

**BASF AND SIPIX ANNOUNCE STRATEGIC ALLIANCE IN DEVELOPING
DYES FOR MULTI-COLORED EPD**

BASF, the world's leading chemical company, and SiPix Technology, Inc., today announced an agreement that BASF Future Business GmbH, a 100 percent subsidiary of BASF Aktiengesellschaft, will invest in and jointly develop with SiPix dyes for colored applications of EPD (Electrophoretic Display, also known as electronic paper). This alliance will strengthen SiPix's research resources in EPD display and speed up the commercialization and volume production of colored EPD.

“Although SiPix's EPD technology is the world leading technology in the field of electronic paper applications and SiPix has a team of over 60 R&D people and more than half of them with PhD's in Chemistry and Chemical Engineering,” says CS Ho, Chairman and CEO of SiPix, “SiPix still does not have the resources required to develop the color EPD products in full speed. With BASF's help and joint development, SiPix will be like a tiger with wings. We will not just launch the monochrome and multi-colored products in a very short time period, we will also focus our resources on the research of optimization and volume production of full-scale electronic paper applications. We are glad to see many partners, a lot of them big names and the top tier players in their fields such as price tags, electronic signs, IC cards, watches, clocks and other portable products, are entering this exciting market. Outside U.S., we are also setting up a Technology Application Support Center in Taiwan to expedite the development and promote the applications. On another note, this June, SiPix has entered into a product development program for the next generation Active Matrix flexible display with an electronic giant. We are aggressively promoting the alliances in the industry and hope together, we could grab the opportunities to grow the market.”

“We estimate that e-paper applications will reach a market potential of around €500 million in the next 10 years,” said Markus Kropp, Business Manager at BASF Future Business. “We see e-signs as a way of entering the promising market of e-paper applications such as electronic newspapers and magazines, e-books and smart cards, in other words chip cards with additional electronic functions. By cooperating with SiPix we are also strengthening our activities in the fast growing electronics sector.”

About SiPix

SiPix, established in 1999 in Silicon Valley, U.S.A., has devoted in the development of EPD display technology for over 4 years. The company has over 100 original patents filed and/or allowed and has already successfully turned its patented MicrocupTM Array and filling & sealing technologies into production processes and starting the roll-to-roll volume production based on these processes. To further fulfill the customers’ requirements and utilize the prosperous industry infrastructure of flat panel display in Taiwan, SiPix has set up a center for back-end research, product application, and volume production in ChungLi, Taiwan in April 2004. The center will start shipment of multiple application modules in October.

SiPix has the world first roll-to-roll production process to produce rolls of electronic paper films. The films may be cut into any size and shape to fit the end applications. SiPix is right now focusing on the custom electronic paper products, such as smart cards, rollable display, electronic labels, and other new applications. The EPD films SiPix developed have the attributes of rollable, durable, high contrast, 180 degree view angle, low voltage consumption, low cost, patchable, and with multiple colors to choose from.

SiPix currently employs 120 employees with 2 R&D sites in Milpitas and Fremont

California and 1 display module development and production site in ChungLi Taiwan. Number of Intellectual Properties is an important technology indicator for the company. Up to July 2004, there are more than 100 Microcup® EPD patents filed and out of which more than 20 patents allowed. More information on SiPix can be found in the web www.sipix.com

About BASF

BASF is the world's leading chemical company. Its goal is to grow profitably and further increase the value of the company. It helps its customers to be more successful through intelligent system solutions and high-quality products. BASF's portfolio ranges from chemicals, plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. Through new technologies it can tap into additional market opportunities. It conducts its business in accordance with the principles of sustainable development. In 2003, BASF had sales of more than €33 billion (circa \$42 billion). BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA), New York (BF), Paris (BA) and Zurich (AN). Further information on BASF is available on the Internet at www.basf.com.