

LANXESS pioneering high-performance rubber for 'Green Tires' in Japan and South Korea

- **Rubber Days showcasing latest technology**
- **Premium supplier to leading local tire manufacturers**
- **Japan and South Korea first countries to introduce tire labels**

Leverkusen - LANXESS will be underlining its status as a premium supplier of high-performance rubber to the tire industry at its first-ever Rubber Days in Japan and South Korea this week. The world's largest synthetic rubber company is a key supplier of Nd-PBR and SSBR rubbers to leading tire manufacturers from both countries. Both products are essential in the production of 'Green Tires' that are more fuel efficient, safer and durable than standard tires.

LANXESS is the leader in high-performance synthetic rubbers for 'Green Tires' – the fastest growing sector in the tire industry, with an annual growth rate of about 10 percent. Demand is being driven by the megatrend mobility, above all in the regions of Asia and Latin America, as the middle class there becomes more affluent. According to the latest forecasts, around 2 billion tires will leave production lines worldwide by 2015 compared to around 1.6 billion at present. This is an increase of some 25 percent for the overall tire industry in this period.

In addition, demand will be accelerated by tire legislation being introduced around the world. Japan and South Korea were the first countries in the world to introduce a label system that grades tires above all for their fuel efficiency and wet grip characteristics. After a voluntary tire label was introduced in Japan in January 2010, South Korea launched its voluntary labeling this month. And it plans to introduce a mandatory label as of November 2012 – the same time the European Union will introduce labeling. Other countries like Brazil, the USA and China are expected to follow in the coming years.

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Page 1 of 5

According to an independent study conducted by The Technical University of Munich and commissioned by LANXESS, 'Green Tires' are expected to account for up to 80 percent of the Japanese tire market and up to 90 percent of the Korean tire market by 2020.

"We can demonstrate our technological leadership at the Rubber Days and increase the awareness that LANXESS is an important enabler of 'Green Tires'", said the Chairman of the Board of Management of LANXESS, Axel C. Heitmann. "In order to meet growing customer demand, we have made the right strategic investment decisions to strengthen our global rubber capacities."

Expansions meeting demand

LANXESS has significantly increased its production capacities for its high-performance rubber neodymium polybutadiene rubber (Nd-PBR) at its sites in Dormagen, Germany, Cabo, Brazil and Orange, Texas, USA. The company is also planning a new plant for Nd-PBR in Singapore. The new facility, which is scheduled to go on stream in 2015 at a cost of around EUR 200 million, is the second-largest project of this kind since the company was founded.

At the same time, LANXESS has already initiated a feasibility study at its Triunfo site in Brazil to implement new technology in order to switch production of emulsion styrene-butadiene rubber (ESBR) used in standard tires to solution styrene butadiene rubber (SSBR) used in 'Green Tires'. The current capacity for ESBR in Triunfo is 110,000 metric tons per year and the switch would potentially require a medium-size, double-digit million EUR investment. A final decision will be made mid-2012. LANXESS already produces SSBR at its sites in Orange, Cabo and Port Jérôme, France.

Nd-PBR is used in the treads and sidewalls of 'Green Tires'. It helps reduce the rolling resistance and increase the fuel efficiency of a tire. Nd-PBR is highly resistant to abrasion thus playing a significant role in making tires more durable and safer. SSBR is mainly used in the

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tread compound of 'Green Tires', where it helps to reduce rolling resistance and improve grip. 'Green Tires' can reach their peak performance with formulations containing both SSBR and Nd-PBR.

Broad portfolio of premium rubber products

LANXESS will also be showcasing its premium synthetic rubbers for the automotive industry at both events, including Keltan Eco – the first bio-based ethylene-propylene-diene monomer (EPDM) synthetic rubber in the world. EPDM is used above all in the automotive industry in door sealants or windshield wipers. Keltan Eco is produced using bio-based ethylene derived from sugar cane. In terms of quality, the bio-based ethylene is absolutely on a par with comparable products. LANXESS initially plans to produce around 10,000 metric tons of the product annually for the global market at its Brazilian plant in Triunfo and has just produced the first 500 metric tons.

Alongside EPDM, LANXESS is one of the leading producers of premium halobutyl rubbers for the tire industry. Halobutyl rubbers are used in tire inner liners of tubeless tires and help to keep tire pressure constant. Demand for these rubbers is being driven by the megatrend mobility and as well as the trend toward radialization of tubeless tires in Asia. LANXESS is duly responding by making the single largest investment of its history in the form of a EUR 400 million butyl plant in Singapore, planned to start production in early 2013.

Key supplier to leading manufacturers

Japan and South Korea are among the top five automobile and tire manufacturing countries in the world. LANXESS serves leading producers, including Bridgestone Corporation, Hankook Tire, Kumho Tires, Nexen Tires, Hyundai Motor Company and Toyota Motor Company. LANXESS achieved sales of EUR 231 million in 2010 in Japan and employs roughly 100 people, mainly at its headquarters in

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Tokyo. The company's subsidiary Rhein Chemie has production facilities in Toyohashi. LANXESS achieved sales of EUR 187 million in 2010 in South Korea and employs roughly 30 people at its headquarters in Seoul. Since its creation in 2005, LANXESS has achieved every year above-average growth in Japan and even double-digit growth in South Korea.

Rubber Days keep rolling

Rubber Day Japan in Tokyo will be held on November 21 and Rubber Day Korea in Jeju on November 23. The events will be held under the respective mottos: "Innovation for Greener Mobility" and "The Greener Road to the Future". About 500 representatives from the automotive and tires industries, academia, media and government officials will be attending the events. LANXESS held a Rubber Day Germany in Dusseldorf in September this year, an Automotive Day in São Paulo, Brazil, at the beginning of October, and will round off this year's program of events with Rubber Day China in Beijing on December 2.

LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 16,100 employees in 30 countries. The company is at present represented at 47 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals. LANXESS is a member of the leading sustainable indices Dow Jones Sustainability Index (DJSI) World and FTSE4Good.

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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.

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News Release

Information for editors:

All LANXESS news releases and their accompanying photos can be found at <http://press.lanxess.com>. Recent photos of the Board of Management and other LANXESS image material are available at <http://photos.lanxess.com>. 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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