

LANXESS AG
Financial Statements 2012

Thinking sustainably,
driving change

LANXESS AG, Leverkusen

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The management report of LANXESS AG for the 2012 fiscal year is combined with the management report of the LANXESS Group. The Combined Management Report is published in the LANXESS Annual Report 2012. 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	2011	2012
Sales	(1)	4,056	4,511
Cost of sales	(2)	(4,056)	(4,511)
Gross profit		0	0
General administration expenses		(45,417)	(43,832)
Other operating income		1,231	1,326
Other operating expenses		(1,439)	(3,546)
Operating result		(45,625)	(46,052)
Income from investments in affiliated companies		215,410	283,351
Expenses for loss transfer from affiliated companies		(87)	(54)
Income from other securities and loans included in financial assets		295	95
Net interest expense	(3)	(44,792)	(71,080)
Write-downs of financial assets and marketable securities		(602)	(1,204)
Other financial income and expenses – net	(4)	(9,354)	(6,582)
Financial result		160,870	204,526
Income before income taxes		115,245	158,474
Income taxes	(5)	(46,038)	(53,900)
Net income		69,207	104,574
Carryforward to new account	(14)	45,493	43,978
Allocation to retained earnings		0	(52,287)
Distributable profit		114,700	96,265

Statement of Financial Position

LANXESS AG

€ thousand	Note	Dec. 31, 2011	Dec. 31, 2012
ASSETS			
Non-current assets	(9)		
Intangible assets		8	4
Property, plant and equipment		104	116
Financial assets			
Investments in affiliated companies	(10)	738,864	738,864
Other loans	(11)	18,090	18,184
		757,066	757,168
Current assets			
Receivables and other assets			
Receivables from affiliated companies	(12)	1,703,557	1,850,485
Other assets	(13)	78,304	38,858
		1,781,861	1,889,343
Securities		201,426	411,000
Liquid assets		97,239	322,748
		2,080,526	2,623,091
Prepaid expenses		635	6,208
Total assets		2,838,227	3,386,467
EQUITY AND LIABILITIES			
Equity	(14)		
Capital stock (conditional capital €16,641 thousand)		83,203	83,203
Capital reserves		806,195	806,195
Other retained earnings		180,605	232,892
Distributable profit		114,700	96,265
		1,184,703	1,218,555
Provisions			
Provisions for pensions and other post-employment benefits	(15)	34,175	37,375
Tax provisions		16,553	19,655
Other provisions	(16)	53,819	60,446
		104,547	117,476
Liabilities			
Liabilities to banks	(17)	80,435	67,898
Trade payables	(18)	1,804	1,967
Payables to affiliated companies	(19)	1,464,279	1,972,820
Other liabilities	(20)	2,459	7,751
		1,548,977	2,050,436
Total equity and liabilities		2,838,227	3,386,467
Contingent liabilities from guarantees	(22)	1,839,214	2,226,542

Notes to the Financial Statements of LANXESS Aktiengesellschaft, Leverkusen for fiscal 2012

General

The Board of Management and Supervisory Board have issued a Declaration pursuant to 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, 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 is drawn up using the cost-of-sales method.

Financial income and expenses whose disclosure is not covered by a mandatory item are reflected in 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, 2012, in accordance with the International Financial Reporting Standards (IFRS), as adopted 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-created 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 recognized as expense in the year of acquisition. Low-value assets costing more than €150.00 and up to €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.

Deferred taxes are calculated for temporary differences between commercial accounts and tax accounts as regards the 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 31.5%. 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 2012 there was a net surplus of deferred tax assets, which is not recognized.

Provisions for pensions and other post-employment benefits are computed actuarially by the projected unit credit method on the basis of biometric probability using the Heubeck 2005 G mortality 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 5.05% (2011: 5.14%) for pensions, 3.95% (2011: 4.37%) for early retirement benefits, 3.81% (2011: 3.94%) for phased early retirement programs, and 5.05% (2011: 5.14%) for miscellaneous post-employment benefits. The interest rates used to discount pension and other post-employment benefit obligations to December 31, 2012 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.

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 due in more than one year are discounted over their remaining terms using the average market interest rate for the past seven fiscal years.

Liabilities are reflected at their settlement amounts.

Contingent liabilities arising from sureties and guarantees in respect of third-party liabilities 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 valued using the limited market-to-market method. Foreign currency receivables and payables are valued at spot 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 €4,511 thousand (2011: €4,056 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 €4,511 thousand (2011: €4,056 thousand) comprised expenses relating to the services provided. These were mainly personnel and general administration expenses.

3 Net interest expense

€ thousand	2011	2012
Other interest and similar income		
from third parties	3,930	4,619
from affiliated companies	13,789	1,253
	17,719	5,872
Interest and similar expenses		
to third parties	7,085	8,436
for the interest portion of provisions for pensions and other non-current personnel-related provisions	1,499	1,872
to affiliated companies	53,927	66,644
	62,511	76,952
Net interest expense	(44,792)	(71,080)

4 Other financial income (expenses) – net

€ thousand	2011	2012
Other financial expenses		
Expenses for forward commodity contracts	7,541	3,283
Exchange losses	546,571	601,439
Miscellaneous financial expenses	7,516	10,002
	561,628	614,724
Other financial income		
Income from forward commodity contracts	7,541	3,283
Exchange gains	541,784	600,659
Miscellaneous financial income	2,949	4,200
	552,274	608,142
Other financial income (expenses) – net	(9,354)	(6,582)

The exchange gains and losses are 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 mainly related to changes in contractual loan conditions and to guarantee commission payments made to affiliated companies. Miscellaneous financial income consisted mainly of guarantee commission payments received from affiliated companies.

5 Income taxes

The tax expense of €53,900 thousand in 2012 (2011: €46,038 thousand) is the sum of the tax expense of €39,885 thousand for 2012 and €14,015 thousand in respect of previous years.

Tax expense does not include deferred taxes. As of December 31, 2012, LANXESS AG expected to receive a future tax benefit of €50,818 thousand 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 31.5% (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 in the commercial than in the tax accounts. 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.

6 Personnel expenses

€ thousand	2011	2012
Wages and salaries	28,513	33,010
Social expenses and expenses for pensions and other benefits	6,080	3,276
of which for pensions	[5,429]	[2,602]
	34,593	36,286

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

7 Employees

	Dec. 31, 2011	Average 2012	Dec. 31, 2012
General administration	135	135	141

8 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

9 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.

10 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.

11 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 €94 thousand (2011: €293 thousand) was recorded on these assets in 2012. 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 €50 thousand (2011: €32 thousand). The carrying amounts of the fiduciary assets and the obligations recognized under other provisions have been netted, as have income and expenses.

12 Receivables from affiliated companies

Receivables from affiliated companies totaling €1,850,485 thousand (2011: €1,703,557 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 €1,561 thousand (2011: €1,325 thousand) exist in connection with the service agreement described in note (1). There were also loans receivable totaling €6,800 thousand (2011: €7,050 thousand) with maturities in excess of one year.

13 Other assets

Other assets comprised the following:

€ thousand	Dec. 31, 2011	Dec. 31, 2012
Tax receivables		
from sales taxes	25,158	30,725
from income taxes	52,966	7,491
Miscellaneous assets	180	642
	78,304	38,858

All of the other assets are due in 2012.

14 Equity

Changes in equity in 2012 were as follows:

€ thousand	Dec. 31, 2011	Dividend	Net income	Withdrawal from	Allocation to	Dec. 31, 2012
Capital stock	83,203	0	0	0	0	83,203
Capital reserves	806,195	0	0	0	0	806,195
Other retained earnings	180,605	0	0	0	52,287	232,892
Distributable profit	114,700	(70,722)	104,574	(52,287)	0	96,265
	1,184,703	(70,722)	104,574	(52,287)	52,287	1,218,555

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

The Annual Stockholders' Meeting on May 15, 2012, resolved to utilize the distributable profit for 2011, amounting to €114,700 thousand, as follows:

- to pay a dividend totaling €70,722 thousand (€0.85 per no-par share entitled to the dividend)
- to carry forward €43,978 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”) – either as registered or as 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 €16,640,543 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 condition 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 7, 2009 authorized the Board of Management until May 6, 2014, 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.

15 Provisions for pensions and other post-employment benefits

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

16 Other provisions

The other provisions are established for vacation and overtime credits, the phased early retirement program, long-service anniversaries, bonuses, performance-related remuneration plans (LTIP/LTSP, LTPB) for employees and other uncertain liabilities. Other uncertain liabilities mainly comprised the expected cost of the Annual Stockholders' Meeting for fiscal 2012 and both the performance-related and fixed components of the remuneration of the Supervisory Board.

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

The LTIP comprises three annual tranches for the years 2008 through 2010 and is a virtual Stock Performance Plan. Participation is contingent upon a personal investment in LANXESS AG shares, which must be held until February 1, 2013. Each tranche runs for a total of six years, comprising a three-year lock-up period and a three-year exercise period.

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.

17 Liabilities to banks

The liabilities to banks totaling €67,898 thousand (2011: €80,435 thousand) mainly comprise liabilities relating to loans and accrued interest.

18 Trade payables

All trade payables are to third parties.

19 Payables to affiliated companies

Payables to affiliated companies amounting to €1,972,820 thousand (2011: €1,464,279 thousand) mainly comprise loans, including accrued interest, and liabilities relating to financial transactions.

20 Other liabilities

€ thousand	Dec. 31, 2011	Dec. 31, 2012
Tax liabilities	572	890
Liabilities for social expenses	1,200	381
Miscellaneous liabilities	687	6,480
	2,459	7,751

21 Further information on liabilities

The residual maturities of liabilities are as follows:

Liabilities by Maturity

€ thousand	Dec. 31, 2011			Dec. 31, 2012		
	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	12,935	50,000	17,500	7,898	55,000	5,000
Trade payables	1,804	0	0	1,967	0	0
Payables to affiliated companies	352,999	495,280	616,000	376,295	598,580	997,945
Other liabilities	2,459	0	0	7,751	0	0
	370,197	545,280	633,500	393,911	653,580	1,002,945

22 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, 2011	Dec. 31, 2012
to holders of the bonds issued by LANXESS Finance B.V.	1,601,605	1,960,822
to banks	215,127	216,085
to suppliers	22,482	49,635
	1,839,214	2,226,542

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

23 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).

24 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 include, in particular, forward exchange contracts, currency options 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 €2,081 million as of December 31, 2012 (2011: €2,009 million). Back-to-back derivative contracts with a notional amount of €2,000 million (2011: €2,011 million) were concluded with Group companies. The total notional amount of derivatives was €4,081 million (2011: €4,020 million). This figure also includes valuation units.

The derivative instruments comprised the following:

€ thousand	Notional amount		Fair value		Carrying amount	
	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012
Forward exchange contracts						
positive fair values	1,987,718	2,027,616	53,054	42,190	0	0
negative fair values	1,988,638	2,053,094	52,389	41,859	185	527
	3,976,356	4,080,710	665	331	(185)	(527)
Forward commodity contracts						
positive fair values	22,068	78	2,452	3	0	0
negative fair values	22,068	78	2,452	3	0	0
	44,136	156	0	0	0	0
	4,020,492	4,080,866	665	331	(185)	(527)

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

Hedging is undertaken for highly probable forecast transactions by Group companies in foreign currencies.

Forward exchange contracts with a notional amount of €689.0 million (2011: €660.6 million) and a fair value of €16.5 million (2011: negative fair value of €29.8 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 €689.0 million

(2011: €653.9 million) and a negative fair value of €16.5 million (2011: positive fair value of €29.8 million). Changes in the value of the corresponding external and internal transactions move in opposite directions and will offset one another by 2014. 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 €1,391.6 million (2011: €1,326.7 million); these had a positive fair value of €10.5 million (2011: negative fair value of €6.8 million). Some of these transactions were passed through to Group companies.

The notional amount of contracts with these internal counterparties was €1,311.0 million (2011: €1,335.1 million), and had a negative fair value of €10.2 million (2011: positive fair value of €6.6 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 €10.5 million and €10.2 million (2011: net positive and negative fair values of €6.6 million). The majority of them mature in 2013 and the remainder in 2017 at the latest. These transactions were not reflected in the statement of financial position.

The fair value of 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 was –€0.5 million (2011: –€0.2 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 €77.5 million at year end (2011: €25.5 million), while the carrying amount of loans to LANXESS AG was €56.0 million (2011: €50.4 million). The net currency risk was €0.9 million (2011: €0.8 million). The external forward exchange contracts had a net positive fair value of €1.0 million (2011: €0.8 million) and are all due in 2013. 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 are determined using customary valuation methods, taking into account the market data (market value) on the closing date. The following principles were used:

- the fair values of forward exchange contracts were derived from their trading or listed prices using the “forward method.” Currency options were valued using an asset pricing model based on the Black & Scholes model.
- the fair values of forward commodity contracts were also derived from their trading or listed prices by the “forward method”.

To measure the effectiveness of hedge relationships, either the dollar-offset method or regression analysis is used, depending on the type of hedge.

25 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 €10,830 thousand (2011: €9,370 thousand) was paid to the members of the Board of Management of LANXESS AG for fiscal 2012, comprising €7,391 thousand (2011: €6,698 thousand) in annual compensation and multi-year compensation of €2,609 thousand (2011: €2,264 thousand). In addition to the compensation reported as expense in the financial statements for 2011, further compensation of €830 thousand for 2011 was disbursed in 2012 (2011: €408 thousand for 2010).

The multi-year compensation includes payments made under the Long-Term Stock Performance Plan (LTSP). 1,531,875 share-based compensation rights were granted in 2012 (2011: 1,822,125). The fair value of these rights at the grant date was €765 thousand (2011: €910 thousand). Expenses for the LTIP and LTSP amounted to €3,826 thousand in 2012 (2011: €934 thousand).

In 2011 payments of €1,320 thousand were made to one member in connection with his leaving the Board of Management during that year.

In addition, expenses of €1,987 thousand (2011: €3,528 thousand) were incurred to provide retirement pensions for the Board of Management. The present value of the benefit obligation as of December 31, 2012 was €14,882 thousand (2011: €12,895 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 2012.

Remuneration of the Supervisory Board

€ thousand	2011	2012
Fixed compensation	1,160	1,160
Remuneration for committee membership	480	480
Attendance allowance	231	185
Long-term compensation	0	0
	1,871	1,825

In 2012 members of the Supervisory Board received total compensation of €1,825 thousand (2011: €1,871 thousand). The provisions established for multi-year compensation for Supervisory Board members as of December 31, 2012 amounted to €1,800 thousand (2011: €1,500 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 2012.

26 Total remuneration 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 €479 thousand were made to former members of the Board of Management in 2012 (2011: €1,799 thousand). In addition, €149 thousand (2011: €274 thousand) was recognized as current pension expense.

Provisions of €8,946 thousand were recognized as of December 31, 2012 (2011: €9,276 thousand) for ongoing pensions and pension entitlements of former members of the Board of Management.

27 Loans and advances granted to members of the Board of Management and 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, 2012 nor had any other financial commitments been entered into for these individuals.

28 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, 2012).

The following representatives of the company's stockholders are currently members of the Supervisory Board and/or were members of the Supervisory Board in 2012:

Dr. Rolf Stomberg (Chairman)

- Chairman of the Supervisory Board of LANXESS AG
- 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, Leverkusen* (Chairman)
- Biesterfeld AG, Hamburg*
- HOYER GmbH, Hamburg
- KEMNA Bau Andreae GmbH & Co. KG, Pinneberg
- Smith & Nephew plc, London, U.K. (until April 30, 2012)
- OAO Severstal, Cherepovets, Russia
- Ruspetro plc, London, U.K.

* Statutory supervisory boards

Dr. Friedrich Janssen

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

Further offices:

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

Robert J. Koehler

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

Further offices:

- LANXESS Deutschland GmbH, Leverkusen*
- Heidelberger Druckmaschinen AG, Heidelberg* (Chairman)
- Klöckner & Co. SE, Duisburg*
- Benteler International AG, Salzburg, Austria (Chairman)
- SGL Carbon S.p.A., Lainate, Milan, Italy
- SGL Carbon SDN BHD, Banting, Malaysia
- SGL Carbon S.A., La Coruña, Spain

Rainer Laufs

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

Further offices:

- LANXESS Deutschland GmbH, Leverkusen*
- 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

Prof. h.c. (CHN) Dr.-Ing. E.h. Dr. Ulrich Middelmann

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

Further offices:

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

Theo H. Walthie

Self-employed consultant

Further offices:

- LANXESS Deutschland GmbH, Leverkusen*

The following representatives of the company's employees are currently members of the Supervisory Board and/or were members of the Supervisory Board in 2012:

Ulrich Freese (Vice Chairman)

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

Further offices:

- LANXESS Deutschland GmbH, Leverkusen* (Vice Chairman)
- Vattenfall Europe Mining AG, Cottbus* (Vice Chairman)
- Vattenfall Europe Generation AG, Cottbus* (Vice Chairman)
- Vattenfall Europa GmbH, Berlin* (Vice Chairman)
- 50Hertz Transmission GmbH, Berlin* (Vice Chairman, until November 30, 2012)
- 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)
- GSG Wohnungsbau Braunkohle GmbH, Cologne (Vice Chairman)

Axel Berndt

Member of the Works Council at the Leverkusen site

Further offices:

- LANXESS Deutschland GmbH, Leverkusen*
- Aliseca GmbH, Leverkusen*

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, Leverkusen*

Thomas Meiers

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

Further offices:

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

Gisela Seidel

Chairman of the Works Council at the Dormagen site

Further offices:

- LANXESS Deutschland GmbH, Leverkusen*

Hans-Jürgen Schicker

Chairman of the Works Council at the Uerdingen site

Further offices:

- LANXESS Deutschland GmbH, Leverkusen*

* Statutory supervisory boards

Board of Management The following persons are currently members of the Board of Management:

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

Changes in non-current assets

LANXESS AG

	Gross carrying amounts				Amortization/depreciation and write-downs				Net carrying amounts	
	Jan. 1, 2012	Additions	Disposals	Dec. 31, 2012	Jan. 1, 2012	Additions	Disposals	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012
Intangible assets										
Software licenses	12	0	0	12	4	4	0	8	8	4
	12	0	0	12	4	4	0	8	8	4
Property, plant and equipment										
Furniture, fixtures and other equipment	172	48	3	217	68	33	0	101	104	116
	172	48	3	217	68	33	0	101	104	116
Financial assets										
Investments in affiliated companies	738,864	0	0	738,864	0	0	0	0	738,864	738,864
Other loans	18,665	94	0	18,759	575	0	0	575	18,090	18,184
	757,529	94	0	757,623	575	0	0	575	756,954	757,048
Total non-current assets	757,713	142	3	757,852	647	37	0	684	757,066	757,168

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 ¹⁾					
BlackRock (Luxembourg) S.A., Senningerberg, Luxembourg	Dec. 5, 2012	3.00	3.09	2,569,048	BlackRock (Luxembourg) S.A., Senningerberg, 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 Holdco S.a.r.l., Senningerberg, Luxembourg	Dec. 5, 2012	3.00	3.09	2,569,048	BlackRock Luxembourg Holdco S.a.r.l., Senningerberg, 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, Inc., New York, NY, U.S.A.	Oct. 30, 2012	10.00	10.07	8,381,235	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 Financial Management, Inc., New York, NY, U.S.A.	Oct. 31, 2012	10.00	10.08	8,390,032	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 Holdco 2, Inc., Wilmington, DE, U.S.A.	Oct. 31, 2012	10.00	10.08	8,390,032	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 Investment Management (UK) Limited, London, U.K.	Oct. 22, 2012	3.00	3.06	2,545,392	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 WpHG2)
BlackRock Group Limited, London, U.K.	Oct. 22, 2012	5.00	5.09	4,237,832	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)
BlackRock Group Limited, London, U.K.	Oct. 5, 2012	5.00	4.87	4,050,140	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)
BlackRock Group Limited, London, U.K.	Sep. 25, 2012	5.00	5.20	4,323,338	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)
BlackRock Group Limited, London, U.K.	May 24, 2012	5.00	4.93	4,097,920	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)
BlackRock Group Limited, London, U.K.	Mar. 21, 2012	5.00	5.01	4,168,354	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)
BlackRock Group Limited, London, U.S.A.	Feb. 3, 2012	3.00	3.05	2,538,520	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)
BlackRock Investment Management (UK) Limited, London	Oct. 5, 2012	3.00	2.98	2,482,833	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 Investment Management (UK), London, U.K.	Sep. 25, 2012	3.00	3.21	2,673,109	BlackRock Investment Management (UK), 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 WpHG2)
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	May 22, 2012	10.00	9.84	8,187,947	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	Feb. 16, 2012	10.00	10.00	8,322,167	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	Feb. 14, 2012	5.00	5.01	4,167,446	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)

Notified by	Date of change	Threshold	Voting rights		Attributable voting rights
		%	%	absolute	
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	Feb. 16, 2012	10.00	10.00	8,322,167	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Financial Management, Inc., New York, NY, U.S.A.	May 22, 2012	10.00	9.84	8,187,947	BlackRock Financial Management, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Financial Management, Inc., New York, NY, U.S.A.	Feb. 16, 2012	10.00	10.00	8,322,167	BlackRock Financial Management, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Financial Management, Inc., New York, NY, U.S.A.	Feb. 14, 2012	5.00	5.01	4,167,446	BlackRock Financial Management, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Advisors Holdings, Inc., New York, NY, U.S.A.	Feb. 6, 2012	5.00	5.17	4,301,220	BlackRock Advisors Holdings, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock International Holdings, Inc., New York, NY, U.S.A.	Feb. 14, 2012	5.00	5.04	4,191,834	BlackRock International Holdings, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BR Jersey International Holdings, L.P., St. Heller, Jersey, Channel Islands	Feb. 14, 2012	5.00	5.04	4,191,834	BR Jersey International Holdings, L.P., St. Heller, Jersey, Channel Islands (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock, Inc., New York, NY, U.S.A.	May 22, 2012	10.00	9.99	8,318,386	BlackRock, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock, Inc., New York, NY, U.S.A.	Feb. 15, 2012	10.00	10.06	8,371,095	BlackRock, Inc., New York, NY, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Delaware Holdings Inc., Wilmington, DE, U.S.A.	May 14, 2012	3.00	2.82	2,345,535	BlackRock, Delaware Holdings Inc., Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Institutional Trust Company, N.A., San Francisco, U.S.A.	May 14, 2012	3.00	2.82	2,345,535	BlackRock Institutional Trust Company, N.A., San Francisco, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 4, LLC, Wilmington, DE, U.S.A.	May 14, 2012	3.00	2.82	2,345,535	BlackRock Holdco 4, LLC, Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 6, LLC, Wilmington, DE, U.S.A.	May 14, 2012	3.00	2.82	2,345,535	BlackRock Holdco 6, LLC, Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Delaware Holdings Inc., Wilmington, DE, U.S.A.	Mar. 12, 2012	3.00	3.34	2,776,198	BlackRock, Delaware Holdings Inc., Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Institutional Trust Company, N.A., San Francisco, U.S.A.	Mar. 12, 2012	3.00	3.34	2,776,198	BlackRock Institutional Trust Company, N.A., San Francisco, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 4, LLC, Wilmington, DE, U.S.A.	Mar. 12, 2012	3.00	3.34	2,776,198	BlackRock Holdco 4, LLC, Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 6, LLC, Wilmington, DE, U.S.A.	Mar. 12, 2012	3.00	3.34	2,776,198	BlackRock Holdco 6, LLC, Wilmington, DE, U.S.A. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
Fidelity companies ¹⁾					
FIL Investments International, Hildenborough, Kent, U.K.	July 9, 2012	3.00	2.96	2,466,769	FIL Investments International, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Holdings Limited, Hildenborough, Kent, U.K.	July 9, 2012	3.00	2.96	2,466,769	FIL Holdings Limited, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
FIL Limited, Hamilton HMCX, Bermuda	July 9, 2012	3.00	2.96	2,466,769	FIL Limited, Hamilton HMCX, Bermuda (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)

Notified by	Date of change	Threshold	Voting rights		Attributable voting rights
		%	%	absolute	
FIL Holdings Limited, Hildenborough, Kent, U.K.	June 22, 2012	3.00	3.03	2,518,133	FIL Holdings Limited, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
FIL Limited, Hamilton HMCX, Bermuda	June 22, 2012	3.00	3.03	2,518,133	FIL Limited, Hamilton HMCX, Bermuda (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Investments International, Hildenborough, Kent, U.K.	June 22, 2012	3.00	3.03	2,518,133	FIL Investments International, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Holdings Limited, Hildenborough, Kent, U.K.	June 20, 2012	3.00	2.98	2,483,133	FIL Holdings Limited, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
FIL Limited, Hamilton HMCX, Bermuda	June 20, 2012	3.00	2.98	2,483,133	FIL Limited, Hamilton HMCX, Bermuda (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Investments International, Hildenborough, Kent, U.K.	June 20, 2012	3.00	2.98	2,483,133	FIL Investment International, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Holdings Limited, Hildenborough, Kent, U.K.	May 25, 2012	3.00	3.37	2,803,554	FIL Holdings Limited, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
FIL Limited, Hamilton HMCX, Bermuda	May 25, 2012	3.00	3.37	2,803,554	FIL Limited, Hamilton HMCX, Bermuda (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Investments International, Hildenborough, Kent, U.K.	May 25, 2012	3.00	3.37	2,803,554	FIL Investments International, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Holdings Limited, Hildenborough, Kent, U.K.	May 14, 2012	3.00	2.70	2,244,918	FIL Holdings Limited, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
FIL Investment International, Hildenborough, Kent, U.K.	May 14, 2012	3.00	2.70	2,244,918	FIL Investment International, Hildenborough, Kent, U.K. (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
FIL Limited, Hamilton HMCX, Bermuda	May 14, 2012	3.00	2.70	2,244,918	FIL Limited, Hamilton HMCX, Bermuda (pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany	Oct. 4, 2012	3.00	2.97	2,467,489	Allianz Global Investors Europe GmbH, Frankfurt am Main, Germany (0.78% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
Norges Bank (central bank of Norway), Oslo, Norway	June 15, 2012	3.00	3.00	2,499,638	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	June 7, 2012	3.00	2.93	2,436,212	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 31, 2012	3.00	3.09	2,574,188	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 7, 2012	3.00	1.74	1,448,916	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	Mar. 12, 2012	5.00	4.94	4,113,759	Norges Bank (central bank of Norway), Oslo, Norway (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
SEB AB (publ), Stockholm, Sweden	May 16, 2012	3.00	2.35	1,953,558	SEB AB (publ), Stockholm, Sweden (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
SEB AB (publ), Stockholm, Sweden	May 14, 2012	5.00	4.92	4,097,363	SEB AB (publ), Stockholm, Sweden (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
SEB AB (publ), Stockholm, Sweden	May 11, 2012	5.00	5.28	4,393,435	SEB AB (publ), Stockholm, Sweden (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
SEB AB (publ), Stockholm, Sweden	May 9, 2012	3.00	4.46	3,713,351	SEB AB (publ), Stockholm, Sweden (pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)

1) The voting rights reported by the BlackRock and Fidelity 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 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)
Fully consolidated companies			
Germany			
Aliseca GmbH, Leverkusen	100	0	0 ¹⁾
Bond-Laminates GmbH, Brilon	100	3	0
DuBay Polymer GmbH, Hamm	50	24	2
IAB Ionenaustauscher GmbH Bitterfeld, Greppin	100	67	0 ¹⁾
LANXESS Accounting GmbH, Leverkusen	100	32	0 ¹⁾
LANXESS Buna GmbH, Marl	100	8	0 ¹⁾
LANXESS Deutschland GmbH, Leverkusen	100	1,499	0 ¹⁾
LANXESS Distribution GmbH, Langenfeld	100	4	0 ¹⁾
LANXESS International Holding GmbH, Leverkusen	100	0	0 ¹⁾
Perlon-Monofil GmbH, Dormagen	100	2	0 ¹⁾
Rhein Chemie Rheinau GmbH, Mannheim	100	45	0 ¹⁾
Saltigo GmbH, Langenfeld	100	28	0 ¹⁾

EMEA (excluding Germany)

Europigments, S.L., Barcelona, Spain	52	4	0
LANXESS (Pty) Ltd., Modderfontein, South Africa	100	51	4
LANXESS Central Eastern Europe s.r.o., Bratislava, Slovakia	100	5	0
LANXESS Chemicals, S.L., Barcelona, Spain	100	4	1
LANXESS CISA (Pty) Ltd., Newcastle, South Africa	100	64	8
LANXESS Elastomères S.A.S., Lillebonne, France	100	93	8
LANXESS Elastomers B.V., Heerlen, Netherlands	100	199	57
LANXESS Emulsion Rubber S.A.S., La Wantzenau, France	100	56	6

Company Name and Domicile

Company Name and Domicile	Interest held (%)	Equity (€ million)	Result (€ million)
Fully consolidated companies			
EMEA (excluding Germany) (continued)			
LANXESS Finance B.V., Amsterdam, Netherlands	100	12	3
LANXESS Holding Hispania, S.L., Barcelona, Spain	100	952	146
LANXESS International SA, Granges-Paccot, Switzerland	100	86	79
LANXESS Kimya Ticaret Limited Şirketi, Istanbul, Turkey	100	0	0
LANXESS Limited, Newbury, U.K.	100	20	1
LANXESS Mining (Proprietary) Ltd., Modderfontein, South Africa	100	9	(1)
LANXESS N.V., Antwerp, Belgium	100	354	21
LANXESS Rubber N.V., Zwijndrecht, Belgium	100	147	6
LANXESS S.A.S., Courbevoie, France	100	66	3
LANXESS S.r.l., Milan, Italy	100	13	2
OOO LANXESS, Dzerzhinsk, Russia	100	1	(2)
Rustenburg Chrome Mine Holdings (Pty) Ltd., Modderfontein, South Africa	100	0	0
Sybron Chemical Industries Nederland B.V., Ede, Netherlands	100	99	0
Sybron Chemicals International Holdings Ltd., Newbury, U.K.	100	0	0

North America

LANXESS Corporation, Pittsburgh, U.S.A.	100	153	14
LANXESS Inc., Sarnia, Canada	100	195	30
LANXESS Sybron Chemicals Inc., Birmingham, U.S.A.	100	25	2
Rhein Chemie Corporation, Chardon, U.S.A.	100	(9)	3
Sybron Chemical Holdings Inc., Wilmington, U.S.A.	100	25	2

Latin America

LANXESS Elastômeros do Brasil S.A., Rio de Janeiro, Brazil	100	318	27
LANXESS Industria de Produtos Quimicos e Plasticos Ltda., São Paulo, Brazil	100	73	13
LANXESS S.A. de C.V., Mexico City, Mexico	100	7	4
LANXESS S.A., Buenos Aires, Argentina	100	16	(5)
Rhein Chemie Argentina S.A., Buenos Aires, Argentina	100	3	0
Rhein Chemie Uruguay S.A., Colonia, Uruguay	100	3	(1)

1) Result after profit transfer

Company Name and Domicile

	Interest held (%)	Equity (€ million)	Result (€ million)
Fully consolidated companies			
Asia-Pacific			
LANXESS Elastomers Trading (Shanghai) Co., Ltd., Shanghai, China	100	0	0
LANXESS (Changzhou) Co., Ltd., Changzhou, China	100	50	(2)
LANXESS (Liyang) Polyols Co., Ltd., Liyang, China	100	9	(4)
LANXESS (Ningbo) Pigments Co., Ltd., Ningbo City, China	100	5	0
LANXESS Butyl Pte. Ltd., Singapore	100	359	138
LANXESS Chemical (China) Co., Ltd., Shanghai, China	100	20	(1)
LANXESS Hong Kong Limited, Hong Kong, China	100	106	5
LANXESS India Private Ltd., Thane, India	100	88	(12) ²⁾
LANXESS K.K., Tokyo, Japan	100	34	(1)
LANXESS Korea Limited, Seoul, South Korea	100	8	2
LANXESS Pte. Ltd., Singapore	100	76	6
LANXESS PTY Ltd., Homebush Bay, Australia	100	9	0
LANXESS Shanghai Pigments Co., Ltd., Shanghai, China	100	18	1
LANXESS Specialty Chemicals Co., Ltd., Shanghai, China	100	0	(1)
LANXESS Wuxi Chemical Co., Ltd., Wuxi, China	100	62	8
Nexachem Trading (Qingdao) Co., Ltd., Qingdao, China	100	(1)	0
Rhein Chemie Japan Ltd., Tokyo, Japan	100	16	1
Rhein Chemie (Qingdao) Co., Ltd., Qingdao, China	90	27	2

Company Name and Domicile

	Interest held (%)	Equity (€ million)	Result (€ million)
Associates accounted for using the equity method			
Germany			
Currenta GmbH & Co. OHG, Leverkusen	40	43	0
Asia-Pacific			
LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd., Nantong, China	50	18	(2)
Joint ventures accounted for using the equity method			
Asia-Pacific			
Anhui Tongfeng Shengda Chemical Co., Ltd., Tongling, China	25	(2)	(2)
Non-consolidated immaterial subsidiaries			
Germany			
LANXESS Middle East GmbH, Leverkusen	100	0	0
Vierte LXS GmbH, Leverkusen	100	0	0 ¹⁾
EMEA (excluding Germany)			
OOO LANXESS Lipetsk, Lipetsk, Russia	100	2	0
W. Hawley & Son Ltd., Newbury, U.K.	100	0	0
North America			
LANXESS Energy LLC, Wilmington, U.S.A.	100	0	0
Latin America			
Comercial Andinas Ltda., Santiago de Chile, Chile	100	0	0
Petroflex Trading S.A., Montevideo, Uruguay	100	0	0
Asia-Pacific			
Bond-Laminates HK Limited, Hong Kong, China	100	0	0
Other non-consolidated immaterial companies			
Latin America			
Hidrax Ltda., Taboão da Serr, Brazil	39	2	0

1) Result after profit transfer

2) Financial statements as of March 31, 2012

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.

Leverkusen, March 7, 2013

LANXESS Aktiengesellschaft, Leverkusen

The Board of Management

Dr. Axel C. Heitmann

Dr. Bernhard Düttmann

Dr. Werner Breuers

Dr. Rainier van Roessel

Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, 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 the LANXESS Aktiengesellschaft, Leverkusen, for the business year from 1 January to 31 December 2012. 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 8, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Boritzki
German Public Auditor

Carsten Manthei
German Public Auditor

Financial Calendar 2013

May 8

Interim Report Q1 2013

May 23

Annual Stockholders' Meeting

August 6

Interim Report H1 2013

November 12

Interim Report Q3 2013

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

Contact Corporate Communications

Tel. +49 214 30 31872

E-mail: mediarelations@lanxess.com

Contact Investor Relations

Tel. +49 214 30 23851

E-mail: ir@lanxess.com

Masthead

LANXESS AG
51369 Leverkusen
Germany
Tel. +49 (0) 214 30 33333
www.lanxess.com

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