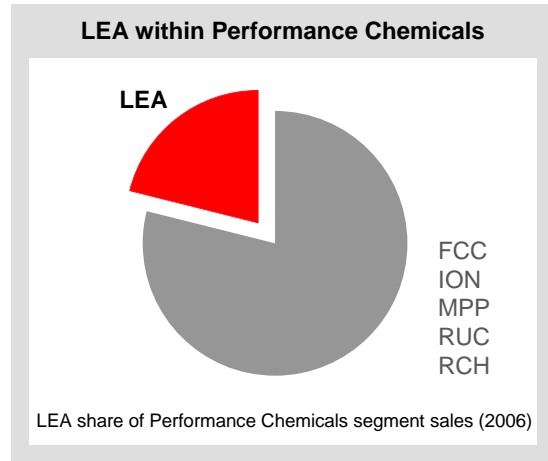




## Leather Chemicals is a vital part of the Performance Chemicals segment

- Sales: < 500 mn €
- Employees: ~ 1,100
- Products: ~ 1,000
- Customers: > 1,000
- Strategic Partnerships: Rohm and Haas; Atlas Refinery, Inc.



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## Asia and South America fastest growing regions

### Global Trends

- Global demand size approx. 3 - 3.5 bn €
- Sustainable global leather chemicals growth of approx. 2 % p.a. driven by meat consumption and slaughter rates
- => Cyclicalilty of leather industry comparatively low
- Asia and South America growing regions
- Europe and NAFTA markets declining
- Shoe upper leather still biggest article
- Automotive leather fastest growing segment
- Furniture leather migrating to Asia and South America
- Importance of garment leather declining



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## Market presence and cost leadership essential for success of a leather chemicals supplier

- **Complete product range** incl. Chrome Tanning Salts: Customers need problem solutions with full recipes instead of single products
- **Easy access to markets:** Manufacturing facilities close to major markets
- **Cost leadership:** High raw material costs favor backwards integration and most advanced production technology
- **Competent technical service:** Majority of small to medium scale customers rely on suppliers' services
- **Innovation:** Leather articles changing fast due to fashion, changing technological requirements and declining hide quality



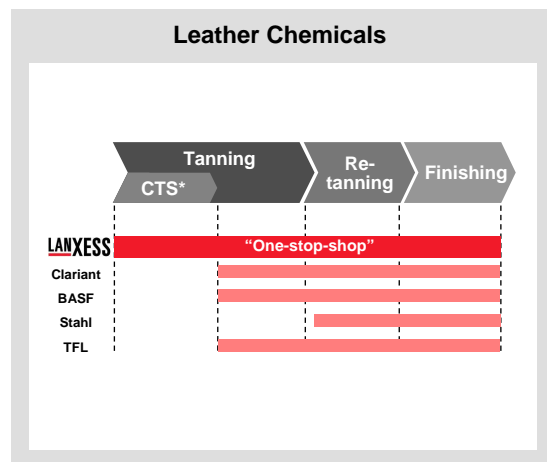
LEA has all key success factors

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## LEA is a premium one-stop-shop supplier in the global market...

- LANXESS is one of the leading leather chemicals providers, in particular in the growing markets of China, Brazil and Argentina
- Five main players (BASF, Clariant, LANXESS, Stahl, TFL)
- LANXESS offers a full range of leather chemicals and is the only leading supplier with chrome chemicals in its portfolio
- Backwards integration into chrome ore guarantees a high margin over the whole value chain



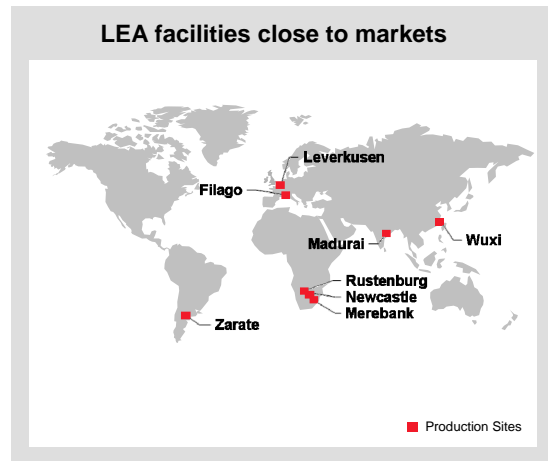
\*Chrome Tanning Salts

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## ... with manufacturing facilities close to major markets and key resources

- 6 Facilities in the major European, Asian and South American markets ensure fast and reliable supply to customers. Focus in the last years was on the expansion of plants in Asia
- 3 Chrome chemicals facilities backwards integrated into chrome ore from Rustenburg Mine
- Syntan facilities benefit from backward integration with other business units in Leverkusen
- Acrylics for wet end and finishing sourced from regional Rohm and Haas plants within a global marketing co-operation
- Fatliquors provided by Atlas Ref. (USA)



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## LEA is the only main player which is backwards integrated in the chrome chain

- Due to booming stainless steel production chrome ore is short on supply and prices have increased substantially
- LANXESS is the only chrome chemicals manufacturer with backwards integration into chrome ore. Many competitors have closed after long consolidation process. In the aftermath, chrome chemicals prices are soaring
- LEA took over sole operative ownership of chrome chain after acquisition of Dow shares in CISA in 2007
- CISA: State of the art sodium dichromate manufacturing facility utilizing oxygen technology. Unique ecological advantages through special process design avoiding large quantities of byproducts

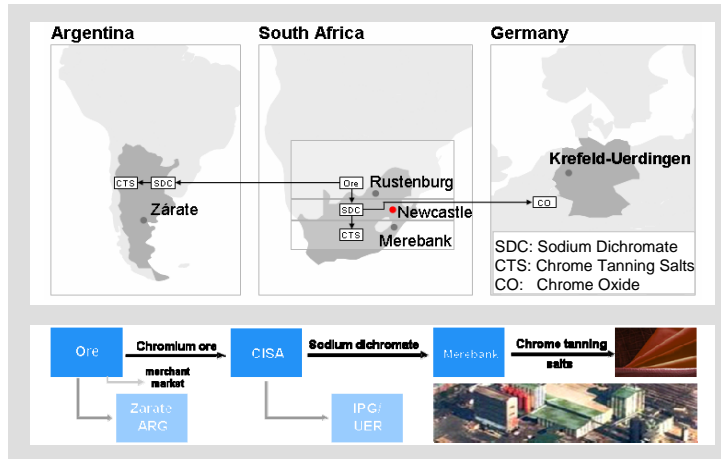


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## ... and has a secured chrome ore source for the future

- Chrome ore mine in South Africa/ Rustenburg operated by LANXESS
- Additional chrome ore reserves were found in April 2007
- Current annual output rate: ~1 Mio tons
  - of which ~500 kt ore in four different grades, of which ~350 kt annually sold to merchant market with attractive EBITDA margin

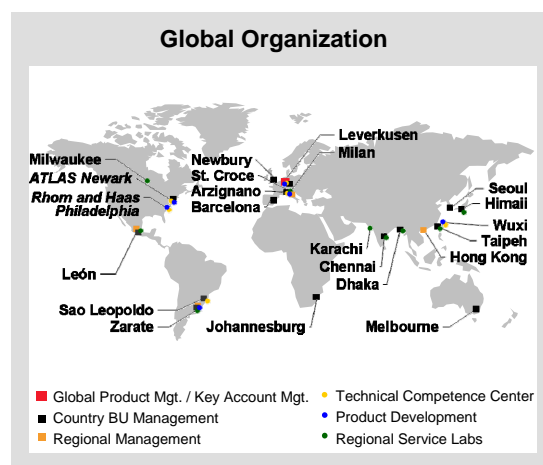


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## Our global net of technical and commercial service increases competitive position

- LEA provides a global network of technical and commercial service
- Facilities in growing Asian and South American markets have been extended in the last years and helped shifting business from declining EU/NAFTA-markets
- More than 110 technical experts worldwide developing innovative articles with customers and introducing new products
- Service laboratories operating in all regions and important markets
- Supply chain centers in all regions guarantee fast and reliable delivery of goods



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## LEA technical competence is a source of innovation

- LEA enhances competitive edge through development of innovative products in Retanning and Finishing
- Additional benefits by co-operating with partners such as Rohm and Haas and Daikin Ind.

### New Technology platforms launched:

- **LANXESS Microsphere Technology** for increased yield and significant quality improvement
- **LANXESS Antisoiling Technology** for a long lasting soil protection
- **LANXESS Eco Technology** for improved ecological performance

Grain Defect



Covered with Euderm® X-Grade



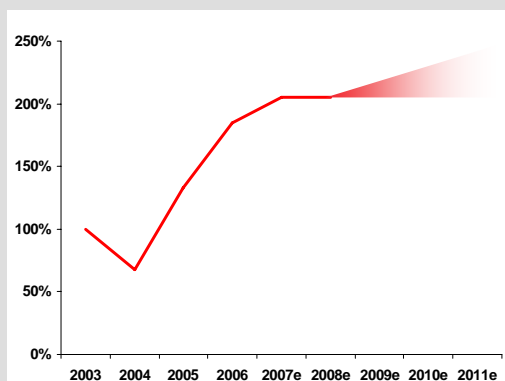
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## Sound business integration sets LEA up for robust financial performance

- About two thirds of LEA sales are invoiced in US\$; Costs mainly in US\$, ZAR and AR\$
- Positive top-line effect through successful shift of business from declining EU/NAFTA-markets to Asia and South America
- Cost reduction by consolidating marketing and production resources in EU
- Improved performance of chrome chain supported by acquisition of CISA had a substantial impact on earnings
- Stable outlook due to backwards integration of chrome chain and limited cyclical of leather industry





Expected Development of LEA EBITDA



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## One-stop-shop and chrome backwards integration secure profitability in a competitive environment

<b>Market Position</b>	Top position as premium supplier in all regions guarantees continuous profitable growth	
<b>Asset Base</b>	Close to major markets and resources; unique position through backwards integration in chrome chemicals	
<b>Technology Position</b>	Advanced technology assures competitive edge over competitors	
<b>Innovation</b>	Leadership in R&D and technical service paves the way for higher shares in all application sectors	

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Energizing Chemistry

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## Safe harbor statement

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