A bundle of thin, clear glass tubes, possibly optical fibers, fanning out from the bottom left towards the top right. One tube in the middle is highlighted in a vibrant red color, while the others are clear and slightly blurred. The background is a soft, light gray gradient.

Interim Report Q1 2011
January 1 to March 31, 2011

Key Data

€ million	Q1 2010	Q1 2011	Change %
Sales	1,613	2,073	28.5
EBITDA pre exceptionals	233	322	38.2
EBITDA margin pre exceptionals	14.4%	15.5%	
EBITDA	230	317	37.8
Operating result (EBIT) pre exceptionals	167	251	50.3
Operating result (EBIT)	164	246	50.0
EBIT margin	10.2%	11.9%	
Net income	104	166	59.6
Earnings per share (€)	1.25	2.00	60.0
Cash flow from operating activities	(8)	36	>100
Depreciation and amortization	66	71	7.6
Cash outflows for capital expenditures	39	68	74.4
Total assets	5,666 ¹⁾	5,837	3.0
Equity (including non-controlling interests)	1,761 ¹⁾	1,917	8.9
Equity ratio	31.1% ¹⁾	32.8%	
Net financial liabilities	913 ¹⁾	937	2.6
Employees (as of March 31)	14,648 ¹⁾	15,115	3.2

1) Previous year as of December 31, 2010

Highlights

Q1 2011

LANXESS continues on a path of growth



LANXESS achieved an outstanding performance in fiscal 2010. Sales increased by 41% year on year to €7.1 billion. EBITDA pre exceptionals nearly doubled to €918 million, driving up the EBITDA margin pre exceptionals from 9.2% to 12.9%. Net income rose nearly ten-fold, to €379 million. Against the background of this strong performance, LANXESS will propose to the Annual Stockholders' Meeting on May 18, 2011 that the dividend for 2010 be increased by 40% compared with the previous year, to €0.70 per share.

"LANXESS is on an outstanding path – a path of profitable growth with the right products and the right technologies. And profitable growth in the right markets."

Axel C. Heitmann, Chairman of the Board of Management, at the LANXESS Annual Press Conference on March 17, 2011

Capacity expansions for high-tech plastics

LANXESS is addressing the rise in demand for high-tech plastics with three major capital expenditure projects in the Semi-Crystalline Products business unit.

In January 2011, ground was broken on a new plastics facility at the site in Jhagadia, India, that is due on stream at the beginning of 2012. It will have an initial capacity of 20,000 tons per year. The investment volume will exceed €10 million. LANXESS will start the construction of its first U.S. production facility for high-tech plastics in Gastonia, North Carolina, in the second quarter of 2011. This project also involves the creation of 20,000 tons of capacity and a comparable capital expenditure volume. In addition, LANXESS is collaborating with U.S.-based DuPont to double the capacity of the companies' jointly owned compounding facility in Hamm-Uentrop, Germany.



High-tech plastics from LANXESS in automotive construction

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Acquisition of DSM Elastomers business completed

Following approval from the antitrust authorities, LANXESS successfully completed the acquisition of the elastomers business of Dutch-based Royal DSM N.V. with economic effect from May 1, 2011. The purchase price of €310 million is being paid entirely from existing liquidity.

New LANXESS CFO takes office



Dr. Bernhard Düttmann (51), most recently a member of the Board of Management and Chief Financial Officer of Beiersdorf AG, Hamburg, was appointed a member of the Board of Management and Chief Financial Officer of LANXESS AG effective April 1, 2011. Dr. Düttmann possesses many years of experience and is very familiar with emerging regions such as Latin America and Asia, which are of particular importance for LANXESS. He succeeds Matthias Zachert, who had requested the Supervisory Board to revoke his contract as of March 31, 2011.



Lanxess acquires material protection business of Syngenta

This acquisition makes LANXESS one of the leading suppliers of biocides to protect construction materials such as wood, plasterboard and paint. The transaction gives the company access to a broad range of active ingredients for fungicides and insecticides and to application technologies. At the same time, the acquisition marks the beginning of a long-term strategic partnership between the two companies: Syngenta will grant LANXESS access to substances and technologies developed in the future for use in material protection.

Help for Japan

LANXESS and its employees are providing assistance to Japan following the devastating earthquake and tsunami. The sum of €250,000 donated by LANXESS is to be used to help rebuild educational facilities and local infrastructure. As with the emergency aid for flood victims in Pakistan, the company will match the total donation by its employees worldwide.

Minority interest in Gevo increased

By raising its interest in Gevo Inc. by US\$17 million upon Gevo's stock market listing, LANXESS has stepped up its commitment to the use of biological raw materials in the production of high-quality synthetic rubber. LANXESS now owns 9.1% of the U.S.-based company, which specializes in the manufacture of renewable chemicals and modern biofuels.

LANXESS Stock

LANXESS stock had a very volatile start to 2011. The share price shed some 10% on the first quarter against the background of the global crises, but then rebounded strongly in the first weeks of the second quarter to reach a new post-listing high of €62.90 at the end of April.

At the start of the new year, the world's stock markets picked up where they left off at the end of 2010. The DAX, for example, touched a fresh three-year high in February at over 7,400 points. The markets grew more nervous again at the end of February. Political unrest, particularly in Libya, the associated rise in oil prices and the escalation of Europe's debt crisis increasingly weighed on sentiment. The international equity markets suffered steep declines following the dramatic events in Japan. At the height of the turmoil, the German DAX and MDAX lost some 1,000 points, falling to about 6,500 and 9,500 points, respectively, in mid-March. Concerns about the future courses of events in Japan and the Middle East caused great uncertainty in the markets up to the close of the first quarter.

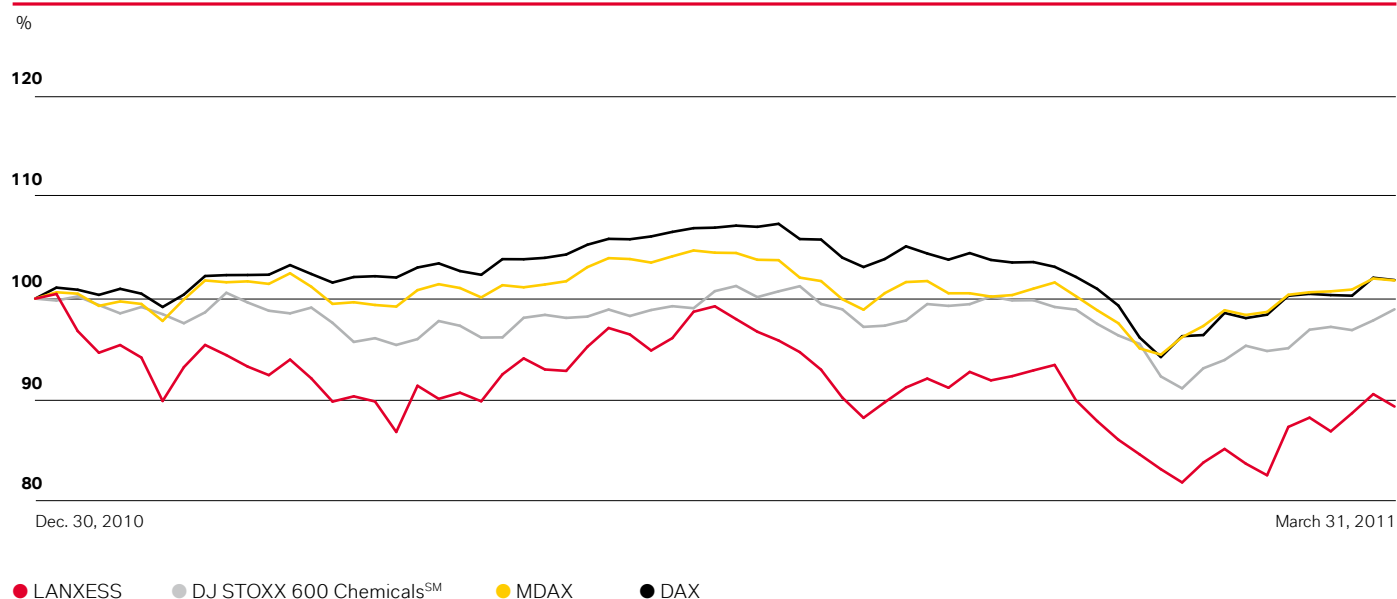
But flanking these negative factors was the positive stimulus provided time and again by the sustained, robust economic recovery. As a result, the stock markets remained extremely volatile through the end of the reporting period. The overall consequence of this development was that the DAX and MDAX each showed just a slight gain on the quarter. LANXESS's benchmark index, the Dow Jones STOXX 600 ChemicalsSM, stood at 563.28 points as of March 31, down about 1% on the quarter.

At the beginning of the second quarter, investors rewarded increasingly positive corporate news despite further unrest in the Arab world and ongoing global risks arising from the natural disaster in Japan. The DAX and MDAX notched sizeable gains as a result, returning to their solid February levels. The Dow Jones STOXX 600 ChemicalsSM also rose, once again approaching the 600-point mark.

LANXESS's stock price during the first quarter was strongly influenced by the nervousness in the equity markets. Apart from the above factors, profit-taking following the stock's very positive development in the previous year also affected its performance. After starting the first quarter of 2011 at around €59, LANXESS shares stayed above €50 in the first months, falling to their quarter low of €47.33 in mid-March. At this level, the stock underperformed its benchmark indices, the MDAX and Dow Jones STOXX 600 ChemicalsSM, as well as Germany's leading index, the DAX. The second quarter began with a sharp rebound in LANXESS stock, the price advancing to a new post-listing high at the end of April.

The performance of LANXESS stock was influenced by positive corporate news such as the growth in demand from key customers. At the beginning of May, the company announced it had successfully completed the purchase of DSM Elastomers following the deal's approval by the relevant antitrust authorities. LANXESS also reported on new investments, including the expansion of its capacities for high-performance rubbers and new production facilities for high-tech plastics in the Performance Polymers segment. As of March, LANXESS is a constituent of the FTSE4Good Index. Inclusion in this index is based on an assessment of a company's sustainable management practices, particularly in the areas of environmental protection, human rights and social standards. Details of these and other developments at LANXESS during the first quarter are provided in the "Highlights" section at the front of this publication.

Stock Performance vs. Indices



LANXESS Stock

		Q4 2010	Q1 2011
Capital stock/no. of shares ¹⁾	€/no. of shares	83,202,670	83,202,670
Market capitalization ¹⁾	€ billion	4.91	4.39
High/low for the period	€	59.49/40.65	59.90/47.33
Closing price ¹⁾	€	59.10	52.78
Trading volume	million shares	37.654	35.983
Earnings per share	€	0.31	2.00

1) End of quarter: Q4: December 31, 2010, Q1: March 31, 2011.

Reported Holdings of 3% or Above by Institutional Investors (as of April 20, 2011)

Dodge & Cox, San Francisco (U.S.A.)	9.93%
BlackRock, Inc., New York (U.S.A.)	5.10%
J.P. Morgan	4.88% ¹⁾
TIAA CREF Funds, New York (U.S.A.)	3.24%
Teachers Advisors, Inc., New York (U.S.A.)	3.24%

1) The reported shareholdings of J.P. Morgan include the interests held by several J.P. Morgan companies, all of which have submitted voting rights notices.

Interim Group Management Report

as of March 31, 2011

- Sales rise by a substantial 29% to €2,073 million
- Price-before-volume strategy successful in the face of distinctly higher raw material costs
- Significant sales gains in all regions
- EBITDA pre exceptionals of €322 million, against €233 million in the prior-year period
- EBITDA margin up from 14.4% to 15.5%
- Earnings per share advance from €1.25 to €2.00
- Moderate increase in net financial liabilities against year end 2010, to €937 million, due to higher working capital
- Guidance for 2011: EBITDA pre exceptionals to grow by 10%–15%

Business Trends and Economic Situation

Economic environment The world economy continued to recover in the first quarter of 2011, albeit at a slower pace than in the previous year. Developments varied from one region to another. Once again, the main drivers of growth were the emerging economies of Asia and Latin America, while the established economic regions showed more moderate expansion. The dramatic events in Japan in March 2011 and the political upheaval in parts of North Africa and the Middle East had no significant global economic impact.

Automobile production rose in all regions. China fell short of the previous year's figures with a 10% rise in sales, ceding first place in terms of growth to India, where the automobile industry grew by 22%. Production in Japan, by contrast, shrank in the first quarter. The demand for original equipment tires resulting from continued strong new-car sales, combined with the need for replacement tires, led to significantly higher output by tire manufacturers. This increase was again driven by China, the country with the largest tire industry, which raised production by another 15%. The European construction

industry recovered at different speeds in the individual countries, while in Asia the positive momentum was maintained. The global chemical industry enjoyed good growth of 7.5% during the reporting period. China led the way, but Germany, with high single-digit growth rates, also made a solid contribution. The demand for agrochemicals rose due to the higher demand for agricultural products.

Sales The first quarter of 2011 was marked by strong demand in the markets of the LANXESS Group. Sales amounted to €2,073 million, up by a very significant €460 million, or 28.5%, from the prior-year quarter. After adjustment for positive currency and portfolio effects, operational sales grew 26.9%. Selling prices were higher in all segments, exceeding the level of the prior-year quarter by 14.7% overall. This was due to higher raw material prices, particularly in the Performance Polymers segment, which were quickly passed along to the market. This underscores the success of the LANXESS Group's price-before-volume strategy. Volumes also rose by 12.2% on account of the increase in demand. Sales of the Darmex group, which was acquired on January 11, 2011, gave rise to a slightly positive portfolio effect of 0.3%.

Effects on Sales

in %	Q1 2011
Price	14.7
Volume	12.2
Currency	1.3
Portfolio	0.3
	28.5

All operating segments benefited from the strong demand and posted double-digit volume growth. Likewise, all segments raised selling prices in response to the higher raw material costs.

The Performance Polymers segment achieved the strongest sales growth, at 34.5%, due to the price increases it implemented following raw material cost increases and to tangible volume growth. Sales gains in the Advanced Intermediates and Performance Chemicals segments were also fueled by substantial volume growth and price adjustments, which fully offset the higher input costs. The Performance Chemicals segment posted a slightly favorable portfolio effect from the first-time inclusion of the sales of the Darmex group, which was acquired in January 2011.

Sales by Segment

€ million	Q1 2010	Q1 2011	Change %	Proportion of Group sales %
Performance Polymers	806	1,084	34.5	52.3
Advanced Intermediates	342	416	21.6	20.1
Performance Chemicals	455	556	22.2	26.8
Reconciliation	10	17	70.0	0.8
	1,613	2,073	28.5	100.0

Sales were up by significant double-digit percentages in all LANXESS regions. The highest sales growth was recorded in the EMEA region (Europe, Middle East, Africa), excluding Germany, with the Performance Polymers segment a key contributor. The sales increases in all segments in the remaining markets illustrate the LANXESS Group's strong market position.

Gross profit The cost of sales in the first quarter of 2011 did not rise as steeply as sales, increasing by 27.2% to €1,551 million. Gross profit advanced by 32.5% to €522 million, yielding a gross profit margin of 25.2%, which was 0.8 percentage points ahead of the prior-year quarter. Prices for strategic raw materials such as butadiene and cyclohexane rose sharply compared to the prior-year period. All segments passed on these higher prices to the market in full. LANXESS continued the systematic pursuit of its price-before-volume strategy. Capacity utilization topped the year-earlier quarter. There were no significant currency effects on gross profit.

EBITDA Pre Exceptionals by Segment

€ million	Q1 2010	Q1 2011	Change %
Performance Polymers	131	199	51.9
Advanced Intermediates	57	75	31.6
Performance Chemicals	78	90	15.4
Reconciliation	(33)	(42)	(27.3)
	233	322	38.2

EBITDA and EBIT The operating result before depreciation and amortization (EBITDA) pre exceptionals came in at €322 million in the first quarter of 2011, up €89 million from the prior-year quarter. This significant improvement was largely attributable to positive price and volume effects and was also helped by somewhat favorable exchange rate movements and the first-time inclusion of the acquired Darmex group's earnings. Selling expenses rose by 19.7% to €170 million, mainly due to higher freight charges as a consequence of higher volumes and prices. Research expenditures also increased by a substantial 29.2% to €31 million due to the expansion of research activities as part of the LANXESS Technology Initiative. The Group EBITDA margin pre exceptionals rose from 14.4% to 15.5%.

The Performance Polymers segment achieved a substantial improvement in earnings due to price increases as well as volume growth and the very good capacity utilization it entailed. The significant rise in raw material costs was passed along in full to the market. Segment earnings rose by €68 million, or 51.9%, from the year-earlier quarter, to €199 million. The Advanced Intermediates segment also posted a sizeable €18 million – or 31.6% – gain in earnings, to €75 million, chiefly due to positive volume and price effects associated with higher raw material costs. Slightly positive currency effects enhanced this development. Due to the price and volume effects, the Performance Chemicals segment, too, improved its earnings by €12 million, or 15.4%, against the previous year, to €90 million. A favorable exchange rate effect and the first-time inclusion of the Darmex group's earnings were further contributory factors.

The Group's first-quarter operating result (EBIT) came to €246 million, following €164 million the year before. The exceptional charges included in other operating expenses totaled €5 million, the full amount of which impacted EBITDA. They related mainly to efficiency improvement measures and expenses for corporate transactions. Exceptional charges in the prior-year quarter amounted to €3 million and related entirely to efficiency enhancements.

Financial result The financial result came to minus €27 million in the first quarter of 2011, compared with minus €20 million in the prior-year quarter. This was mainly due to the change in other financial income and expense. The interest portion of interest-bearing provisions and the adjustment of the Group's financing structure, among other factors, resulted in higher expenses than in the prior-year period. This was partially offset by a modest improvement in the net interest position and a €1 million increase in the pro-rated earnings of Currenta GmbH & Co. OHG, which is accounted for in the consolidated financial statements using the equity method.

Income before income taxes Income before income taxes rose in the first quarter of 2011 in line with the significantly improved operating result, increasing by €75 million to €219 million. The effective tax rate was 23.7%, against 27.1% for the prior-year quarter.

Net income and earnings per share Non-controlling interests accounted for €1 million of income in the period under review, the same as in the prior-year quarter. Net income for the first quarter of 2011 amounted to €166 million, compared with €104 million in the prior-year period. With the number of LANXESS shares in circulation unchanged, first quarter earnings per share rose from €1.25 to €2.00.

Business Trends by Region

Sales by Market

	Q1 2010		Q1 2011		Change
	€ million	%	€ million	%	
EMEA (excluding Germany)	484	30.0	642	31.0	32.6
Germany	308	19.1	398	19.2	29.2
North America	250	15.5	328	15.8	31.2
Latin America	195	12.1	244	11.8	25.1
Asia-Pacific	376	23.3	461	22.2	22.6
	1,613	100.0	2,073	100.0	28.5

LANXESS Group sales in the **EMEA** region, excluding Germany, increased by a significant 32.6% in the first quarter of 2011, to €642 million. Adjusted for portfolio changes and currency effects, sales rose by 32.1% year on year. Sales growth was driven mainly by the Performance Polymers segment, where business was up by a mid-double-digit percentage. The Advanced Intermediates and Performance Chemicals segments also posted good double-digit growth rates. The highest year-on-year percentage increase in business was recorded in Eastern Europe, with notable growth not only in Russia, Hungary and Poland, but also in Turkey. The relative growth in Western Europe was more subdued, although sales in Italy, Spain and Switzerland, in particular, rose by mid-double-digit percentages.

With a 31.0% share of total sales, compared with 30.0% in the first quarter of last year, EMEA (excluding Germany) remained the largest of the LANXESS Group's regions in terms of sales.

In **Germany**, first-quarter sales for the Group advanced 29.2% to €398 million. The Performance Polymers segment made the largest contribution to this increase, with sales gaining in excess of 50%. Performance Chemicals also developed very well, with business up by a substantial double-digit percentage. The rate of growth in Advanced Intermediates was somewhat lower, yet still exceeded 10%.

The percentage of total sales generated in Germany was flat with the prior-year period, at 19.2%.

In **North America**, the previous year's growth trend continued, albeit at a somewhat slower pace. The LANXESS Group again registered a significant increase in business in this region, with sales rising by 31.2% to €328 million. Adjusted for currency and portfolio changes, sales grew by 29.3%. Performance Polymers drove this growth, with sales up by a mid-double-digit percentage. Business also developed well in the Advanced Intermediates and Performance Chemicals segments, where growth rates were also well into double digits.

North America accounted for 15.8% of Group sales, against 15.5% in the prior-year quarter.

The LANXESS Group continued its positive performance in **Latin America**, where sales expanded by 25.1% to €244 million. This increase did not match the prior year's very high double-digit growth rates, which were attributable to the region's marked economic recovery in 2010. Adjusted for currency and portfolio effects, sales rose by 22.0%, driven by the Performance Polymers and Performance Chemicals segments. Growth rates in Performance Polymers were in the mid-double digits, while Performance Chemicals recorded a mid-single-digit rate of growth. Brazil remained the key country for the region's positive development in both absolute and relative terms.

The Latin America region's share of Group sales was virtually unchanged from the year-earlier period, at 11.8%.

With Group sales of €461 million, up 22.6% from the same period of last year, growth in the **Asia-Pacific** region remained at a high level. Here, too, the previous year's growth momentum slackened slightly. After adjustment for currency and portfolio effects, sales grew by 19.5%. The Advanced Intermediates segment drove this development, with business expanding by a good double-digit percentage. The relative increases were similarly high in the Performance Polymers and Performance Chemicals segments. Geographically, positive impetus continued to come from all parts of the region, with India, South Korea and China posting substantial growth rates. In Japan, too, LANXESS recorded a sizeable sales increase. Thus, the dramatic events that began in mid-March 2011 had no material effect on the LANXESS Group's first-quarter sales.

The region's share of Group sales dropped slightly, from 23.3% to 22.2%, due to the higher relative growth in the other regions. Asia-Pacific remained the Group's second-largest region in terms of sales.

Segment Information

Performance Polymers

	Q1 2010		Q1 2011		Change %
	€ million	Margin %	€ million	Margin %	
Sales	806		1,084		34.5
EBITDA pre exceptionals	131	16.3	199	18.4	51.9
EBITDA	130	16.1	199	18.4	53.1
Operating result (EBIT) pre exceptionals	97	12.0	165	15.2	70.1
Operating result (EBIT)	96	11.9	165	15.2	71.9
Cash outflows for capital expenditures ¹⁾	19		40		>100
Depreciation and amortization	34		34		0.0
Employees as of March 31 (previous year: as of Dec. 31)	4,281		4,319		0.9

1) Intangible assets and property, plant and equipment

The **Performance Polymers** segment got off to a very good start in 2011, increasing sales by 34.5% from the already strong prior-year quarter, to €1,084 million. Sharply higher raw material costs, especially for butadiene and cyclohexane, were offset by timely price increases averaging 22.2%. The further improvement in demand led to an 11.2% increase in volumes. In addition to the favorable price and volume trend, there was a positive currency effect of 1.1%.

All of the segment's business units experienced brisker demand from the principal customer industries. As in the preceding quarters, those with close links to the tire industry benefited from strong demand in the market for replacement and original equipment tires. Accordingly, the Butyl Rubber business unit posted further volume growth compared to the prior-year quarter. Volumes in Performance Butadiene Rubbers remained at the previous year's level due to expansion measures that also involved production shutdowns. The Technical Rubber Products and Semi-Crystalline Products business units increased their sales because of the higher demand from automobile manufacturers. In technical specialty rubbers, higher demand for the synthetic rubbers nitrile-butadiene (NBR) and ethylene-propylene-diene monomer (EPDM) made a positive impact. EPDM rubber is in demand in the construction and electronics industries as well as the automotive sector. Regionally, Germany proved to be a particular growth engine, posting the biggest increase in business in absolute terms. Robust sales growth in the mid-double-digit percentage range was also achieved in all the other regions.

EBITDA pre exceptionals in the Performance Polymers segment advanced by a significant €68 million to €199 million, once again evidencing LANXESS's strong market position. The noticeably higher raw material costs were passed along in full to the market. The volume growth resulting from strong demand led to a substantial increase in earnings, which was aided by an improved product mix in synthetic rubbers. Capacity utilization in the segment continued to climb from the previous year's level, resulting in a corresponding reduction in idle capacity costs. There was no effect on earnings from fluctuations in exchange rates. The EBITDA margin came in at 18.4% for the first quarter, against 16.3% a year ago.

EBITDA of the segment in the prior-year period was impacted by exceptional charges of €1 million related to efficiency-improvement measures at several of the Group's sites.

Advanced Intermediates

	Q1 2010		Q1 2011		Change %
	€ million	Margin %	€ million	Margin %	
Sales	342		416		21.6
EBITDA pre exceptionals	57	16.7	75	18.0	31.6
EBITDA	57	16.7	75	18.0	31.6
Operating result (EBIT) pre exceptionals	43	12.6	59	14.2	37.2
Operating result (EBIT)	43	12.6	59	14.2	37.2
Cash outflows for capital expenditures ¹⁾	5		13		>100
Depreciation and amortization	14		16		14.3
Employees as of March 31 (previous year: as of Dec. 31)	2,903		2,886		(0.6)

1) Intangible assets and property, plant and equipment

Sales in the **Advanced Intermediates** segment rose by 21.6% to €416 million in the first quarter of 2011. A 12.3% increase in volumes factored heavily into this increase. Higher raw material prices were offset by price adjustments, yielding a price effect of 8.5%. The positive price and volume trend was somewhat buoyed by an exchange rate effect of 0.8%.

Demand for agrochemicals continued to rebound in the first quarter of 2011, boosting volumes significantly. Both of the segment's business units benefited, with Saltigo posting especially good growth in fungicide intermediates. Volume growth was also recorded in the market for pharmaceutical intermediates. The Basic Chemicals business unit saw further volume increases in its business with the construction sector and the dyes and coatings industry. Higher raw material costs, particularly for benzene, were offset by corresponding adjustments in selling prices. From a regional viewpoint, EMEA, excluding Germany, posted the strongest business performance.

EBITDA pre exceptionals in the Advanced Intermediates segment improved by a significant €18 million to €75 million. The EBITDA margin increased by 1.3 percentage points from 16.7% to 18.0%, chiefly on account of the positive volume effects. The price effects already mentioned resulted from the rise in raw material prices. Capacity utilization was higher than in the prior-year period, benefiting the margin accordingly. Somewhat favorable currency changes reinforced this effect.

Performance Chemicals

	Q1 2010		Q1 2011		Change %
	€ million	Margin %	€ million	Margin %	
Sales	455		556		22.2
EBITDA pre exceptionals	78	17.1	90	16.2	15.4
EBITDA	78	17.1	90	16.2	15.4
Operating result (EBIT) pre exceptionals	62	13.6	72	12.9	16.1
Operating result (EBIT)	62	13.6	72	12.9	16.1
Cash outflows for capital expenditures ¹⁾	14		14		0.0
Depreciation and amortization	16		18		12.5
Employees as of March 31 (previous year: as of Dec. 31)	4,907		5,309		8.2

1) Intangible assets and property, plant and equipment

Sales in the **Performance Chemicals** segment in the first quarter of 2011 rose by 22.2% to €556 million, predominantly due to the positive development of prices and volumes. Volumes increased by 13.0%, and selling prices were raised by 6.4% because of higher raw material costs. Growth was supported by positive currency effects of 1.7% and a portfolio effect of 1.1%. The latter resulted from the inclusion of the sales of the Darmex group, which was acquired in January 2011. The activities of Darmex have been assigned to the Rhein Chemie business unit.

All of the segment's business units increased their sales compared to the prior-year period. Volume growth was particularly strong in the Rubber Chemicals and Rhein Chemie business units, which have close ties to automotive-related industries, as well as in the Functional Chemicals business unit, whose phosphorus chemicals and plastics additives saw a sharp rise in demand from various sectors. The Inorganic Pigments business unit also boosted volumes as well as raising its selling prices due to the increased cost of ferrous raw materials. The Leather business unit, where volumes were stable, benefited from higher selling prices for chrome ore.

EBITDA pre exceptionals increased by 15.4% from the same quarter a year ago to €90 million, mainly on account of price and volume effects. Increases in raw material costs were fully passed along to the market. The volume growth described and the greatly improved capacity utilization compared to the previous year contributed to this improvement in earnings, as did shifts in exchange rates. The EBITDA margin receded slightly, from 17.1% to 16.2%, in part due to one-time expenses for the redesign of a pension plan in Latin America, integration costs related to portfolio changes, and start-up costs at the new site of the Ion Exchange Resins business unit in India.

Reconciliation

	Q1 2010	Q1 2011	Change %
	€ million	€ million	
Sales	10	17	70.0
EBITDA pre exceptionals	(33)	(42)	(27.3)
EBITDA	(35)	(47)	(34.3)
Operating result (EBIT) pre exceptionals	(35)	(45)	(28.6)
Operating result (EBIT)	(37)	(50)	(35.1)
Cash outflows for capital expenditures ¹⁾	1	1	0.0
Depreciation and amortization	2	3	50.0
Employees as of March 31 (previous year: as of Dec. 31)	2,557	2,601	1.7

1) Intangible assets and property, plant and equipment

In the **reconciliation**, the EBITDA pre exceptionals of minus €42 million (against minus €33 million in the prior-year quarter) was partly due to a planned expansion of centralized research activities. The €5 million in exceptional charges reported in the reconciliation for the first quarter related principally to efficiency-improvement measures and expenses in connection with portfolio measures. Such expenses mainly included costs for personnel adjustments, the design and implementation of IT projects, and the execution of corporate transactions, to the extent they could not be allocated to specific segments or business units.

Financial Condition

Structure of the statement of financial position As of March 31, 2011, the LANXESS Group had total assets of €5,837 million, up €171 million, or 3.0%, from €5,666 million on December 31, 2010. The higher working capital was the principal reason for the increase. Shifts in exchange rates compared to the end of 2010 and a reduction in financial assets had an offsetting effect. The equity base was strengthened by the higher net income.

Non-current assets decreased slightly by €19 million to €2,719 million. Intangible assets were up €12 million to €238 million due to additions from the acquisition of the Darmex group, with exchange rates moving in the opposite direction. Property, plant and equipment declined by €45 million to €2,086 million, largely due to currency effects. Cash outflows for purchases of intangible assets, property, plant and equipment rose from €39 million in the prior-year period to €68 million. Depreciation and amortization during the same period totaled €71 million (Q1 2010: €66 million). The increase in the carrying amount of investments accounted for using the equity method was mainly attributable to the positive earnings of Currenta GmbH & Co. OHG in the first quarter of 2011. LANXESS raised its holding in the U.S. company Gevo Inc. when it went public. Gevo is reported under investments in other affiliated companies. The additional holding along with the appreciation of the stock increased the carrying amount of the asset by €23 million. The ratio of non-current assets to total assets was 46.6%, down 1.7 percentage points from December 31, 2010.

Current assets amounted to €3,118 million, up €190 million from December 31, 2010. Inventories rose by €48 million, chiefly as a result of higher raw material prices and in line with the Group's operational performance. Trade receivables were €199 million higher than at year end 2010, mainly because demand and price levels were higher than in the preceding quarter. The total of cash and cash equivalents and near-cash assets decreased by €30 million to €494 million following the sale of money market fund units. The ratio of current assets to total assets was 53.4%, against 51.7% as of December 31, 2010.

Equity rose by €156 million from December 31, 2010 to €1,917 million, chiefly due to the net income of €166 million in the first three months. Negative net currency effects in other equity components had an offsetting effect. The ratio of equity to the Group's total assets was 32.8% as of March 31, 2011, against 31.1% as of December 31, 2010.

Non-current liabilities as of March 31, 2011 were virtually level with the end of 2010, having risen by just €9 million to €2,445 million. This slight change was mainly due to small increases in pension provisions, other non-current financial liabilities and deferred taxes. The €17 million decrease in other non-current provisions had an offsetting effect. The ratio of non-current liabilities to total assets was 41.9%, down from 43.3% as of December 31, 2010.

Current liabilities rose by €24 million to €1,475 million compared to the preceding quarter, with the increase in other current provisions offsetting the decrease in trade payables. Thus, the change in current liabilities was largely attributable to the increase in income tax liabilities associated with business growth. The ratio of current liabilities to total assets was 25.3% as of March 31, 2011, against 25.6% at the end of 2010.

Liquidity and capital expenditures In the first three months of fiscal 2011, there was a net cash inflow of €36 million from operating activities, compared with a net outflow of €8 million in the prior-year period. With income before income taxes amounting to €219 million, the increase in working capital compared with December 31, 2010 resulted in a cash outflow of €301 million. The corresponding outflow in the prior-year quarter was €215 million. The change in working capital was attributable to higher prices for raw materials, growth in demand and the associated inventory replenishment and increase in receivables.

There was a €19 million net cash outflow for investing activities in the first three months of 2011, against €39 million in the same period a year ago. Cash outflows for purchases of intangible assets, property, plant and equipment totaled €68 million, which was €29 million more than in the prior-year period. Depreciation and amortization amounted to €71 million, against €66 million a year before. The cash outflow for the acquisition of subsidiaries amounted to €28 million and related to the purchase of the Darmex group. Cash inflows from financial assets came to €73 million and mainly comprised the proceeds from the sale of near-cash assets, which offset the cash outflows for the purchase of additional shares of Gevo Inc. in the United States.

Significant capital expenditures in the Performance Polymers segment related to the construction of the new butyl rubber plant in Singapore. This is the largest investment project in the company's history. The new facility is scheduled to start production in the first quarter of 2013. In addition, the Semi-Crystalline Products business unit is continuing to expand its activities with the construction of a new plastics production facility in India. The compounding facility for engineering plastics at this site is due on stream at the beginning of 2012. LANXESS is also building this business unit's first-ever production plant for high-tech plastics in the United States. Construction is expected to commence in the second quarter of 2011, with completion planned for 2012. In addition, the Semi-Crystalline Products business unit and U.S. chemical company DuPont are doubling the capacity of their joint compounding facility for polybutylene terephthalate (PBT) in Hamm-Uentrop, Germany. The new capacity should be available to the market starting in 2012. Capacities at the caprolactam facility in Antwerp, Belgium, are also to be increased. For this purpose it is planned to temporarily halt production at the facility in the second quarter.

In the Advanced Intermediates segment's Basic Chemicals business unit, capital expenditures were made to increase the production capacity for formalin at the Krefeld-Uerdingen site. The business unit also announced the expansion of menthol production at this site. This project is due to be completed in the first half of 2012.

In the Performance Chemicals segment, capital expenditures in the Ion Exchange Resins business unit related to the construction of a facility at the Bitterfeld site for membrane filtration technology and of facilities at the site in Jhagadia, India, for the manufacture of ion exchange resins used in water treatment and for the production of ultra-pure water. The principal disbursements in the Rhein Chemie business unit related to the construction of the production sites in Russia. A rubber chemicals plant is currently under construction in the city of Dzerzhinsk in the Nizhny Novgorod district. In addition, LANXESS announced that it will enlarge the capacity for the manufacture of vulcanization bladders used in tire production at the business unit's newly acquired site in Argentina. This new plant is due on stream in the second half of 2011.

Net cash used in financing activities came to €7 million, against €57 million a year before. The net cash outflow was primarily attributable to proceeds from, and repayments of, borrowings and to the related interest payments.

Cash and cash equivalents increased by a modest €4 million compared with the end of 2010, to €164 million. The €330 million of instant-access investments in money market funds, down from €364 million at the end of 2010, was reported under near-cash assets. Net financial liabilities totaled €937 million as of March 31, 2011, compared with €913 million as of December 31, 2010.

Net Financial Liabilities

€ million	Dec. 31, 2010	March 31, 2011
Non-current financial liabilities	1,302	1,309
Current financial liabilities	176	181
less		
Liabilities for accrued interest	(41)	(59)
Cash and cash equivalents	(160)	(164)
Near-cash assets	(364)	(330)
	913	937

Significant Opportunities and Risks

There have been no significant changes in the opportunities or risks of the LANXESS Group compared with December 31, 2010. For more information, readers are therefore referred to the information included in the Group management report for the 2010 fiscal year.

Outlook

LANXESS believes the economic growth trend will persist despite the global trouble spots. However, regional variations will become more pronounced. The positive development will continue in the emerging countries, especially China, India and Brazil. The established economies, by contrast, are expected to show below-average growth overall for the remainder of the year. The greatest threats to steady economic expansion are the areas of unrest in the Middle East and the unresolved government debt problems in some established economies.

Even against this background, LANXESS still expects demand in its sales markets to grow and will continue to capitalize on the megatrends of mobility, agriculture, urbanization and water. Automobile and tire production should continue to increase. Demand for agrochemicals is also expected to go on improving as the year progresses, given the increased demand for food – despite the limits on the expansion of arable land – and the need to make agricultural production more efficient. The chemical industry as a whole will sustain its positive momentum.

Energy and raw material prices, especially for butadiene and cyclohexane, are expected to climb even higher this year. We aim to pass on rising costs to the market by raising our selling prices and to continue the successful pursuit of our price-before-volume strategy.

By current estimates, the events in Japan will have only a limited impact on business development in certain of the LANXESS Group's business units.

LANXESS will perform expansion and maintenance work at production facilities, particularly in the second and third quarters. For example, work to be carried out in the Performance Polymers segment serves to increase production capacity in the Semi-Crystalline Products business unit for the intermediate caprolactam. Further work will take place in the Basic Chemicals business unit of the Advanced Intermediates segment and the Leather business unit of the Performance Chemicals segment.

LANXESS will continue to implement its selective growth strategy. As planned, cash outflows for the capital expenditures necessary to construct the new butyl rubber facility in Singapore will increase in the coming quarters. Disbursements for this project in the current year are expected to total about €200 million.

In light of these developments and assumptions, LANXESS predicts further year-on-year earnings growth, with EBITDA pre exceptionals for fiscal 2011 expected to come in 10% to 15% above the €918 million figure posted in 2010. LANXESS expects earnings distribution to be in line with the usual seasonality experienced up to the start of the global economic crisis.

Events After the Reporting Period

In mid-April 2011, the LANXESS Group completed its acquisition of the material protection business of Syngenta AG, Basel, Switzerland. This acquisition, which has been assigned to the Material Protection Products business unit of the Performance Chemicals segment, makes LANXESS one of the leading suppliers of biocides for the protection of construction materials. It involves the transfer of selected intangible assets that give LANXESS strategic access to fungicidal and insecticidal active ingredients and technologies developed by Syngenta. The transaction does not relate to production facilities or to employment contracts with Syngenta employees.

LANXESS's acquisition of the DSM Elastomers group from Dutch company Royal DSM N.V. was completed with the transfer of shares at the beginning of May 2011. The purchase price was €310 million on a cash- and debt-free basis. The DSM Elastomers group, based in Sittard-Geleen in the Netherlands, produces the synthetic rubber ethylene-propylene-diene monomer (EPDM) at sites in the Netherlands and Brazil and has about 420 employees worldwide. The DSM business will supplement the EPDM activities of the Technical Rubber Products business unit in the Performance Polymers segment. With this transaction, LANXESS aims to strengthen its technology base in EPDM.

No further events of special significance took place after March 31, 2011 that are expected to materially affect the financial position or results of operations of the LANXESS Group.

Condensed Consolidated Interim Financial Statements

as of March 31, 2011

LANXESS Group Statement of Financial Position

€ million	Dec. 31, 2010	March 31, 2011
ASSETS		
Intangible assets	226	238
Property, plant and equipment	2,131	2,086
Investments accounted for using the equity method	13	17
Investments in other affiliated companies	8	31
Non-current derivative assets	3	12
Other non-current financial assets	74	71
Deferred taxes	170	144
Other non-current assets	113	120
Non-current assets	2,738	2,719
Inventories	1,094	1,142
Trade receivables	942	1,141
Cash and cash equivalents	160	164
Near-cash assets	364	330
Current derivative assets	19	47
Other current financial assets	58	6
Current income tax receivables	69	50
Other current assets	222	238
Current assets	2,928	3,118
Total assets	5,666	5,837
EQUITY AND LIABILITIES		
Capital stock and capital reserves	889	889
Other reserves	699	1,089
Net income	379	166
Other equity components	(221)	(243)
Equity attributable to non-controlling interests	15	16
Equity	1,761	1,917
Provisions for pensions and other post-employment benefits	605	610
Other non-current provisions	351	334
Non-current derivative liabilities	11	2
Other non-current financial liabilities	1,302	1,309
Non-current income tax liabilities	50	49
Other non-current liabilities	95	94
Deferred taxes	40	47
Non-current liabilities	2,454	2,445
Other current provisions	422	454
Trade payables	664	636
Current derivative liabilities	23	11
Other current financial liabilities	176	181
Current income tax liabilities	34	69
Other current liabilities	132	124
Current liabilities	1,451	1,475
Total equity and liabilities	5,666	5,837

LANXESS Group Income Statement

€ million	Q1 2010	Q1 2011
Sales	1,613	2,073
Cost of sales	(1,219)	(1,551)
Gross profit	394	522
Selling expenses	(142)	(170)
Research and development expenses	(24)	(31)
General administration expenses	(60)	(70)
Other operating income	38	43
Other operating expenses	(42)	(48)
Operating result (EBIT)	164	246
Income from investments accounted for using the equity method	4	5
Interest income	3	2
Interest expense	(24)	(22)
Other financial income and expense	(3)	(12)
Financial result	(20)	(27)
Income before income taxes	144	219
Income taxes	(39)	(52)
Income after income taxes	105	167
of which attributable to non-controlling interests	1	1
of which attributable to LANXESS AG stockholders (net income)	104	166
Earnings per share in € (undiluted/diluted)	1.25	2.00

LANXESS Group Statement of Comprehensive Income

€ million	Q1 2010	Q1 2011
Income after income taxes	105	167
Actuarial gains/losses and effects of the asset ceiling relating to defined-benefit plans	(42)	13
Exchange differences on translation of operations outside the eurozone	65	(65)
Financial instruments	(41)	61
Income taxes on other comprehensive income	22	(20)
Other comprehensive income, net of income tax	4	(11)
Total comprehensive income	109	156
of which attributable to non-controlling interests	1	1
of which attributable to LANXESS AG stockholders	108	155

LANXESS Group Statement of Changes in Equity

€ million	Capital stock	Capital reserves	Other reserves	Net income	Other equity components		Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments			
Dec. 31, 2009	83	806	818	40	(340)	25	1,432	13	1,445
Allocations to retained earnings			40	(40)			0		0
Share-based compensation		5					5		5
Total comprehensive income			(30)	104	65	(31)	108	1	109
Income after income taxes				104			104	1	105
Other comprehensive income, net of income tax			(30)		65	(31)	4		4
March 31, 2010	83	811	828	104	(275)	(6)	1,545	14	1,559
Dec. 31, 2010	83	806	699	379	(215)	(6)	1,746	15	1,761
Allocations to retained earnings			379	(379)			0		0
Total comprehensive income			11	166	(65)	43	155	1	156
Income after income taxes				166			166	1	167
Other comprehensive income, net of income tax			11		(65)	43	(11)	0	(11)
March 31, 2011	83	806	1,089	166	(280)	37	1,901	16	1,917

LANXESS Group Statement of Cash Flows

€ million	Q1 2010	Q1 2011
Income before income taxes	144	219
Depreciation and amortization	66	71
Gains on disposals of intangible assets and property, plant and equipment	0	0
Income from investments accounted for using the equity method	(4)	(5)
Financial losses	21	20
Income taxes paid/refunded	(18)	4
Changes in inventories	(76)	(67)
Changes in trade receivables	(154)	(216)
Changes in trade payables	15	(18)
Changes in other assets and liabilities	(2)	28
Net cash provided by (used in) operating activities	(8)	36
Cash outflows for purchases of intangible assets, property, plant and equipment	(39)	(68)
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents	0	(28)
Cash inflows from sales of intangible assets, property, plant and equipment	1	2
Cash outflows for/cash inflows from financial assets	(2)	73
Interest and dividends received	1	2
Net cash used in investing activities	(39)	(19)
Proceeds from borrowings	8	6
Repayments of borrowings	(60)	(9)
Interest paid and other financial disbursements	(5)	(4)
Net cash used in financing activities	(57)	(7)
Change in cash and cash equivalents from business activities	(104)	10
Cash and cash equivalents as of January 1	313	160
Other changes in cash and cash equivalents	2	(6)
Cash and cash equivalents as of March 31	211	164

Segment and Region Data

Key Data by Segment

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
External sales	806	1,084	342	416	455	556	10	17	1,613	2,073
Inter-segment sales	1	0	10	15	2	2	(13)	(17)	0	0
Segment/Group sales	807	1,084	352	431	457	558	(3)	0	1,613	2,073
Segment result/EBITDA pre exceptionals	131	199	57	75	78	90	(33)	(42)	233	322
EBITDA margin pre exceptionals (%)	16.3	18.4	16.7	18.0	17.1	16.2			14.4	15.5
EBITDA	130	199	57	75	78	90	(35)	(47)	230	317
Operating result (EBIT) pre exceptionals	97	165	43	59	62	72	(35)	(45)	167	251
Operating result (EBIT)	96	165	43	59	62	72	(37)	(50)	164	246
Additions to intangible assets, property, plant and equipment	19	42	18	13	14	14	1	1	52	70
Depreciation and amortization	34	34	14	16	16	18	2	3	66	71
Employees as of March 31 (previous year: as of Dec. 31)	4,281	4,319	2,903	2,886	4,907	5,309	2,557	2,601	14,648	15,115

Key Data by Region

€ million	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
Sales by market	484	642	308	398	250	328	195	244	376	461	1,613	2,073
Proportion of Group sales (%)	30.0	31.0	19.1	19.2	15.5	15.8	12.1	11.8	23.3	22.2	100.0	100.0
Employees as of March 31 (previous year: as of Dec. 31)	2,638	2,779	7,590	7,627	1,309	1,334	1,215	1,428	1,896	1,947	14,648	15,115

Notes to the Condensed Consolidated Interim Financial Statements

as of March 31, 2011

Recognition and Valuation Principles

The unaudited, condensed consolidated interim financial statements as of March 31, 2011 were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations of the International Accounting Standards Board (IASB) applicable to interim financial reporting, required to be applied in the European Union. The standards and interpretations already mandatory as of January 1, 2011 were observed in preparing the interim financial statements.

In compliance with IAS 34, the company opted for a condensed scope of reporting in the interim financial statements compared with the consolidated annual financial statements. Reference should be made as appropriate to the notes to the consolidated financial statements as of December 31, 2010, particularly with respect to the recognition and valuation principles applied.

Scope of Consolidation

The consolidated interim financial statements of the LANXESS Group include the parent company LANXESS AG along with all of its domestic and foreign subsidiaries.

Effective January 11, 2011, LANXESS acquired the Darmex group comprising all of the shares in Darmex S.A., Buenos Aires, Argentina, and Werlind Chile S.A., Santiago, Chile, and their subsidiaries. The Darmex group, which has been assigned to the Rhein Chemie business unit in the Performance Chemicals segment, was consolidated from that date. The acquisition was paid for out of existing liquidity of the LANXESS Group.

Since the date of acquisition, the acquired business has contributed €5 million to LANXESS Group sales but has not been materially accretive to earnings. Had the companies concerned already been acquired and consolidated as of January 1, 2011, there would have been no significant difference in their contributions to Group sales and earnings compared with consolidation as of their actual date of acquisition.

The acquisition was treated as a business combination pursuant to IFRS 3. Thus, in allocating the purchase price, the acquiree's identifiable assets, liabilities and contingent liabilities were included at fair value. The remaining difference of €7 million represents the goodwill acquired on the acquisition. The following table shows a breakdown of the purchase price allocation and its impact on the statement of financial position of the LANXESS Group.

	EMEA (excluding Germany)	Germany	North America	Latin America	Asia-Pacific	Total
Fully consolidated companies (incl. parent company)						
Jan. 1, 2011	19	13	6	5	16	59
Additions	1		1	3		5
March 31, 2011	20	13	7	8	16	64
Companies accounted for using the equity method						
Jan. 1, 2011		1			2	3
Additions						0
March 31, 2011	0	1	0	0	2	3
Non-consolidated companies						
Jan. 1, 2011	2	2	1	2	1	8
Additions						0
March 31, 2011	2	2	1	2	1	8
Total						
Jan. 1, 2011	21	16	7	7	19	70
Additions	1	0	1	3	0	5
March 31, 2011	22	16	8	10	19	75

Additions from Acquisitions

€ million	IFRS carrying amounts prior to first-time consolidation	Purchase price allocation	Carrying amounts upon first-time consolidation
Intangible assets	0	12	12
Property, plant and equipment	3	6	9
Other assets	15	2	17
Total assets	18	20	38
Non-current liabilities	0	7	7
Current liabilities	9	0	9
Total liabilities	9	7	16
Net acquired assets (excluding goodwill)	9	20	22
Acquisition costs			29
Acquired goodwill (provisional valuation)			7

The purchase price allocation is provisional and was carried out with the aid of reports from external experts and in light of the information available at and immediately after the date of acquisition. It can be adjusted within one year after the date of acquisition to reflect new information and findings.

The goodwill resulting from the acquisition of the Darmex Group reflects, in particular, marketing and cost synergies arising from the creation of production capacities in South America, the expansion of the LANXESS product mix for the tire industry and additional opportunities for sales to existing and new customers, especially in Asia. The acquisition therefore represents a further step in LANXESS's long-term growth strategy in the BRICS countries (Brazil, Russia, India, China and South Africa).

On April 13, 2011, LANXESS acquired the material protection business of Syngenta AG, Basel, Switzerland. The acquisition mainly comprised the transfer of selected intangible assets. The activities have been assigned to the Material Protection Products business unit of the Performance Chemicals segment. The LANXESS Group has also successfully completed its acquisition of the DSM Elastomers group from the Dutch company Royal DSM N.V., Heerlen, Netherlands. The acquisition of the DSM Elastomers group, based in Sittard-Geleen, Netherlands, closed on May 2, 2011. The business supplements the activities of the Technical Rubber Products business unit of the Performance Polymers segment.

Based on 2010 figures, the two last-named acquisitions are expected to contribute sales of around €350 million to sales in 2011. Because of the provisional nature of the purchase price allocation, further information will be provided in the second quarter of 2011.

Earnings per Share

Earnings per share for the first quarters of 2010 and 2011 were calculated on the basis of the 83,202,670 shares outstanding as of both closing dates. They are derived solely from continuing operations. Since there are currently no equity instruments in issue that could dilute earnings per share, basic and diluted earnings per share are identical. For more information about equity instruments that could dilute earnings per share in the future, readers are referred to the notes to the consolidated financial statements as of December 31, 2010.

Earnings per Share

	Q1 2010	Q1 2011	Change %
Net income (€ million)	104	166	59.6
No. of outstanding shares (weighted)	83,202,670	83,202,670	0.0
Earnings per share in € (undiluted/diluted)	1.25	2.00	60.0

Notes to the Segment Reporting

The reconciliation of EBITDA pre exceptionals to income before income taxes is presented in the following table:

Reconciliation of Segment Result

€ million	Q1 2010	Q1 2011
Total of segment results	266	364
Depreciation and amortization	(66)	(71)
Other/consolidation	(33)	(42)
Exceptional items in EBITDA	(3)	(5)
Net interest expense	(21)	(20)
Income from investments accounted for using the equity method	4	5
Other financial income/expense – net	(3)	(12)
Income before income taxes	144	219

Segment changes made after preparation of the consolidated financial statements for 2010 involve the transfer of the adipic acid activities from the Semi-Crystalline Products business unit of the Performance Polymers segment to the Basic Chemicals business unit of the Advanced Intermediates segment. The previous year's figures have been restated accordingly.

Related Parties

In the course of its operations, the LANXESS Group sources materials, inventories and services from a large number of business partners worldwide. These include companies in which LANXESS AG holds a direct or indirect interest. Transactions with these companies are carried out on an arm's-length basis.

Transactions in the first three months of 2011 with associated companies accounted for in the consolidated financial statements using the equity method, or subsidiaries of such companies, mainly comprised the purchase of site services in the fields of utilities, infrastructure and logistics totaling €111 million (Q1 2010: €90 million). Trade payables of €45 million existed as March 31, 2011 (December 31, 2010: €26 million) as a result of these transactions.

No material business transactions were undertaken with other associated companies, joint ventures or individuals. As in the previous year, no loans were granted to members of the Board of Management or the Supervisory Board in the first three months of 2011.

Employees

The LANXESS Group had 15,115 employees worldwide as of March 31, 2011, which was 467 more than on December 31, 2010 (14,648).

The number of employees in the EMEA region (excluding Germany) rose by 141 to 2,779, chiefly because of new hires at one of our sites in South Africa. In Germany, headcount increased by 37 to 7,627. The number of employees in North America was up from 1,309 as of December 31, 2010, to 1,334. In Latin America, the workforce expanded by 213 to 1,428, mainly due to the first-time inclusion of the Darmex group's employees. The number of employees in Asia-Pacific advanced by 51, from 1,896 to 1,947, due largely to increases in India and Singapore as a result of the investment activity in those countries.

Financial Calendar 2011

May 18

Annual Stockholders' Meeting

August 11

Interim Report H1 2011

September 22

Analyst Roundtable

November 10

Interim Report Q3 2011

**Please do not hesitate to contact us
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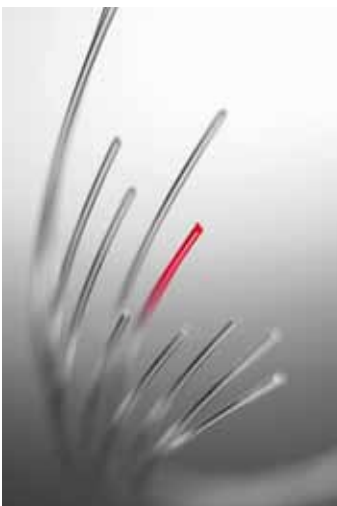
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2011 – LANXESS Year of High-Tech Plastics

LANXESS has been among the world's leading producers of glass fibers for more than three decades and uses them as an essential component in its own high-tech plastics. Modern glass-fiber-reinforced plastics are resistant to aging, weathering and chemicals and are non-flammable – properties that have made them into one of the most important engineering materials in many sectors of industry.

Masthead

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