LANXESS Conference Call

Lustran Polymers

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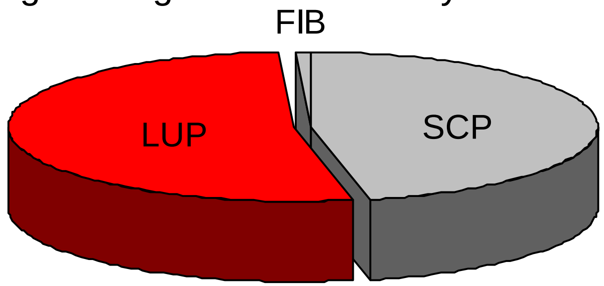
Lustran Polymers – minority stake in JV with clearly defined exit after 2 years

Key business items

- Sales of almost €900 million and EBITDA pre exc. of approx. €16 million (margin of 1,8%) in 2006. Positive margin contribution after successful restructuring in recent years; EBITDA pre exc. of approx. €40 million and sales of ~€900 million are expected for 2007
- Ca. 1,600 employees, production sites in Addyston (US), Tarragona (ESP), Dormagen (GER), Map Ta Phut (Thailand) and India

Engineering Plastics sales by BU 2006



Transaction cornerstones

- INEOS will take over 51% of LANXESS' Lustran Polymers business unit to form a temporary 51:49 JV (first closing expected in September 2007)
- After 2 years INEOS will purchase the remaining 49% (second closing)
- "First payment" after first closing of €35 million. Pension obligations in the amount of approx. 30 million will be transferred to the JV
- "Second payment" at the time of the exit (second closing)
- The completion of the transaction still requires, among other things, approval from the antitrust authorities

What has been thought an impossible task: Solid future for a difficult asset

Transaction details

Expected timeline of the transaction

1. Closing September 2007

INEOS → LANXESS

51% stake

49% stake

JV Holding

LUP Business

LANXESS brings LUP assets and liabilities into the JV and receives cash in return („first payment“)

2. Closing September 2009 EXIT

- After 2 years INEOS will take over the remaining 49% from LANXESS
- Determination of „second payment“ based on economic success (EBITDA) during JV period

Predefined exit while benefiting from expected performance improvements

Impact on financial statements

Balance sheet

– Joint venture will be treated as investment in other affiliates (“at cost”) after first closing (expected in September 2007)

– In Q2 2007 impairments in the amount of ~€150 million will be booked to mirror expected book losses

P&L statement

– LUP incorporated in P&L until first closing, thereafter no operational impact from JV

– No remnant costs in 2007, thereafter ~€10 million in 2008

– Impact on restructuring financials to be evaluated and presented with Q2 results on August 16th

Cash flow statement

– Cash inflow for “first payment” of €35 million in Q4 2007 expected. “Second payment” two years after first closing, amount depending on economic success during JV period (EBITDA)

Rationale of the transaction

Bundling of strength: INEOS and LANXESS

- INEOS is well backward integrated in crucial petrochemical derivatives (acrylonitrile, butadiene, styrene) – therefore the joint venture will have secured raw material access
- “Raw material powerhouse” INEOS combined with leading and acknowledged ABS producer LANXESS

Attractive exit opportunity for LANXESS

- After two years of restructuring and reorganizing LUP, we exit a business which was thought to be “non sellable”
- Through JV approach with predefined exit after two years we:

  a) harvest the results of our initiated restructuring

  b) benefit from the expected performance improvements of the new joint venture

  c) reduce potential downside risk

Building a new and stronger player in a challenged ABS market

LANXESS

LANXESS after LUP exit - stronger than ever

Continuously improving the structure of the company

- Highest risk factor has been removed; LUP was a loss making business in a cyclical trough
- Degree of dependency of petrochemical raw materials will be reduced significantly by approx. 1/3
- Business portfolio becomes considerably less cyclical and more focused on specialties
- After recent portfolio adjustments (LUP, PAP, TPC, FIB) the remaining businesses represent a much stronger and less vulnerable portfolio
- Exit of a capital intensive low margin business
  ➔ Margins and ROCE will improve

Creating value for all stakeholders