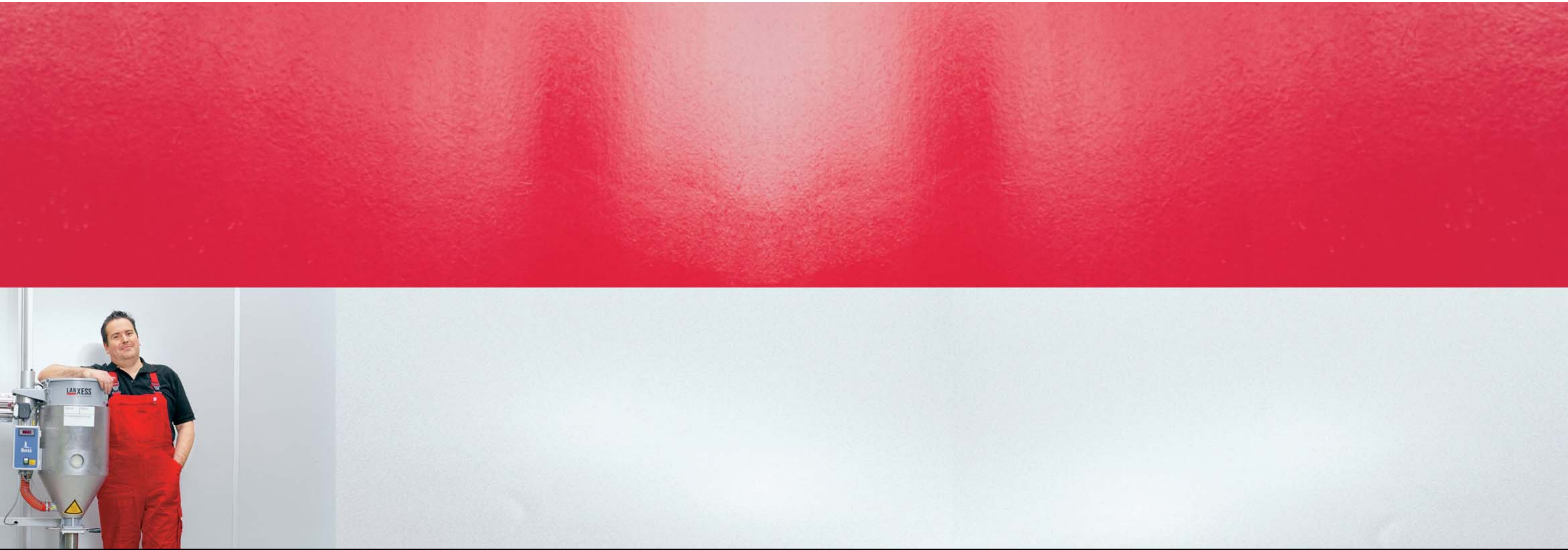

LANXESS AG

Deutsche Bank - 9th German Corporate Conference

Frankfurt, June 01, 2006

Matthias Zachert (CFO)

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Agenda

1. Business Update
2. Financial Overview
3. Strategy Review

Business Update Q1 2006

2006

- Economic environment remains supportive with healthy demand
- Operationally a solid first quarter
- Continued broad price push-through in light of strong increase in raw materials and energy
- Restructuring continues and yields first results, fully on track
- First portfolio measures completed
- Financials in line with our targets
- Laying the foundation for FY targets

Transformation of the company continues

Portfolio Adjustment as Part of Transformation

Performance Rubber	Engineering Plastics	Chemical Intermediates	Performance Chemicals
Butyl Rubber	Styrenic Resins	Basic Chemicals	Material Protection Products
Polybutadiene Rubber	Semi-Crystalline Products	Saltigo / Fine Chemicals	Functional Chemicals
Technical Rubber Products	Fibers	Inorganic Pigments	Leather
			Textile Processing Chemicals
			Paper
			RheinChemie iSL
			Rubber Chemicals
			Ion Exchange Resins

Financial effects from portfolio measures:

Profit and Loss:
- iSL out as of Nov 30, 2005, PAP and FIB (2 months) still in Q1 2006

Cash Flow:
- €32 m cash received in Q1 2006
- further cash-in of ~€60 m in Q2 2006

Balance Sheet:
- related assets and liabilities de-consolidated

Reduction of ~720 employees

Sales: > € 500 m | Sales: € 200 m – 500 m | Sales: < € 200 m | Divested

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Q1 2006 Financial Highlights: Improving Profitability While Balance Sheet Remains Solid

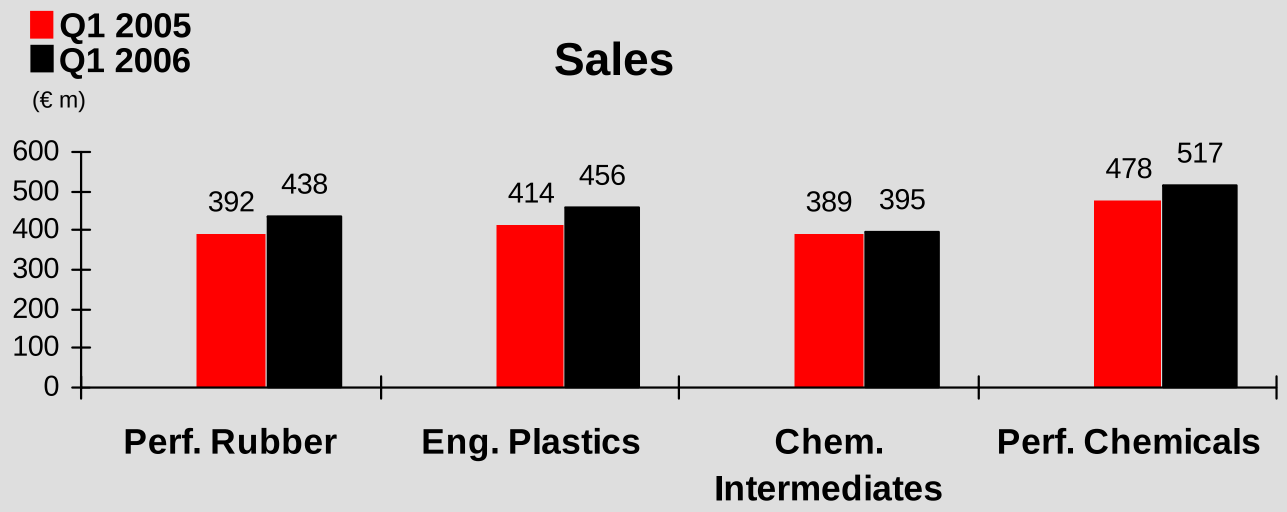
(€ m)	Q1 2005	Q1 2006	Δ in %
Sales	**1,729**	**1,836**	**6.2%**
EBITDA pre except.	**181**	**205**	**13.3%**
Margin	10.5%	11.2%	
Net Income	**70**	**82**	**17.1%**
Net Financial Debt	**680***	**647**	**-4.9%**
Working Capital	**1,439***	**1,464**	**1.7%**
Capex	**51**	**37**	**-27.5%**
Employees	**18,282***	**17,180**	**-6.0%**

*As per 31.12.

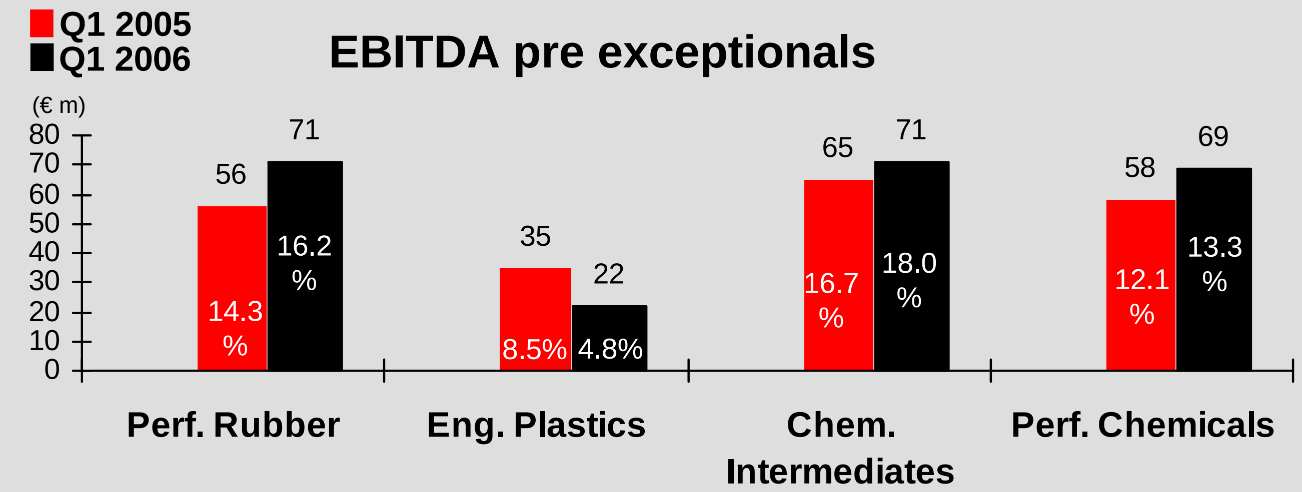
- Selling price increases amid continuous good demand and risen input costs for raw materials and energy
- Further reduction of net financial debt on the basis of good operating results
- Majority of FY capex will be spent during the next three quarters, guidance remains unchanged

Improving financials while transforming the company

A Solid Start Into 2006



- Increased sales mainly due to improved pricing in light of risen raw material costs but also supported by strengthened U.S. Dollar



- Overall EBITDA increase and margin expansion especially compared to a very strong Q1 2005

LANXESS is on track!

Balance Sheet Remains Solid

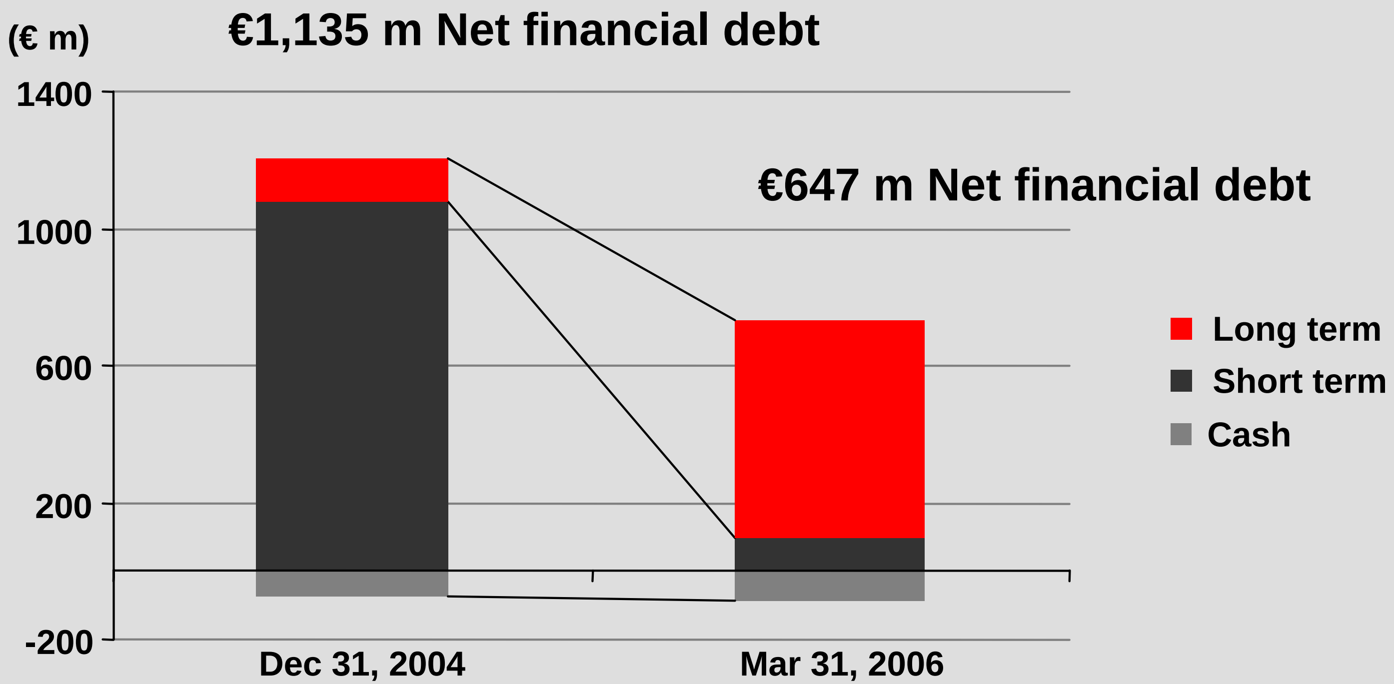
(€ m)	Dec 31, 2005	Mar 31, 2006
Non-current Assets	**1,835**	**1,783**
Intangible assets	53	50
Property, plant & equipment	1,526	1,478
Equity investments	22	31
Other investments	4	4
Financial assets	48	45
Deferred taxes	103	96
Other non-current assets	79	79
Current Assets	**2,506**	**2,486**
Inventories	1,068	1,040
Trade accounts receivable	1,065	1,042
Financial assets	37	26
Other current assets	200	290
Liquid assets	136	88
Total Assets	**4,341**	**4,269**

(€ m)	Dec 31, 2005	Mar 31, 2006
Stockholders' Equity	**1,256**	**1,337**
thereof minority interest	17	18
Non-current Liabilities	**1,576**	**1,548**
Pension & post empl. provisions	497	499
Other provisions	302	283
Financial liabilities	644	639
Tax liabilities	26	26
Other liabilities	32	30
Deferred taxes	75	71
Current Liabilities	**1,509**	**1,384**
Other provisions	401	443
Financial liabilities	172	96
Trade accounts payable	694	618
Tax liabilities	27	41
Other liabilities	215	186
Total Equity & Liabilities	**4,341**	**4,269**

BUs Paper and Fibers de-consolidated

Financing Structure Significantly Improved while Transforming the Company

Net financial debt overview:



- Financing structure solid and long-term
- Net financial debt reduced from €1,135 m to €647 m
- Net debt to EBITDA pre exceptionals ratio improved from 2.5x to 1.2x in FY 2005
- …and we pay less interest

We are all set for 2006

Increasing Trust and Stability

Investment grade rating improved

New rating by Fitch: BBB (stable outlook) as unsolicited rating

„The ratings reflect Lanxess' solid capital structure and satisfactory coverage ratios…"

"This is the result of restructuring programmes, price-before-volume strategy and a reorganisation of its financing arrangements…"

"Fitch has also positively taken into account management's continued restructuring efforts, initial success on portfolio adjustments and its commitment to a conservative financial profile."

– October 2004: BBB- (positive outlook) by Standard & Poor's

– May 2005: Baa3 (stable outlook) by Moody's

First BBB rating with stable outlook underpins transformation success

Improved Cash Flow: Stronger Operating Results

(€ m)	Q1 2005	Q1 2006
Profit before Tax	**94**	**115**
Depreciation & Amortization	65	62
Equity earnings	-5	-9
Gain/ Loss from Sale of Assets	-1	0
Financial Losses	9	7
Cash tax payments	-24	-9
Changes in Working Capital	-236	-129
Changes in Other Assets and Liabilities	88	-1
Operating Cash Flow	**-10**	**36**
Investing Cash Flow	**-48**	**-2**
thereof Capex	-51	-37
Free Cash Flow	**-58**	**34**
Financing Cash Flow	**116**	**-82**

– Improved operating result led to corresponding increase in operating Cash Flow

– Improved Working Capital management compared to Q1 2005

– Operating Cash Flow includes €24 m of cash out for restructuring

– Investing Cash Flow includes €32 m from sale of iSL, PAP and FIB

Majority of extraordinary cash outs (restructuring, anti-trust) to come in forthcoming quarters

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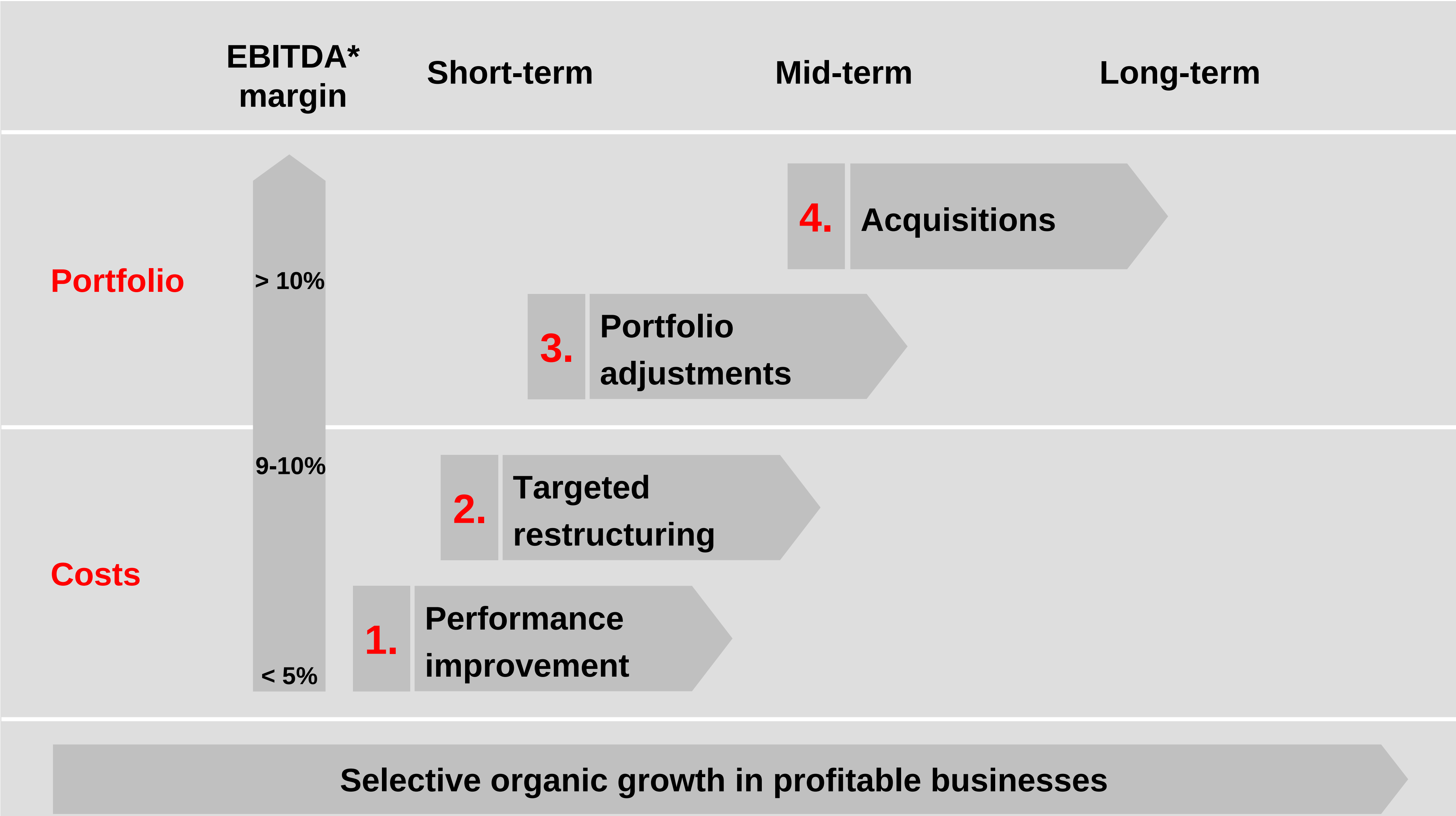
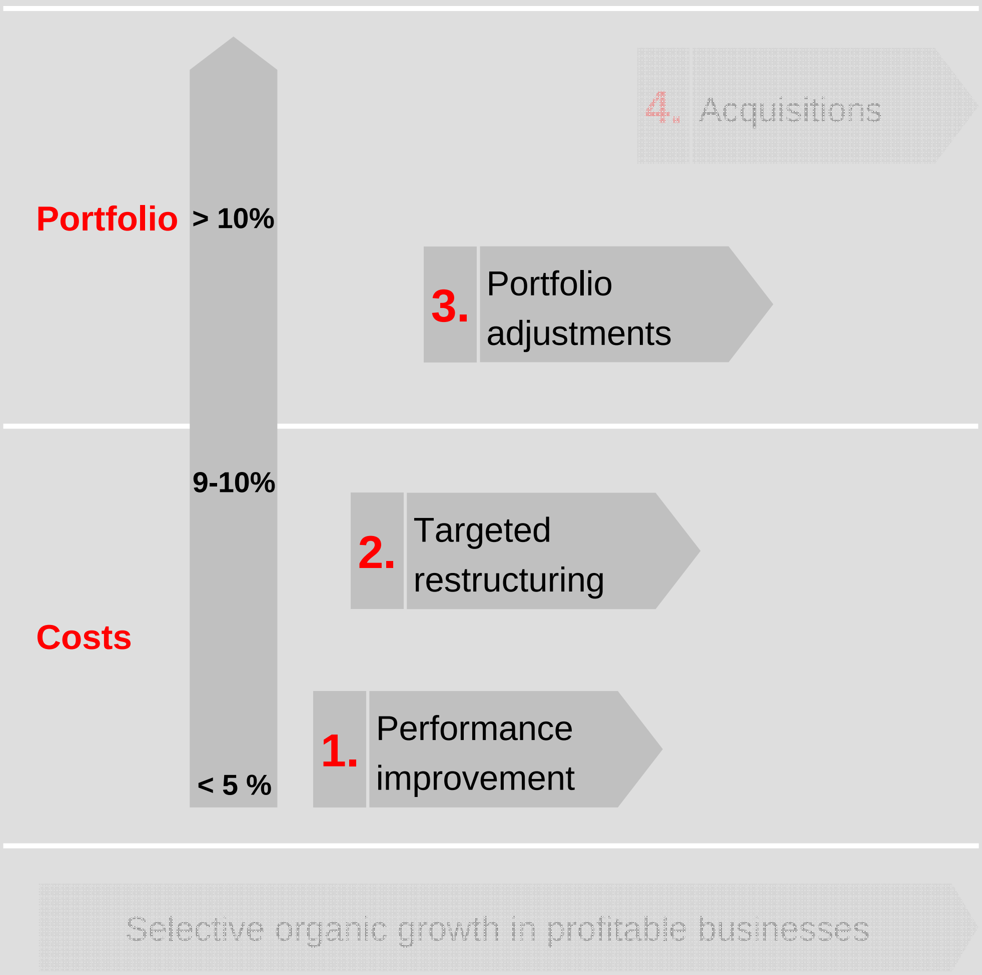
Step-by-Step Approach to Creating Value



* EBITDA pre exceptionals

Consistent Strategy Implementation

2005



First portfolio adjustments accomplished

- Paper and Fibers business units and iSL-Chemie divested to strategic investors

Targeted restructuring

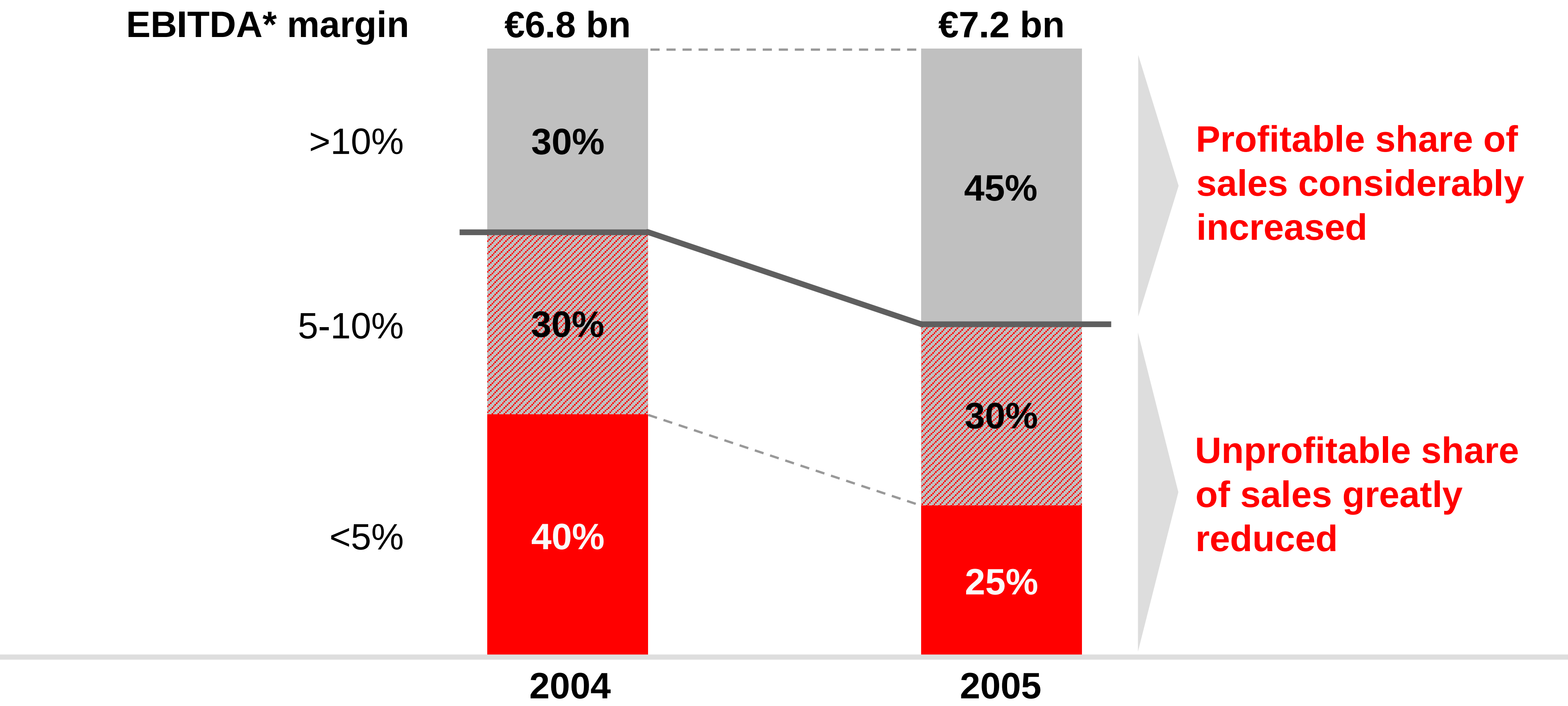
- Phase I: Styrenic Resins Europe and Fine Chemicals (Saltigo)
- Phase II and III: Asset consolidation and process optimization in U.S. and EMEA

Immediate performance improvement

- Rigorous cost management
- “Price before volume” strategy
- Avoidance of unprofitable business

Proportion of Profitable Sales Risen to 45% - Margins on 55% of Business Still Inadequate

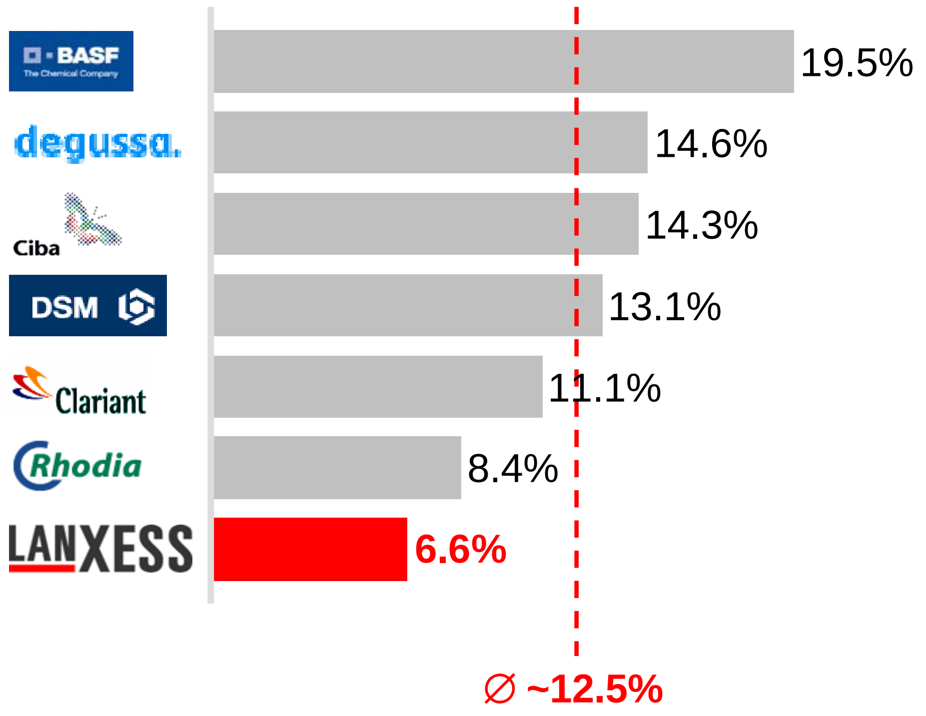
Profitability split 2004 vs. 2005



* EBITDA pre exceptionals

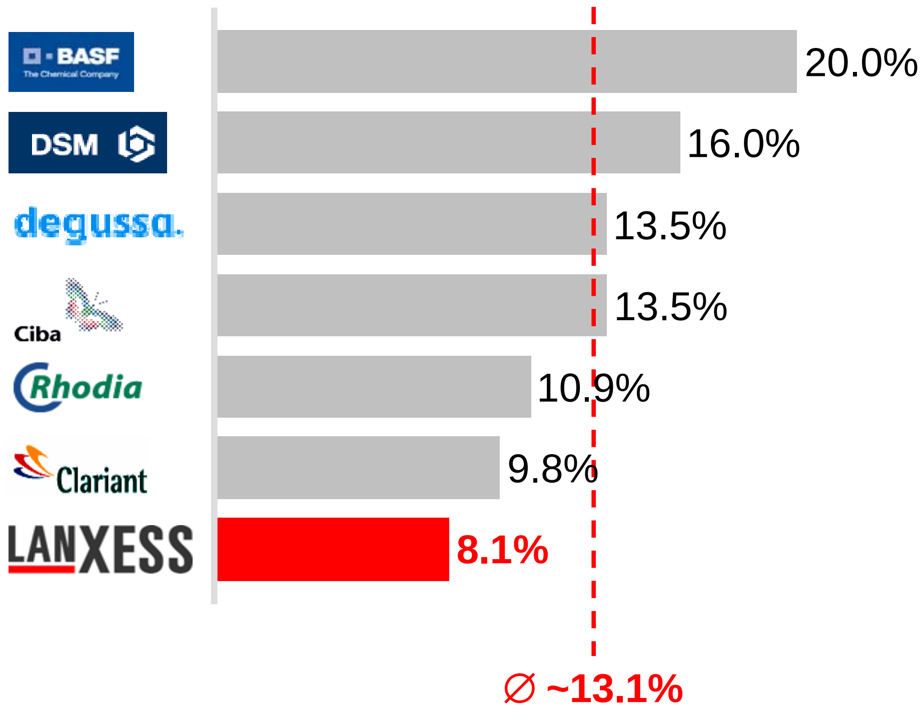
Overall Performance Still Below Average

EBITDA* margin 2004



Source: Annual reports

EBITDA* margin 2005

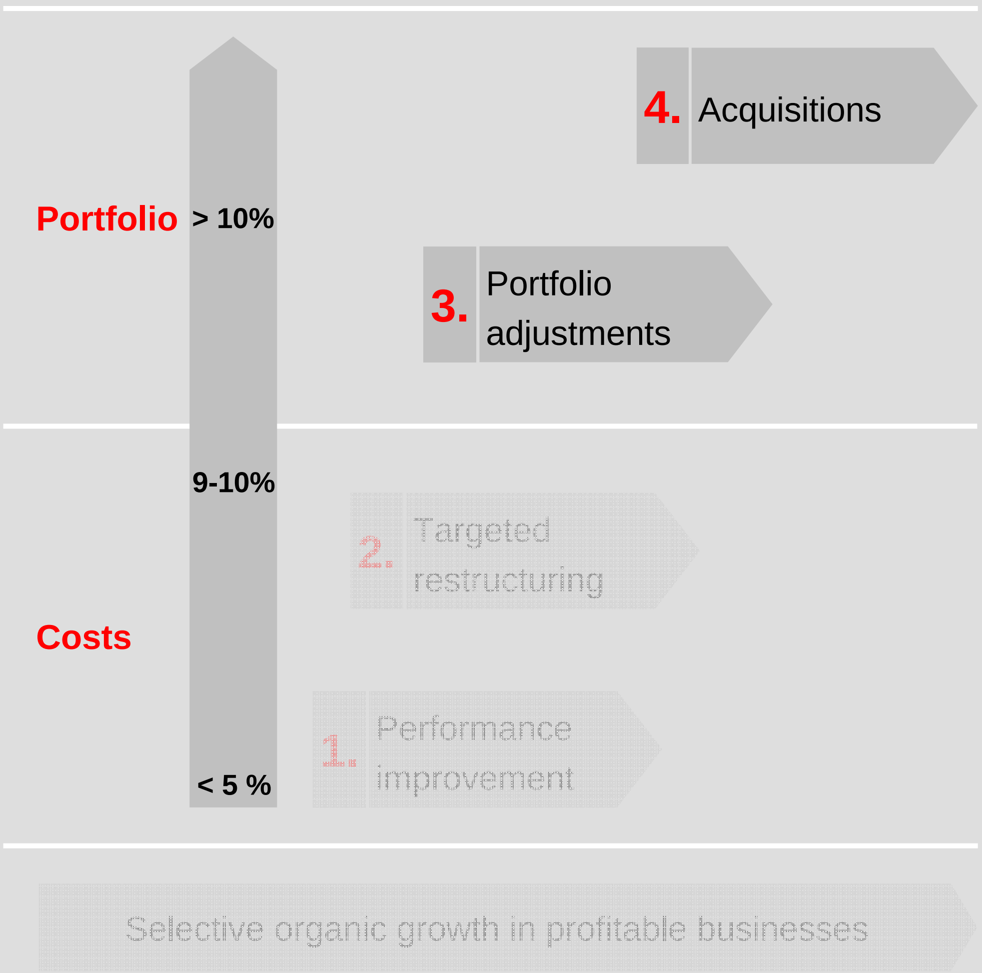


Source: Annual reports

* EBITDA pre exceptionals

Ongoing Portfolio Management

2006



Acquisitions

- Not on the agenda yet

Further portfolio adjustments

- Continuous portfolio analysis
- Evaluation of all strategic options for Textile Processing Chemicals business unit during 2006

Update on Total Financial Impact due to Restructuring

Phase I+II+III (€ m)	**2005**	**2006e**	**2007e**	**2008e**	**2009e**
P&L Expenses	-166	-55	-35	-25	0
Cash outs	-10	-155	-90	-50	0
Headcount reduction	~540	~610	~470	~40	0
Cost reduction vs. prior year	**10**	**35**	**75**	**80**	**10**
Cost reduction cumulative	10	45	120	200	$\boxed{210}$
EBITDA improvement vs. prior year	**10**	**35**	**65**	**40**	**5**
EBITDA improvement cumulative	10	45	110	150	$\boxed{155}$

– €115 m total remaining P&L expenses (thereof €9 m taken in Q1'06 already)

– €295 m remaining total cash costs (thereof €24 m taken in Q1'06 already)

– €210 m annual savings as of 2009 with EBITDA improvement of ~€155 m

"Solidarity agreement" on top of above figures give positive one-time" effect of €20+ m in '06 and '07

Restructuring is going to transform profitability substantially from 2007 onwards

Outlook and Guidance

Underlying assumptions

– We remain confident for the economic environment in 2006

– Raw materials volatile on high level

– Exchange rate €1.0 = ~USD1.25

2006 Guidance based on above assumptions

– FY 2006 EBITDA pre exceptionals expected in a range of €640 - €680 m, which is in the upper half of the former 9-10% margin guidance on the basis of 2004 sales

– Capex at upper end of €250 - €270 m range

– Operational Depreciation and Amortization ~€250 m

– FY P&L tax rate expected around 30%

– Restructuring: expenses of ~€55 m and cash-outs of ~€155 m expected in 2006

We delivered on our guidance in 2005 and expect to do so in 2006 as well

LANXESS on Track in Another Year of Transformation

Energizing Chemistry

Independence.

Restructuring.

Portfolio Management.

LANXESS

Energizing Chemistry