

**LANXESS AG**  
**Financial Statements 2013**

# LANXESS AG, Cologne

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The management report of LANXESS AG for the 2013 fiscal year is combined with the management report of the LANXESS Group. The Combined Management Report is published in the LANXESS Annual Report 2013. Both the financial statements of LANXESS AG and the Combined Management Report of LANXESS AG and the LANXESS Group are published in the Federal Gazette and can also be accessed online in the company register.

# Income Statement

## LANXESS AG

€ thousand	Note	2012	2013
<b>Sales</b>	(1)	<b>4,511</b>	<b>3,505</b>
Cost of sales	(2)	(4,511)	(3,505)
<b>Gross profit</b>		<b>0</b>	<b>0</b>
General administration expenses		(43,832)	(38,303)
Other operating income	(3)	1,326	2,116
Other operating expenses		(3,546)	(2,075)
<b>Operating result</b>		<b>(46,052)</b>	<b>(38,262)</b>
Income from investments in affiliated companies		283,351	168,748
Expenses for loss transfer from affiliated companies		(54)	(7)
Income from other securities and loans included in financial assets		95	154
Net interest expense	(4)	(71,080)	(84,905)
Write-downs of financial assets and marketable securities		(1,204)	0
Other financial income and expenses – net	(5)	(6,582)	(14,175)
<b>Financial result</b>		<b>204,526</b>	<b>69,815</b>
<b>Income before income taxes</b>		<b>158,474</b>	<b>31,553</b>
Income taxes	(6)	(53,900)	3,777
<b>Net income</b>		<b>104,574</b>	<b>35,330</b>
Carryforward to new account	(16)	43,978	13,062
Allocation to retained earnings		(52,287)	0
<b>Distributable profit</b>		<b>96,265</b>	<b>48,392</b>

# Statement of Financial Position

## LANXESS AG

€ thousand	Note	Dec. 31, 2012	Dec. 31, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>	(10)		
<b>Intangible assets</b>		4	1
<b>Property, plant and equipment</b>		116	105
<b>Financial assets</b>			
Investments in affiliated companies	(11)	738,864	738,864
Other loans	(12)	18,184	18,338
		<b>757,168</b>	<b>757,308</b>
<b>Current assets</b>			
<b>Receivables and other assets</b>			
Receivables from affiliated companies	(13)	1,850,485	1,966,602
Other assets	(14)	38,858	24,645
		<b>1,889,343</b>	<b>1,991,247</b>
<b>Securities</b>	(15)	411,000	106,017
<b>Liquid assets</b>		322,748	360,921
		<b>2,623,091</b>	<b>2,458,185</b>
<b>Prepaid expenses</b>		6,208	5,015
<b>Total assets</b>		<b>3,386,467</b>	<b>3,220,508</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	(16)		
Capital stock (conditional capital €16,641 thousand)		83,203	83,203
Capital reserves		806,195	806,195
Other retained earnings		232,892	232,892
Distributable profit		96,265	48,392
		<b>1,218,555</b>	<b>1,170,682</b>
<b>Provisions</b>			
Provisions for pensions and other post-employment benefits	(17)	37,375	44,124
Tax provisions		19,655	1,934
Other provisions	(18)	60,446	54,629
		<b>117,476</b>	<b>100,687</b>
<b>Liabilities</b>			
Liabilities to banks	(19)	67,898	59,414
Trade payables	(20)	1,967	1,927
Payables to affiliated companies	(21)	1,972,820	1,885,864
Other liabilities	(22)	7,751	1,934
		<b>2,050,436</b>	<b>1,949,139</b>
<b>Total equity and liabilities</b>		<b>3,386,467</b>	<b>3,220,508</b>
Contingent liabilities from guarantees	(24)	2,226,542	2,041,661

# Notes to the Financial Statements of LANXESS Aktiengesellschaft, Cologne for fiscal 2013

## General

The Board of Management and Supervisory Board have issued the declaration required under Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code. This declaration has been made available to the stockholders, and the English version is permanently posted at [www.lanxess.com](http://www.lanxess.com), Investor Relations, Corporate Governance.

## Presentation

The financial statements of LANXESS AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act that are applicable to large stock corporations.

To enhance clarity, certain items in the income statement and the statement of financial position are combined and are explained in the Notes.

The income statement has been drawn up using the cost-of-sales method.

Financial income and expenses whose disclosure is not covered by a mandatory item are reported under other financial income or expenses.

As the primary parent company of the LANXESS Group, LANXESS AG has prepared consolidated financial statements as of December 31, 2013, in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

## Accounting policies and valuation principles

Intangible assets that have been acquired are recognized at cost and amortized on a straight-line basis over their estimated useful lives. Self-generated intangible assets are not capitalized.

Property, plant and equipment is carried at the cost of acquisition. Assets subject to depletion are depreciated. Write-downs are made for any declines in value that go beyond the depletion reflected in depreciation and are expected to be permanent. Additions made in the reporting year are depreciated using the straight-line method. Low-value assets costing up to €150.00 are expensed in the year of acquisition. Low-value assets costing between €150.00 and €1,000.00 are combined in a collective item and depreciated over five years using the straight-line method.

### Useful Lives of Intangible Assets, Property, Plant and Equipment

Software licenses	3 to 4 years
Computer equipment	3 to 4 years
Furniture and fixtures	4 to 10 years

Investments in affiliated companies are recognized at cost of acquisition.

Cash has been deposited in a fiduciary account to meet the obligations relating to the "demographic change fund" for employees defined in the collective bargaining agreement for the German chemical industry. This cash deposit is administered on behalf of LANXESS AG by the fiduciary agent Deutsche Treuinvest Stiftung and is ringfenced against other creditors' claims. The level of benefits owed to the employees thus meets the conditions for classification as "securities-linked pension or similar commitments" pursuant to Section 253 Paragraph 1 Sentence 3 of the German Commercial Code (HGB).

The fund assets as defined in Section 246 Paragraph 2 Sentence 2 Subsentence 1 HGB are measured at fair value pursuant to Section 253 Paragraph 1 Sentence 4 HGB and offset against the underlying commitments pursuant to Section 246 Paragraph 2 Sentence 2 Subsentence 1 HGB. Since, in the case of “securities-linked pension and similar commitments”, adjusting the carrying amount of the commitments to the fair value of the corresponding assets acts as a de facto bar to distribution, the ban on distribution pursuant to Section 268 Paragraph 8 Sentence 3 in conjunction with Sentence 1 HGB therefore does not apply.

Loans receivable that are interest-free or bear low rates of interest are carried at present value; other loans receivable are carried at nominal value.

Marketable securities are valued at the lower of cost and fair value.

Receivables and other assets are stated at nominal value, less any necessary write-downs. The amounts of such write-downs reflect the probability of default.

Disbursements prior to the closing date that represent expenses for a specific period thereafter are recognized as prepaid expenses.

Deferred taxes are calculated for temporary differences between the accounting valuations and tax valuations of assets, liabilities and deferred items. As the primary company of the LANXESS Group's fiscal entity in Germany, LANXESS AG therefore has to recognize temporary differences relating both to its own financial statements and to those of companies with which it forms a fiscal entity. In addition to temporary differences, tax loss carryforwards are also accounted for. Deferred taxes are based on the aggregate income tax rate for all companies in the LANXESS fiscal entity, which is currently 31.8%. The combined income tax rate comprises corporate income tax, trade tax and the solidarity surcharge. Any resulting tax liability would be recognized as a deferred tax liability in the statement of financial position. The option of capitalizing tax refunds is not utilized. In 2013 there was a net surplus of deferred tax assets, which is not recognized.

The capital stock is stated at par value.

Provisions for pensions and other post-employment benefits are computed using the projected unit credit method on the basis of biometric probability using the Heubeck 2005 G reference tables. Expected future salary and pension increases are taken into account. The current assumptions for salary increases are unchanged from the previous year at 2.50% for non-managerial employees and 2.75% for managerial employees. For older pension commitments, the expected rate of increase is unchanged from the previous year at 1.75%. For new pension commitments, the expected rate of increase is unchanged from the previous year at 1.00%. The discount rate used is 4.89% (2012: 5.05%) for pensions, 3.79% (2012: 3.95%) for early retirement benefits, 3.37% (2012: 3.81%) for phased early retirement programs, and 4.89% (2012: 5.05%) for miscellaneous post-employment benefits. The interest rates used to discount pension and other post-employment benefit obligations to December 31, 2013 are the average market interest rate for the past seven years for an assumed residual maturity as calculated and published by the German Bundesbank. The assumed residual maturity is 15 years for pensions and other post-employment benefits, five years for early retirement benefits and three years for phased early retirement programs.

Tax provisions are established for the amounts of tax arrears expected to be payable less the advance payments made.

The other provisions are established to cover all foreseeable risks and uncertain liabilities, based on reasonable estimates of the future settlement amounts of such commitments. Future price and cost increases are taken into account if there are sufficient objective indications that they will occur. Provisions maturing after more than one year are discounted to present value using the average market interest rate for the past seven fiscal years, based on their remaining maturities.

Liabilities are reflected at their settlement amounts.

Contingent liabilities arising from sureties and debt guarantees are shown at the amounts equivalent to the loans or commitments actually outstanding to the beneficiary on the closing date.

Income and expenses are accrued in the fiscal year.

Foreign currency receivables and payables, forward currency contracts and other currency derivatives are recognized using the limited mark-to-market method. Foreign currency receivables and payables are valued at middle spot exchange rates, while currency derivatives contracts concluded to hedge them are valued at the forward market rates on the closing date. Valuation gains and losses are offset against one another. Provisions for impending losses are established with respect to any excess of losses over gains. Gains are only recognized if they relate to receivables and payables due within one year. Foreign currency cash and cash equivalents and balances with banks are translated at the average exchange rates prevailing on the closing date.

## Notes to the income statement

### 1 Sales

Sales revenues totaled €3,505 thousand (2012: €4,511 thousand) and related entirely to services provided to LANXESS Deutschland GmbH in Germany on the basis of a service agreement.

### 2 Cost of sales

The cost of sales totaling €3,505 thousand (2012: €4,511 thousand) comprised expenses relating to the services provided. These were mainly personnel and general administration expenses.

### 3 Other operating income

The other operating income included prior-period income of €2,003 thousand (2012: €1,153 thousand) from the reversal of provisions.

### 4 Net interest expense

€ thousand	2012	2013
<b>Other interest and similar income</b>		
from third parties	4,619	548
from affiliated companies	1,253	2,843
	<b>5,872</b>	<b>3,391</b>
<b>Interest and similar expenses</b>		
to third parties	8,436	7,697
for the interest portion of provisions for pensions and other non-current personnel-related provisions	1,872	1,998
to affiliated companies	66,644	78,601
	<b>76,952</b>	<b>88,296</b>
<b>Net interest expense</b>	<b>(71,080)</b>	<b>(84,905)</b>

### 5 Other financial income (expenses) – net

€ thousand	2012	2013
<b>Other financial expenses</b>		
Expenses for forward commodity contracts	3,283	3
Exchange losses	601,439	1,136,174
Miscellaneous financial expenses	10,002	15,374
	<b>614,724</b>	<b>1,151,551</b>
<b>Other financial income</b>		
Income from forward commodity contracts	3,283	3
Exchange gains	600,659	1,135,385
Miscellaneous financial income	4,200	1,988
	<b>608,142</b>	<b>1,137,376</b>
<b>Other financial income (expenses) – net</b>	<b>(6,582)</b>	<b>(14,175)</b>

The exchange gains and losses were principally attributable to foreign currency items relating to LANXESS AG and to the valuation of foreign currency transactions undertaken with third parties on behalf of Group companies.

The miscellaneous financial expenses were mainly for guarantee commission payments to affiliated companies. Miscellaneous financial income largely comprised guarantee commission payments received from affiliated companies.

## 6 Income taxes

The tax income of €3,777 thousand in 2013 (2012: tax expense of €53,900 thousand) is the aggregate of the tax expense of €2,809 thousand for 2013 and tax income of €6,586 thousand in respect of previous years.

Tax expense does not include deferred taxes. As of December 31, 2013, LANXESS AG expected to receive a future tax benefit resulting from temporary accounting differences, both in its own financial statements and in those of companies with which it forms a fiscal entity for tax purposes. This amount was calculated on the basis of a combined income tax rate of 31.8% (LANXESS AG and companies with which it has profit and loss transfer agreements).

Deferred tax liabilities mainly relate to differences in valuations of property, plant and equipment and equity interests in stock corporations. A deferred tax asset is recognized as a result of the higher pension obligations recognized for accounting purposes than for tax purposes. Other deferred tax assets relate to provisions that are not tax-deductible, such as those for impending losses or for pre-retirement leave, and valuation differences, as in the case of provisions for phased early retirement.

## 7 Personnel expenses

€ thousand	2012	2013
Wages and salaries	33,010	20,397
Social expenses and expenses for pensions and other benefits	3,276	7,176
of which for pensions	[2,602]	[6,367]
	<b>36,286</b>	<b>27,573</b>

The interest portion of personnel-related provisions, especially provisions for pensions, is recognized not in personnel expenses but in interest expense.

## 8 Employees

	Dec. 31, 2012	Average 2013	Dec. 31, 2013
General administration	141	143	144

## 9 Audit fees

All fees for the services of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft are published in the notes to the consolidated financial statements of the LANXESS Group.

## Notes to the statement of financial position

### 10 Non-current assets

A breakdown of non-current assets and the changes in them during the year is shown in the statement of changes in non-current assets.

### 11 Shareholdings pursuant to Section 285 No. 11 of the German Commercial Code

The mandatory disclosures in accordance with Section 285 No. 11 of the German Commercial Code (HGB) are contained in the list of shareholdings.

### 12 Other loans

The other loans almost entirely comprised the pro-rata trust assets of LANXESS Pension Trust e.V. (LXS Trust). LANXESS AG transferred cash amounting to €17,802 thousand to LXS Trust in several tranches in previous years under a contractual trust arrangement (CTA) to secure pension obligations.

The current income and expenses of LXS Trust are retained. A result of €153 thousand (2012: €94 thousand) was recorded on these assets in 2013. The fair value of the assets of LXS Trust exceeded their carrying amount at year end.

Since the assets allocated to the CTA do not constitute plan assets within the meaning of Section 246 Paragraph 2 Sentence 2 of the German Commercial Code (HGB), they are measured at cost of acquisition pursuant to Section 253 Paragraph 1 Sentence 4 HGB and not at fair value, and there is no ban on their distribution.

Since 2010, cash payments have been deposited annually with Deutsche Treuinvest Stiftung to meet the obligations relating to the “demographic change fund” for employees established by the collective bargaining agreement for the German chemical industry. The fair value of the fiduciary assets corresponds to the fair value of the obligations under the “demographic change fund” amounting to €76 thousand (2012: €50 thousand). The carrying amounts of the fiduciary assets and the obligations recognized under other provisions have been netted, as have income and expenses.

### 13 Receivables from affiliated companies

Receivables from affiliated companies totaling €1,966,602 thousand (2012: €1,850,485 thousand) related mainly to short-term loans receivable, including accrued interest, receivables from financial transactions and receivables under profit and loss transfer agreements. Trade

receivables amounting to €758 thousand (2012: €1,561 thousand) existed in connection with the service agreement described in note (1). There were also loans receivable totaling €7,350 thousand (2012: €6,800 thousand) with maturities in excess of one year.

### 14 Other assets

Other assets comprised the following:

€ thousand	Dec. 31, 2012	Dec. 31, 2013
Tax receivables		
from sales taxes	30,725	16,666
from income taxes	7,491	7,805
Miscellaneous assets	642	174
	<b>38,858</b>	<b>24,645</b>

All of the other assets were due in the respective following year.

### 15 Securities

Securities had a carrying amount of €106,017 thousand (2012: €411,000 thousand) and comprised units of money market funds that can be sold at any time.

### 16 Equity

Changes in equity in 2013 were as follows:

€ thousand	Dec. 31, 2012	Dividend	Net income	Withdrawal from	Allocation to	Dec. 31, 2013
Capital stock	83,203	0	0	0	0	83,203
Capital reserves	806,195	0	0	0	0	806,195
Other retained earnings	232,892	0	0	0	0	232,892
Distributable profit	96,265	(83,203)	35,330	0	0	48,392
	<b>1,218,555</b>	<b>(83,203)</b>	<b>35,330</b>	<b>0</b>	<b>0</b>	<b>1,170,682</b>

The capital stock is divided into 83,202,670 no-par bearer shares.

The Annual Stockholders' Meeting on May 23, 2013, resolved to utilize the distributable profit for 2012, amounting to €96,265 thousand, as follows:

- to pay a dividend totaling €83,203 thousand (€1.00 per no-par share entitled to the dividend)
- to carry forward €13,062 thousand to new account.

**Conditional capital** The Annual Stockholders' Meeting of LANXESS AG on May 18, 2011, authorized the Board of Management until May 17, 2016, with the approval of the Supervisory Board, to issue – in one or more installments – warrant bonds and/or convertible bonds, profit-participation rights and/or income bonds or a combination of these instruments (collectively referred to as “bonds”) – as either registered or bearer bonds – with a total nominal value of up to €2,000,000,000, with or without limited maturity, and to grant option rights to, or impose option obligations on, the holders or creditors of warrant bonds, profit-participation rights with warrants or income bonds with warrants, and/or to grant conversion rights to, or impose conversion obligations on, the holders or creditors of convertible bonds, convertible profit-participation rights or convertible income bonds in respect of bearer shares of the company representing a total pro-rata increase of up to €16,640,534 in the company's capital stock on the terms to be defined for these bonds. Pursuant to Section 4 Paragraph 4 of the articles of association, the capital stock of LANXESS AG is thus conditionally increased by up to €16,640,534 (Conditional Capital).

The conditional capital increase shall only be implemented to the extent that the holders or creditors of, or persons obligated to exercise, option or conversion rights pertaining to bonds issued by the company or a dependent company against cash contributions, or issued against

cash contributions and guaranteed by the company or a dependent company, on or before May 17, 2016 on the basis of the authorization granted to the Board of Management by the Annual Stockholders' Meeting on May 18, 2011, exercise their option or conversion rights or, where they are obligated to do so, fulfill such obligation, or to the extent that the company elects to grant shares in the company in place of all or part of the cash amount due for payment. The conditional capital increase shall not be implemented if cash compensation is granted or if the company's own shares, shares issued out of authorized capital or shares in another listed company are used to service the option or conversion rights.

When issuing bonds, the Board of Management is authorized, with the approval of the Supervisory Board, to exclude subscription rights in the following cases:

- for residual amounts resulting from the subscription ratio;
- insofar as is necessary to grant to holders of previously issued option or conversion rights or obligations subscription rights to the number of new shares to which they would be entitled to subscribe as stockholders upon exercise of their option or conversion rights or fulfillment of their option or conversion obligations;
- in the case of issuance against cash contributions, if the issue price is not significantly below the theoretical market value of the bonds with option or conversion rights or conversion obligations, as determined using accepted pricing models. If bonds are issued by application of Section 186 Paragraph 3 Sentence 4 of the German Stock Corporation Act, in which case the issued shares may not exceed a total of 10% of the capital stock either at the time this authorization takes effect or at the time it is utilized;
- if profit-participation rights or income bonds without option or conversion rights or conversion obligations are vested with bond-like characteristics.

**Authorized Capital I and II** Pursuant to Section 4 Paragraph 2 of LANXESS AG's articles of association, the Annual Stockholders' Meeting on May 23, 2013 authorized the Board of Management until May 22, 2018, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions by issuing new no-par shares against cash or contributions in kind up to a total amount of €16,640,534 (Authorized Capital I). Stockholders are generally entitled to subscription rights when Authorized Capital is utilized. With the approval of the Supervisory Board, subscription rights can be excluded for residual amounts and in order to grant holders of warrants or convertible bonds issued by the company and its affiliates subscription rights to the number of new shares for which such parties would be entitled to subscribe upon exercise of their conversion or option rights. Moreover, subscription rights can be excluded with the approval of the Supervisory Board when the company's capital stock is increased against contributions in kind, particularly for the acquisition of companies. Subscription rights can also be excluded with the approval of the Supervisory Board in order to grant holders of convertible and/or warrant bonds issued by the company or its affiliates new shares upon exercise of their rights. Finally, subscription rights can also be excluded with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the stock market price at the time the issue price is fixed and the issued shares do not exceed 10% of the company's capital stock. Further details are given in Section 4 Paragraph 2 of the articles of association.

In addition, pursuant to Section 4 Paragraph 3 of LANXESS AG's articles of association, the Annual Stockholders' Meeting on May 28, 2010 authorized the Board of Management until May 27, 2015, with the approval of the Supervisory Board, to increase the company's capital stock on one or more occasions by issuing new no-par shares against cash or contributions in kind up to a total amount of €16,640,534 (Authorized Capital II). Stockholders are generally entitled to subscription rights when Authorized Capital is utilized. With the approval of the Supervisory Board, subscription rights can be excluded for residual

amounts and in order to grant holders of warrants or convertible bonds issued by the company and its affiliates subscription rights to the number of new shares for which such parties would be entitled to subscribe upon exercise of their conversion or option rights. Moreover, subscription rights can be excluded with the approval of the Supervisory Board when the company's capital stock is increased against contributions in kind, particularly for the acquisition of companies. Subscription rights can also be excluded with the approval of the Supervisory Board in order to grant holders of convertible and/or warrant bonds issued by the company or its affiliates new shares upon exercise of their rights. Finally, subscription rights can also be excluded with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the stock market price at the time the issue price is fixed and the issued shares do not exceed 10% of the company's capital stock. Further details are given in Section 4 Paragraph 3 of the articles of association.

#### 17 Provisions for pensions and other post-employment benefit obligations

Pension provisions relate to pension obligations for present and former employees and commitments under early retirement programs.

#### 18 Other provisions

The other provisions are established for vacation and overtime credits, the phased early retirement program, long-service anniversaries, bonuses, performance-related compensation plans (LTSP, LTPB) for employees and other uncertain liabilities. Other uncertain liabilities mainly comprised the expected cost of the Annual Stockholders' Meeting for fiscal 2013 and both the performance-related and fixed components of the compensation of the Supervisory Board.

The long-term, performance-related components of the compensation system are the Long-Term Stock Performance Plan (LTSP) and the Long-Term Performance Bonus (LTPB).

The LTSP comprises four annual tranches for the years 2010 through 2013. It is also a virtual Stock Performance Plan. Participation is contingent upon a personal investment in LANXESS AG shares, which must be held until January 31, 2017. Each tranche runs for a total of seven years, comprising a four-year lock-up period and a three-year exercise period.

The LTPB rewards the financial development of the Group based on the business performance in two consecutive years. The bonus payment is a percentage of base salary. The first payments were made in spring 2012, based on the company's performance in fiscal 2010 and 2011.

### 19 Liabilities to banks

The liabilities to banks totaling €59,414 thousand (2012: €67,898 thousand) mainly comprised liabilities relating to loans and accrued interest.

### 20 Trade payables

All trade payables are to third parties.

### 21 Payables to affiliated companies

Payables to affiliated companies amounting to €1,885,864 thousand (2012: €1,972,820 thousand) mainly comprised loans, including accrued interest, and liabilities relating to financial transactions.

### 22 Other liabilities

€ thousand	Dec. 31, 2012	Dec. 31, 2013
Tax liabilities	1,271	460
Miscellaneous liabilities	6,480	1,474
	<b>7,751</b>	<b>1,934</b>

### 23 Further information on liabilities

The residual maturities of liabilities are as follows:

#### Liabilities by Maturity

€ thousand	Dec. 31, 2012			Dec. 31, 2013		
	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Up to 1 year	More than 1 and up to 5 years	More than 5 years
Liabilities to banks	7,898	55,000	5,000	16,914	42,500	0
Trade payables	1,967	0	0	1,927	0	0
Payables to affiliated companies	376,295	598,580	997,945	787,929	605,090	492,845
Other liabilities	7,751	0	0	1,934	0	0
	<b>393,911</b>	<b>653,580</b>	<b>1,002,945</b>	<b>808,704</b>	<b>647,590</b>	<b>492,845</b>

## 24 Contingent liabilities

Under the master agreement that was concluded between Bayer AG and LANXESS AG together with the Spin-Off and Takeover Agreement, Bayer AG and LANXESS AG agreed, among other things, on commitments regarding mutual indemnification for liabilities in line with the respective asset allocation and on special arrangements allocating responsibility to deal with claims in the areas of product liability, environmental contamination and antitrust violations. The master agreement also contains arrangements for the allocation of tax effects relating to the spin-off and to the preceding measures to create the subgroup that was subsequently spun off.

LANXESS AG has given the following guarantees on behalf of subsidiaries:

€ thousand	Dec. 31, 2012	Dec. 31, 2013
to holders of the bonds issued by LANXESS Finance B.V.	1,960,822	1,959,887
to banks	216,085	67,930
to suppliers	49,635	13,844
	<b>2,226,542</b>	<b>2,041,661</b>

In addition, LANXESS AG has provided guarantees on behalf of subsidiaries for payment obligations relating to future deliveries under long-term procurement agreements.

Based on the information available to us, the companies concerned should be able to fulfil the underlying obligations in all cases. The guarantees are not expected to be utilized.

## Other mandatory disclosures

### 25 Notification of interests held in the company (Section 160 Paragraph 1 No. 8 of the German Stock Corporation Act)

Notifications of interests held in LANXESS AG are set out in the disclosures pursuant to Section 160 Paragraph 1 No. 8 of the German Stock Corporation Act (AktG).

### 26 Derivative financial instruments

In the course of their business, LANXESS AG and companies in the LANXESS Group are exposed to risks of changes in exchange rates and market prices. Derivative financial instruments are used in some cases to hedge against these risks. These comprise over-the-counter (OTC) instruments that are not traded on an exchange. They mainly include forward exchange contracts and forward commodity contracts.

The use of such instruments is governed by uniform guidelines and is subject to stringent internal controls. It is confined to hedging of the Group's operating business and the related investments and financing transactions. In the commodities area, LANXESS AG concludes derivatives contracts with external counterparties to hedge the market prices of raw materials and energy required by Group companies for their operating business.

The purpose of using derivative financial instruments is to reduce fluctuations in earnings and cash flows caused by changes in exchange rates and market prices.

There is a risk that the value of financial derivatives may change as a result of fluctuations in underlying parameters such as exchange rates. Where derivatives are used for hedging purposes, the possibility of a loss of value due to a drop in prices is offset by corresponding increases in the values of the hedged contracts.

In the case of derivatives with a positive fair value, a credit or default risk arises if counterparties cannot meet their settlement obligations. To minimize this risk, credit limits are assigned to individual banks, and framework agreements are used that allow offsetting of the fair value of open derivative positions in the event of insolvency of a counterparty.

The notional amount of financial derivative contracts concluded with external counterparties was €2,067 million as of December 31, 2013 (2012: €2,081 million). Back-to-back derivative contracts with a notional amount of €1,702 million (2012: €2,000 million) were concluded with Group companies. The total notional amount of derivatives was €3,769 million (2012: €4,081 million). This figure also includes valuation units.

The derivatives comprised the following:

€ thousand	Notional amount		Fair value		Carrying amount	
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
Forward exchange contracts						
positive fair values	2,027,616	2,067,074	42,190	72,348	0	0
negative fair values	2,053,094	1,701,998	41,859	66,582	527	288
	<b>4,080,710</b>	<b>3,769,072</b>	<b>331</b>	<b>5,766</b>	<b>(527)</b>	<b>(288)</b>
Forward commodity contracts						
positive fair values	78	0	3	0	0	0
negative fair values	78	0	3	0	0	0
	<b>156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>4,080,866</b>	<b>3,769,072</b>	<b>331</b>	<b>5,766</b>	<b>(527)</b>	<b>(288)</b>

**Financial derivatives used to hedge currency risks** LANXESS AG used forward exchange contracts and currency options to hedge exchange rate risks.

Hedging was undertaken for highly probable forecasted transactions by Group companies in foreign currencies.

Forward exchange contracts with a notional amount of €703.7 million (2012: €689.0 million) and a fair value of €31.7 million (2012: €16.5 million) were concluded with external counterparties to hedge highly probable forecast transactions by Group companies in foreign currencies. These were matched by transactions with Group companies with a notional amount of €703.7 million (2012: €689.0 million) and a negative fair value of €31.7 million (2012: €16.5 million). Changes in the value of the corresponding external and internal transactions

move in opposite directions and will offset one another by 2016. These transactions were grouped in valuation portfolios and not recognized in the statement of financial position.

To hedge currency risks relating to receivables and payables of LANXESS AG and Group companies (exposure in the statement of financial position), LANXESS AG concluded forward exchange contracts with external counterparties with a notional amount of €1,363.7 million (2012: €1,391.6 million) and a fair value of €26.3 million (2012: €10.5 million). Some of these transactions were passed through to Group companies. Contracts with these internal counterparties had a notional amount of €998.0 million (2012: €1,311.0 million) and a negative fair value of €20.5 million (2012: €10.2 million). Where forward exchange contracts concluded to hedge foreign currency receivables and payables of Group companies

were passed through to the companies concerned by way of internal contracts, they were grouped in valuation portfolios together with the opposing transactions. At the closing date, valuation portfolios comprising external and internal transactions had net positive and negative fair values, respectively, of €26.3 million and €20.5 million (2012: €10.5 million and €10.2 million). The majority of them mature in 2014 and the remainder in 2018 at the latest. These transactions were not reflected in the statement of financial position.

Forward exchange contracts that were used to hedge foreign currency exposure in the statements of financial position of Group companies and were not matched by internal transactions had a negative fair value of €0.3 million (2012: €0.5 million). The negative fair value is reflected in other provisions.

Further valuation units (micro hedges) comprised foreign currency loans from Group companies to LANXESS AG or vice versa for which forward exchange contracts had been concluded on a back-to-back basis. The carrying amount of loans granted by LANXESS AG was €363.5 million at year end (2012: €77.5 million), while the carrying amount of loans to LANXESS AG was €4.6 million (2012: €56.0 million). The net currency risk was €6.0 million (2012: €0.9 million). The external forward exchange contracts had a net positive fair value of €5.7 million (2012: €1.0 million) and are all due in 2014. They were not recognized in the statement of financial position.

**Financial derivatives used to hedge price risks** Forward commodity contracts concluded with external counterparties, all of which mature within one year, were passed through to Group companies on a back-to-back basis. The results of the transactions closed out by year end were in balance. Valuation units were established for open transactions, giving a net zero result.

**Valuation methods** The fair values of financial derivatives were determined using customary valuation methods, taking into account the market data (market value) on the closing date.

The fair values of forward exchange contracts and forward commodity contracts were derived from their trading or listed prices using the "forward method."

The effectiveness of hedge relationships is measured using the dollar-offset method.

## 27 Total compensation of the Board of Management and Supervisory Board (pursuant to Section 285 No. 9 a of the German Commercial Code)

Total compensation of €6,647 thousand (2012: €10,830 thousand) was paid to the members of the Board of Management of LANXESS AG for fiscal 2013, comprising €4,777 thousand (2012: €7,391 thousand) in annual compensation (fixed compensation, annual bonus, benefits in kind and other), €34 thousand (2012: €830 thousand) in compensation for the previous year and €1,836 thousand (2012: €2,609 thousand) in multi-year compensation.

The multi-year compensation includes total payments of €977 thousand (2012: €1,844 thousand) under the Long-Term Performance Bonus (LTPB) and the stock-based Long-Term Stock Performance Plan (LTSP). The number of compensation rights granted under the LTSP was 1,564,125 (2012: 1,531,875). The fair value of these rights at the grant date was €859 thousand (2012: €765 thousand). The fair values of the LTSP rights that already existed at the start of 2013 declined significantly, which resulted in a net gain of €887 thousand from the stock-based compensation in fiscal 2013 (2012: net expense of €3,826 thousand).

In addition, expenses of €3,470 thousand (2012: €2,199 thousand) were incurred to provide retirement pensions for the members of the Board of Management. The present value of the benefit obligation as of December 31, 2013 was €18,565 thousand (2012: €15,095 thousand).

Details of the compensation system for members of the Board of Management and an individual breakdown of the amounts paid are given in the Compensation Report chapter of the Combined Management Report of the LANXESS Group and LANXESS AG for fiscal 2013.

#### Compensation of the Supervisory Board

€ thousand	2012	2013
Fixed compensation	1,160	1,155
Compensation for committee membership	480	477
Attendance allowance	185	183
Long-term compensation	0	0
	<b>1,825</b>	<b>1,815</b>

The members of the Supervisory Board received total compensation of €1,815 thousand in 2013 (2012: €1,825 thousand). The provisions established for multi-year compensation for Supervisory Board members as of December 31, 2013 amounted to €1,800 thousand (2012: €1,800 thousand).

In addition, the employee representatives on the Supervisory Board who are employees of the LANXESS Group received salaries under their employment contracts. The amounts of these salaries represented appropriate compensation for the employees' functions and tasks within the Group.

Details of the compensation system for members of the Supervisory Board and an individual breakdown of the amounts paid are given in the Compensation Report chapter of the Combined Management Report of the LANXESS Group and LANXESS AG for fiscal 2013.

#### 28 Total compensation of former members of the Board of Management and Supervisory Board (pursuant to Section 285 No. 9 b of the German Commercial Code (HGB))

Payments of €308 thousand were made to former members of the Board of Management in 2013 (2012: €479 thousand). In addition, €1,096 thousand (2012: €149 thousand) was recognized as current pension expense.

Provisions of €9,734 thousand were recognized as of December 31, 2013 (2012: €8,946 thousand) for the current pensions and the pension entitlements of former members of the Board of Management.

#### 29 Loans and advances granted to members of the Board of Management and the Supervisory Board (pursuant to Section 285 No. 9 c HGB)

There were no loans or advances to members of the Board of Management or the Supervisory Board as of December 31, 2013, nor had any other financial commitments been entered into for these individuals.

## 30 Corporate Officers

**Supervisory Board** Members of the Supervisory Board hold or held offices as members of the supervisory board or a comparable supervising body of the corporations listed (as of December 31, 2013).

The following representatives of the company's stockholders are currently members of the Supervisory Board and/or were members of the Supervisory Board in 2013:

### Dr. Rolf Stomberg (Chairman)

- Former Chief Executive of the Shipping, Refining and Marketing Division of The British Petroleum Co. p.l.c., London, U.K.
- Former member of the Board of Directors of The British Petroleum Co. p.l.c., London, U.K.

Further offices:

- LANXESS Deutschland GmbH, Cologne\* (Chairman)
- Biesterfeld AG, Hamburg\*
- HOYER GmbH, Hamburg
- KEMNA Bau Andreae GmbH & Co. KG, Pinneberg
- OAO Severstal, Cherepovets, Russia
- Ruspetro plc, London, U.K.

### Dr. Friedrich Janssen

Former member of the Board of Management of E.ON Ruhrgas AG, Essen

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- National-Bank AG, Essen\*
- E.ON Energy Trading SE, Düsseldorf\*
- E.ON Hanse AG, Quickborn\*
- E.ON Ruhrgas AG, Essen\*
- Avacon AG, Helmstedt\*
- Stadtwerke Göttingen AG, Göttingen\*
- HDI-Gerling Sach Serviceholding AG, Hannover
- Thüga Assekuranz Services München Versicherungsmakler GmbH, Munich
- Hoberg & Driesch GmbH, Düsseldorf (Chairman)

### Robert J. Koehler

Former Chairman of the Board of Management of SGL Carbon SE, Wiesbaden

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- Heidelberger Druckmaschinen AG, Heidelberg\* (Chairman)
- Klöckner & Co. SE, Duisburg\*
- Freudenberg SE, Weinheim\* (since January 1, 2013)
- Benteler International AG, Salzburg, Austria (Chairman)
- SGL Carbon S.p.A., Lainate, Milan, Italy (until December 31, 2013)
- SGL Carbon SDN BHD, Banting, Malaysia (until December 31, 2013)
- SGL Carbon S.A., La Coruña, Spain (until December 31, 2013)

### Rainer Laufs

- Self-employed consultant
- Former Chairman of the Management Board of Deutsche Shell AG, Hamburg

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- WCM Beteiligungs- und Grundbesitz AG, Frankfurt am Main\* (Chairman)
- Petrotec AG, Düsseldorf\* (Chairman)
- Bilfinger Industrial Services GmbH, Munich
- Bilfinger Industrial Technologies GmbH, Frankfurt am Main
- Asklepios Kliniken GmbH, Hamburg\* (since February 15, 2013)
- Asklepios Kliniken Verwaltungsgesellschaft mbH, Königstein im Taunus\* (since February 15, 2013)

### Prof. h.c. (CHN) Dr.-Ing. E.h. Dr. Ulrich Middellmann (deceased July 2, 2013)

Former Vice Chairman of the Executive Board of ThyssenKrupp AG, Duisburg/Essen

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- Deutsche Telekom AG, Bonn\*
- Commerzbank AG, Frankfurt am Main\*
- Hoberg & Driesch GmbH, Düsseldorf (Chairman)

### Claudia Nemat (Member of the Supervisory Board since July 25, 2013)

Member of the Board of Management of Deutsche Telekom AG, Bonn

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- BuyIn SA, Brussels, Belgium (Chairwoman)
- Everything Everywhere Limited, London, U.K.
- Hellenic Telecommunications Organization S.A. (OTE S.A.), Maroussi, Athens, Greece

### Theo H. Walthie

Self-employed consultant

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- NBE Therapeutics AG, Basle, Switzerland (President of the Board of Administration, since December 1, 2013)

\* Statutory supervisory boards

The following representatives of the company's employees are currently members of the Supervisory Board and/or were members of the Supervisory Board in 2013:

#### Ulrich Freese (Vice Chairman)

- Member of the Bundestag
- Former Vice Chairman of the German Mining, Chemical and Energy Industrial Union, Hannover

Further offices:

- LANXESS Deutschland GmbH, Cologne\* (Vice Chairman)
- Vattenfall Europe Mining AG, Cottbus\* (Vice Chairman)
- Vattenfall Europe Generation AG, Cottbus\* (Vice Chairman)
- Vattenfall GmbH, Berlin\* (Vice Chairman)
- DMT GmbH, Essen\* (Vice Chairman)
- Vivawest Wohnen GmbH, Essen\* (Vice Chairman)
- Vivawest GmbH, Essen (Vice Chairman)
- GSB – Gesellschaft zur Sicherung von Bergmannswohnungen mbH, Essen (Vice Chairman, until December 31, 2013)
- GSG Wohnungsbau Braunkohle GmbH, Cologne (Vice Chairman, until December 31, 2013)

#### Axel Berndt

- Specialist for Portfolio & Change Management in the IT department, LANXESS Deutschland GmbH
- Former member of the Works Council at the Leverkusen site

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- Aliseca GmbH, Leverkusen\* (until June 13, 2013)

#### Dr. Rudolf Fauss

- Head of Central Functions in the HR Services Germany Group Function
- Chairman of the LANXESS AG Group Managerial Employees' Committee
- Chairman of the LANXESS Managerial Employees' Committee

Further offices:

- LANXESS Deutschland GmbH, Cologne\*

#### Thomas Meiers

District Secretary of the German Mining, Chemical and Energy Industrial Union, Cologne

Further offices:

- LANXESS Deutschland GmbH, Cologne\*
- INEOS Deutschland Holding GmbH, Cologne\*
- INEOS Köln GmbH, Cologne\*

#### Gisela Seidel

Chairwoman of the Works Council at the Dormagen site

Further offices:

- LANXESS Deutschland GmbH, Cologne\*

#### Hans-Jürgen Schicker

Chairman of the Works Council at the Uerdingen site

Further offices:

- LANXESS Deutschland GmbH, Cologne\*

\* Statutory supervisory boards

**Board of Management** The following persons are currently members of the Board of Management and/or were members of the Board of Management in 2013:

Member of the Board of Management	External offices	Offices within the LANXESS Group
Dr. Axel C. Heitmann Chairman of the Board of Management (ceased to be a member of the Board of Management at the end of the day on February 21, 2014)	<ul style="list-style-type: none"> <li>• Member of the Presidium of the German Chemical Industry Association (VCI)</li> <li>• Member of the Asia-Pacific Committee of German Business (APA)</li> <li>• Member of the Board of Management and Presidium of OAV-German-Asia-Pacific Business Association</li> <li>• Chairman of the Foreign Trade Committee of the Federation of German Industries (BDI)</li> <li>• Member of the Advisory Board of NRW.Bank</li> <li>• Member of the Presidium of stiftung neue verantwortung</li> <li>• Member of the Executive Committee of the Stifterverband für die Deutsche Wissenschaft</li> <li>• Member of the Advisory Board of Goethe-Institut e.V.</li> <li>• Member of the Association of Friends of Philharmonie KölnMusik e.V.</li> <li>• Member of the Board of Trustees of Konvent für Deutschland e.V.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the Executive Board of LANXESS Deutschland GmbH</li> <li>• Chairman of the Board of Directors of LANXESS Chemical (China) Co. Ltd.</li> </ul>
Dr. Werner Breuers Member of the Board of Management	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of Currenta Geschäftsführungs-GmbH, Leverkusen</li> <li>• Member of the Supervisory Board of Messer Group GmbH, Bad Soden</li> <li>• Member of the Board of Trustees of the VCI's Chemical Industry Fund</li> <li>• Member of the Board of Trustees of the DWI of RWTH Aachen University</li> <li>• Member of the German Committee on Eastern European Economic Relations</li> <li>• Member of the Advisory Board of the Association for Chemistry &amp; Economics (VCW)</li> <li>• Member of the Senate of the Deutsche Akademie der Technikwissenschaften</li> <li>• Member of the Board of Directors of the German American Chamber of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Executive Board of LANXESS Deutschland GmbH</li> <li>• Chairman of the Supervisory Board of Saltigo GmbH</li> <li>• Chairman of the Supervisory Board of Aliseca GmbH</li> <li>• Chairman of the Board of Directors of LANXESS K.K.</li> <li>• Chairman of the Board of Directors of LANXESS International S.A.</li> <li>• Chairman of the Board of Directors of LANXESS Butyl Pte. Ltd.</li> <li>• Chairman of the Board of Directors of LANXESS Pte. Ltd.</li> </ul>
Dr. Bernhard Düttmann Chief Financial Officer	<ul style="list-style-type: none"> <li>• Member of the Supervisory Board of GfK SE, Nuremberg</li> <li>• Member of the Board of Directors of Deutsches Aktieninstitut (DAI)</li> <li>• Member of Gesellschaft für Finanzwirtschaft in der Unternehmensführung e.V. (GEFIU)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Executive Board of LANXESS Deutschland GmbH</li> <li>• Member of the Board of Directors of LANXESS Corp.</li> </ul>
Dr. Rainier van Roessel Member of the Board of Management and Industrial Relations Director	<ul style="list-style-type: none"> <li>• Member of the Board of the VCI Regional Association in North Rhine-Westphalia</li> <li>• Member of the VCI Trade Policy Committee</li> <li>• Member of the 1 b Experience-Exchange Group of the German Association for Personnel Management (DGFP)</li> <li>• Member of the Board of the German Chemical Industry Federation (BAVC)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Executive Board of LANXESS Deutschland GmbH</li> <li>• Chairman of the Board of Directors of LANXESS S.A. de C.V.</li> <li>• Executive member of the Board of Administration of LANXESS N.V.</li> <li>• Chairman of the Supervisory Board of Rhein Chemie Rheinau GmbH</li> <li>• Chairman of the Board of Directors of LANXESS Hong Kong Ltd.</li> <li>• Chairman of the Board of Directors of Holding Hispania S.L.</li> <li>• Chairman of the Board of Directors of LANXESS Chemicals S.L.</li> <li>• Chairman of the Board of Directors of LANXESS Corp.</li> <li>• Chairman of the Governing Board of LANXESS Srl.</li> <li>• Member of the Board of Directors of LANXESS Chemical (China) Co. Ltd.</li> <li>• Chairman of the Board of Directors of LANXESS India Private Ltd.</li> </ul>

# Changes in non-current assets

## LANXESS AG

	Gross carrying amounts				Amortization/depreciation and write-downs				Net carrying amounts		
	Jan. 1, 2013	Additions	Disposals	Dec. 31, 2013	Jan. 1, 2013	Additions	Write- backs	Disposals	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013
<b>Intangible assets</b>											
Software licenses	12	0	8	4	8	3	0	8	3	4	1
	<b>12</b>	<b>0</b>	<b>8</b>	<b>4</b>	<b>8</b>	<b>3</b>	<b>0</b>	<b>8</b>	<b>3</b>	<b>4</b>	<b>1</b>
<b>Property, plant and equipment</b>											
Furniture, fixtures and other equipment	217	30	12	235	101	41	0	12	130	116	105
	<b>217</b>	<b>30</b>	<b>12</b>	<b>235</b>	<b>101</b>	<b>41</b>	<b>0</b>	<b>12</b>	<b>130</b>	<b>116</b>	<b>105</b>
<b>Financial assets</b>											
Investments in affiliated companies	738,864	0	0	738,864	0	0	0	0	0	738,864	738,864
Other loans	18,759	76	497	18,338	575	0	575	0	0	18,184	18,338
	<b>757,623</b>	<b>76</b>	<b>497</b>	<b>757,202</b>	<b>575</b>	<b>0</b>	<b>575</b>	<b>0</b>	<b>0</b>	<b>757,048</b>	<b>757,202</b>
<b>Total non-current assets</b>	<b>757,852</b>	<b>106</b>	<b>517</b>	<b>757,441</b>	<b>684</b>	<b>44</b>	<b>575</b>	<b>20</b>	<b>133</b>	<b>757,168</b>	<b>757,308</b>

# Disclosures pursuant to Section 160 Paragraph 1 No. 8 of the German Stock Corporation Act (AktG)

Notified by	Date of change	Threshold	Voting rights		Attributable voting rights
		%	%	absolute	
BlackRock companies					
BlackRock Advisors Holdings, Inc., New York, U.S.A. <sup>1)</sup>	Nov. 27, 2013	5.00	4.77	3,972,895	BlackRock Advisors Holdings, Inc., New York, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock Investment Management (UK) Limited, London, U.K. <sup>1)</sup>	Aug. 2, 2013	3.00	2.84	2,360,825	BlackRock Investment Management (UK) Limited, London, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock Group Limited, London, U.K. <sup>1)</sup>	July 3, 2013	5.00	4.53	3,765,288	BlackRock Group Limited, London, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands <sup>1)</sup>	July 3, 2013	5.00	4.73	3,934,520	BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock International Holdings, Inc., New York, NY, U.S.A. <sup>1)</sup>	July 3, 2013	5.00	4.73	3,934,520	BlackRock International Holdings, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock, Inc., New York, NY, U.S.A. <sup>1)</sup>	July 2, 2013	10.00	9.61	7,992,832	BlackRock, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 2, Inc, Wilmington, DE, U.S.A. <sup>1)</sup>	July 1, 2013	10.00	9.90	8,238,233	BlackRock Holdco 2, Inc, Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock Financial Management, Inc., New York, NY, U.S.A. <sup>1)</sup>	July 1, 2013	10.00	9.90	8,238,233	BlackRock Financial Management, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock (Luxembourg) S.A., Sennigerberg, Luxembourg <sup>1)</sup>	Feb. 28, 2013	3.00	2.99	2,484,962	BlackRock (Luxembourg) S.A., Sennigerberg, Luxembourg (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
BlackRock Luxembourg Holdco S.à.r.l., Sennigerberg, Luxembourg <sup>1)</sup>	Feb. 18, 2013	3.00	3.01	2,508,053	BlackRock Luxembourg Holdco S.à.r.l., Sennigerberg, Luxembourg (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
BlackRock (Luxembourg) S.A., Sennigerberg, Luxembourg <sup>1)</sup>	Feb. 18, 2013	3.00	3.01	2,508,053	BlackRock (Luxembourg) S.A., Sennigerberg, Luxembourg (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
BlackRock Luxembourg Holdco S.à.r.l., Sennigerberg, Luxembourg <sup>1)</sup>	Feb. 5, 2013	3.00	2.99	2,487,540	BlackRock Luxembourg Holdco S.à.r.l., Sennigerberg, Luxembourg (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
Dodge & Cox, San Francisco, U.S.A.	March 11, 2013	5.00	4.50	3,743,880	Dodge & Cox, San Francisco, U.S.A.: 3,741,980 voting rights (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG); Dodge & Cox Worldwide Funds – International Stock Funds: 1,900 voting rights
FMR LLC, Boston, U.S.A.	Aug. 1, 2013	3.00	2.95	2,454,787	FMR LLC, Boston, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
FMR LLC, Boston, U.S.A.	June 27, 2013	3.00	3.19	2,654,487	FMR LLC, Boston, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Section 22 Paragraph 1 Sentence 2 German Securities Trading Act WpHG)
Norges Bank (central bank of Norway), Oslo, Norway	May 14, 2013	3.00	2.70	2,242,769	Norges Bank (central bank of Norway), Oslo, Norway (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
Norges Bank (central bank of Norway), Oslo, Norway	May 3, 2013	5.00	4.75	3,953,160	Norges Bank (central bank of Norway), Oslo, Norway (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
Norges Bank (central bank of Norway), Oslo, Norway	Feb. 21, 2013	5.00	5.00	4,163,746	Norges Bank (central bank of Norway), Oslo, Norway (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
Norges Bank (central bank of Norway), Oslo, Norway	Feb. 20, 2013	5.00	4.86	4,043,746	Norges Bank (central bank of Norway), Oslo, Norway (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
Norges Bank (central bank of Norway), Oslo, Norway	Feb. 18, 2013	5.00	5.00	4,163,746	Norges Bank (central bank of Norway), Oslo, Norway (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)

1) The voting rights reported by the BlackRock companies are not additive.

# List of shareholdings

LANXESS AG, either directly or indirectly, holds at least 20% of the shares in the following companies (information pursuant to Section 285 No. 11 of the German Commercial Code (HGB)). The figures stated for equity and net income/loss are derived from the annual financial statements prepared in accordance with local law.

## Company Name and Domicile

Company Name and Domicile	Interest held (%)	Equity (€ million)	Result (€ million)
<b>Fully consolidated companies</b>			
<b>Germany</b>			
Aliseca GmbH, Leverkusen	100	0	0 <sup>1)</sup>
Bond-Laminates GmbH, Brilon	100	3	0 <sup>1)</sup>
IAB Ionenaustauscher GmbH Bitterfeld, Greppin	100	66	0 <sup>1)</sup>
LANXESS Accounting GmbH, Cologne	100	32	0 <sup>1)</sup>
LANXESS Buna GmbH, Marl	100	8	0 <sup>1)</sup>
LANXESS Deutschland GmbH, Cologne	100	1,339	0 <sup>1)</sup>
LANXESS Distribution GmbH, Leverkusen	100	4	0 <sup>1)</sup>
LANXESS International Holding GmbH, Cologne	100	0	0 <sup>1)</sup>
Perlon-Monofil GmbH, Dormagen	100	2	0 <sup>1)</sup>
Rhein Chemie Rheinau GmbH, Mannheim	100	45	0 <sup>1)</sup>
Saltigo GmbH, Leverkusen	100	28	0 <sup>1)</sup>

## EMEA (excluding Germany)

Europigments, S.L., Barcelona, Spain	52	5	0
LANXESS (Pty) Ltd., Modderfontein, South Africa	100	32	(8)
LANXESS Central Eastern Europe s.r.o., Bratislava, Slovakia	100	7	1
LANXESS Chemicals, S.L., Barcelona, Spain	100	4	1
LANXESS CISA (Pty) Ltd., Newcastle, South Africa	100	67	7
LANXESS Chrome Mining (Pty) Ltd., Modderfontein, South Africa	100	(5)	(5)
LANXESS Elastomères S.A.S., Lillebonne, France	100	98	4

## Company Name and Domicile

Company Name and Domicile	Interest held (%)	Equity (€ million)	Result (€ million)
<b>Fully consolidated companies</b>			
<b>EMEA (excluding Germany) (continued)</b>			
LANXESS Elastomers B.V., Sittard-Geleen, Netherlands	100	176	(22)
LANXESS Emulsion Rubber S.A.S., La Wantzenau, France	100	50	(6)
LANXESS Epierre SAS, Epierre, France	100	0	0
LANXESS Finance B.V., Sittard-Geleen, Netherlands	100	12	1
LANXESS Holding Hispania, S.L., Barcelona, Spain	100	987	35
LANXESS International SA, Granges-Paccot, Switzerland	100	60	51
LANXESS Kimya Ticaret Limited Şirketi, Istanbul, Turkey	100	1	1
LANXESS Limited, Newbury, U.K.	100	20	2
LANXESS N.V., Antwerp, Belgium	100	303	(51)
LANXESS Rubber N.V., Zwijndrecht, Belgium	100	145	5
LANXESS S.A.S., Courbevoie, France	100	68	2
LANXESS S.r.l., Milan, Italy	100	13	2
OOO LANXESS, Moscow, Russia	100	2	(2)
OOO LANXESS Lipetsk, Lipetsk, Russia	100	2	0
Sybron Chemical Industries Nederland B.V., Ede, Netherlands	100	99	0
Sybron Chemicals International Holdings Ltd., Newbury, U.K.	100	0	0
<b>North America</b>			
LANXESS Corporation, Pittsburgh, U.S.A.	100	136	(12)
LANXESS Inc., Sarnia, Canada	100	186	14
LANXESS Sybron Chemicals Inc., Birmingham, U.S.A.	100	25	1
Rhein Chemie Corporation, Chardon, U.S.A.	100	(7)	2
Sybron Chemical Holdings Inc., Wilmington, U.S.A.	100	0	0
<b>Latin America</b>			
LANXESS Elastômeros do Brasil S.A., Rio de Janeiro, Brazil	100	224	2
LANXESS Industria de Produtos Quimicos e Plasticos Ltda., São Paulo, Brazil	100	59	1
LANXESS S.A. de C.V., Mexico City, Mexico	100	9	1
LANXESS S.A., Buenos Aires, Argentina	100	13	(9)
Rhein Chemie Uruguay S.A., Colonia, Uruguay	100	2	(1)

1) Result after profit transfer

**Company Name and Domicile**

	Interest held (%)	Equity (€ million)	Result (€ million)
<b>Fully consolidated companies</b>			
<b>Asia-Pacific</b>			
LANXESS Elastomers Trading (Shanghai) Co., Ltd., Shanghai, China	100	0	0
LANXESS (Changzhou) Co., Ltd., Changzhou, China	100	120	(3)
LANXESS (Liyang) Polyols Co., Ltd., Liyang, China	100	6	(3)
LANXESS (Ningbo) Pigments Co., Ltd., Ningbo City, China	100	15	0
LANXESS Butyl Pte. Ltd., Singapore	100	384	42
LANXESS Chemical (China) Co., Ltd., Shanghai, China	100	30	(1)
LANXESS Hong Kong Limited, Hong Kong, China	100	265	0
LANXESS India Private Ltd., Thane, India	100	94	(4) <sup>2)</sup>
LANXESS K.K., Tokyo, Japan	100	28	2
LANXESS Korea Limited, Seoul, South Korea	100	10	2
LANXESS Pte. Ltd., Singapore	100	76	4
LANXESS PTY Ltd., Homebush Bay, Australia	100	7	0
LANXESS Shanghai Pigments Co., Ltd., Shanghai, China	100	20	2
LANXESS Specialty Chemicals Co., Ltd., Shanghai, China	100	(1)	(1)
LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd., Nantong, China	50	7	(11)
LANXESS (Wuxi) Chemical Co., Ltd., Wuxi, China	100	69	9
Nexachem Trading (Qingdao) Co., Ltd., Qingdao, China (formerly Rhein Chemie LOA (Qingdao) Limited, Qingdao, China)	100	(1)	0
PCTS Specialty Chemicals Pte. Ltd., Singapore	100	11	1
Rhein Chemie Japan Ltd., Tokyo, Japan	100	13	1
Rhein Chemie (Qingdao) Co., Ltd., Qingdao, China	90	29	2

**Company Name and Domicile**

	Interest held (%)	Equity (€ million)	Result (€ million)
<b>Joint ventures</b>			
<b>Germany</b>			
DuBay Polymer GmbH, Hamm	50	25	2
<b>Associates accounted for using the equity method</b>			
<b>Germany</b>			
Currenta GmbH & Co. OHG, Leverkusen	40	17	4
<b>Non-consolidated immaterial subsidiaries</b>			
<b>Germany</b>			
LANXESS Middle East GmbH, Cologne	100	0	0
Vierte LXS GmbH, Leverkusen	100	0	0 <sup>1)</sup>
<b>EMEA (excluding Germany)</b>			
LANXESS Mining (Proprietary) Ltd., Modderfontein, South Africa	100	0	0
W. Hawley & Son Ltd., Newbury, U.K.	100	0	0
<b>North America</b>			
LANXESS Energy LLC, Wilmington, U.S.A.	100	0	0
<b>Latin America</b>			
Comercial Andinas Ltda., Santiago, Chile	100	0	0
Petroflex Trading S.A., Montevideo, Uruguay	100	0	0
<b>Asia-Pacific</b>			
Bond-Laminates HK Limited, Hong Kong, China	100	0	0
PCTS Specialty Chemicals Malaysia (M) Sdn. Bhd., Kuala Lumpur, Malaysia	100	0	0
<b>Other non-consolidated immaterial companies</b>			
<b>Latin America</b>			
Hidrax Ltda., Taboão da Serra, Brazil	39	0	1

1) Result after profit transfer

2) Financial statements as of March 31, 2013

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of LANXESS AG, and the Combined Management Report includes a fair review of the development and performance of the business and the position of the LANXESS Group and LANXESS AG, together with a description of the principal opportunities and risks associated with the expected development of the LANXESS Group and LANXESS AG, respectively.

Cologne, March 6, 2014

LANXESS Aktiengesellschaft, Cologne

The Board of Management

Dr. Bernhard Düttmann

Dr. Werner Breuers

Dr. Rainier van Roessel

# Auditor's Report

We have audited the annual financial statements, comprising the statement of financial position, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of LANXESS Aktiengesellschaft, Cologne, for the business year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB („Handelsgesetzbuch“: „German Commercial Code“) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the

books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Cologne, March 7, 2014

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Bernd Boritzki  
German Public Auditor

Carsten Manthei  
German Public Auditor

## Financial Calendar 2014

**May 8**

Interim Report Q1 2014

**May 22**

Annual Stockholders' Meeting

**August 6**

Interim Report H1 2014

**November 6**

Interim Report Q3 2014

Please do not hesitate to contact us  
if you have any questions or comments.

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