

LANXESS to expand global capacity of high-performance rubber

- **Expansion at German, American and Brazilian sites**
- **Additional 50,000 metric tons per annum**
- **Total investment of EUR 20 million**
- **Strong demand for high-performance tires**
- **New EU tire labeling legislation from 2012 to boost demand**

Leverkusen – The world's leading synthetic rubber company LANXESS has decided to expand the global capacity of its high-performance rubber Neodymium Polybutadiene (Nd-PBR). LANXESS will invest about EUR 20 million to increase production by an additional 50,000 metric tons per annum at its sites in Dormagen/Germany, Orange/USA and Cabo/Brazil. The extra capacities will go on stream between the first quarter of 2011 and first quarter of 2012.

The additional capacity will serve the global demand for Nd-PBR, which is expected to grow annually by close to ten percent in the coming years. Without this capacity expansion, there would be a worldwide product shortage for this type of material by 2014. The positive development of Nd-PBR is being driven by the trend towards greater mobility – especially in Asia – as well as motorists, who are demanding higher environmental and safety standards in performance tires. The world's leading tire manufacturers, who are supplied by LANXESS' global rubber manufacturing network, are responding to this demand by expanding production in the BRIC markets.

In addition, the European Union approved in November 2009 a new regulation, which stipulates that by November 2012 new tires sold in Europe have to be labeled for fuel efficiency, wet grip and external rolling noise. The aim of the legislation is to reduce CO₂ and noise emissions by promoting green tires that do not compromise on safety. In addition, the labels will provide more transparency to

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consumers and aid them in their purchase decisions. The tires are to be categorized in a system of classes, with the best performance being labeled “Class A” and the poorest “Class G”. Tire makers in Japan are voluntarily introducing tire labels from the beginning of 2010, while the USA is also evaluating similar labeling regulations.

"LANXESS welcomes the new tire labeling regulations, which are positive example of how environmental policies can benefit consumers and spur economic success," said Axel C. Heitmann, Chairman of the Board of Management of LANXESS AG. "The initiative will also ultimately lead to more innovation within the chemical and tire industries."

LANXESS expects the new regulation to bring a lasting, positive boost to its sales in its role as the world's leading manufacturer of the innovative, high-performance rubber Nd-PBR. The product, which is part of a tire's compound, reduces energy consumption more efficiently than many other tire rubbers and also reduces tire abrasion – thus playing a significant role in making cars safer as well as more ecological and economical.

The capacity expansions will be achieved through standard debottlenecking procedures. At the same time, LANXESS will harmonize production processes and technology at all its high-performance rubber plants worldwide. The expansions will also lead to an indirect increase in Solution Styrene Butadiene Rubber (SSBR) capacities at the company's site in Port Jérôme, France. Additionally LANXESS is adjusting processes at its site in Orange, Texas, to facilitate the production of SSBR. SSBR rubbers from LANXESS are used in the tread mix for high-performance tires. They reduce rolling resistance while also improving grip on wet roads.

Both Nd-PBR and SSBR belong to LANXESS' Performance Butadiene Rubbers (PBR) business unit, with annual sales of more than EUR 500 million. Apart from tires, performance butadiene rubbers are used for plastics modification in the manufacture of High-

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Impact Polystyrene (HIPS) for injection molding applications, for example. Other areas of application include golf balls, shoe soles, conveyor and drive belts. PBR is part of LANXESS' Performance Polymers segment, which achieved total sales of EUR 1.663 billion in the first nine months of 2009.

In January, LANXESS announced that it had brought forward plans to build a new butyl rubber facility in Singapore. The company will hold a groundbreaking ceremony there in May 2010, and production is expected to start in the first quarter of 2013. Production was previously earmarked for 2014. The 100,000 tons per annum plant on Jurong Island will require an investment of up to EUR 400 million (575 million USD).

LANXESS is a leading specialty chemicals company with sales of EUR 6.58 billion in 2008 and currently about 14,600 employees in 23 countries. The company is represented at 43 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

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Forward-Looking Statements

This news release may contain forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Information for editors:

All LANXESS news releases and their accompanying photos can be found at <http://corporate.lanxess.de/en/media/press-releases/>. Recent photos of the Board of Management and other LANXESS image material are available at http://fotos.lanxess.de/index_en.html. The latest TV footage, audiofiles and podcasts can be found at <http://corporate.lanxess.com/en/media/audio-video/>.

You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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