

Annual Stockholders' Meeting
Thursday, May 7, 2009

LANXESS AG

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Speech by

Dr. Axel C. Heitmann,

Chairman of the Board of Management

(Please check against delivery)

(2009-00009e)



(2009-00009e-0)

Ladies and gentlemen,

We are celebrating a century of synthetic rubber, and our Annual Stockholders' Meeting is taking place for the first time in the LANXESS arena! An anniversary and a premiere – at LANXESS the two belong together.

I am particularly pleased to welcome you today to Germany's most successful, most famous and most popular event venue. And I am extremely pleased that this arena has now borne our company's name for almost a year.

I would like to welcome our stockholders and also the media representatives.

Ladies and gentlemen,

The LANXESS arena sends out a signal to Cologne. Although we have postponed the relocation of our company headquarters to this city, there is no doubt that we are coming. LANXESS will move its headquarters from Leverkusen to Cologne, and we're looking forward to that day.

This symbolizes our commitment – to this city, to this region, and to the state of North Rhine-Westphalia, where our business has its roots.

Page 3 of 25

Our decision to move to Cologne is a historic one for this location on the Rhine River – like the historic decision made 100 years ago to start up the industrial production of rubber in what is now Wuppertal, here in this same region of Germany.

Today, a century after the discovery of synthetic rubber, we not only have the broadest product range but are also regarded as a technology leader and an engine for development.

You can see a few of the many facets of synthetic rubber in the exhibition outside in the lobby. I invite you to take a look and gain your own impressions – because this amazing chemical product plays an outstanding role in the business of LANXESS. And incidentally, it's the very area in which I gained my first experience of industry 20 years ago.

We generate some 40 percent of our sales each year with rubber products and rubber chemicals, supplying more than 600 customers.

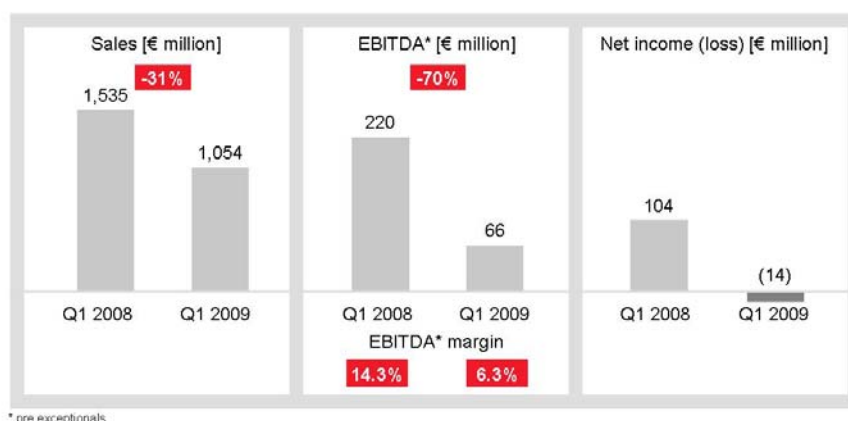
We are the market leader in many areas of application. And that's one of the reasons why we have had good news for you at every Annual Stockholders' Meeting so far.

This year the situation is unfortunately less positive. So my task today – and that of my colleagues – is far from easy. That's because we obviously have to face up to the current situation – and the challenges it poses for our future.

As you know, the chemical industry too has been impacted by the global economic crisis. Nearly all of our key customer industries around the globe have seen a dramatic slump in business. This applies both to the automotive industry and to its suppliers, as well as nearly every other key industry worldwide. Only chemical production for the agricultural sector and the pharmaceutical industry has been less affected.

These are major challenges for our industry – and of course for LANXESS as well.

Q1 2009 business performance



(2009-00009e-1)

This is evident partly in our results for the first quarter of 2009:

- Demand slumped by more than 35 percent – a decline of historic proportions.
- As a result, our sales fell sharply compared to the first quarter of 2008. They were down by more than 31 percent to EUR 1.05 billion. This is largely in line with the forecast we gave when we presented our figures for fiscal 2008.
- EBITDA pre exceptionals came in at EUR 66 million, a 70 percent drop year on year. This significant decline was due very largely to the lower demand resulting from the crisis. Part of it was due to substantial inventory write-downs that we had to make because of the continuing fall in raw material prices.

However, by immediately launching an extensive range of countermeasures on a global scale, we achieved nearly one third of the very high prior-period earnings figure, despite what was – as I said – a dramatic drop in business.

- The EBITDA margin pre exceptionals fell substantially to 6.3 percent – compared with 14.3 percent for the prior-year quarter – despite positive currency effects from the strength of the U.S. dollar.
- Group net income also fell, from EUR 104 million in the prior-year quarter to give a net loss of EUR 14 million in the first three months of this year.
- On a positive note, the very strong operating cash flow enabled us to bring down net financial debt by nearly 14 percent compared with the end of 2008, to EUR 744 million.

Page 5 of 25

Nonetheless, these results as a whole are clearly anything but satisfactory. They are a reflection of the exceptionally weak economic situation.

The same applies to our performance by region and segment.

You can find further details on our performance in the first three months of this year in our Quarterly Report, which you can order in print form from our staff in the lobby and is also available for you to view on the Internet.

Business prospects for 2nd quarter of 2009



- EBITDA pre exceptionals: € 100-120 million
- Basis:
 - "Challenge09" measures
 - Slowing of customer inventory reductions
 - Much lower inventory write-downs
 - Demand picking up in Asia

Improvement of business performance in Q2 2009

Ladies and gentlemen, since developments in our customer industries remain very difficult to forecast, we still cannot provide a detailed outlook for the year as a whole. One thing is clear: our sales and earnings will be below the level of last year. But for the current quarter we do feel able to give some specific guidance.

Page 6 of 25

We expect to report EBITDA pre exceptionals of between EUR 100 million and EUR 120 million – a substantial improvement over the first quarter, but obviously below the second quarter of 2008.

This forecast is based on the following assumptions:

- our global package of measures known as Challenge09 will be fully effective,
- the inventory reductions by our customers are now more or less over,
- we expect much lower inventory write-downs,
- and our increased presence in growth markets and the recovery in demand in Asia will stimulate the business.

Active commitment to BRIC* countries

<p>Market entry in Russia / CIS</p> <ul style="list-style-type: none">▪ Independent legal entity▪ Set up of production facility▪ Research cooperation▪ Distribution agreement with local rubber manufacturer	<p>LANXESS</p>  
<p>Completion of our BRIC* strategy</p>	

* BRIC: Brazil, Russia, India, China

We are therefore maintaining our active commitment to the promising markets of the BRIC countries in particular. And at the beginning of the year we founded a independent legal entity to tap the market potential of the CIS countries.

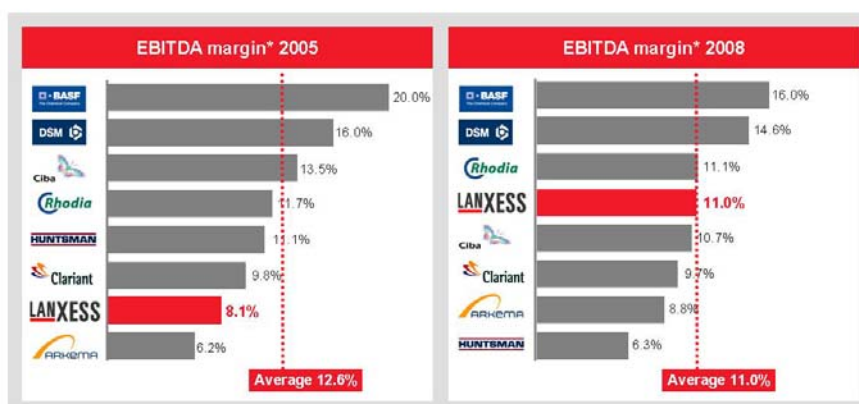
In addition, we are already planning to establish a small production site of our own and to form pioneering research alliances with the Russian Academy of Sciences. And in mid-April we already established a distribution partnership with the leading Russian rubber producer, Halopolymer.

Ladies and gentlemen, serious as the situation may be, another reason for our confidence is that we have correctly positioned LANXESS over the past four years.

Our product portfolio is focused

- on technology-driven, high-quality products and processes,
- on less cyclical customer industries such as pharmaceuticals, agrochemicals and tires,
- and on strategic growth regions such as the BRIC countries.

LANXESS – on par with peers

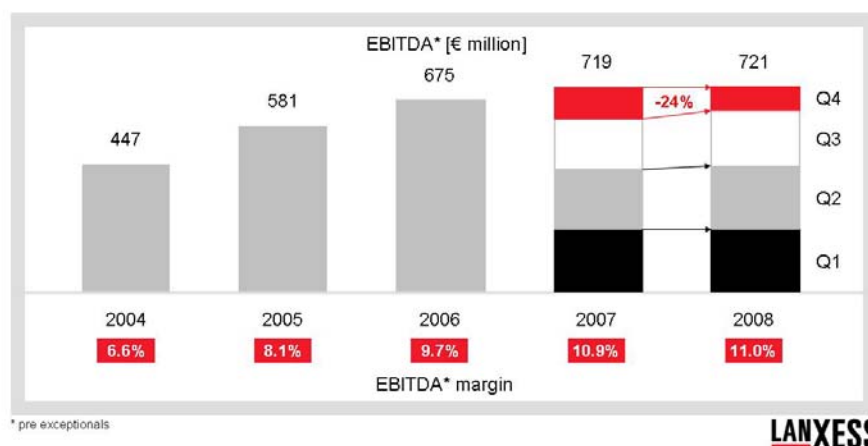


* pre exceptionals; source: 2005 and 2008 annual reports; average margins excluding LANXESS

This strategy has paid off. Today – just four years after LANXESS was founded – we have caught up with our competitors in terms of profitability. We didn't achieve this by simply relying on market momentum to somehow keep us going. On the contrary, with a tactical approach and far-sighted planning, we made the best possible use of the tailwinds in the markets that all of our competitors also sailed with.

Page 8 of 25

Earnings increase for 4 years in a row – despite weak Q4



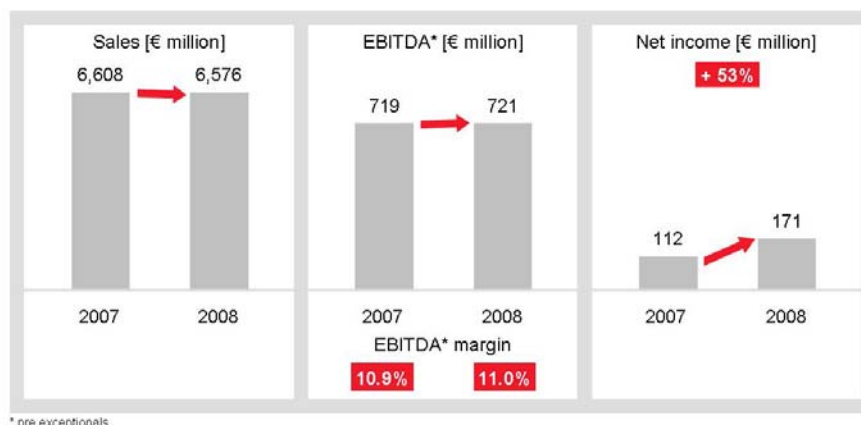
(2009-00009e-5)

Our earnings improved significantly each year, four years in a row – although hardly anyone would have thought that possible back in 2005. Because at that time, too, we were facing a crisis – a severe internal crisis. As you know, the early days were anything but easy. But we perceived that crisis as an opportunity and gave LANXESS a future. And we will also turn the new challenges to our advantage.

So you see there are good reasons to trust LANXESS – precisely in times like these!

Last year also confirmed this. Despite the drop in demand that became clearly apparent in the fourth quarter, 2008 was the best year in our company's history.

2008 – a healthy and profitable year for LANXESS



(2009-00009e-6)

- We held sales steady at the prior-year level of approximately EUR 6.6 billion, despite difficult markets. Operationally – in other words adjusted for portfolio and currency effects – sales in fact grew by 5.9 percent.
- We slightly improved EBITDA pre exceptionals – our most important internal indicator – to EUR 721 million. That put us within the target corridor of between EUR 710 and 730 million that we had previously announced. Here you can see that we again succeeded in passing on the sharp rise in raw material and energy costs in full to the markets.
- The EBITDA margin rose to 11 percent, while the average margin of our competitors declined. This shows that we further improved our competitiveness by our own efforts.
- Finally, Group net income climbed by 53 percent to EUR 171 million.

These achievements were due, first, to our strong market positions in the respective businesses; second, to our diversified and high-quality product portfolio; and third, they were also the result of our competitive

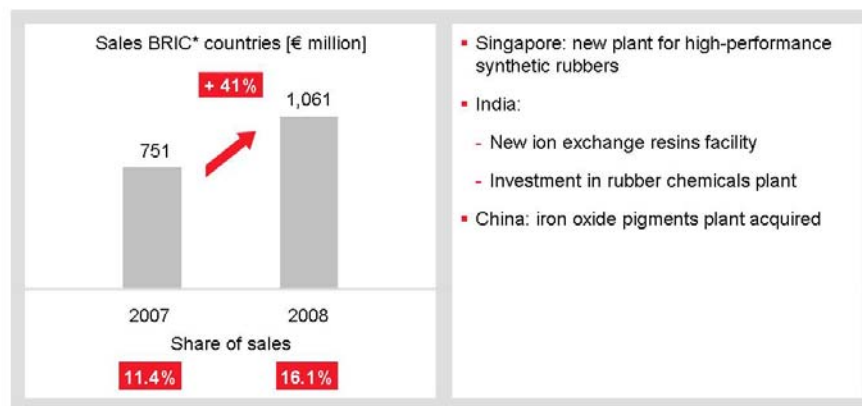
structures – and that is something we are proud of. All of our segments and all the regions in which we operate contributed to these achievements. Overall this result is clear testimony to the economic strength we have achieved over the past four years.

Page 10 of 25

The momentum we displayed in 2008 was nicely reflected in the balance sheet. The rubber producer Petroflex, which we acquired last year, was included in our annual financial statements for the first time. As a result, our total assets expanded by nearly 15 percent. And we still have healthy balance sheet ratios.

Our operating cash flow improved by 7.7 percent to EUR 506 million, reflecting the very strong position LANXESS continued to hold in 2008 despite major economic challenges.

Position in growth markets successfully expanded



* BRIC: Brazil, Russia, India, China

(2009-00009e-7)

In this connection I would like to make special mention of the rapidly expanding BRIC markets, where we had sales of some EUR 1 billion last year. This figure is 41 percent higher than in the previous year and represents a 16 percent share of total Group sales.

Last year's milestones in this respect were:

Page 11 of 25

- the decision to build a new facility in Singapore for the production of high-performance synthetic rubbers at a cost of about EUR 400 million;
- the start of construction for a new ion exchange resins plant in Jhagadia, India, that is scheduled to come on stream in 2010;
- the transfer of rubber chemicals production from Thane to Jhagadia, a new site where we are investing a total of some EUR 50 million.

Further milestones were the acquisition of one of the largest and most modern iron oxide pigments plant in China,

Petroflex acquisition: rapid and successful integration

<ul style="list-style-type: none">▪ Petroflex: Latin America's leading synthetic rubber producer▪ Quick and successful integration:<ul style="list-style-type: none">- Already contributed to earnings in 2008- New company name: LANXESS Elastómeros do Brasil S.A.	
<p>LANXESS: one of the largest international chemical companies in Brazil</p>	

(2009-00009e-8)

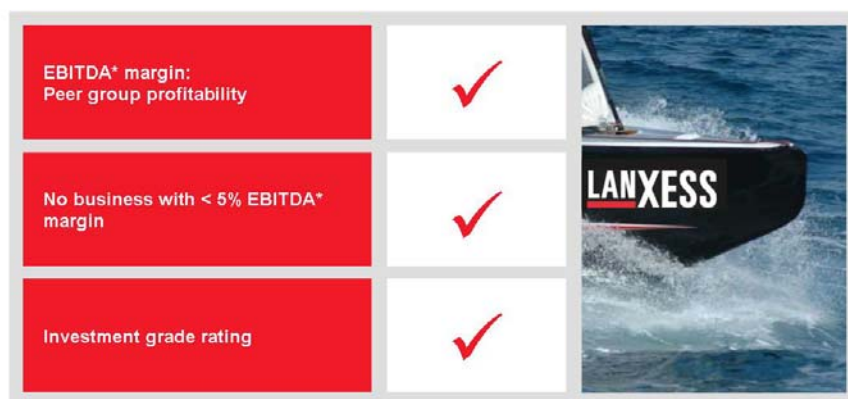
- and, in particular, the acquisition of the leading synthetic rubber producer in Latin America, Brazilian-based Petroflex S.A. – a listed company with sales of more than half a billion euros and three world-scale sites in Brazil.

And that means that we accomplished an acquisition of considerable size quickly and successfully, and we are very pleased not only that the integration is proceeding on schedule, but also that Petroflex already made a gratifying contribution to our earnings for 2008.

Page 12 of 25

Today the company operates in the market as part of our successful Performance Butadiene Rubbers Business Unit under the name LANXESS Elastômeros do Brasil, thereby reinforcing our leading position in the global synthetic rubber market. This transaction has made LANXESS one of the largest international chemical companies in Brazil.

Targets for 2008 achieved despite difficult Q4



* pre exceptionals

(2009-00009e-9)

Ladies and gentlemen, LANXESS is on the right track. Despite the increasing economic tension last year, we achieved all the targets we had announced:

- First: the EBITDA margin of 11 percent makes us just as profitable as the peer group average – only four years after our launch.
- Second: by the end of 2008 all LANXESS businesses had a margin of at least 5 percent.
- And third: LANXESS kept its investment-grade ratings.

We achieved all this despite a dramatic rise of roughly EUR 400 million in raw material prices in 2008 and despite the sharp drop in demand and in earnings in the fourth quarter.

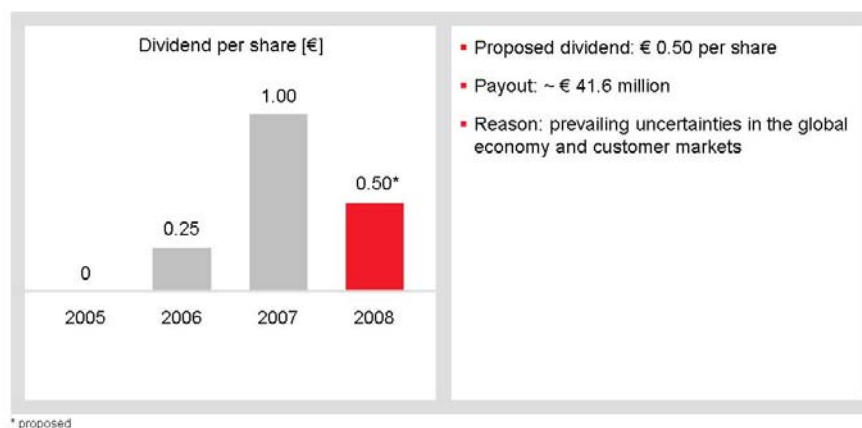
Page 13 of 25

All this makes it more important than ever for me to express my gratitude. I would like to thank all our employees for their tremendous dedication, their solidarity with the company and their hard work.

Without them our success over the past few years would not have been possible.

I would also like to thank the members of the Supervisory Board for their counsel, their assistance and their continuing support – particularly over the past few months. They have all helped to place LANXESS in the strong and sustainable position it holds today.

Dividend for 2008



(2009-00009e-10)

Ladies and gentlemen, we want you, our stockholders, to participate in our successful business performance in 2008.

The Board of Management and the Supervisory Board of LANXESS AG are therefore proposing to the Annual Stockholders' Meeting today that a dividend of 50 cents per share be paid for the 2008 fiscal year.

My colleagues on the Board of Management and I – as well as our company's entire management team – know you are not pleased about this proposal to reduce the dividend. And of course it wasn't an easy decision for us to make.

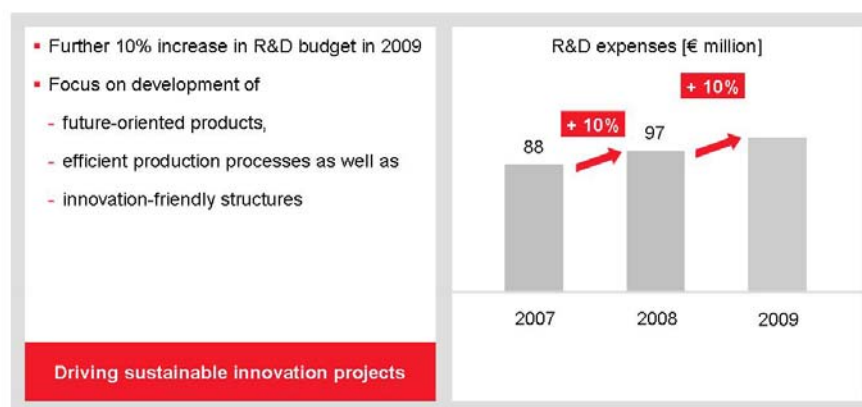
Page 14 of 25

Yet we believe this proposal is the right one. After all, it takes into account the prevailing uncertainties in the global economy and in our most important markets. In this situation we need to ensure that in view of the crisis, our company is assured maximum flexibility so that we can continue making independent and sustainable decisions in the future.

Ladies and gentlemen, our share price could not escape the general downward trend on the world's stock markets. Yet I am convinced that the stock market will reward the consistent implementation of our strategy as soon as the capital markets stabilize and pick up steam again.

Our task now is to set our course now for the period after the crisis. We must keep firmly in mind the goals we have identified, even in the current crisis conditions. We must continue to focus on innovation and invest in progress.

Consistent pursuit of our innovation strategy



That's why we have decided to raise our expenditures for research and development in the current year by 10 percent.

Page 15 of 25

In this way we create the necessary conditions for product innovations so that we can supply our customers with the products they need to respond effectively to increasingly urgent challenges such as saving energy, protecting the environment, providing better drinking water and expanding food production.

Second, we create the conditions necessary for innovative process improvements that also not only make production more efficient but also help to keep the environment cleaner. Just think of our nitrous oxide reduction plant, known as LARA for short. This facility came on stream just a few weeks ago at our site in Krefeld-Uerdingen. It will play a key role in cutting back our emissions of climate gases in Germany by some 80 percent by 2012.

This represents a success for the environment, a success that was made possible with the help of emissions trading and has attracted a good deal of attention far beyond our company and our industry. Further examples include the iron oxide production of LANXESS at Porto Feliz, Brazil, where sugarcane waste is being used as a source of energy. Or our site in Port-Jérôme, France, where we have commissioned an ultra-modern regenerative thermal oxidation facility that cleans 100 percent of the air discharged from our production plant – thus considerably reducing so-called summer smog.

Third, we are also creating the structural conditions for a successful future. One example is the establishment of our new Group Function "Innovation" as of January 1, 2009. Its task is to initiate innovative process methods and new products across all areas of our company.

A tradition of innovation

Page 16 of 25

100 Years
Synthetic Rubber
Creating the way the world moves today.

LANXESS
Energizing Chemistry

- One century of success with synthetic rubber
- Technology leader and innovation engine of the rubber industry
- Diverse applications, e.g. for tires with low rolling resistance

LANXESS – the driving force in synthetic rubber

(2009-00009e-12)

Although these innovation initiatives are new, they continue a successful tradition – one that we are celebrating in a special way this year.

After all, ladies and gentlemen, for LANXESS 2009 marks an anniversary that I mentioned at the beginning of my remarks: we are celebrating 100 years of synthetic rubber – a material that is more innovative, versatile and fascinating than almost any other.

The patent for “methyl rubber” was granted on September 12, 1909. This product of synthesis, modelled on nature, was invented by the genial chemist Professor Fritz Hofmann, who worked in the laboratories of the “Elberfeld dyestuffs factory.” We are celebrating the anniversary this year, ladies and gentlemen, because although synthetic rubber is scarcely recognized by the general public as a high-tech material, it is actually an achievement whose importance for modern society and modern technology cannot be over-emphasized.

Countless innovations have been made possible by synthetic rubber: in automotive construction, in energy production, in medicine, in sports and even in the aerospace industry. As one of the world’s leading producers of synthetic rubber today, we continue to tread this path. We are working at full steam to expand the uses for this material.

An example is the need to reduce the rolling resistance of tires and thus the fuel consumption and CO₂ emissions of cars and trucks. We are already working with the specialists in the tire industry to develop the tires that will ensure mobility in the future. That's why we believe the European Parliament's decision requiring all car tires to be labeled with respect to their fuel efficiency, wet grip and rolling noise from 2012 onward is important, and we warmly welcome it. We anticipate that this Europe-wide labeling requirement will provide a further boost to sales of our rubber products.

Page 17 of 25

LANXESS – responsible entrepreneurship



▪ Entrepreneurship within the enterprise

▪ Flexible structures and room to maneuver

▪ Solidarity and team spirit

▪ Commitment to education and environmental protection

▪ Above-average trainee ratio

Responsibility to future generations

The infographic consists of a white rectangular box with a red footer. On the left side of the box, there is a list of five bullet points. On the right side, there is a photograph of a young child swinging happily on a tire swing in a park. The red footer at the bottom of the box contains the text 'Responsibility to future generations'.

(2009-00009e-13)

Here, too, you can see that LANXESS has the creative will and the innovative capability to master future challenges. We are well equipped to weather the storm we are currently going through. We have precisely the virtues that are needed right now – virtues that are predetermined by our company's DNA.

Chief among them is the principle of responsible entrepreneurship within the enterprise.

That means the willingness to assume personal responsibility for the whole, backed by an organizational framework with clear responsibilities and plenty of headroom for action. I firmly believe this combination makes the difference between success and failure.

And here I'm not just talking about the company's success or failure, but also what we can do for society at large – in other words, those contributions that for the first time you can read about in a separate Corporate Responsibility chapter in our Annual Report.

Page 18 of 25

There we report, for example, on our educational initiative, our vocational training and study programs and our efforts in the area of environmental protection. We also explain that in 2008 LANXESS once again trained significantly more young people than we need for our own activities, and that we have a trainee ratio of nearly 7 percent, with currently over 450 young people in training for more than 20 different occupations. As last year, this ratio is well above the average for the German chemical industry.

Our company's unique character is also what makes a package of measures such as Challenge09 possible. These measures are helping us to overcome the effects of the crisis – and we are doing this together.

Challenge09: solidarity in times of crisis



* type, scope and timeframe vary between countries

(2009-00009e-14)

Everyone in the company – from employees in production to the Board of Management – is contributing to the long-term success of our operations.

In Germany, for example, we already reached the following agreements in January in close cooperation with the employee and union representatives:

Page 19 of 25

- Because of the drop in demand, the working week for the more than 5,000 non-managerial employees of the LANXESS Group in Germany under the collective bargaining agreement was reduced from 37.5 to 35 hours starting in March – initially for a period of one year – with a corresponding reduction in pay. In addition, the employees will forgo bonus payments for 2009.
- For managerial employees and the Board of Management, the salary review scheduled for 2009 will be postponed by at least six months, unlike the agreed pay increases for non-managerial staff, which were implemented on schedule in April. The managerial employees and the Board of Management will also forgo significant portions of their variable remuneration for the year 2009.

Beyond these measures, short-time working at LANXESS is being agreed upon and implemented on a selective basis.


As you can see, ladies and gentlemen, all employees at all levels in the company are making an important contribution – not just in Germany, but worldwide. The measures will provide total savings of EUR 65 million this year alone.

On behalf of the entire Board of Management, I would like to thank the employees for agreeing to this important package of measures.

Challenge09: targeted action in response to the crisis

Page 20 of 25

- Targeted capacity management:
 - Flexible asset management to cushion fluctuations in demand
 - Reduced resource input
- Effects:
 - Savings: € 250 million over two years
 - Reduction of break-even point by at least 10% pt.
- Postponing € 100 million of capital expenditures in 2009



Significant cost savings from technical and personnel measures

(2009-00009e-15)

Yet Challenge09 is far more than just a personnel program. It is a balanced combination of numerous technical measures and pay adjustments.

Overall we have initiated over 100 specific projects worldwide as part of Challenge09. They will save us a total of about EUR 250 million over the next two years.

These measures are centered on our flexible Challenge09 management. This means operating our capital-intensive plants, in particular, at reduced capacity rather than full capacity as a prompt response to substantially lower demand or also to fluctuations in demand.

Ladies and gentlemen, this flexibility gives us a tremendous competitive advantage. After all, it means we are not forced to manufacture products in quantities that no one needs at the moment. We avoid having surplus production that we would then need to sell in the market at reduced prices. And it means we don't have expensive inventory build-up. Instead we are adhering to our "price-before-volume" strategy even during the crisis. That, above all, is what makes the difference.

Ladies and gentlemen, this might not seem so unusual to you if you follow developments in other industries as well. Maybe you assume it

goes without saying that a company adjusts its production volume in line with demand.

Page 21 of 25

And that's true for many industries, but not necessarily for large chemical plants. We manufacture our products in closely networked plants in which complex chemical reactions take place – and chemical reactions rarely adhere to fixed cycle times. On the contrary, large chemical plants are usually operated non-stop, 365 days a year. It is not normally possible to simply start up or shut down a chemical plant.

Yet at LANXESS we have succeeded in changing this rule in certain major areas. Because of our modular organization comprising small, flexible units, because of the way our facilities are grouped around the world, and also because of our focus on certain products, we are able to react quickly to changes in demand. Metaphorically speaking, while large chemical plants are normally running unprofitably in sixth gear, LANXESS today has the flexibility to shift down a gear, or even two. That means we can still be commercially successful even in low gear, in other words with low capacity utilization, because we succeed not only in managing individual production units in this way but also in flexibly controlling the complex material and energy streams at our major sites worldwide.

In this way we can greatly reduce our break-even point – by at least 10 percentage points.

This strategy has already proven its worth.

For example, it enabled us to achieve clearly positive EBITDA in the first quarter despite the sharp drop in demand due to the crisis.

Ladies and gentlemen, this requires a global presence and also two other things:

First, chemical and technical expertise. And second, management expertise with the necessary courage and flexibility.

And yet we are not relying only on this form of flexible asset management. To achieve further cost savings, all parts of the Group will also be considerably restricting their use of internal and external resources for the time being.

Page 22 of 25

In recent months we have also postponed other planned projects, such as the start of construction for our new rubber facility in Singapore, the major capacity expansions for our high-performance plastics in Antwerp or the relocation of our corporate headquarters to Cologne.

This means that on top of the EUR 250 million in savings, we are postponing some EUR 100 million of scheduled capital expenditures.

In all of these commercial decisions that we have to make, management is always focused on our responsibility toward the employees and our production sites worldwide – and that of course also includes ensuring that all occupational safety and environmental standards are adhered to. We do not cut any corners in this regard.

However, the Challenge09 package is certainly not the only reason why I and my colleagues on the Board of Management look to the future today with relative confidence.

Rather, it also has a lot to do with the fact that we are solidly positioned in relation to another area that is playing a key role in the crisis: the area of financing.

Long-term liquidity assured

Page 23 of 25



▪ Petroflex acquisition solidly financed
▪ Diversified debt maturity structure
▪ New € 500 million benchmark eurobond
▪ Liquidity and credit volume: more than € 2 billion

Sound, flexible financing

The graphic features a list of four bullet points on the left side, detailing financial achievements. To the right is a photograph of two large, dark-colored bulls standing in a public square, likely the Piazza del Campidoglio in Rome. A red banner at the bottom of the graphic contains the text 'Sound, flexible financing'.

(2009-00009e-16)

For example, last year we secured long-term financing for the Petroflex acquisition on favorable terms despite the difficult environment. In view of the financial crisis, this testifies to the financial health of LANXESS.

In addition, we arranged a credit facility with a ten-year term that further diversifies our debt maturity structure and gives us flexibility in a changing market environment.

What's more, a few weeks ago we successfully placed a benchmark eurobond with institutional investors on the European capital market. The issue has a volume of EUR 500 million and a term of five years.

We view this placement, too, as an important vote of confidence by the capital market in our company. There can be no doubt that we are benefiting here from the good reputation we have built up in recent years. It enabled us to become the first MDAX company to exploit a capital market segment that in recent months has only been accessible to DAX companies.

This bond issue provides us with additional long-term liquidity, which is very important for companies, especially in these turbulent times. And it means LANXESS now has liquidity reserves of well over EUR 2 billion.

LANXESS – safely steering through troubled waters

Page 24 of 25

▪ Strong chemicals portfolio with leading market positions

▪ Flexible asset management

▪ Strict focus on innovation

▪ Expansion of leadership position in future growth markets

▪ Sound financing

▪ Experienced management team

LANXESS – strengthened for the future

(2009-00009e-17)

As you can see, ladies and gentlemen, LANXESS has what it takes to navigate troubled waters. What's more, we have the potential to emerge from the crisis in a stronger position:

- because we have completely realigned our company and are at home at the core of the chemical industry with a strong product portfolio;
- because we have created an innovative asset management system that now gives us distinct competitive advantages;
- because we are focusing on innovation and future markets, particularly during this crisis;
- because we are consistently expanding our leadership positions in major world markets;
- because we have sound financing; and
- because we have a team on board that I believe is one of the best.

Thank you very much.

Forward-Looking Statements

This speech contains 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.