

LANXESS expands Jhagadia site to serve booming Indian market

- **Start-up of three new production plants**
- **INR 490 cr total investment in site**
- **300 new jobs created**

Jhagadia, January 31, 2012. LANXESS is continuing to expand its Indian production site in Jhagadia, Gujarat state. The specialty chemicals group is underlining its commitment to the subcontinent by inaugurating three new plants this month to serve the growing Indian market. LANXESS has invested around INR 490 cr (EUR 70 million) and created roughly 300 new jobs at the site.

Today, the company's Semi-Crystalline Products business unit started production at the site's new plant for high-tech plastics used by the automotive industry, including leading car manufacturers Tata Motors, Volkswagen and Ford.

In addition, the Material Protection Products business unit inaugurated a plant for biocides used in the construction industry. LANXESS subsidiary Rhein Chemie also started up a plant for release agents and additives used in the manufacturing of tires and rubber products. Both plants were relocated from a former site in Madurai, Tamil Nadu state, during the course of last year.

The site already includes a facility for ion exchange resins, used in water purification, and a rubber chemicals plant serving the tire and rubber processing industries. Both started up production in 2010.

"LANXESS is heavily investing in the Indian subcontinent and this commitment has already paid off: We surpassed our 2010 sales already in the first nine months of 2011," said Werner Breuers, Member of the Board of Management of LANXESS, at the inauguration ceremony. "By concentrating many of our assets in

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Jhagadia, we are creating a specialty chemicals hub catering to the booming local market and the Asia region – and there is potentially further room at the site for expansion.”

“We see a promising future for India ahead, with our customer industries showing healthy growth rates. This justifies our investments in India, making it a manufacturing base for world-class products”, added Dr. Joerg Strassburger, Managing Director and Country Representative of LANXESS India.

The Indian economy is expected to grow by eight percent this year, driven by strong demand for premium products for the automotive, tire and construction industries. Global automakers, as well as their suppliers, are already active in India and are investing in new plants on the subcontinent. The growing middle-class in India is driving the trend towards greater mobility. The country's automotive industry is expected to grow by 9.5 percent this year.

LANXESS is tapping into India's growth with its flagship brands for high-tech plastics Durethan (polyamide) and Pocan (polybutylene terephthalate), which represent a lighter-weight plastic alternative to metals. In addition, they enable carmakers and car parts suppliers to realize considerable savings by providing less costly production methods and easier assembly. LANXESS will be showcasing its high-tech plastic products and innovative technologies at a 300-square-meter-booth at the Plastindia Exhibition from February 1 to 6. Axel C. Heitmann, Chairman of the Board of Management and Board Member Werner Breuers will be attending.

Serving the construction and tire industries

The material protection products manufactured at the new plant include the Preventol range of antimicrobial compounds. These

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preserve paints, coatings and plasters and protect materials like wood from bacteria, fungi and yeasts. LANXESS is a leading producer of biocidal active ingredients and formulations. The annual capacity of the plant is 2,000 tons.

Rhein Chemie will produce the pre-dispersed rubber additive Rhenogran and the environmentally-friendly release agent Rhenodiv in Jhagadia. Rhenogran is used in the production of tires and other rubber products. Rhenodiv is used to prevent rubber vulcanizates from sticking to their molds, thus enabling smooth, automated processes. The annual combined production capacity of the plant is 2,500 tons.

State-of-the art site

Jhagadia is LANXESS' second largest production site in India after its site in Nagda in Madhya Pradesh state. Jhagadia is a state-of-the-art, 18-hectare-site and the production facilities have been set up with the most recent technology. It also offers many geographical advantages for the products sold by LANXESS. It has excellent links to international ports, which ensures a reliable supply of raw materials for the production facilities as well as rapid delivery to customers outside India.

Jhagadia is the model of an environmentally friendly site. Strict standards are applied throughout, and wastewater is pre-cleaned in a separate wastewater treatment plant before being released into the chemical park's final treatment system. Furthermore, LANXESS uses a highly efficient, natural-gas-powered cogeneration plant for the company's own fuel needs.

LANXESS not only expanded its Jhagadia site this month, but also opened its new head offices in Thane, Maharashtra state. It will be home to 225 employees and was designed in accordance with

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LANXESS' commitment to sustainability. For example, energy-efficient glass was used in the windows, and the building includes a rain water harvesting system. LANXESS currently employs roughly 860 people in India and achieved sales of around INR 1200 cr (EUR 184 million) in the first nine months of 2011.

LANXESS' commitment to India complements the Year of Germany in India 2011-2012, which was officially opened by German Chancellor Angela Merkel in New Delhi in May 2011. During this series of events, Germany will stage presentations in seven major Indian cities to highlight its role as an innovative, creative and sustainable partner for India. LANXESS will be showcasing its high-tech products designed to meet the challenges posed by the ongoing urbanization of in India at the exhibition in Mumbai and New Delhi.

About LANXESS:

LANXESS is a leading specialty chemicals company with sales of EUR 7.1 billion in 2010 and currently around 16,100 employees in 30 countries. The company is at present represented at 47 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals. LANXESS is a member of the leading sustainable indices Dow Jones Sustainability Index (DJSI) World and FTSE4Good.

Jhagadia, January 31, 2012

Forward-Looking Statements.

This news release may contain forward-looking statements based on current assumptions and forecasts made by LANXESS AG management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Information for editors:

All LANXESS news releases and their accompanying photos can be found at <http://press.lanxess.com>. Recent photos of the Board of Management and other LANXESS image material are available at <http://photos.lanxess.com>. The latest TV footage, audiofiles and podcasts can be found at <http://corporate.lanxess.com/en/media/audio-video/>.

You can find further information concerning LANXESS chemistry in our WebMagazine at <http://webmagazine.lanxess.com>.

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