

LANXESS: Sales in Greater China targeted to exceed EUR 1 billion in 2012

- **Latest developments for 'Green Tires' at Rubber Day China in Beijing**
- **Expansion of research partnership with Qingdao University**

Leverkusen – LANXESS is continuing to focus on the growing Chinese market and is targeting sales of more than EUR 1 billion there in 2012.

"Greater China will continue to be a cornerstone of our fast-growing Asian business," said the Chairman of the Board of Management of LANXESS, Axel C. Heitmann, prior to the company's second Rubber Day China being held in Beijing on December 2. "Our technology-driven products, which enable sustainable mobility, will play a major part in achieving this sales target."

China has been a particular focus of LANXESS' global growth strategy ever since the Group was founded. Since 2005, LANXESS has achieved strong sales growth every year in Greater China, i.e. mainland China, Hong Kong, Taiwan and Macao. In 2010, sales were around EUR 800 million in Greater China, which represents 11 percent of total Group sales. The number of employees has also risen rapidly since 2005, from 580 to 950 at present.

LANXESS is currently represented by all 13 business units at 10 sites in Greater China. The most recent investment projects include the construction of a plant for leather chemicals in Changzhou, the expansion of high-tech plastics production in Wuxi and the launch of a new joint venture for the production and marketing of nitrile rubber in Nantong.

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Premium rubber for 'Green Tires' in China

LANXESS is not only the world's leading manufacturer of synthetic rubber, but also the market leader in high-performance rubbers for 'Green Tires', which are more fuel-efficient, more durable and safer than standard tires. With an annual growth rate of around 10 percent, 'Green Tires' is the fastest-growing segment in the global tire industry. 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.

In China in particular, this demographic development is driving demand for cars. In order to manage growing traffic volumes, new infrastructure is a top priority in the Beijing government's current five-year plan. At the same time, the environmental pollution caused by the additional traffic is also to be reduced. The government in Beijing wishes to prioritize sustainable growth. "With our high-performance rubbers for 'Green Tires', we are helping vehicles in China consume less fuel and therefore be more eco-friendly," said Heitmann.

LANXESS is a key supplier of neodymium polybutadiene rubber (Nd-PBR) and solution styrene butadiene rubber (SSBR) for the global market. 'Green Tires' can reach their peak performance with formulations containing both SSBR and Nd-PBR.

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 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.

The mandatory labeling of tires that is set to come into force around the world will create additional demand. To date, such a labeling system for classifying fuel efficiency and wet grip has been set up in Japan and South Korea. After a voluntary tire label was introduced in

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Japan in January 2010, South Korea launched its voluntary labeling last 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.

A current study by The Technical University of Munich (TUM) shows that the proportion of 'Green Tires' in China is likely to rise to as much as 50 percent of the entire tire market by 2020. This study was commissioned by LANXESS. 'Green Tires' can reduce rolling resistance by 20 to 30 percent and thus cut fuel consumption by five to seven percent.

China is the world's largest car market and demand is expected to rise by nine percent per year in the coming years. Around 400 million car tires are produced in China each year – one-third of global tire production. LANXESS supplies leading tire manufacturers in China such as Triangle, Cheng-Shin and Linglong.

Partner for Rubber Day China

The China Petroleum and Chemical Industry Federation (CPCIF) is the partner for Rubber Day China. The conference is also supported by the two Chinese industrial associations for rubber and synthetic rubbers, the German Institute of Rubber Technology (DIK), Beijing University of Chemical Technology and Qingdao University of Science and Technology (QUST). Around 350 representatives from business, academia, the media and local authorities will take part in the event, along with the German Ambassador to China, Dr. Michael Schaefer.

On the sidelines of the Rubber Day, LANXESS and the University of Qingdao are set to sign an agreement to extend their partnership, which has been in place since 2008. The primary aim of the individual agreements concluded by the LANXESS business units Technical Rubber Products and Butyl Rubber is to extend partnerships, with a

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view to supporting particularly talented students. Qingdao University is the center of rubber research in China.

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.

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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