News Release

LANXESS at Rubber Days 2006

Butyl rubber capacity expanded

LANXESS reacts to continuing increase in demand for butyl rubber with significant plant expansions

New York, NY August 28, 2006 – By mid-2007, the Leverkusen-based chemicals group LANXESS intends to increase its butyl rubber capacity by a total of 50,000 metric tons a year. The world’s second largest butyl manufacturer is reacting to the continuing increase in demand over recent years, in particular in Asia.

A key feature of the butyl rubber polymer is its excellent impermeability to gas and air. The product is mainly used in the manufacture of inner liners for tubeless car tires. A further important growth application is the production of stoppers for the pharmaceutical industry. Thanks to its resistance to chemicals and low gas permeability, butyl rubber is ideal for sealing materials protecting sensitive drugs against environmental influences. Excellent insulating properties and impressive resistance to acids and bases also make this rubber suitable for tank coating and vibration absorption applications.

Following growth rates of six to eight percent for butyl rubber over the past few years, LANXESS predicts that the global increase in demand will level off at between three and four percent a year in the medium-term. “The Asia-Pacific (APAC) region is driving this positive development,” states Dr. Ron Commander, head of the Butyl Rubber business unit located at LANXESS International SA in Fribourg, Switzerland. In the coming years, China in particular, a major tire producer, is poised to enjoy above-average growth rates. “The APAC region is already our largest sales market but it will become even more important to us,” he continued.
As a result of the considerable rise in demand in this region, additional capacities of this vital raw material for tires are necessary. With its current expansion projects, LANXESS is reacting to this development. The global butyl market will benefit from its measures.

Rising raw material and energy costs meant that butyl rubber prices also inevitably had to go up, among other things to facilitate the sustained capacity expansion.

The current market growth stems mainly from the traditional demand from the tire and pharmaceutical industries and other niche applications. LANXESS is also carrying out research and development activities in other areas where the outstanding properties of butyl rubber have potentially attractive benefits.

About LANXESS

The LANXESS-Group manufactures high-quality products in the areas of chemicals, synthetic rubber and plastics. The company's portfolio comprises basic and fine chemicals, color pigments, plastics, synthetic rubber and rubber chemicals, leather, textile processing chemicals, material protection products and water treatment products.

LANXESS Corporation was formed when the Bayer Group combined most of its chemical businesses and large segments of its polymer activities. The company began operating as a legal entity in the United States on July 1, 2004. LANXESS Corporation is a member of the German LANXESS-Group that was spun-off from Bayer in January 2005.

Information for editors:
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Forward-looking statements
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