Annual Stockholders’ Meeting
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Speech by

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Chairman of the Board of Management

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“If we want the world to change, we must get things moving.”

Ladies and gentlemen, the last sentence of our short film sums it up: change and motion are the major themes of our time. This is true, first of all, in a very literal sense: more and more people want more and more mobility in their lives. That’s why mobility has long been one of the most important trends around the world – and for the corporate strategy of LANXESS it is the most important megatrend.

- At the same time, we firmly believe that mobility will have to look rather different in the future than it does today.
- Tomorrow’s mobility has to be sustainable.
- And this “Green Mobility” requires innovative technologies from the chemical industry.
Good morning, esteemed stockholders, members of the Supervisory Board, representatives of the media, ladies and gentlemen,

Welcome to the 2012 Annual Stockholders’ Meeting of LANXESS AG. Welcome to Cologne – and, of course, welcome to the LANXESS arena.

“Green mobility” is LANXESS’ theme of the year 2012. It offers us a tremendous opportunity that we are determined to exploit. After all, the same applies to mobility as to the other global megatrends – urbanization, water and food supply, energy production or climate protection: the enormous challenges in these areas cannot be overcome without innovative solutions from the chemical industry.

Exponential growth in the world population

Just how pressing these challenges are became particularly evident on a specific day last year: October 31, 2011. That was the day when the seven billionth person on Earth was born in Manila – or at least that’s when the United Nations symbolically welcomed a baby girl into the world as that person.
To understand what this means, we need go back less than 200 years, to 1832. That year, the world’s first tram started running in New York – drawn by horses. Charles Darwin set out on his famous expedition on board the Beagle. And somewhere in the world, the one billionth person in the world was born in that year, 1832. And that, by the way, was after human beings had already been around for between two and three million years.

Scientists call this exponential growth. What it means is that nearly 350,000 babies are now born every day. That’s 80 million per year – equal to the population of Germany. Or about 240 children during the time I’ve been speaking to you today – roughly 4 babies per second.

On a global scale, this exponential population growth obviously presents an enormous challenge. And the forecast is that there will be up to three billion more people by the year 2050 – an increase that will be difficult for our planet to cope with. The earth’s resilience is reaching its limit.

Chemistry offers solutions for global megatrends

Yet as a chemist I am nonetheless optimistic: if we are successful at exploring new paths leading to innovative solutions and sustainable technologies, then we can shape a worthwhile future for everyone –
as regards mobility and also in terms of clean water, food and energy supplies.

At the same time, as a businessman I am convinced that this path of sustainability also pays off economically. It pays off

- if we consistently align ourselves to the megatrends of our time;
- if we drive forward new and innovative technologies;
- and if we regard the challenges of our time not as a looming fate, but rather as an opportunity – not just here in Germany, but also in the emerging markets of the future, especially in Asia.

**Q1 2012: Strong start to the year**

The performance of LANXESS in the first three months of this year alone confirms that we are on a successful path:

- Our sales in the first quarter grew to EUR 2.4 billion, representing an increase of about 15 percent.

- We also improved the operating result once again, with EBITDA pre exceptionals rising by nearly 15 percent year on year to EUR 369 million.
And last but not least, net income came to EUR 193 million – or EUR 2.32 per share. This was 16 percent more than in the first quarter of 2011.

**LANXESS on track for growth**

We also anticipate a solid business performance for the year as a whole. What’s more, we are well on the way to achieving our medium-term target of EUR 1.4 billion in EBITDA pre exceptionals by 2015.

Our results for 2011 further strengthened the basis for achieving this strategic goal.
That’s because last year was the best so far in our company’s history.

All the key data showed marked improvements. That is the firm foundation on which we continue to build.

- Last year, our sales increased by 23 percent against the previous year, to nearly EUR 8.8 billion. This result was mainly attributable to our proven and consistently implemented price-before-volume strategy and to the successful acquisitions we made in recent years.

- EBITDA pre exceptionals – our most important internal steering parameter – exceeded the EUR 1 billion threshold for the first time in 2011, coming in at EUR 1.15 billion. The figure for 2010 was EUR 918 million.

- As expected, EBITDA was very strong, climbing by 25 percent compared with the prior-year period. The EBITDA margin improved accordingly by 0.2 percentage points to 13.1 percent.
We also set a new record for net income, which grew by more than one third to EUR 506 million – from EUR 379 million the year before.

I believe these are results we can be proud of. And I would therefore like to take this opportunity to thank our more than 16,700 employees all over the world who helped to achieve this success.

Thank you for your dedication and your hard work.

Further dividend increase proposed

It goes without saying that we want you, our stockholders, to benefit from the success of our company. The Board of Management and the Supervisory Board are therefore proposing to you today that a dividend of 85 cents per share be paid for fiscal 2011.

That is a good 21 percent more than for 2010, and gives a total payout of nearly EUR 71 million. This shows that LANXESS delivers. LANXESS remains a worthwhile investment. And LANXESS remains on a successful path.
There are basically three reasons for this success.

**Focus on global megatrends enables strong growth in all regions**

The first reason is that we consistently address the principal global megatrends and the dynamic emerging markets with leading-edge technologies.

Throughout the world, the themes of mobility, urbanization, agriculture and water will play an outstanding role over the long term. Our sales posted double-digit percentage increases in all regions of the world in 2011.

In 2011 our business grew by nearly one third just in the BRICS countries, where we achieved total sales of EUR 2.1 billion. The BRICS countries accounted for roughly one quarter of total Group sales.

However, our home market of Germany is and will remain tremendously important to us. This is where our technological base is. Many of our products and technologies originated here. What’s more, Germany was again the country where we did the most business in 2011, with about EUR 1.6 billion in sales.

A key driver of our success in all markets was the megatrend of mobility. In particular, the growing middle classes of the emerging
BRICS countries are buying more and more cars. This in turn is boosting demand for the products used in the automotive and tire sectors. That is because our high-performance rubbers and high-tech plastics are essential for these industries.

High-tech products and solutions for “Green Mobility”

For that reason, mobility – and specifically “Green Mobility” – is our theme for this year. “Green” because our products as a whole contribute to more sustainable and environmentally friendly mobility – from high-performance rubbers for “Green Tires” and high-tech plastics for light-weight components to bio-based raw materials.

And a list of these specific product groups already shows that this is an enormous growth area with numerous fields of application – and LANXESS is exploiting this opportunity.
In 2011 we already achieved sales of some EUR 1.5 billion with products that enable sustainable mobility. That's nearly one fifth of our total sales.

But we don't intend to stop there: by 2015 we plan to increase this volume by roughly 80 percent to EUR 2.7 billion. We have laid the foundation for this in recent years. And we continued to invest in 2011.

As the world's biggest and most innovative supplier of synthetic rubber, LANXESS is focusing particularly on the growth market for so-called “Green Tires”.

Sales of products for “Green Mobility” will grow rapidly

- Some €3.5 billion in sales of products for the megatrend of mobility in 2011 (40% of total sales)
- Including about €1.5 billion in sales of products for “Green Mobility” in 2011 (17% of total sales)

Target: increase sales of products for “Green Mobility” by about 80% to €2.7 billion by 2015
“Green Tires” reduce rolling resistance, fuel consumption and CO₂ emissions

- "Green Tires" have lower rolling resistance (30%)
- reduced fuel consumption (5-7%)
- lower CO₂ emissions

- Equipping all vehicles worldwide with "Green Tires" would save up to 20 billion liters of fuel annually and cut CO₂ emissions by up to 50 million tons.

Their biggest advantage is that they reduce rolling resistance – without cutting corners on safety. And less rolling resistance means lower fuel consumption and lower emissions.

Scientific studies show that up to 20 billion liters of fuel could be saved and 50 million tons of CO₂ emissions avoided every year if all the world’s vehicles were equipped with “Green Tires” today. And that could happen straight away, because “Green Tires” can not only be fitted to all new vehicles but potentially to all those already on the road today. So in this way we could reach all today’s existing vehicles.

From the consumer’s point of view this means, firstly, lower gasoline costs. And secondly, it relieves the burden on the environment. Of all the possible options for making mobility more eco-friendly, “Green Tires” are the way you as a motorist can achieve the biggest reduction in CO₂ emissions for every euro spent.
And in just a few months’ time – starting on November 1 – choosing “Green Tires” will become even easier in the European Union. That’s when the new tire labeling regulation takes effect. The benefits of each tire will then have to be clearly stated, as is already the case with refrigerators and other electrical appliances.

LANXESS welcomes the introduction of tire labeling – partly because it’s good for the environment and provides greater transparency for the customer, and partly because we believe it will give further impetus to our business.

With similar requirements to be introduced in other countries in the coming years, we anticipate that the production of high-performance tires will increase by nearly 80 percent by the year 2015 relative to 2010.

Another theme, however, is still only in its infancy: and that’s the field of “bio-based chemistry”. I already reported to you last year on new rubber grades that are based on renewable raw materials rather than petroleum derivatives.

We have since made further progress in this area – with our EPDM rubber Keltan Eco, which is manufactured from renewable raw
materials. We already made the first deliveries of the new bio-rubber to our customers in the automotive and automotive supply industries at the end of last year. And it is clear that environmental protection is becoming more and more important to our customers as well.

Ladies and gentlemen, the second reason for our success and for the record results at LANXESS is our strategy of profitable growth.

**Targeted investment in profitable growth**

- **Organic growth**
  - New formalin plant inaugurated and menthol facility expanded in Krefeld-Uerdingen
  - Construction of butyl rubber facility in Singapore on schedule
  - Groundbreaking for world’s largest high-performance Nd-PB rubber facility in Singapore in September 2012

- **External growth**
  - Acquisition of the rubber activities of DSM, Netherlands
  - Acquisition of Dormex, Argentina, a leading manufacturer of release agents and vulcanization bladders for the tire industry

We continued to systematically pursue this strategy in 2011 and made numerous capital investments.

LANXESS continues to grow organically – for example at the Krefeld-Uerdingen site here in Germany, with a new formalin production plant and the expansion of the menthol facility.

And LANXESS also continues to grow externally – through targeted acquisitions that strengthen our competitiveness and increase the company’s value. We have never made acquisitions simply at any price, nor will we do so in the future.

One of the most important transactions last year was the purchase of the Keltan EPDM business of the Dutch company DSM. This
acquisition strengthens our activities in synthetic rubber, and its integration is already proceeding very successfully.

In addition, our Rhein Chemie business unit acquired the Darmex group in Argentina. This acquisition has made Rhein Chemie one of the world's leading suppliers of release agents and vulcanization bladders for the tire industry.

Speaking of tires: the construction of our new butyl rubber facility in Singapore is another example of our commitment to the megatrend of mobility.

Involving capital spending of approximately EUR 400 million, our Singapore facility will be the biggest of its kind in Asia and have a capacity of 100,000 tons per year. We are right on schedule with its construction. The plant is due on stream in the first quarter of 2013.

Also in Singapore, we are building a new plant for neodymium butadiene rubber, with groundbreaking already scheduled for this September. The capital expenditure volume is about EUR 200 million, and start-up is planned for 2015.
We made capital expenditures of some EUR 680 million overall last year – an increase of about EUR 180 million compared with 2010.

Let me take a moment to say a few words about Germany: we invested over EUR 200 million here – considerably more than in any other country. Our home market thus continues to play a central role in our investment decisions too.

And it will continue to do so in 2012. This year we have planned capital expenditures of about EUR 600 million. While the focus of this spending will be on the butyl rubber plant being built in Singapore, Germany remains of central importance, with a capital expenditure budget of some EUR 200 million once again.
Our spending on research and development is also a part of our growth strategy. Accordingly, we further increased our R&D spending in 2011 – by about one fourth to EUR 144 million. We will stay this course in 2012 and are raising our budget for research and development by nearly another 40 percent compared with last year. R&D spending in the first quarter of this year in fact rose by nearly 50 percent against the prior-year figure, to EUR 45 million.

In 2011 we also increased our R&D workforce by about 200 to more than 730 employees at year end.

And that number will continue to grow: this year we will again hire more scientists and engineers – primarily in Germany.

Ladies and gentlemen, this too shows that LANXESS is in growth mode not just operationally, financially and in terms of research and development – but also with regard to employment.

After increasing our workforce by 12 percent last year to about 16,400, we added a further 300 employees in the first quarter of 2012, bringing the total to about 16,700. Germany accounted for about 10 percent of this increase.
Finally, the third reason for our success is our fundamental decision in favor of sustainable corporate governance.

**Sustainable corporate governance: good for business – good for society**

This is, if you will, the “LANXESS model”. What has characterized us for seven years now is that we have successfully balanced our objectives. We combine a strategy aligned toward profitable growth with a high level of responsibility and sustainability – both from a social point of view and with regard to climate and environmental protection. Our success would be unthinkable without our corporate culture of cooperation and creativity. And we would not be in such good shape today without our commitment to “Green Chemistry”.

Because what applies to car drivers and "Green Tires" also applies again and again to the company itself and to environmental protection: managing energies and resources as efficiently as possible not only reduces the environmental impact but also lowers production costs. In both cases, this is about making “more” out of "less".

All our sites are operated according to the latest environmental standards. That sets us apart from many local competitors, especially in the emerging economies, and gives us a clear competitive
advantage. In fact, it makes us a technology leader and a trend-setter in terms of new sustainability standards.

This shows that LANXESS is taking action. What it also shows is that the company’s positive development greatly benefits not only the company itself but all of its stakeholders. Success gives us headroom for social commitments at our sites and for our sites. One example of many is given in the following film from India, which is a major growth region for us:

Ladies and gentlemen, LANXESS is of course committed not only to education in India, but also to similar projects in Germany – such as the LANXESS education initiative –

LANXESS education initiative supports young people

- Global commitment, e.g. support for the “Teach For India” initiative
- Firm commitment to Germany as an industrial base: some €3.5 million invested since 2006 in science education equipment for high schools near the German sites
- Steady increase in number of training places offered in Germany

– in which we have so far invested some EUR 3.5 million. This is a clear commitment to our German sites.

- This is where our roots are.
- Our biggest production facilities are located here.
- And we want to continue manufacturing successfully here in the future.
This is what we are committed to. This is what we invest in. We know that highly skilled specialists represent Germany’s principal advantage as an industrial base. Without them, German industry would not be competitive.

That’s why LANXESS is committed to vocational training. This year we raised the number of vocational training positions in Germany by a further 14 percent – following an increase of more than 20 percent last year.

We received more than 4,000 applications during the current selection process. First, this is evidence of LANXESS’ popularity among young people. And the interest they show also proves that the chemical industry is capable of attracting young people. To reinforce this trend, we need to set the right course at the elementary school level – toward science and technology, and toward learning skills and responsibility.

Yet in the long term, “we” clearly cannot mean industry or companies. We are making our contribution. But there should be no doubt that education is the responsibility of government. It is primarily the government’s job to create the conditions in which we can continue to rely on having well-educated school and university graduates both here in North Rhine-Westphalia and throughout Germany.

The following film about our Germany-wide education initiative shows what we as a company contribute in addition to our vocational training program.

Ladies and gentlemen,

Science and research, but also cosmopolitanism, tolerance and diversity are traditional hallmarks of life here in the city of Cologne. And that is surely among the reasons why Cologne is one of the few cities here in North Rhine-Westphalia that continue to grow. We very
much look forward to contributing to diversity in this city starting in 2013, when the LANXESS Tower becomes our new headquarters.

**Diversity strengthens competitiveness**

- Promotion of ethnic, age and gender diversity among employees
- “diversity X inclusion” initiative: helps employees restart their careers after a long period spent raising a family

After all, diversity is an important value for us internally as well. We know that diversity means prosperity. In globalized markets, appreciating the differences helps to create more value. This applies where different nationalities live and work together, and it applies to cooperation between old and young and to gender roles.

As part of the “Diversity and Inclusion” initiative we launched last year, for example, we became the first major industrial enterprise in Germany to provide support for skilled specialists – especially women – who are looking to restart their careers following time spent raising a family. In this way we help them to return to the employment market.

In the 18-month program, we offer people returning to employment a skilled position commensurate with their academic training and also provide them with customized continuing education courses. We firmly believe that in doing this, we are investing in a group of people whose professional and personal potential is currently under-utilized. We see particular opportunities here, especially in light of demographic challenges.
Ladies and gentlemen, it is not without pride that we can also say LANXESS was the first industrial company in Germany to introduce a part-time nursing care model through a works agreement. This allows our employees to work part-time, if necessary, in order to care for relatives – without having to forgo any salary.

Whether it’s skills, diversity, commitment or loyalty:

- A good team possesses each of these qualities.
  
  A good team is essential to a company’s success.

- We at LANXESS are just such a team.

And we know that at the same time, this strength also involves responsibility. We accept this responsibility – even outside the site gates. And we were delighted to garner international recognition for this last year: in 2011 LANXESS was included in one of the most important sustainability indices – the Dow Jones Sustainability Index World. What’s more, in 2011 LANXESS joined the Global Compact, a worldwide initiative of the United Nations. Under this umbrella, the participating companies commit to uphold ten core principles in the areas of human rights, labor, the environment and anti-corruption.
LANXESS is confident for 2012

As you can see, ladies and gentlemen, LANXESS is on an excellent course and has plenty of momentum. And that’s why I’m confident about the further development of our business.

With the encouraging results for the first quarter, we have established a good foundation for continued success in 2012. We expect EBITDA pre exceptionals to increase by between 5 and 10 percent compared with 2011. Our activities in the area of “Green Mobility” will continue making an important contribution to this.

Once again, our development is likely to be driven mainly by the emerging economies of Asia and Latin America, albeit with weaker growth rates than in the previous year. We also anticipate growth in North America.

Of course, there are still a number of uncertainties as well. Above all, government debt in the eurozone and the persistent volatility of raw material prices and currencies mean we have to be especially vigilant.

We nonetheless expect to continue growing profitably. In particular, we will adhere strictly to our price-before-volume strategy and our
sound financial policy. We will also continue to focus on technologies for the megatrends and the world’s principal growth markets.

In other words,

- We will stay on our path of success.
- We will continue to focus on dynamic markets and megatrends, profitable growth and sustainable corporate governance.
- We will continue to focus on innovation and technology.
- And we will continue to rely on the “LANXESS model” and on the principle of responsibility – not just in production but also for our products – both internally and externally.

Because if we want the world to change, we must get things moving.

Thank you.

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.