LANXESS – FY 2010 Roadshow

Driving growth

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Agenda

- Executive overview and strategy summary FY 2010
- Business and financial review FY 2010
- Outlook

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LANXESS on a path of growth

* pre exceptionals

Chart 3

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Strongest growth in Latin America

* currency and portfolio adjusted

Chart 4

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Premium products and technologies for global megatrends

Mobility

Urbanization

Agriculture

Water

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Chart 5

Significant growth in all three segments

Performance Polymers

EBITDA* [€ million]

+>100%

2009	2010
250	585

EBITDA* margin

2009	2010
10.5%	15.5%

Advanced Intermediates

EBITDA* [€ million]

+44%

2009	2010
154	222

EBITDA* margin

2009	2010
13.9%	16.8%

Performance Chemicals

EBITDA* [€ million]

+54%

2009	2010
182	281

EBITDA* margin

2009	2010
11.9%	14.2%

* pre exceptionals

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Chart 6

Success in 2010 allows dividend increase

- Dividend of €0.70 per share proposed
- Total payout of €58.2 million
- Dividend increased by 40 %

* proposal to the Annual Stockholders' Meeting

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Targeted investment in growth markets

Organic growth

External growth

- Ion exchange resins plant in Jhagadia, India
- Plants for high-tech plastics in Jhagadia, India, and North Carolina, U.S.A.
- Leather chemicals plant in Changzhou, China
- Butyl rubber plant in Singapore
- Expansion of butyl rubber plant in Zwijndrecht, Belgium
- Expansion of capacities for high-performance rubber in Dormagen, Germany; Orange, U.S.A.; and Cabo, Brazil
- Rhein Chemie plant in Nizhny Novgorod, Russia
- Formalin plant in Krefeld-Uerdingen, Germany
- Plant for water treatment products in Bitterfeld, Germany

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Growth through small and mid-size acquisitions

Organic growth

External growth

- Darmex, Argentina – leading manufacturer of release agents and vulcanization bladders for the tire industry
- Material protection business of Syngenta, Switzerland
- Rubber business of DSM, Netherlands*

* end of antitrust assessment expected Q2, 2011

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Considerable increase in investment, especially in Asia

* net of projects financed by customers and finance lease; ** proportion of sales; *** circle size indicates level of investment

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Research and development activities safeguard long-term success

- Increased stake in U.S. renewable chemicals company Gevo for alternative raw material supplies

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Substantial bottom line reflects operational strength

[€ m]	FY 2009	FY 2010	yoy in %
Sales	5,057	7,120	40.8%
EBITDA pre except.	465	918	97.4%
margin	9.2%	12.9%	
Net Income	40	379	>100%
EPS	0.48	4.56	>100%
[€ m]	**31.12.2009**	**31.12.2010**	**yoy in %**
Net Financial Debt	794	913	15.0%
Net Working Capital	1,096	1,372	25.2%
Employees	14,338	14,648	2.2%

- Sales growth fueled by notable volume and price increases in tandem
- Solid margin despite maintenance activities and one-off payment to employees
- Net income substantially improved
- Working capital higher due to significantly increased business activity
- Headcount increase in line with growth initiatives

LANXESS on the growth track

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Strong price and volume momentum drives 41% sales growth

FY yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	25%	29%	5%	0%	58%
Advanced Intermediates	5%	9%	2%	4%	20%
Performance Chemicals	2%	23%	4%	0%	29%
LANXESS	13%	22%	4%	1%	41%

- Operational sales growth of 36% driven by end market recovery
- Positive currency (mainly BRL and USD) as well as portfolio effects support top line growth further

FY yoy EBITDA bridge [€ m]

- Volume and price increase in tandem, price offsets rising input costs
- Others contains currency benefit, overcompensated by lower savings and one-off payment to employees

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Strong demand meets a flexible and adjusted cost structure

[€ m]	FY 2009		FY 2010		yoy in %
Sales	**5,057**	**(100%)**	**7,120**	**(100%)**	**41%**
Cost of sales	-3,956	(78%)	-5,381	(76%)	36%
Selling	-530	(11%)	-646	(9%)	22%
G&A	-235	(5%)	-298	(4%)	27%
R&D	-101	(2%)	-116	(2%)	15%
EBIT	**149**	**(3%)**	**607**	**(9%)**	**>100%**
Net income	**40**	**(1%)**	**379**	**(5%)**	**>100%**
EPS	**0.48**		**4.56**		**>100%**
EBITDA	422	(8%)	890	(13%)	>100%
thereof exceptionals	-43	(1%)	-28	(0%)	-35%
EBITDA pre exceptionals	**465**	**(9%)**	**918**	**(13%)**	**97%**

- Strong sales increase due to significant volume (+22%) and good pricing (+13%) as well as supporting currency (+4%) and portfolio (+1%) effects
- Operational expenses increase with risen business activity but disproportionately to sales
- Strong EBITDA pre due to ongoing demand recovery as well as flexible and adjusted cost base, held back somewhat by one-off compensation payment

A year of solid EBITDA generation, benefitting from ongoing recovery

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Performance Polymers: a year of recovery

[€ m]	FY 2009	FY 2010
Sales	**2,388**	**3,782**
EBIT	105	443
Depr. / Amort.	137	143
EBITDA	242	586
EBITDA pre exceptionals	**250**	**585**
Margin	10.5%	15.5%
Capex*	**133**	**302**

- All BUs increase prices, overcompensating higher raw material prices – especially Butadiene
- Volumes rise in all BUs, additionally some favorable currency effects support
- Absolute EBITDA and margin contains one-off payment to workforce
- Leadership positions of businesses lead to attractive margins
- Capex with significant planned increase due to progressing Singapore investment project

Sales by BU

Sales bridge year on year [€ m]

* net of finance lease

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Advanced Intermediates: strong performance boosted by year-end agro recovery

[€ m]	FY 2009	FY 2010
Sales	**1,104**	**1,321**
EBIT	95	166
Depr. / Amort.	48	56
EBITDA	143	222
EBITDA pre exceptionals	**154**	**222**
Margin	13.9%	16.8%
Capex*	**53**	**69**

- Sales increase driven mainly by positive volume and price as well as portfolio effects
- Portfolio effect reflects acquisitions in BU BAC
- EBITDA and margins of BU SGO and BU BAC benefit from agro recovery
- Additional brisk demand from various end-markets of BU BAC
- Positive view on underlying agrochemical trends is affirmed

Sales by BU

Sales bridge year on year [€ m]

* net of projects financed by customers

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Performance Chemicals: volume-driven recovery of specialty chemicals

[€ m]	FY 2009	FY 2010
Sales	**1,530**	**1,978**
EBIT	100	209
Depr. / Amort.	71	67
EBITDA	171	276
EBITDA pre exceptionals	**182**	**281**
Margin	11.9%	14.2%
Capex	**80**	**114**

- Sales improved on strong volumes and some support by currency effects
- All businesses with operational sales growth as markets continue to recover
- Strong performance in absolute EBITDA
- RUC, LEA and FCC with highest contribution to yoy EBITDA improvement
- Increase in margin and absolute EBITDA despite one-off payment to employees
- Capex contains expansion projects of BU ION

Sales by BU

Sales bridge year on year [€ m]

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Strong balance sheet – amid increasing investing activity and CTA funding

[€ m]	Dec 31, 2009	Dec 31, 2010
Non-current Assets	**2,382**	**2,738**
Intangible assets	196	226
Property, plant & equipment	1,809	2,131
Equity investments	26	13
Other investments	1	8
Other financial assets	79	74
Deferred taxes	163	170
Other non-current assets	108	116
Current Assets	**2,686**	**2,928**
Inventories	849	1,094
Trade accounts receivable	733	942
Other financial & current assets	389	368
Near cash assets	402	364
Cash and cash equivalents	313	160
Total Assets	**5,068**	**5,666**

	Dec 31, 2009	Dec 31, 2010
Stockholders' Equity	**1,445**	**1,761**
Non-current Liabilities	**2,504**	**2,454**
Pension & post empl. provis.	569	605
Other provisions	307	351
Other financial liabilities	1,462	1,302
Tax liabilities	47	50
Other liabilities	81	106
Deferred taxes	38	40
Current Liabilities	**1,119**	**1,451**
Other provisions	352	422
Other financial liabilities	94	176
Trade accounts payable	486	664
Tax liabilities	52	34
Other liabilities	135	155
Total Equity & Liabilities	**5,068**	**5,666**

Currency development main reason for balance sheet deviations

- Further CTA funding (€75 m) and pension discount rate decrease in Germany (5.50% to 5.25%)
- Working capital development in line with increasing business activity, DSI / DSO metrics at solid levels

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Strong cash flow finances working capital increase and substantial Capex projects

[€ m]	FY 2009	FY 2010
Profit before Tax	**32**	**493**
Depreciation & amortization	273	283
Gain from sale of assets	-18	0
Result from equity investments	-8	-16
Financial (gains) losses	71	83
Cash tax payments / refunds	0	-114
Changes in other assets and liabilities	-24	-4
Operating Cash Flow before changes in WC	**326**	**725**
Changes in Working Capital	239	-220
Operating Cash Flow	**565**	**505**
Investing Cash Flow	**-771**	**-450**
thereof Capex*	-275	-501
Financing Cash Flow	**258**	**-214**

- Profit before tax above previous year due to end market recovery
- Cash-outs for tax payments on higher profit before tax
- Working capital outflow in line with 2010 sales recovery
- 2009 investing cash flow contains investment in near cash assets, 2010 contains Capex for Singapore project as well as €75 m CTA funding

Strong end market demand leads to good cash generation

* net of projects financed by customers and finance lease

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Positive business trading outlook for 2011

Performance Polymers	▪ Strong demand momentum from tires and high-tech plastics expected to be ongoing in 2011; but with lower growth rates ▪ Further price increases are necessary as input costs rise ▪ Organic growth: SCP (Jhagadia, IN), PBR (Dormagen, GER, Port Jérôme, FR and Orange, US)	
Advanced Intermediates	▪ Demand from agrochemical customers returns - favorable effects for SGO and BAC expected ▪ Selling price increases necessary on the back of rising benzene input costs ▪ Organic growth: BAC (Uerdingen, GER)	
Performance Chemicals	▪ Construction industry with gradual recovery in Europe, US ▪ Automobile industry seen with continuous growth (customers of RUC, RCH) ▪ Organic growth: ION (Jhagadia, IN), IPG (Shanghai, CN and Porto Feliz, BR), RCH (N. Novgorod, RU)	

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Outlook with confidence

- Excellent start into Q1 provides solid basis for 2011 ✓
- Various projects providing additional capacities in strong demand environment ✓
- Ongoing financial discipline ✓
- EBITDA increase expected for 2011, on track for 2015 growth target ✓

GOFOR 1.4

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Energizing Chemistry

Appendix

2011 financial expectations

Additional financial expectations for 2011	
▪ Capex	: ~€550-600 m
▪ D&A	: ~€280 – €300 m
▪ Tax rate	: 20 to 25%
▪ Hedging 2011	: ~40% at 1.30-1.40 USD / EUR
▪ Foreign currency	: U.S. dollar at ~1.40 USD / EUR
▪ Exceptionals and cash outs	: minor for ongoing businesses

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Portfolio management allows for regrouping of LANXESS businesses along chemical segmentation

Performance Polymers	Advanced Intermediates	Performance Chemicals
Butyl Rubber	Basic Chemicals	Material Protection Products
Performance Butadiene Rubbers	Saltigo	Inorganic Pigments
Technical Rubber Products		Functional Chemicals
Semi-Crystalline Products		Leather
		RheinChemie
		Rubber Chemicals
		Ion Exchange Resins

Sales: > € 500 mn Sales: € 200 mn – 500 mn Sales: < € 200 mn

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LANXESS has a broad customer portfolio with varying demand patterns

LANXESS sales distribution by industry, 2009

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Strongest growth in Latin America

Q4 sales by region [%]

Regional development of sales [€ m]

* currency adjusted

Raw material induced price increases passed on, "Price before volume" strategy plays out

Q4 yoy sales variances	Price	Volume	Currency	Portf.	Total
Performance Polymers	16%	17%	7%	0%	39%
Advanced Intermediates	4%	16%	4%	0%	23%
Performance Chemicals	6%	11%	6%	0%	23%
LANXESS	11%	15%	6%	0%	32%

- Sales increase of 32% mainly driven by price as well as double digit volume increases in every segment
- Currency supports top line growth with a 6% contribution

Q4 yoy EBITDA bridge [€ m]

- "Price before volume" strategy intact as price increases overcompensate for higher input costs
- Others contains one-off payment, higher maintenance expenses and lower savings

Q4 2010 financial overview: solid Q4 with return to normal seasonality

[€ m]	Q4 2009	Q3 2010	Q4 2010	yoy in %
Sales	**1,392**	**1,847**	**1,832**	**31.6%**
EBITDA pre except.	**144**	**244**	**172**	**19.4%**
margin	10.3%	13.2%	9.4%	
Net Income	**14**	**118**	**26**	**85.7%**
Capex*	**114**	**107**	**295**	**>100%**
[€ m]	**31.12.2009**	**30.09.2010**	**31.12.2010**	**% vs. FY**
Net Financial Debt	**794**	**865**	**913**	**15.0%**
Net Working Capital	**1,096**	**1,485**	**1,372**	**25.2%**
Employees	**14,338**	**14,539**	**14,648**	**2.2%**

- Volume, price and currency increase vs PY leads to Q4 sales on Q3 level
- EBITDA increase vs PY but softer sequentially due to normal seasonality and Q4 one-off payment to employees
- Capex increases due to BTR and ION investments as well as year end maintenance turnarounds
- Working Capital increases yoy due to risen business activity, currency and price effects

Solid Q4, despite one-off payment, maintenance and absence of savings

* net of projects financed by customers and finance lease

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Outstanding Q4 performance fueled by strong demand

[€ m]	Q4 2009		Q4 2010		yoy in %
Sales	**1,392**	**(100%)**	**1,832**	**(100%)**	**32%**
Cost of sales	-1,072	(77%)	-1,421	(78%)	33%
Selling	-144	(10%)	-176	(10%)	22%
G&A	-64	(5%)	-101	(6%)	58%
R&D	-26	(2%)	-27	(2%)	4%
EBIT	**43**	**(3%)**	**78**	**(4%)**	**81%**
Net Income	**14**	**(1%)**	**26**	**(1%)**	**86%**
EPS	**0.17**		**0.32**		**86%**
EBITDA	122	(9%)	157	(9%)	29%
thereof exceptionals	-22	(2%)	-15	(1%)	-32%
EBITDA pre exceptionals	**144**	**(10%)**	**172**	**(9%)**	**19%**

- Solid double digit sales increase due to positive volume development (+15%) paired with raw material driven price increase (+11%) and supporting currency trend (+6%)
- Relative cost base remains stable as absolute business activity continues to increase
- Visible recovery of net income
- Significant EBITDA* increase despite one-off payment (€20 m) and termination of Challenge program

Strong price and volume development drives earnings

* pre exceptionals

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On growth track, segment by segment

- Sales increase as each segment benefits from strong volume recovery
- Sales of Performance Polymers boosted due to significant price and volume hikes

- Volume recovery and tight cost control lead to strong EBITDA* and improved margins
- Positive earnings trend in all BUs includes one-off payment to workforce

* pre exceptionals

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Performance Polymers: solid volume and price increases

[€ m]	Q4 2009	Q4 2010
Sales	**725**	**1,010**
EBIT	79	95
Depr. / Amort.	38	35
EBITDA	117	130
EBITDA pre exceptionals	**114**	**126**
Margin	15.7%	12.5%
Capex	**52**	**196**

- Price increases in all BUs - offsetting raw material price hikes
- Every BU achieves double digit percent volume increases
- Planned maintenance turnarounds in BTR, PBR and TRP with related cost and margin impact
- SCP with continuous strong business momentum for high-tech plastics
- One-off payment to workforce affects absolute EBITDA and margin in Q4
- Planned Capex increase with progressing Singapore investment project

Sales by BU

Sales bridge year on year [€ m]

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Advanced Intermediates: improving demand from agro-chemical end markets drives margin

[€ m]	Q4 2009	Q4 2010
Sales	**277**	**341**
EBIT	11	48
Depr. / Amort.	13	15
EBITDA	24	63
EBITDA pre exceptionals	**30**	**63**
Margin	10.8%	18.5%
Capex*	**30**	**34**

- Solid double digit volume increase in both BUs
- Price increases in line with raw material price inflation
- Recovery of agrochemical end markets supports strong EBITDA
- BAC also benefits from healthy automotive demand
- Higher margin on improved product mix and tight cost control as well as better sourcing contracts

Sales by BU

Sales bridge year on year [€ m]

* net of projects financed by customers

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Performance Chemicals: Q4 with usual seasonality

[€ m]	Q4 2009	Q4 2010
Sales	**382**	**471**
EBIT	4	13
Depr. / Amort.	22	18
EBITDA	26	31
EBITDA pre exceptionals	**32**	**36**
Margin	8.4%	7.6%
Capex	**29**	**57**

- Volume, price and currency developments lead to a solid sales improvement
- All BUs with volume increases
- BU FCC with strong performance post restructuring
- BU LEA benefits from price increase for chromium ore
- EBITDA and margin stable, affected by one-off payment to employees

Sales by BU

Sales bridge year on year [€ m]

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BU MPP a leading supplier for biocides, beverage technology and disinfection

Material Protection Products

- Business Unit Material Protection Products part of the Performance Chemicals segment
- Strong expertise in global regulatory affairs, technical support and formulations
- Recently acquired Syngenta's Material Protection business
- Sales: < €200 m

BU MPP business structure

Market view

- Broad and innovative portfolio with unique properties
- Leading positions in attractive and fragmented market niches
- Disinfection market with CAGR of 6% from 2011 to 2015

Drivers

- Urbanization, increasing health awareness with growing importance of hygiene
- Increasing regulation requirement in biocides

Products and Technology

- Preventol : components for preserve compounds, disinfectants and wood protection products
- Velcorin : technology for non-alcoholic soft drinks and wine

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No major refinancing needs until 2012

Long term financing secured

- Long maturity profile
- Reduced dependency on banks
- Ample liquidity in place to finance growth projects (i.e. Singapore plant, etc.)

Liquidity and maturity profile

Access to unconditioned liquidity is a valuable asset

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Raw material prices expected to increase

Global raw materials index*

- Raw material prices increased beginning of 2010
- Q3 and Q4 saw a relatively stable raw material price development
- Feedstock prices (mainly butadiene, benzene and cyclohexane) set to increase in Q1 2011

LANXESS committed to price before volume strategy

* source: LANXESS, average 2006 = 100%

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Segment change: transfer of Adipic acid from BU SCP to BU BAC

Value chain* optimized

Rationale

- KA-oil, adipic acid and hexandiol now part of one single business unit (BU BAC)
- Business line adipic acid, easy to transfer with dedicated
  - profit center
  - marketing, controlling
  - personnel and production
- Marketing of adipic acid and hexandiol now aligned in one single business unit (BAC)

Value chain streamlined

* simplified illustration

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In 2015 LANXESS will strive for an EBITDA of ~€1.4 billion

- Additional EBITDA will be the result of:
  - announced CAPEX projects
  - additional organic and external growth over next five years

Reaching a new profit level

References to EBITDA are pre exceptionals; projects are exemplary
* As communicated at LANXESS capital markets day

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Tire producers are reacting swiftly

Source: Companies' websites

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Similar tire labelings are being proposed in several countries

Tire labels

Europe

U.S.

Japan

For fuel efficient tires

For fuel efficient tires

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Is LANXESS a swing producer?

Tire manufacturers produce insufficient synthetic rubber for their captive use

Rubber producing capabilities of selected tire manufacturers:

Importance in LANXESS portfollio		Michelin	Goodyear	Bridgestone	Continental	Pirelli	Hankook
major	**BTR**	none	none	none	none	none	none
major	**PBR**[1]	little[2]	none	capable	none	none	none
minor	**S-SBR**	capable	capable	capable	none	none	none
major	**E-SBR**	little	capable	capable	none	none	none
major	**NBR**	none	none	none	none	none	none

LANXESS is not a swing producer

[1] Nd-PBR [2] Know how present, licensing to others

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Does natural rubber cannibalize synthetic rubber?

[1] Nd-PBR

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Exceptional items incurred in Q4 2009 and Q4 2010

[€ m]	Q4 2009		Q4 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	-2	1	-4	0
Advanced Intermediates	6	0	0	0
Performance Chemicals	12	6	5	0
Reconciliation	15	2	14	0
Total	**31**	**9**	**15**	**0**

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Exceptional items incurred in FY 2009 and FY 2010

[€ m]	FY 2009		FY 2010	
	Exceptional	thereof D&A	Exceptional	thereof D&A
Performance Polymers	9	1	-1	0
Advanced Intermediates	11	0	0	0
Performance Chemicals	17	6	5	0
Reconciliation	18	5	24	0
Total	**55**	**12**	**28**	**0**

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Abbreviations

Performance Polymers

- BTR Butyl Rubber
- PBR Performance Butadiene Rubbers
- TRP Technical Rubber Products
- SCP Semi-Crystalline Products

Advanced Intermediates

- BAC Basic Chemicals
- SGO Saltigo

Performance Chemicals

- MPP Material Protection Products
- IPG Inorganic Pigments
- FCC Functional Chemicals
- LEA Leather
- RCH Rhein Chemie
- RUC Rubber Chemicals
- ION Ion Exchange Resins

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Upcoming events 2011

Upcoming events

▪ Q1 Results 2011	May 11, 2011
▪ Annual Stockholders' Meeting	May 18, 2011
▪ Q2 Results 2011	August 11, 2011
▪ Q3 Results 2011	November 10, 2011

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