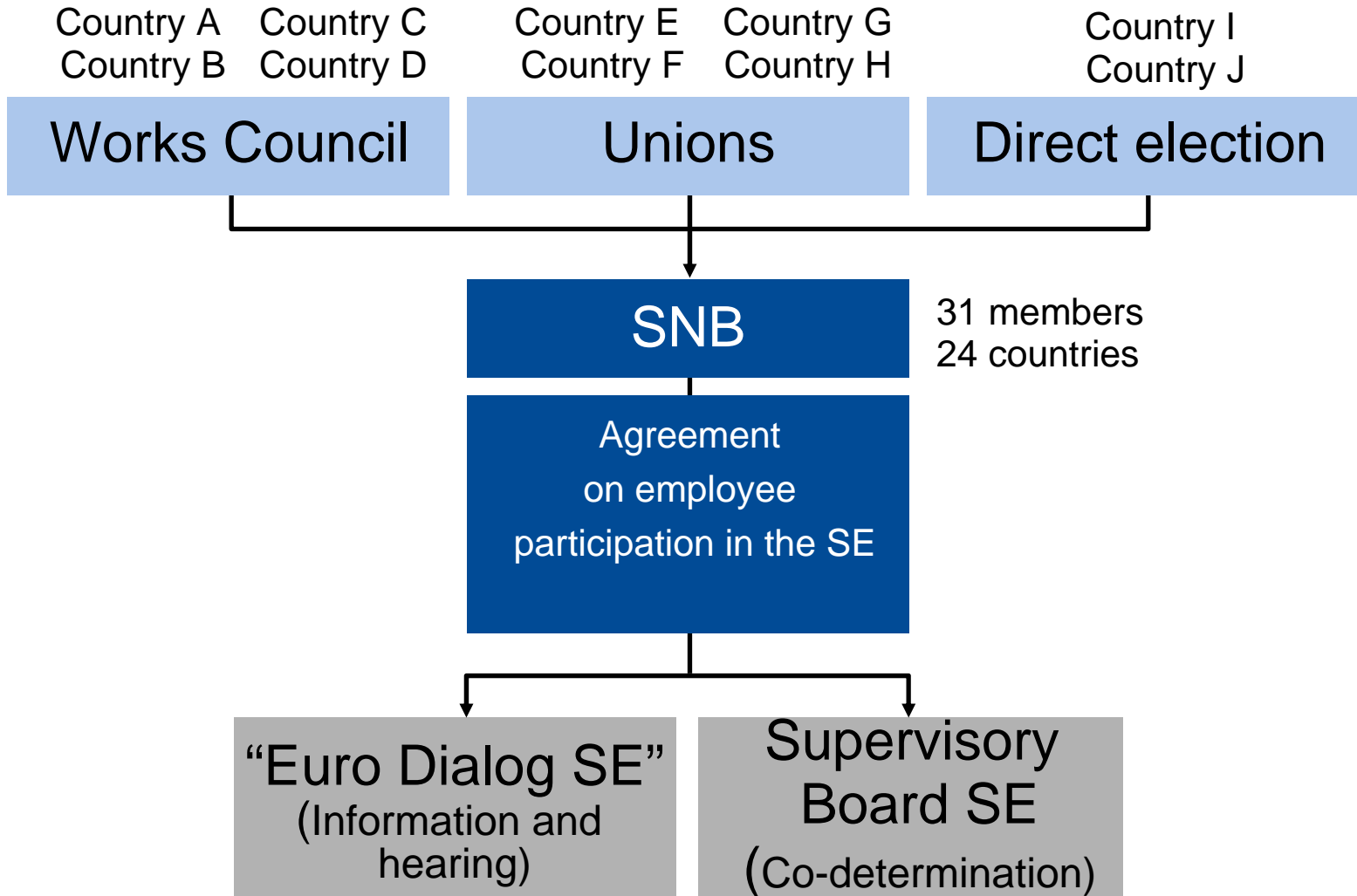
What is an SNB?

- **SNB** stands for **Special Negotiating Body**

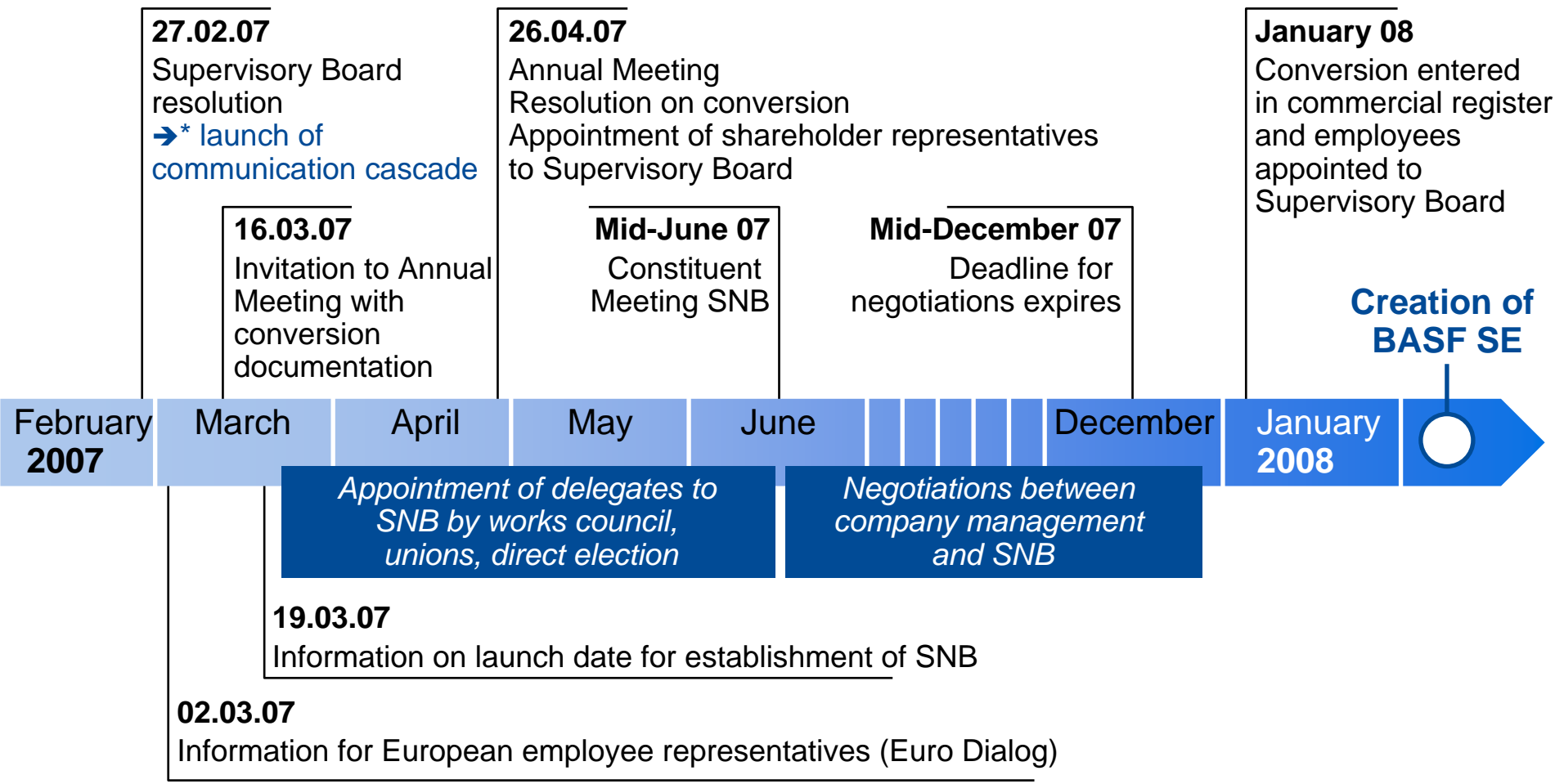
- The SNB:
 - ➔ is composed of employee delegates from European countries
 - it comprises a maximum of 31 members
 - each country will provide one delegate
 - due to its size, Germany will provide 8 members

 - ➔ negotiates with the company management on details regarding employee participation
 - Information and hearing ➔ “Euro Dialog SE”
 - Co-determination ➔ Supervisory Board SE

How will the SNB be formed?



How will the conversion process take place?



What are the key milestones?

- Regular information on the conversion will be available with immediate effect:

BASF SE page on the Internet at www.basf.com

- After mid-March 2007, all shareholders will be sent detailed documentation on the conversion together with their invitation to the Annual Meeting.
- The Annual Meeting on April 26, 2007 must:
 - ➔ Approve the conversion plan and the SE articles of association
 - ➔ Appoint six shareholder representatives to the SE Supervisory Board
- In the second half of the year, the SNB and the company management will negotiate on employee participation in the SE.

What impact will the conversion have on BASF?

- Once the conversion has been completed with the entry in the commercial register in the first quarter of 2008, BASF Aktiengesellschaft will be known as

BASF SE

- For all of BASF's contractual partners, only the name will change – nothing else

The company's headquarters and chief administrative offices will remain in Ludwigshafen