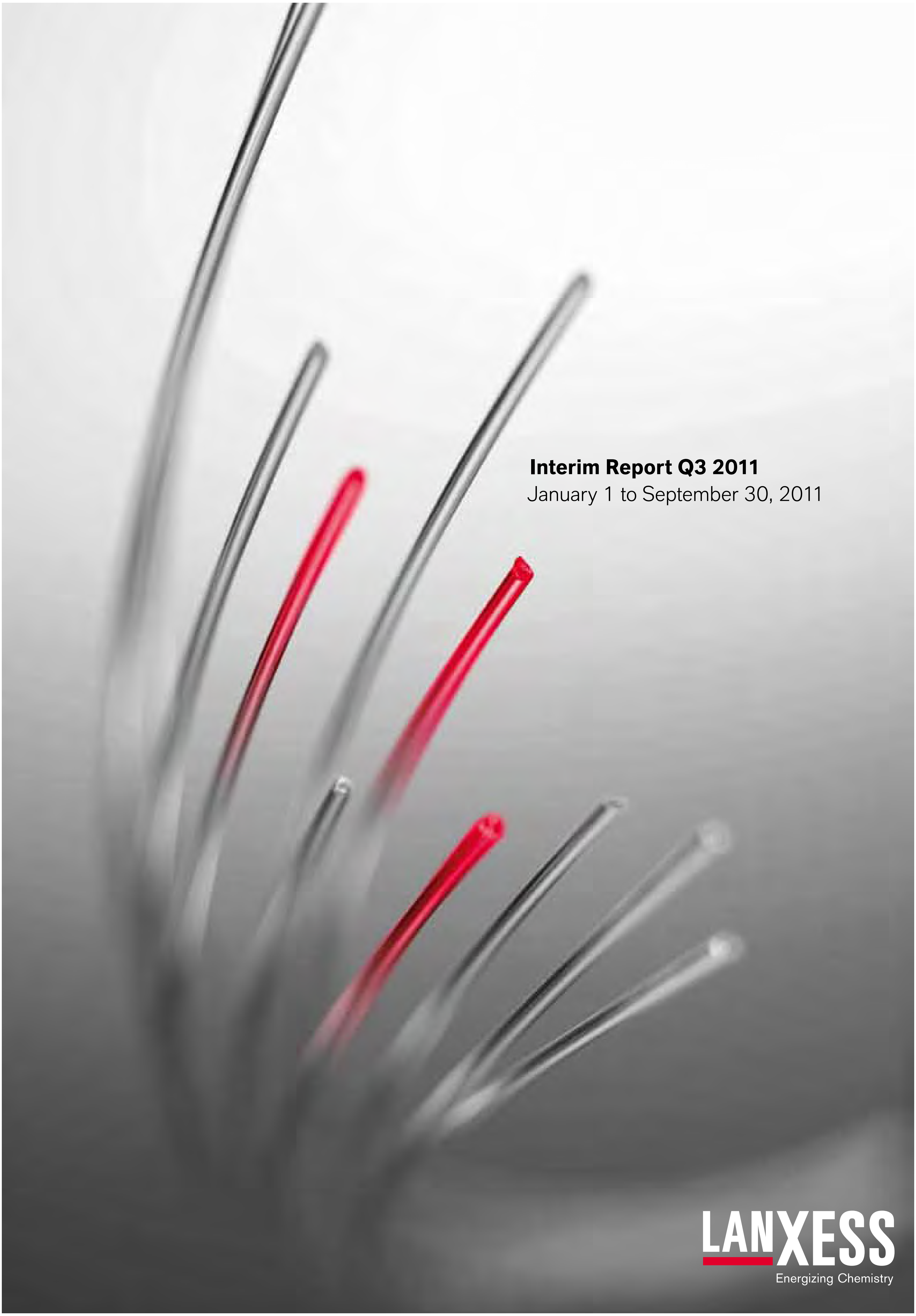


Interim Report Q3 2011
January 1 to September 30, 2011

LANXESS
Energizing Chemistry

Key Data

€ million	Q3 2010	Q3 2011	Change %	9M 2010	9M 2011	Change %
Sales	1,847	2,336	26.5	5,288	6,652	25.8
EBITDA pre exceptionals	244	311	27.5	746	972	30.3
EBITDA margin pre exceptionals	13.2%	13.3%		14.1%	14.6%	
EBITDA	238	306	28.6	733	957	30.6
Operating result (EBIT) pre exceptionals	175	228	30.3	542	739	36.3
Operating result (EBIT)	169	223	32.0	529	724	36.9
EBIT margin	9.1%	9.5%		10.0%	10.9%	
Net income	118	154	30.5	353	501	41.9
Earnings per share (€)	1.42	1.85	30.3	4.24	6.02	42.0
Cash flow from operating activities	207	163	(21.3)	267	411	53.9
Depreciation and amortization	69	83	20.3	204	233	14.2
Cash outflows for capital expenditures	107	148	38.3	206	325	57.8
Total assets				5,666[1)]	6,744	19.0
Equity (including non-controlling interests)				1,761[1)]	2,081	18.2
Equity ratio				31.1%[1)]	30.9%	
Net financial liabilities				913[1)]	1,362	49.2
Employees (as of September 30)				14,648[1)]	16,070	9.7

1) Previous year as of December 31, 2010

Highlights
Q3 2011

New facility dedicated in Bitterfeld

The new plant makes LANXESS a single-source supplier in the strategic business area of water treatment.

Following the successful start-up of the pilot and development phase in May 2011, LANXESS officially dedicated its new membrane filtration technology site in Bitterfeld in September. The company has invested some €30 million in production plants, laboratories, logistics areas and offices, creating some 200 new jobs. LANXESS plans to introduce membrane elements for industrial water treatment under the brand name Lewabrane in 2012.

Expansion of glass fiber production in Antwerp

LANXESS is investing €15 million to increase annual production by 10% from the current level of 60,000 tons. Glass fibers are a key intermediate for the production of high-tech plastics. Global demand for these materials is expected to increase by roughly 7% per year through 2020.

LANXESS remains on a path of expansion in China

LANXESS is investing more than €40 million to grow its business with premium products in the expanding Chinese market. In Changzhou, the company is building a new production facility for leather chemicals that is due to open in the first half of 2013. The plant will feature the latest environmentally friendly technology and have an annual capacity of up to 50,000 tons. The third production line for high-tech plastics recently came on stream at the Wuxi site, increasing capacity there by nearly 50%. And in August, a new technology center opened in Qingdao, offering a range of services for the Chinese beverage industry.

LANXESS is also expanding its existing, successful partnership with the Triangle Group, one of China's biggest tire manufacturers, to include a new supply agreement. LANXESS will now supply this long-standing customer with premium halobutyl rubber, too, from 2012 through 2014.

In the future, LANXESS will be able to produce 60,000 tons per year of its high-tech plastics Durethan® and Pocan® in Wuxi.

Contents

Inclusion in prominent global sustainability index

Since September 19, LANXESS has been included for the first time in the Dow Jones Sustainability Index (DJSI) World. The globally renowned sustainability index DJSI is compiled once a year according to economic, ecological and social criteria. The index features only the companies with the best sustainability profiles in their respective sectors. More and more portfolio managers use the DJSI to help guide their investment decisions.

LANXESS to expand menthol plant in Krefeld

Prompted by significant global demand for synthetic menthol and thymol, LANXESS plans an expansion that will double the production capacity at its plant. Researchers at LANXESS have developed a new, highly efficient catalyst that will be used for production at the enlarged facility. An energy recovery unit also developed by the company will further improve the energy balance for menthol. The expansion project is expected to be completed in the first half of 2012.

Expanded product portfolio for the tire industry

The acquisition of the tire release agent business of Wacker Chemie AG has made LANXESS one of the world's leading suppliers of these products. The global market for tire release agents is projected to grow at an annual rate of around 5% in the medium term. The Rhein Chemie business unit has acquired the rights to the respective product formulations, along with the existing customer contracts and inventories. The acquisition opens up new business opportunities for Rhein Chemie, especially in the United States.

EPDM rubber is used mainly in the automotive industry.

Innovations for modern mobility

Whether for "green tires," as additives for plastics, or for use in cable sheathing or seals – high-performance rubbers are now virtually indispensable for mobility. As one of the world's largest suppliers, LANXESS responded to this trend at an early stage with strategic investment decisions and a significantly expanded product range.

The most recent step in this direction is being taken at the site in Geleen, Netherlands, where €12 million will be spent to convert half of the production capacity to the innovative Keltan ACE technology at a cost of €12 million by 2013. This technology uses less energy than conventional production processes and does not leave any catalysis residues. The process also enables new grades of EPDM rubber to be manufactured.

In addition, LANXESS plans to increase its use of renewable raw materials in the production of high-performance rubber. Production of the world's first bio-based EPDM rubber is to begin at the site in Triunfo, Brazil, by the end of this year. The necessary raw material, ethylene, will be obtained entirely from sugarcane.

LANXESS Stock

LANXESS stock came under pressure in the third quarter in the course of the turmoil on the financial markets, and its price declined substantially. From August on, it fell by more than 30%, dropping below €40 for the first time since September 2010. The stock continued its downward trend in September before climbing back above €40 at the beginning of the fourth quarter.

The heightening of Europe's debt crisis has led to considerable turbulence on the international financial markets in recent months. The focus has been on the high debt levels in Greece, with investor anxiety exacerbated by the escalating financial crisis in other countries, such as Italy. In addition to the debt crisis in Europe, weak economic data from the U.S. and resulting speculation about a possible recession unsettled the financial markets even more. Panic selling ensued in some cases on the international equity markets, and this also affected the performance of the German indices. The DAX suffered heavy losses, dropping below 5,000 points in August for the first time since September 2010 and touching an intraday low of 4,965 points late in the third quarter. The DAX, which stood at 5,502 points on September 30, was down 25% on the quarter, its biggest quarterly loss since 2002. The MDAX also dropped substantially: after starting the third quarter at nearly 11,000 points, it fell below 8,000 in August and closed the reporting period down 24% at 8,341 points. The Dow Jones STOXX 600 Chemicals^{SM}, which began the quarter at around 600 points but stood at only just over 450 points on September 30, was also down by about 24%.

Europe's unresolved debt crisis continued to dominate the stock markets at the beginning of the fourth quarter. It was mid-October before the markets were positively impacted by hopes that the eurozone countries would adopt sustainable measures to resolve the crisis.

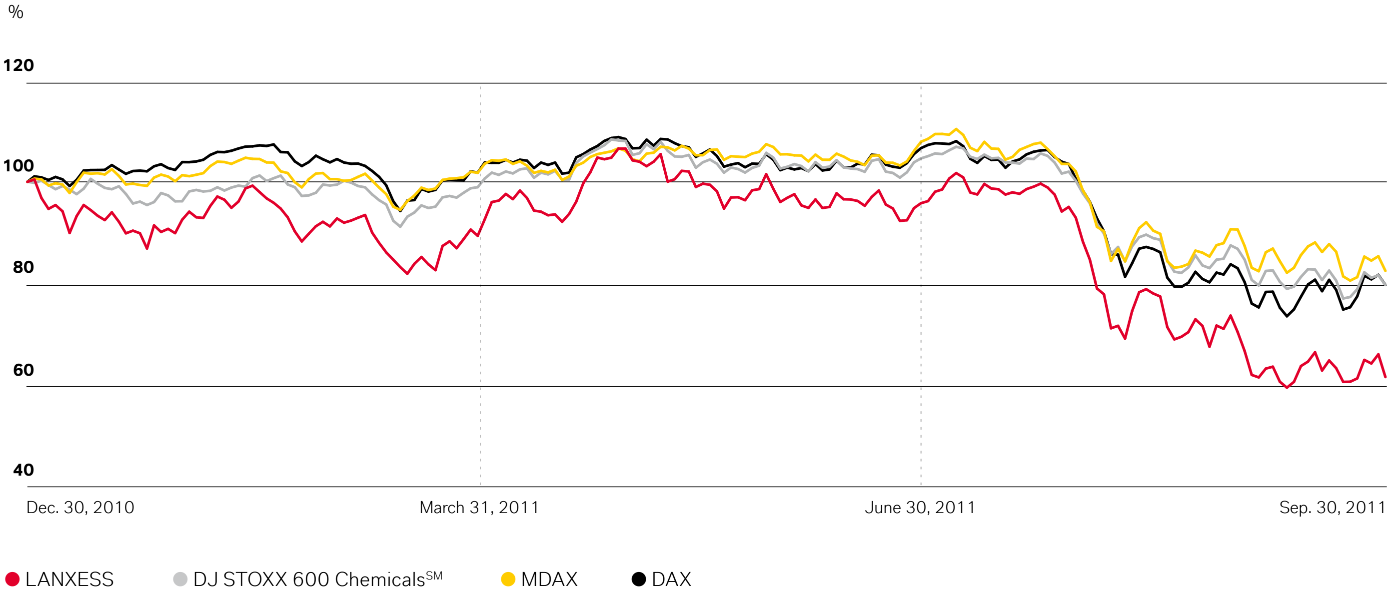
The grave uncertainty in the markets also influenced the performance of LANXESS shares. After achieving an intraday high of €61 in early July, the stock fell below €50 in the first week of August and widened its losses in September to reach a low of €33.40. LANXESS stock closed the third quarter at €36.24, down some 36% on the period.

The news, reported along with the release of the Q2 figures, that LANXESS continued to perform well in the second quarter and had raised its full-year guidance for 2011 failed to benefit the share price because of the turbulent market conditions. On August 11, LANXESS announced that it expects EBITDA pre exceptionals to post a substantial increase of roughly 20% from the previous year. The confirmation of this outlook in September was also well received by the capital market but, in the difficult environment, was not reflected in the stock price. Other news for the capital markets in the third quarter included the investment to expand the LANXESS glass fiber plant in Antwerp, which produces key intermediates for the production of high-tech plastics. In mid-September, LANXESS reported on the dedication of its new plant in Bitterfeld for membrane filtration technology used in water treatment. The company plans to launch Lewabrane reverse osmosis elements for industrial water treatment at the beginning of 2012.

In the area of sustainability, LANXESS followed its inclusion in the FTSE4Good index with the announcement of its first-time listing in the globally acknowledged Dow Jones Sustainability Index (DJSI) World index. The DJSI is compiled once a year according to economic, ecological and social criteria.

A summary of other developments at LANXESS during the third quarter is provided in the "Highlights" section at the front of this publication.

Stock Performance vs. Indices



LANXESS Stock

		Q4 2010	Q1 2011	Q2 2011	Q3 2011
Capital stock/no. of shares [1]	€/no. of shares	83,202,670	83,202,670	83,202,670	83,202,670
Market capitalization [1]	€ billion	4.91	4.39	4.71	3.02
High/low for the period	€	59.49/40.65	59.90/47.33	64.08/53.13	61.13/33.40
Closing price [1]	€	59.10	52.78	56.60	36.24
Trading volume	million shares	37.654	35.983	33.361	50.792
Earnings per share	€	0.31	2.00	2.17	1.85

1) End of quarter: Q4: December 31, 2010, Q1: March 31, 2011, Q2: June 30, 2011, Q3: September 30, 2011

Reported Holdings of 3% or Above by Institutional Investors (as of September 30, 2011)

Dodge & Cox, San Francisco (U.S.A.)	9.93%
BlackRock, Inc., New York (U.S.A.)	5.10%
Norges Bank (central bank of Norway), Oslo (Norway)	3.05%

Interim Group Management Report

as of September 30, 2011

- Strong sales growth of 26.5%
- Significant sales gains in all regions
- EBITDA pre exceptionals substantially increased from €244 million to €311 million
- EBITDA margin slightly above the prior-year period at 13.3%
- Net income and earnings per share over 30% higher at €154 million and €1.85, respectively
- Net financial liabilities increase to €1,362 million due to business growth and acquisitions
- Integration of the acquired Keltan EPDM business continues on schedule
- Further growth projects initiated
- Guidance for 2011 confirmed: roughly 20% increase in EBITDA pre exceptionals

Group Structure

Legal structure LANXESS AG is the parent company of the LANXESS Group and functions largely as a management holding company. LANXESS Deutschland GmbH and LANXESS International Holding GmbH are wholly owned subsidiaries of LANXESS AG and control the other subsidiaries and affiliates both in Germany and elsewhere.

A list of the principal direct or indirect subsidiaries of LANXESS AG and a description of the Group's management and control organization are provided on page 59 of the Annual Report 2010.

Key additions to the Group portfolio During the first nine months of 2011 we made targeted acquisitions to strengthen the Group portfolio. Details are given in the Notes to the Condensed Consolidated Interim Financial Statements as of September 30, 2011.

Business and strategy As predicted, there have been no changes to the Group's organizational structure or strategy so far this year. The LANXESS Group continues to be structured in three segments with 13 business units, each of which conducts its own operations and has global profit responsibility. These are supported by centralized services and by local organizations in the countries. Further details are given on pages 60-61 of the Annual Report 2010.

There were no material changes to the production basis, product portfolio or key customer industries in the reporting period.

Business Trends and Economic Situation

General economic situation The global economy continued its upturn in the third quarter of 2011, albeit at a slower pace. Growth in the emerging markets was considerably more robust than in the industrialized nations, where only very modest expansion took place. The escalating debt crisis in Greece, Portugal, Spain and Italy held back development in the European Union, especially in Germany, France and Belgium. Compared to the same period a year ago, global gross domestic product climbed by approximately 2.7%. Industrial production rose by some 4.4%. The raw material markets were volatile in the third quarter, with price trends varying from one material to another.

Chemical industry Global chemical production continued to expand but lost some of its growth momentum. The positive development was again led mainly by China, where production rose by about 11%. Brisk demand for agricultural products resulted in higher sales of agrochemicals. Government programs to increase the proportion of biofuels also spurred demand. The German chemical industry grew by only 0.5% and showed a decline in momentum.

Evolution of major user industries World automobile production advanced by about 4% in the third quarter against the previous year. The picture across the regions was mixed. Output rose by 6.7% in North America, but was still below pre-crisis levels. Growth rates in the emerging markets slowed. Production expanded by 3.2% in Brazil, 3.5% in India and 0.6% in China. In Western Europe it rose by 2%, with new-vehicle production in Germany posting above-average growth of 9%. Global tire production continued to develop positively despite a loss of momentum compared to the previous quarter. Driven by the production of winter tires and high output figures for Central and Eastern Europe, growth in Europe as a whole was very gratifying at around 4%. The European market for truck tires softened in the third quarter.

Comparison of Forecast and Actual Business in 2011

	Forecast for 2011 in Annual Report 2010 & Q1 Interim Report	Forecast for 2011 in H1 Interim Report	Actual Q3 Interim Report
Raw material prices	Further increase	Further increase	(Significant) increase
Research and development			
Research and development expenses	+15%	+15%	+18%
Business development: segments			
Performance Polymers	Increasing demand	Increasing demand	Sales +40%
Advanced Intermediates	Increasing demand	Increasing demand	Sales +13%
Performance Chemicals	Increasing demand	Increasing demand	Sales +9%
Business development: Group			
EBITDA pre exceptionals	10% to 15% increase	20% increase	9M: €972 million
Seasonality of sales	H1 > H2	H1 > H2	H1 > H2 [1]
Financial condition: Group			
Cash outflows for capital expenditures	€550–600 million	€550–600 million	9M: €325 million

1) Portfolio-adjusted

Comparison of forecast and actual business Based on developments in 2010, we had projected that raw material prices would continue to increase in 2011. In light of price increases for strategic raw materials such as butadiene and isobutylene – which were substantial in some cases – as well as other key materials, our projection has proven accurate thus far.

In light of the LANXESS Technology Initiative, research and development expenditures rose by 18% in the first nine months of 2011. The emphasis was on the Performance Polymers segment, which accounted for nearly 50% of R&D spending.

The forecast that demand would grow in all segments has also been confirmed thus far, with a universally positive sales trend fueled by both price and volume effects.

In the half-year financial report, we raised our guidance for year-on-year growth in EBITDA pre exceptionals in 2011 vs. 2010 to around 20%. EBITDA pre exceptionals for the first nine months came in at €972 million, already exceeding the full-year figure for 2010 by nearly 6%. As usual, our current guidance for the year can be found in the Outlook section of this interim management report.

Sales Group sales came to €2,336 million in the third quarter, up by a substantial €489 million, or 26.5%, from the same period a year ago. Sales were influenced by selling price adjustments made in response to rising raw material prices. There were also tangible revenue contributions from the acquisitions made in previous quarters, including, in particular, the Keltan EPDM business acquired from Dutch company Royal DSM N.V. After adjustment for net currency and portfolio effects of plus 2.8%, sales grew by 23.7% due to price and volume increases. The higher raw material prices, especially in the Performance Polymers segment, were quickly passed along to the market. Selling prices rose by 22.6% year on year on the Group level, reflecting the continued success of our price-before-volume strategy. Volumes were approximately on the level of the prior-year quarter, edging upward by 1.1%. Positive portfolio effects of 8.4%, particularly from the Keltan EPDM business, more than offset the negative currency effects of 5.6%.

Effects on Sales

in %	Q3 2011	9M 2011
Price	22.6	18.8
Volume	1.1	6.2
Currency	(5.6)	(4.0)
Portfolio	8.4	4.8
	26.5	**25.8**

A significant sales increase of nearly 50% against the prior-year quarter was achieved in the synthetic rubber and plastics business. This was primarily attributable to price increases implemented in response to the higher raw material costs. The positive demand situation continued, giving rise to volume gains. The Keltan EPDM business acquired from DSM also made a tangible contribution to sales development. The Performance Polymers segment thus achieved the strongest sales growth of the LANXESS segments, at 48.3% against the prior-year quarter.

Sales by Segment

€ million	Q3 2010	Q3 2011	Change %	Proportion of Group sales %	9M 2010	9M 2011	Change %	Proportion of Group sales %
Performance Polymers	966	1,433	48.3	61.3	2,707	3,798	40.3	57.1
Advanced Intermediates	356	371	4.2	15.9	1,045	1,182	13.1	17.8
Performance Chemicals	515	523	1.6	22.4	1,507	1,640	8.8	24.6
Reconciliation	10	9	(10.0)	0.4	29	32	10.3	0.5
	1,847	**2,336**	**26.5**	**100.0**	**5,288**	**6,652**	**25.8**	**100.0**

The performance of the intermediates business was likewise driven by selling price increases implemented in response to higher raw material costs. With ongoing brisk demand for agrochemicals largely offsetting declines in other market segments, volumes were level with the previous year. Sales growth was hampered by negative currency effects. Overall, third-quarter sales in the Advanced Intermediates segment increased by 4.2% from the previous year.

The Performance Chemicals segment – comprising application-focused process and functional chemicals – also increased sales by adjusting prices. Combined with positive revenue contributions from the Syngenta businesses and the Darmex group, which were acquired in previous quarters, this more than offset the declining volumes and the impact of negative exchange rate movements. The Performance Chemicals segment posted a 1.6% sales increase for the quarter.

Sales growth at LANXESS was in double digits in all regions, with particularly strong contributions to growth from the EMEA (excluding Germany) and Latin America regions. The Performance Polymers segment accounted for by far the largest part of the increase. The increase in sales in all markets reflects the positive demand situation in the key customer industries.

Order book status Most of the LANXESS Group's businesses are not subject to long-term agreements on fixed volumes or prices. Instead, our business is characterized by long-standing relationships with customers and revolving master agreements.

The disclosure of the Group's order book status at a given point in time therefore would not be indicative of the Group's short- or medium-term earning power.

Gross profit The **cost** of sales rose disproportionately to sales, up by 30.1% to €1,805 million. This was largely attributable to write-downs of inventories made in view of price reductions at the end of the quarter, especially for the key raw material butadiene. There was a positive portfolio effect from the acquisition of the Keltan EPDM business. Gross profit came in 15.4 % above the prior-year quarter at €531 million. The gross profit margin decreased from 24.9% to 22.7%. **Prices** for strategic raw materials, especially butadiene, as well as other important raw materials rose considerably in some cases. However, these increases were passed along to the market in all segments. In addition, strong demand and the accompanying volume growth had a favorable effect, especially in the Performance Polymers segment. LANXESS adhered firmly to its price-before-volume strategy. Capacity utilization was higher than in the prior-year quarter.

EBITDA and EBIT The operating result before depreciation and amortization (EBITDA) pre exceptionals advanced in the third quarter of 2011 by €67 million, or 27.5%, from the prior-year period, to €311 million. This substantial increase was driven mainly by positive price effects and slightly positive volume effects. Negative currency effects, especially from the U.S. dollar, were more than offset by the earnings of the newly acquired businesses in the Performance Polymers and Performance Chemicals segments. Selling expenses rose by 10.2% to €183 million, mainly due to volume- and price-related increases in freight charges and the portfolio effects. Research expenditures came to €40 million, versus €34 million a year ago, due to the planned expansion of research activities as part of the LANXESS Technology Initiative. The Group's EBITDA margin pre exceptionals rose from 13.2% to 13.3%.

EBITDA Pre Exceptionals by Segment

€ million	Q3 2010	Q3 2011	Change %	9M 2010	9M 2011	Change %
Performance Polymers	133	213	60.2	428	641	49.8
Advanced Intermediates	66	68	3.0	190	208	9.5
Performance Chemicals	83	75	(9.6)	245	260	6.1
Reconciliation	(38)	(45)	(18.4)	(117)	(137)	(17.1)
	244	**311**	**27.5**	**746**	**972**	**30.3**

The Performance Polymers segment raised its third-quarter EBITDA pre exceptionals by a very substantial €80 million to €213 million. The steady, considerable increases in raw material costs were offset by price adjustments. Earnings also benefited from the volume growth that resulted from continuing strong demand. Capacity utilization in the segment exceeded the level of the prior-year quarter despite scheduled expansion and maintenance shutdowns. Negative currency effects, particularly relating to the U.S. dollar, were more than offset by the portfolio effect from the acquisition of the Keltan EPDM business.

EBITDA pre exceptionals for the Advanced Intermediates segment, at €68 million, was slightly above the prior-year quarter's €66 million, with positive price effects compensating for the higher raw material costs. Negative currency effects and lower volumes for certain applications prevented a greater improvement in earnings.

EBITDA pre exceptionals for the Performance Chemicals segment, at €75 million, was €8 million below the high level of the prior-year quarter. In this segment, too, higher raw materials costs were passed along in full to the market, while declining volumes in some business units and negative currency effects diminished earnings. The acquisitions of the Darmex group and the material protection business of Syngenta proved slightly accretive to earnings.

The Group operating result (EBIT) came to €223 million in the third quarter of 2011, up from €169 million in the year-earlier quarter. The exceptional charges included in other operating expenses totaled €5 million, the full amount of which impacted EBITDA. They related mainly to expenses for corporate transactions and for the planning and implementation of IT projects. Exceptional charges in the prior-year quarter amounted to €6 million.

Financial result The financial result amounted to minus €23 million in the third quarter of 2011, against minus €24 million in the same period last year. Interest expense rose slightly due to the increase in net financial liabilities resulting from the acquisitions made during the year and the growth in working capital arising from business expansion. The capitalization of construction-period borrowing costs relating to the major investment project to build a new butyl rubber plant in Singapore had an offsetting effect. All in all, the reported interest expense was comparable to the previous year. The investment of liquid assets resulted in higher interest income. The pro-rated earnings of companies accounted for in the consolidated financial statements using the equity method, mainly Currenta GmbH & Co. OHG, came to €7 million, against €11 million in the previous year.

Income before income taxes Income before income taxes rose significantly in the third quarter, from €145 million to €200 million, in line with the improvement in the operating result. The effective tax rate was 23.0%, compared with 17.9% for the prior-year quarter.

Net income and earnings per share Non-controlling interests accounted for less than €1 million of income in the third quarter of 2011, against €1 million in the prior-year quarter. Net income for the third quarter amounted to €154 million, up from €118 million in the prior-year period.

Business Trends by Region

Sales by Market

	Q3 2010		Q3 2011		Change	9M 2010		9M 2011		Change
	€ million	%	€ million	%	%	€ million	%	€ million	%	%
EMEA (excluding Germany)	503	27.2	656	28.1	30.4	1,518	28.7	1,963	29.5	29.3
Germany	340	18.4	407	17.4	19.7	973	18.4	1,216	18.3	25.0
North America	325	17.6	401	17.2	23.4	887	16.8	1,097	16.5	23.7
Latin America	271	14.7	353	15.1	30.3	712	13.5	904	13.6	27.0
Asia-Pacific	408	22.1	519	22.2	27.2	1,198	22.6	1,472	22.1	22.9
	1,847	**100.0**	**2,336**	**100.0**	**26.5**	**5,288**	**100.0**	**6,652**	**100.0**	**25.8**

LANXESS Group sales in the **EMEA** region (excluding Germany) increased in the third quarter of 2011 by a clear 30.4% to €656 million. Adjusted for currency and portfolio effects, sales rose by 20.1% year on year. This increase was mainly attributable to the Performance Polymers segment, which recorded sales growth in the mid-double digits. The Advanced Intermediates segment showed a comparable growth rate. The Performance Chemicals segment sustained the previous year's sales level. The main growth drivers in the region were Switzerland, France, Hungary and Spain. Turkey also contributed significantly to growth.

With a 28.1% share of total sales, against 27.2% in the same quarter a year ago, EMEA (excluding Germany) remains the largest of the LANXESS Group's regions in terms of sales.

In **Germany,** third-quarter sales for the Group rose by 19.7% to €407 million, or by 15.1% after adjusting for portfolio effects. The Performance Polymers segment drove this development, with business up by a mid-double-digit percentage. Sales of the Performance Chemicals and Advanced Intermediates segments were virtually flat with the previous year.

Germany's share of Group sales came to 17.4% for the quarter, following 18.4% for the same period a year ago.

In the **North America** region, sales advanced in the third quarter of 2011 by 23.4% to €401 million. Adjusted for currency and portfolio changes, business grew by a significant 28.0%. Performance Polymers powered this increase, with a high double-digit growth rate. Sales of the Performance Chemicals segment also topped the prior-year quarter, with a growth rate in the mid-single digits. The Advanced Intermediates segment was unable to sustain the sales level of the prior-year quarter, reporting a decline in the low double digits.

LANXESS generated 17.2% of its Group sales for the quarter in this region. Last year, the share was 17.6%.

In **Latin America,** LANXESS posted third-quarter sales growth of 30.3% to €353 million. Adjusted for currency and portfolio effects, sales gained 33.1%. The very positive development of the Performance Polymers segment powered this expansion. The Advanced Intermediates segment also achieved double-digit growth. Sales in the Performance Chemicals segment were slightly above the strong prior-year quarter. In terms of absolute sales growth, Brazil was the key country for the region's development.

The region's share of Group sales came to 15.1% for the quarter, following 14.7% for the same period a year ago.

LANXESS raised its third-quarter sales in the **Asia-Pacific** region by 27.2% to €519 million. After adjustment for currency and portfolio effects, sales grew by 25.5%. Performance Polymers drove this positive development, with a growth rate in the high double digits. The Performance Chemicals and Advanced Intermediates segments reported increases in the low single digits. China, India and South Korea were the main drivers of growth in this region.

Asia-Pacific's share of Group sales came to 22.2% for the quarter, against 22.1% a year earlier.

Segment Information

Performance Polymers

	Q3 2010		Q3 2011		Change	9M 2010		9M 2011		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	966		1,433		48.3	2,707		3,798		40.3
EBITDA pre exceptionals	133	13.8	213	14.9	60.2	428	15.8	641	16.9	49.8
EBITDA	132	13.7	211	14.7	59.8	425	15.7	639	16.8	50.4
Operating result (EBIT) pre exceptionals	98	10.1	168	11.7	71.4	322	11.9	524	13.8	62.7
Operating result (EBIT)	97	10.0	166	11.6	71.1	319	11.8	522	13.7	63.6
Cash outflows for capital expenditures[1]	53		88		66.0	104		200		92.3
Depreciation and amortization	35		45		28.6	106		117		10.4
Employees as of September 30 (previous year: as of Dec. 31)	4,281		4,886		14.1	4,281		4,886		14.1

1) Intangible assets and property, plant and equipment

Business remained very strong in the **Performance Polymers** segment in the third quarter of 2011. Sales showed a 48.3% year-on-year increase to €1,433 million. Continued high inflation in the cost of raw materials, particularly butadiene and isobutylene, was offset by timely selling price increases, giving a 36.3% positive price effect on sales. Continuing strong demand led to a 4.6% increase in volumes. Currency effects of minus 7.6% were more than offset by a 15.0% positive portfolio effect from the Keltan EPDM business acquired from DSM in May 2011 and assigned to the Technical Rubber Products business unit.

All of the segment's business units benefited from brisk demand. The Butyl Rubber and Performance Butadiene Rubbers business units, which have close ties to the tire industry and therefore to the replacement tire and original equipment manufacturer markets, raised volumes compared to the prior-year quarter. A slight decline in demand for ESBR was registered in Asia. The Technical Rubber Products and Semi-Crystalline Products business units increased their sales thanks to the continuing strong demand from automobile manufacturers. Revenues of the Technical Rubber Products business unit were lifted by a strong contribution from the acquired Keltan EPDM business. Segment growth was driven by the North America region, which posted the largest percentage increase in sales. Asia-Pacific followed in second place. Solid growth in the mid-double digits was also achieved in the other reporting regions.

EBITDA pre exceptionals in the Performance Polymers segment advanced by a significant €80 million to €213 million, thanks to the persistently strong demand for LANXESS products. Raw material costs continued to rise in the third quarter, but were again passed along to the market through price increases in all business units. Continuing stable demand led to volume growth, which also raised earnings. The segment's capacity utilization surpassed the year-earlier level, despite scheduled expansion and maintenance shutdowns in the Butyl Rubber and Performance Butadiene Rubbers business units. Exchange rate developments adversely affected segment earnings. The EBITDA margin for the third quarter came in at 14.9%, against 13.8% a year ago.

The exceptional charges of €2 million in this segment's EBITDA related to corporate transactions. The €1 million in exceptional charges reported for the prior year were attributable to efficiency-improvement measures at various Group sites.

Advanced Intermediates

	Q3 2010		Q3 2011		Change	9M 2010		9M 2011		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	356		371		4.2	1,045		1,182		13.1
EBITDA pre exceptionals	66	18.5	68	18.3	3.0	190	18.2	208	17.6	9.5
EBITDA	66	18.5	68	18.3	3.0	190	18.2	208	17.6	9.5
Operating result (EBIT) pre exceptionals	51	14.3	52	14.0	2.0	147	14.1	158	13.4	7.5
Operating result (EBIT)	51	14.3	52	14.0	2.0	147	14.1	158	13.4	7.5
Cash outflows for capital expenditures [1]	25		26		4.0	37		59		59.5
Depreciation and amortization	15		16		6.7	43		50		16.3
Employees as of September 30 (previous year: as of Dec. 31)	2,903		2,848		(1.9)	2,903		2,848		(1.9)

1) Intangible assets and property, plant and equipment

Sales in the **Advanced Intermediates** segment rose by 4.2% to €371 million in the third quarter of 2011. Selling prices were adjusted by 7.6% to offset higher raw material costs. Volumes were virtually level with the previous year, declining by just 0.3%. Currencies had a 3.1% negative effect.

The demand for agrochemicals remained strong in the third quarter of 2011. Both of the segment's business units profited from this development. The Saltigo business unit posted slightly lower volumes in the market for pharmaceutical precursors. The Advanced Industrial Intermediates (formerly Basic Chemicals) business unit posted year-on-year volume growth, particularly in products from its integrated aromatics production network destined for agrochemical production, and in products for automotive-related industries. Product volumes for the construction industry receded. Higher prices for raw materials, including toluene, were offset by selling price adjustments. From a regional viewpoint, EMEA (excluding Germany) was again the key growth engine for this segment, too, posting the largest increase in business in both absolute and relative terms.

EBITDA pre exceptionals of the Advanced Intermediates segment, at €68 million, was slightly above the prior-year quarter's €66 million. The EBITDA margin, at 18.3%, came in close to the previous year's high level of 18.5%. The main negative effect resulted from shifts in exchange rates.

Performance Chemicals

	Q3 2010		Q3 2011		Change	9M 2010		9M 2011		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	515		523		1.6	1,507		1,640		8.8
EBITDA pre exceptionals	83	16.1	75	14.3	(9.6)	245	16.3	260	15.9	6.1
EBITDA	83	16.1	75	14.3	(9.6)	245	16.3	260	15.9	6.1
Operating result (EBIT) pre exceptionals	67	13.0	55	10.5	(17.9)	196	13.0	203	12.4	3.6
Operating result (EBIT)	67	13.0	55	10.5	(17.9)	196	13.0	203	12.4	3.6
Cash outflows for capital expenditures [1]	25		31		24.0	57		59		3.5
Depreciation and amortization	16		20		25.0	49		57		16.3
Employees as of September 30 (previous year: as of Dec. 31)	4,907		5,654		15.2	4,907		5,654		15.2

1) Intangible assets and property, plant and equipment

Sales in the **Performance Chemicals** segment rose by 1.6% to €523 million in the quarter under review. This was chiefly attributable to the 7.6% increase in selling prices, while volumes declined by 4.3%. Negative currency effects of 3.8% were partially offset by positive portfolio effects of 2.1%. These resulted from the activities of the Darmex group, acquired in January and assigned to the Rhein Chemie business unit, and the inclusion of the material protection business of Syngenta AG, which was acquired in April and assigned to the Material Protection Products business unit. The integration of both businesses is proceeding according to plan.

Volumes in the segment remained below the high level of the prior-year quarter, with a mixed picture across the business units. The Rhein Chemie and Ion Exchange Resins business units saw volume growth, benefiting from slightly to significantly higher demand. The Inorganic Pigments business unit, by contrast, posted a decrease in volumes attributable to softer demand for pigments in the construction industry. Moreover, the sales of this business unit in the prior-year quarter were at a particularly high level. The situation in the Material Protection Products and Functional Chemicals business units was similar, especially for products sold to the electrical and electronics industries, where volumes were slightly down. Volumes in the Leather business unit were adversely affected by a lack of feedstocks due to a supplier's outage. From a regional perspective, North America was the main growth driver for this segment.

EBITDA pre exceptionals came in €8 million below the prior-year period, at €75 million, due to adverse volume and exchange-rate developments. In each of the segment's business units, raw material cost inflation was offset by price increases. The positive portfolio effects from the acquisition of the Darmex group and the acquired material protection business of Syngenta AG were accretive to earnings.

The segment's EBITDA margin decreased from 16.1% to 14.3%.

Reconciliation

	Q3 2010	Q3 2011	Change	9M 2010	9M 2011	Change
	€ million	€ million	%	€ million	€ million	%
Sales	10	9	(10.0)	29	32	10.3
EBITDA pre exceptionals	(38)	(45)	(18.4)	(117)	(137)	(17.1)
EBITDA	(43)	(48)	(11.6)	(127)	(150)	(18.1)
Operating result (EBIT) pre exceptionals	(41)	(47)	(14.6)	(123)	(146)	(18.7)
Operating result (EBIT)	(46)	(50)	(8.7)	(133)	(159)	(19.5)
Cash outflows for capital expenditures [1]	4	3	(25.0)	8	7	(12.5)
Depreciation and amortization	3	2	(33.3)	6	9	50.0
Employees as of September 30 (previous year: as of Dec. 31)	2,557	2,682	4.9	2,557	2,682	4.9

1) Intangible assets and property, plant and equipment

In the **reconciliation,** the EBITDA pre exceptionals of minus €45 million (against minus €38 million in the prior-year quarter) was partly due to a planned expansion of central research activities. The €3 million in exceptional charges reported in the reconciliation for the third quarter related primarily to expenses for the design and implementation of IT projects.

Financial Condition

Structure of the statement of financial position As of September 30, 2011, the LANXESS Group had total assets of €6,744 million, up €1,078 million, or 19.0%, from €5,666 million on December 31, 2010. The principal reasons for the increase were the acquisitions made during the period and the increase in working capital. The latter was due to raw material price increases and high demand as well as the portfolio effects.

Non-current assets rose by €392 million to €3,130 million. Intangible assets and property, plant and equipment were up by €338 million to €2,695 million, largely due to capital expenditures and additions from the acquisitions. Cash outflows for purchases of property, plant, equipment and intangible assets in the first nine months totaled €325 million, which was well above the prior-year figure of €206 million due to the planned expansion of investment projects. Depreciation and amortization totaled €233 million, compared with €204 million in the prior-year period. The increase in the carrying amount of investments accounted for using the equity method was chiefly attributable to the positive earnings of Currenta GmbH & Co. OHG for the nine-month period. In addition, LANXESS increased its capital contribution to LANXESS-TSRC (Nantong) Chemical Industrial Co. Ltd. in China, which is managed as a joint venture. The change in investments in other affiliated companies occurred partly as a result of LANXESS raising its holding in the U.S. company Gevo Inc. when it went public and the recognition of its subsequent remeasurement in other comprehensive loss due to the drop in the share price. The ratio of non-current assets to total assets was 46.4%, down slightly from 48.3% at December 31, 2010.

Current assets amounted to €3,614 million, up €686 million, or 23.4%, from December 31, 2010. Inventories rose by a significant €397 million, chiefly as a result of higher raw material prices and the portfolio effect from the acquisition of the Keltan EPDM business. In addition, inventory levels were increased to support the current business expansion. Trade receivables were a substantial €295 million higher than at year end 2010, mainly due to the considerable business growth and portfolio effects. The total of cash and cash equivalents and near-cash assets increased by €65 million to €589 million. The ratio of current assets to total assets was 53.6%, against 51.7% as of December 31, 2010.

The LANXESS Group has significant internally generated intangible assets that are not reflected in the statement of financial position due to accounting rules. These include the brand equity of LANXESS and the value of the Group's other brands. A variety of measures were deployed in the reporting period to continually enhance these assets. These measures contributed to the continued success in positioning the business units in the market.

The established relationships with customers and suppliers also constitute a significant intangible asset, which cannot, however, be reflected in the statement of financial position. These long-standing partnerships with customers and suppliers, built on trust and consistent product quality, have enabled the Group to firmly adhere to its price-before-volume strategy. LANXESS's expertise in technology and innovation, which is also of great value, is rooted in its specific expertise in the areas of research and development and custom manufacturing. We leverage this expertise to generate added value for our customers.

Commercial success is also founded on the knowledge and experience of LANXESS employees. In addition, sophisticated production and business processes create competitive advantages in the relevant markets.

Equity rose by €320 million from December 31, 2010 to €2,081 million, predominantly due to the net income of €501 million for the first nine months of the year. Negative net currency effects in other equity components and the €58 million dividend payment made by LANXESS AG in May 2011 had an offsetting effect. The ratio of equity to the Group's total assets was 30.9% as of September 30, 2011, against 31.1% as of December 31, 2010.

Non-current liabilities grew by €117 million to €2,571 million as of September 30, 2011. The main reason for the increase was the €83 million growth in other non-current financial liabilities to €1,385 million resulting from the issuance in May 2011 of a €500 million Euro Benchmark Bond that matures in 2018. The Euro Benchmark Bond issued in 2005 and maturing in 2012 was reclassified to other current financial liabilities. Provisions for pensions and other post-employment benefits increased by €46 million compared with the end of 2010, chiefly because of an adjustment in the interests rates used for measurement. The ratio of non-current liabilities to total assets was 38.1%, against 43.3% as of December 31, 2010.

Current liabilities amounted to €2,092 million, up by €641 million, or 44.2%, from December 31, 2010. The increase was chiefly due to the growth in other current financial liabilities, which, as described above, resulted from the reclassification of the Euro Benchmark Bond issued in 2005 and maturing in 2012. Trade payables grew by €72 million to €736 million as a result of higher raw material prices, increases in purchasing volumes linked to business growth, and due to portfolio effects. The ratio of current liabilities to total assets was 31.0% as of September 30, 2011, against 25.6% as of year end 2010.

Liquidity and capital expenditures

Changes in the statement of cash flows Net operating cash flow in the first nine months of 2011 amounted to €411 million, against €267 million in the prior-year period. With income before income taxes amounting to €651 million, the increase in working capital compared with December 31, 2010 resulted in a cash outflow of €518 million. The corresponding cash outflow in the prior-year period was €352 million. The development of working capital thus far in 2011 is mainly attributable to higher prices for raw materials, growth in demand and the associated replenishment of inventories and increase in receivables.

There was a €540 million net cash outflow for investing activities in the first nine months of 2011, compared with €119 million in the same period a year ago. Cash outflows for purchases of intangible assets, property, plant and equipment totaled €325 million, which was €119 million more than in the prior-year period. Depreciation and amortization amounted to €233 million. Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and adjusted for subsequent purchase price adjustments, amounted to €243 million and related to the acquisitions of the Keltan EPDM business, the material protection business of Syngenta AG and the Darmex group. Cash inflows from financial assets came to €13 million and were mainly attributable to the proceeds from the sale of near-cash financial assets. These offset the cash outflows for the purchase of additional shares of Gevo Inc. in the United States and the capital increase at LANXESS-TSRC (Nantong) Chemical Industrial Co. Ltd. in China, which is accounted for in the consolidated financial statements using the equity method.

Cash provided by financing activities came to €210 million, compared with €201 million used in financing activities in the first nine months of 2010. An important item was the proceeds from the issuance of a €500 million Euro Benchmark Bond that matures in 2018. Cash outflows for repayments of borrowings, interest payments and the €58 million dividend payment to the stockholders of LANXESS AG for 2010 had an offsetting effect. The net outflow in the prior-year period was mainly attributable to repayments of promissory notes and to the dividend payment for 2009.

Financing and liquidity The principles and objectives of financial management described on page 75 of the Annual Report 2010 have remained valid during the current fiscal year. They are centered on a conservative financial policy built on long-term, secured financing. LANXESS therefore issued another €500 million Euro Benchmark Bond in May 2011. Scheduled for repayment in 2018, this bond has significantly extended the maturity profile of the Group's financing.

Cash and cash equivalents increased by €73 million compared with the end of 2010, to €233 million. The €356 million of instant-access investments in money market funds, down from €364 million at the end of 2010, was reported under near-cash assets. The Group thus has retained a sound liquidity position.

Net financial liabilities totaled €1,362 million as of September 30, 2011, compared with €913 million as of December 31, 2010.

Net Financial Liabilities

€ million	Dec. 31, 2010	Sep. 30, 2011
Non-current financial liabilities	1,302	1,385
Current financial liabilities	176	599
less		
Liabilities for accrued interest	(41)	(33)
Cash and cash equivalents	(160)	(233)
Near-cash assets	(364)	(356)
	913	**1,362**

Financing instruments off the statement of financial position As of September 30, 2011, LANXESS had no material financing items not reported in the statement of financial position, such as factoring, asset-backed structures or sale-and-lease-back transactions.

Significant capital expenditure projects In the Performance Polymers segment, significant capital expenditures related to the construction of the new butyl rubber facility in Singapore for the Butyl Rubber business unit. The new facility is scheduled to start production in the first quarter of 2013. In the Performance Butadiene Rubbers business unit, the enlarged production facilities for neodymium polybutadiene rubber (Nd-PBR) were commissioned as part of a two-phase expansion program at the site in Orange, United States. The second phase of the expansion program will increase the production capacities for solution styrene butadiene rubber (SSBR) and Nd-PBR by 20,000 metric tons. Completion is scheduled for the third quarter of 2012. The business unit has also announced that it will build the world's largest production facility for the high-tech rubber Nd-PBR – with an annual capacity of 140,000 tons – in Singapore. The facility is due on stream in the first half of 2015.

The Technical Rubber Products business unit is expanding production capacities for hydrogenated nitrile butadiene rubber (HNBR) at the facilities in Leverkusen, Germany, and Orange, United States, by 40%. The expansions are scheduled for completion by April 2012 in Leverkusen and by December 2012 in Orange. At the site in Geleen, Netherlands, the future headquarters of the global Keltan EPDM business, 50% of production will be converted to the innovative Keltan ACE technology. Implementation of the new process is due to be completed during 2013. The Semi-Crystalline Products business unit is strengthening its activities in India with the construction of a new high-tech plastics facility. The facility for the compounding of engineering plastics is due on stream at the beginning of 2012. In addition, the 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. Capacity expansions are also taking place for glass fibers at the Antwerp site. The expansion of the caprolactam facility at the same site was recently completed.

The Advanced Intermediates segment's Advanced Industrial Intermediates business unit invested in the expansion of production capacity for formalin at the Krefeld-Uerdingen site. An expansion of menthol production is also being undertaken at this site and is expected to be completed in the first half of 2012.

In the Performance Chemicals segment, capital expenditures of the Ion Exchange Resins business unit related to the facility for membrane filtration technology opened at the Bitterfeld site in the third quarter and to the new ion exchange resin facilities at the site in Jhagadia, India. In the Rhein Chemie business unit, work is underway in Argentina to increase the production capacity for vulcanization bladders used in tire production. The Leather business unit broke ground on a new production plant for leather chemicals at the site in Changzhou, China. With an annual capacity of up to 50,000 tons, the plant will feature the latest technology and eco-friendly processes and is due on stream in the first half of 2013.

Research and Development

LANXESS has continued to systematically expand its research and development activities in 2011. Existing products and processes are being refined and optimized with a short- to medium time horizon. The Group Function Innovation & Technology, in particular, initiates medium- to long-term research projects to ensure the company's success in future growth areas, thus safeguarding its viability going forward. For more information about these growth areas, readers are referred to the Opportunity Report in the 2010 Annual Report, including, in particular, the statements about global megatrends starting on page 95.

Research and Development Expenses

€ million	Q3 2010	Q3 2011	Change %	9M 2010	9M 2011	Change %
Research and development expenses	34	40	17.6	89	105	18.0
in % of sales	1.8%	1.7%		1.7%	1.6%	

Research and development expenses in the third quarter amounted to €40 million, or 1.7% of sales. These functional costs rose by 17.6% compared to the year-earlier period. This increase is a strong indication that the 15% increase in research and development spending targeted for fiscal 2011 can be achieved.

Driving this development was the Performance Polymers segment, where investments were made in the further development of high-performance rubbers and in customer-focused technology centers. Sustainability in raw material sourcing is also particularly important. In this area, LANXESS is focusing on bio-based rubber. At the end of 2011, the company will begin marketing EPDM rubber that is produced partly using ethylene derived from sugar cane rather than being entirely petroleum-based.

LANXESS employed 710 people in research and development at the end of the third quarter of 2011, compared to 519 as of December 31, 2010. The increase is mainly attributable to the expansion of the technology centers and the integration of the Keltan EPDM business.

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 on pages 91 to 99 of the Group management report for the 2010 fiscal year. Based on an overall evaluation of risk management information, the Board of Management at the present time cannot identify any sufficiently likely risks or risk combinations that would jeopardize the continued existence of LANXESS.

Outlook

We expect overall economic growth to weaken somewhat in the fourth quarter against the backdrop of the debt crisis in Europe and the difficult economic situation in the United States. We expect only very slight economic growth in Europe and no growth impetus from North America in the coming months. By contrast, we anticipate continued growth for the emerging economies of Brazil, China and India, albeit with less momentum.

For the chemicals sector as a whole, we anticipate softer demand in the fourth quarter, with destocking continuing in various customer industries. The automobile and tire industries will continue to raise production levels this year, but with regional variations. In addition, continued weakening is expected in the market for truck tires.

Against this background, we remain optimistic about our business performance for the full year 2011, but anticipate that the fourth quarter of 2011 will follow a normal seasonal pattern. This could also be affected by customers' inventory reductions as mentioned above. The weakening evident in some sales markets in the third quarter is likely to continue, especially in the pharmaceutical, construction and electrical/electronics industries.

Raw material prices were starting to decrease at the end of the third quarter, and we expect this trend to continue in the fourth quarter. In light of this cost deflation, especially for our key raw material butadiene, we anticipate additional inventory write-downs in the fourth quarter following those already made in the third quarter.

As far as exchange rates are concerned, we continue to expect the exchange rate for the U.S. dollar, the key currency for LANXESS's business, to average US$1.40 to the euro in the remaining months of 2011. We will adhere to our price-before-volume strategy even in an environment marked by declining raw material prices and an anticipated softening of demand. With the rise in energy costs having continued into the third quarter, we expect no further price increases from now through the end of the year.

We will continue to implement the Group's growth strategy in the current year. Against this background, cash disbursements for the construction of the new butyl rubber facility in Singapore, in particular, will increase in the fourth quarter as planned. We expect total cash outflows of approximately €600 million for capital expenditures in 2011, at the upper end of the announced range of €550 to €600 million. We are currently planning a comparable level of capital expenditures for 2012.

In light of the very solid overall business performance in the first nine months and the expected development in the fourth quarter, we confirm the earnings guidance for the full year 2011. We expect EBITDA pre exceptionals to come in roughly 20% above the €918 million figure posted in 2010. This forecast already takes account of the further inventory write-downs that we now expect in the fourth quarter.

Forecasts Unchanged in the Reporting Period

Information in the Annual Report 2010	Page
Future organization and corporate structure	95 ff
Future corporate objectives and strategy	95 ff
Future production and products	96 ff
Future sales markets and competitive position	95 ff
Future research and development activities	86 ff, 96
Future dividend policy	99
Future financing	99

Events After the Reporting Period

In October 2011 the LANXESS Group acquired UNITEX Chemical Corporation, Greensboro, United States. UNITEX has 40 employees and an annual production capacity of more than 50,000 tons that is mainly dedicated to producing phthalate-free plasticizers and other specialty products, including flame retardants. The acquisition, to be assigned to the Functional Chemicals business unit in the Performance Chemicals segment, expands LANXESS's portfolio of environmentally friendly, phthalate-free plasticizers and strengthens its business with customers in the U.S.

No other events of special significance took place after September 30, 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 September 30, 2011

LANXESS Group **Statement of Financial Position**

€ million	Sep. 30, 2010	Dec. 31, 2010	Sep. 30, 2011
ASSETS			
Intangible assets	202	226	350
Property, plant and equipment	1,898	2,131	2,345
Investments accounted for using the equity method	45	13	35
Investments in other affiliated companies	8	8	16
Non-current derivative assets	7	3	6
Other non-current financial assets	73	74	85
Deferred taxes	207	170	178
Other non-current assets	106	113	115
Non-current assets	**2,546**	**2,738**	**3,130**
Inventories	1,096	1,094	1,491
Trade receivables	941	942	1,237
Cash and cash equivalents	264	160	233
Near-cash assets	318	364	356
Current derivative assets	44	19	9
Other current financial assets	144	58	29
Current income tax receivables	29	69	28
Other current assets	198	222	231
Current assets	**3,034**	**2,928**	**3,614**
Total assets	**5,580**	**5,666**	**6,744**
EQUITY AND LIABILITIES			
Capital stock and capital reserves	889	889	889
Other reserves	725	699	1,000
Net income	353	379	501
Other equity components	(272)	(221)	(325)
Equity attributable to non-controlling interests	15	15	16
Equity	**1,710**	**1,761**	**2,081**
Provisions for pensions and other post-employment benefits	677	605	651
Other non-current provisions	353	351	319
Non-current derivative liabilities	17	11	11
Other non-current financial liabilities	1,327	1,302	1,385
Non-current income tax liabilities	46	50	52
Other non-current liabilities	89	95	85
Deferred taxes	38	40	68
Non-current liabilities	**2,547**	**2,454**	**2,571**
Other current provisions	424	422	483
Trade payables	552	664	736
Current derivative liabilities	16	23	41
Other current financial liabilities	146	176	599
Current income tax liabilities	71	34	98
Other current liabilities	114	132	135
Current liabilities	**1,323**	**1,451**	**2,092**
Total equity and liabilities	**5,580**	**5,666**	**6,744**

LANXESS Group **Income Statement**

€ million	Q3 2010	Q3 2011	9M 2010	9M 2011
Sales	**1,847**	**2,336**	**5,288**	**6,652**
Cost of sales	(1,387)	(1,805)	(3,960)	(5,060)
Gross profit	**460**	**531**	**1,328**	**1,592**
Selling expenses	(166)	(183)	(470)	(540)
Research and development expenses	(34)	(40)	(89)	(105)
General administration expenses	(70)	(77)	(197)	(221)
Other operating income	46	39	138	140
Other operating expenses	(67)	(47)	(181)	(142)
Operating result (EBIT)	**169**	**223**	**529**	**724**
Income from investments accounted for using the equity method	11	7	23	19
Interest income	2	5	8	10
Interest expense	(27)	(27)	(73)	(74)
Other financial income and expense	(10)	(8)	(26)	(28)
Financial result	**(24)**	**(23)**	**(68)**	**(73)**
Income before income taxes	**145**	**200**	**461**	**651**
Income taxes	(26)	(46)	(106)	(149)
Income after income taxes	**119**	**154**	**355**	**502**
of which attributable to non-controlling interests	1	0	2	1
of which attributable to LANXESS AG stockholders (net income)	118	154	353	501
Earnings per share in € (undiluted/diluted)	**1.42**	**1.85**	**4.24**	**6.02**

LANXESS Group **Statement of Comprehensive Income**

€ million	Q3 2010	Q3 2011	9M 2010	9M 2011
Income after income taxes	**119**	**154**	**355**	**502**
Actuarial gains/losses and effects of the asset ceiling relating to defined-benefit plans	(36)	(40)	(130)	(32)
Exchange differences on translation of operations outside the eurozone	(74)	(26)	71	(90)
Financial instruments	82	(77)	(37)	(21)
Income taxes on other comprehensive income	(5)	36	48	19
Other comprehensive income, net of income tax	**(33)**	**(107)**	**(48)**	**(124)**
Total comprehensive income	**86**	**47**	**307**	**378**
of which attributable to non-controlling interests	1	0	2	1
of which attributable to LANXESS AG stockholders	85	47	305	377

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
Dividend payments			(42)				(42)		(42)
Total comprehensive income			(91)	353	71	(28)	305	2	307
Income after income taxes				*353*			*353*	*2*	*355*
Other comprehensive income, net of income tax			*(91)*		*71*	*(28)*	*(48)*	*0*	*(48)*
Sep. 30, 2010	**83**	**806**	**725**	**353**	**(269)**	**(3)**	**1,695**	**15**	**1,710**
Dec. 31, 2010	**83**	**806**	**699**	**379**	**(215)**	**(6)**	**1,746**	**15**	**1,761**
Allocations to retained earnings			379	(379)			0		0
Dividend payments			(58)				(58)		(58)
Total comprehensive income			(20)	501	(90)	(14)	377	1	378
Income after income taxes				*501*			*501*	*1*	*502*
Other comprehensive income, net of income tax			*(20)*		*(90)*	*(14)*	*(124)*	*0*	*(124)*
Sep. 30, 2011	**83**	**806**	**1,000**	**501**	**(305)**	**(20)**	**2,065**	**16**	**2,081**

LANXESS Group **Statement of Cash Flows**

€ million	Q3 2010	Q3 2011	9M 2010	9M 2011
Income before income taxes	**145**	**200**	**461**	**651**
Depreciation and amortization	69	83	204	233
Gains on disposals of intangible assets and property, plant and equipment	0	0	0	(2)
Income from investments accounted for using the equity method	(11)	(7)	(23)	(19)
Financial losses	25	22	65	65
Income taxes paid	(48)	(28)	(76)	(34)
Changes in inventories	(30)	(118)	(222)	(310)
Changes in trade receivables	59	(2)	(185)	(260)
Changes in trade payables	(31)	(32)	55	52
Changes in other assets and liabilities	29	45	(12)	35
Net cash provided by operating activities	**207**	**163**	**267**	**411**
Cash outflows for purchases of intangible assets, property, plant and equipment	(107)	(148)	(206)	(325)
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents and net of subsequent purchase price adjustments	0	4	0	(243)
Cash inflows from sales of intangible assets, property, plant and equipment	1	1	3	5
Cash outflows for/cash inflows from financial assets	(116)	(53)	69	13
Interest and dividends received	2	7	15	10
Net cash used in investing activities	**(220)**	**(189)**	**(119)**	**(540)**
Proceeds from borrowings	71	7	77	552
Repayments of borrowings	(8)	(12)	(147)	(197)
Interest paid and other financial disbursements	(17)	(19)	(89)	(87)
Dividend payments	0	0	(42)	(58)
Net cash provided by (used in) financing activities	**46**	**(24)**	**(201)**	**210**
Change in cash and cash equivalents from business activities	**33**	**(50)**	**(53)**	**81**
Cash and cash equivalents at beginning of period	232	285	313	160
Other changes in cash and cash equivalents	(1)	(2)	4	(8)
Cash and cash equivalents at end of period	**264**	**233**	**264**	**233**

Segment and Region Data

Key Data by Segment

Third Quarter

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011
External sales	966	1,433	356	371	515	523	10	9	1,847	2,336
Inter-segment sales	1	1	13	19	2	2	(16)	(22)	0	0
Segment/Group sales	967	1,434	369	390	517	525	(6)	(13)	1,847	2,336
Segment result/EBITDA pre exceptionals	133	213	66	68	83	75	(38)	(45)	244	311
EBITDA margin pre exceptionals (%)	13.8	14.9	18.5	18.3	16.1	14.3			13.2	13.3
EBITDA	132	211	66	68	83	75	(43)	(48)	238	306
Operating result (EBIT) pre exceptionals	98	168	51	52	67	55	(41)	(47)	175	228
Operating result (EBIT)	97	166	51	52	67	55	(46)	(50)	169	223
Segment capital expenditures	53	91	26	25	25	31	4	3	108	150
Depreciation and amortization	35	45	15	16	16	20	3	2	69	83

First Nine Months

€ million	Performance Polymers		Advanced Intermediates		Performance Chemicals		Reconciliation		LANXESS	
	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011
External sales	2,707	3,798	1,045	1,182	1,507	1,640	29	32	5,288	6,652
Inter-segment sales	3	1	34	48	6	7	(43)	(56)	0	0
Segment/Group sales	2,710	3,799	1,079	1,230	1,513	1,647	(14)	(24)	5,288	6,652
Segment result/EBITDA pre exceptionals	428	641	190	208	245	260	(117)	(137)	746	972
EBITDA margin pre exceptionals (%)	15.8	16.9	18.2	17.6	16.3	15.9			14.1	14.6
EBITDA	425	639	190	208	245	260	(127)	(150)	733	957
Operating result (EBIT) pre exceptionals	322	524	147	158	196	203	(123)	(146)	542	739
Operating result (EBIT)	319	522	147	158	196	203	(133)	(159)	529	724
Segment capital expenditures	104	208	65	60	57	59	8	7	234	334
Depreciation and amortization	106	117	43	50	49	57	6	9	204	233
Employees as of Sep. 30 (previous year: as of Dec. 31)	4,281	4,886	2,903	2,848	4,907	5,654	2,557	2,682	14,648	16,070

Key Data by Region

Third Quarter

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011	Q3 2010	Q3 2011
Sales by market	503	656	340	407	325	401	271	353	408	519	1,847	2,336
Proportion of Group sales (%)	27.2	28.1	18.4	17.4	17.6	17.2	14.7	15.1	22.1	22.2	100.0	100.0

First Nine Months

€ million	EMEA (excl. Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011
Sales by market	1,518	1,963	973	1,216	887	1,097	712	904	1,198	1,472	5,288	6,652
Proportion of Group sales (%)	28.7	29.5	18.4	18.3	16.8	16.5	13.5	13.6	22.6	22.1	100.0	100.0
Employees as of Sep. 30 (previous year: as of Dec. 31)	2,638	3,304	7,590	7,759	1,309	1,360	1,215	1,584	1,896	2,063	14,648	16,070

Notes to the Condensed Consolidated Interim Financial Statements

as of September 30, 2011

Recognition and Valuation Principles

The unaudited, condensed consolidated interim financial statements as of September 30, 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.

Preparation of the consolidated interim financial statements requires that assumptions and estimates be made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities. All assumptions and estimates are made on the basis of conditions prevailing at the reporting date, using methods broadly consistent with those applied in the consolidated financial statements for 2010. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

The present interim financial statements do not contain any items that are considered unusual because of their nature, scope or frequency and have had a significant impact on the assets, liabilities, equity, results for the period or cash flows.

The business of the LANXESS Group as a whole is not subject to pronounced seasonality. However, in light of the business activities of the individual segments, sales and earnings tend to be stronger in the first half of the year. For example, volumes of agrochemical products in the Advanced Intermediates segment tend to be higher in the first six months of the year because of the growing seasons. The businesses with products for the construction industry in the Advanced Intermediates and Performance Chemicals segments are also seasonal in that sales are higher in the summer than in the winter months, when construction activity is lower.

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.

	EMEA (excl. 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	2		1	4	1	8
Subtractions			(1)	(1)		(2)
Sep. 30, 2011	**21**	**13**	**6**	**8**	**17**	**65**
Companies accounted for using the equity method						
Jan. 1, 2011		1			2	3
Additions						0
Sep. 30, 2011	**0**	**1**	**0**	**0**	**2**	**3**
Non-consolidated companies						
Jan. 1, 2011	2	2	1	2	1	8
Additions						0
Sep. 30, 2011	**2**	**2**	**1**	**2**	**1**	**8**
Total						
Jan. 1, 2011	21	16	7	7	19	70
Additions	2	0	1	4	1	8
Subtractions	0	0	(1)	(1)	0	(2)
Sep. 30, 2011	**23**	**16**	**7**	**10**	**20**	**76**

On May 2, 2011, LANXESS completed the acquisition of the elastomers business of Royal DSM N.V., Netherlands. The business was consolidated from that date. The acquisition was funded from existing liquidity of the LANXESS Group. The elastomers business acquired from DSM produces ethylene-propylene-diene monomer (EPDM) rubber under the brand name Keltan at sites in the Netherlands and Brazil. This business will supplement the EPDM activities of the Technical Rubber Products business unit in the Performance Polymers segment.

Since the date of acquisition, the acquired business contributed €227 million to LANXESS Group sales and €15 million to net income. Its earnings contribution was affected by the recognition of remeasurement effects from the purchase price allocation. If the business had been acquired with effect from January 1, 2011, it would have contributed roughly €150 million more to Group sales and some €20 million more to net income compared with consolidation as of the 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 €13 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.

Additions from Acquisition of Keltan EPDM Business

€ million	IFRS carrying amounts prior to first-time consolidation	Purchase price allocation	Carrying amounts upon first-time consolidation
Intangible assets	4	58	62
Property, plant and equipment	121	45	166
Other assets	194	16	210
Total assets	**319**	**119**	**438**
Non-current liabilities	1	24	25
Current liabilities	207	0	207
Total liabilities	**208**	**24**	**232**
Net acquired assets (excluding goodwill)	**111**	**95**	**206**
Acquisition costs			**219**
Acquired goodwill (provisional valuation)			**13**

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. According to IFRS, 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 elastomers business reflects, in particular, marketing and cost synergies arising from the improved capacity utilization, especially at the production site in Brazil, the expansion of the LANXESS product mix in the EPDM business and additional sales opportunities to existing and new customers, particularly in South America. The acquisition represents a further step in LANXESS's long-term growth strategy in the area of ethylene propylene rubbers.

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 was assigned to the Rhein Chemie business unit in the Performance Chemicals segment. On April 13, 2011, LANXESS acquired the material protection business of Syngenta AG, Basel, Switzerland. The transaction mainly involved selected intangible assets. The acquired business supplements the activities of the Material Protection Products business unit in the Performance Chemicals segment. These activities were consolidated from the respective acquisition dates.

The following table shows effects from the two last-mentioned acquisitions, neither of which, either individually or on aggregate, materially impacted the Group's financial position.

Additions from Other Acquisitions

€ million	IFRS carrying amounts prior to first-time consolidation	Purchase price allocation	Carrying amounts upon first-time consolidation
Intangible assets	0	42	42
Property, plant and equipment	3	6	9
Other assets	16	2	18
Total assets	**19**	**50**	**69**
Non-current liabilities	0	7	7
Current liabilities	9	0	9
Total liabilities	**9**	**7**	**16**
Net acquired assets (excluding goodwill)	**10**	**43**	**53**
Acquisition costs			**76**
Acquired goodwill (provisional valuation)			**23**

The acquired activities did not materially impact Group sales or earnings, nor would they have done so if the businesses had been consolidated from January 1, 2011.

The subtractions in the table showing the changes in companies consolidated involved intra-Group mergers of subsidiaries.

Earnings per Share

Computation of earnings per share for the third quarters and first-nine-month periods of 2010 and 2011 was based on the weighted average numbers of shares outstanding as of the respective closing dates and solely on continuing operations. There were no accounting change effects to be considered. 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

	Q3 2010	Q3 2011	Change %	9M 2010	9M 2011	Change %
Net income (€ million)	118	154	30.5	353	501	41.9
Number of outstanding shares (weighted)	83,192,940[1]	83,202,670	0.0	83,197,009[1]	83,202,670	0.0
Earnings per share in € (undiluted/diluted)	**1.42**	**1.85**	**30.3**	**4.24**	**6.02**	**42.0**

1) The difference between this figure and the capital stock of €83,202,670 in 2010 results from the weighted inclusion of a temporary holding of the company's own shares.

Dividend for Fiscal 2010

Pursuant to the resolution of the Annual Stockholders' Meeting on May 18, 2011, the sum of €58 million out of the distributable profit of €104 million reported in the annual financial statements of LANXESS AG as of December 31, 2010 was paid out to the stockholders on May 19, 2011. The dividend per eligible no-par share was €0.70. The remaining amount of €46 million was carried forward to new account.

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	Q3 2010	Q3 2011	9M 2010	9M 2011
Total of segment results	**282**	**356**	**863**	**1,109**
Depreciation and amortization	(69)	(83)	(204)	(233)
Other/consolidation	(38)	(45)	(117)	(137)
Exceptional items in EBITDA	(6)	(5)	(13)	(15)
Net interest expense	(25)	(22)	(65)	(64)
Income from investments accounted for using the equity method	11	7	23	19
Other financial income/expense – net	(10)	(8)	(26)	(28)
Income before income taxes	**145**	**200**	**461**	**651**

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

There were no other segment changes in the reporting period.

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 has a direct or indirect interest. Transactions with these companies are carried out on an arm's-length basis.

Transactions in the third quarter and first nine 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 €124 million (Q3 2010: €115 million) and €348 million (9M 2010: €299 million), respectively. Trade payables of €46 million and trade receivables of €3 million existed as of September 30, 2011 (December 31, 2010: €26 million and €3 million) as a result of these transactions.

No material business transactions were undertaken with other associated companies 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 nine months of 2011.

Changes in the Composition of the Board of Management

Effective April 1, 2011, the Supervisory Board of LANXESS AG appointed Dr. Bernhard Düttmann to the Board of Management of LANXESS AG, where he serves as Chief Financial Officer. He succeeded Matthias Zachert, who left the Board of Management of LANXESS AG as of March 31, 2011 at his own request.

Changes in the Composition of the Supervisory Board

In a decision dated June 1, 2011, pursuant to Section 104 of the German Stock Corporation Act, the Cologne Local Court appointed Thomas Meiers, Cologne, to the company's Supervisory Board as an employee representative to succeed Wolfgang Blossey, who left the Supervisory Board on May 31, 2011.

Employees

The LANXESS Group had 16,070 employees as of September 30, 2011, which was 1,422 more than on December 31, 2010 (14,648). The increase is largely attributable to the Darmex group, Argentina, which was acquired in January 2011, and the acquisition of the Keltan EPDM business, Netherlands, at the beginning of May 2011.

The number of employees in the EMEA region (excluding Germany) rose by 666 to 3,304, chiefly due to the first-time inclusion of the employees of the Keltan EPDM business in the Netherlands and new hires at one of our sites in South Africa. In Germany, headcount increased by 169 to 7,759.The number of employees in North America was up from 1,309 as of December 31, 2010, to 1,360. In Latin America, the workforce expanded by 369 to 1,584, mainly because of the inclusion of the Darmex group's employees in Argentina and Uruguay and the employees at the Keltan EPDM site in Brazil. The number of employees in the Asia-Pacific region advanced by 167, from 1,896 to 2,063, due largely to increases in India and Singapore as result of the investment activity in those countries.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Leverkusen, November 9, 2011

LANXESS Aktiengesellschaft, Leverkusen
The Board of Management

Dr. Axel C. Heitmann

Dr. Werner Breuers

Dr. Bernhard Düttmann

Dr. Rainier van Roessel

Financial Calendar 2012

March 22
Publication of results for fiscal 2011

May 9
Interim Report Q1 2012

May 15
Annual Stockholders' Meeting

August 7
Interim Report H1 2012

November 6
Interim Report Q3 2012

Please do not hesitate to contact us if you have any questions or comments.

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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.

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