

LANXESS sets the benchmark for innovation in chemical industry

- 170 research projects were started in 2010
- LANXESS' innovates at 3 levels – product, process and strategic framework
- LANXESS has reduced carbon footprint by innovation
- LANXESS helps build high-performance and environmentally friendly products for sustainable growth in the future
- India emerging as a preferred destination for promoting innovation

Mumbai, February 25, 2011: LANXESS, the leading specialty chemicals company and the world leader in production and marketing of synthetic rubber asserted its focus on innovation as a key driver for the growth of the organization as well as the chemical industry at large. At the Fourth Chemical Industry Outlook Conference hosted by Chemical Week on 23rd February at Hotel Taj Lands End, Dr. Joerg Strassburger, Managing Director and Country Representative, LANXESS India addressed the audience on the subject 'Innovation as a response to emerging trends'.

Strassburger asserted that innovation drives growth at LANXESS. "We have institutionalized innovation at three levels – deploying technology to manufacture high performance products, designing new processes for core products that define a best-in-class asset base and continually look for improvements and alternatives", he said.

At the conference, Strassburger also explained some LANXESS products and applications that demonstrate innovation. The Durethan® product range from the business unit semi-crystalline polymers is based on a new technology that helps reduce vehicle weight and improves performance. It makes car lighter, safer and more comfortable. The application of the high-performance range of Lewatit® ion exchange resins offers the optimum properties for increased waste water treatment requirements in India in an environment friendly manner. Nanoprene® is a high-performance rubber technology which significantly improves the environmental performance of tyres.

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On the process side, operations of two cogeneration plants were commenced at the LANXESS sites in Nagda in Madhya Pradesh and Jhagadia in Gujarat. This is a notable example of effective use of renewable energy for production. The plant in Nagda is fuelled by biomass (soyahusk) resulted in a reduction of reduced by around 95,000 tons of CO₂ equivalents per year and the plant in Jhagadia is fuelled by natural gas, a clean fuel, will reduce carbon footprint 31,000 tons of CO₂ equivalents per year.

The state-of-the-art butyl rubber plant which is under construction in Singapore is also 'best-in-class' in terms of efficiency and has set new standards for environmental protection. It is scheduled to go live in 2013.

LANXESS' Investment in Gevo in USA to promote R&D related to developing alternative raw materials (bio-based alternatives to petroleum-based products) is an illustration of the company's sustained efforts towards innovation.

He further added, "Our innovative products are backed by a strategic framework that fosters innovation. We are in the process of forging close partnerships with research institutions, universities, suppliers and customers. These collaborations encourage market – oriented research and new perspectives from fresh talent."

Following the megatrends Mobility, Urbanization, Agriculture and water and developing customer-centric solutions to follow these trends also showcases LANXESS' ability to innovate at a strategic level.

Strassburger affirmed that approximately 170 research projects were started in 2010. 70% of the R&D efforts were directed towards optimization of established products for existing markets and the balance 30% focused on the development of established products for new markets or new products for existing markets. Approximately 20% of R&D-projects started in 2010 are implemented by the end of 2011.

LANXESS employs approximately 500 research specialists and its major innovation activities are carried out in Europe, Canada and

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China. In 2011, LANXESS has also established a separate Group Function named Innovation and Technology which will bundle in LANXESS' chemical and technological expertise and operate in close co-operation with all 13 business units.

Innovation has indispensably emerged as the priority with rising importance after the crisis. According to a survey conducted by the Boston Consulting Group (BCG), the number of executives who consider innovation as a top-three priority grew by over 10% from 2009 to 2010. Targeted product innovations to satisfy customer needs are key to solve global challenges and build a competitive edge.

The BCG report also suggests that India is surfacing as the second most preferred destination as an innovation hub.

Strassburger closed his speech with the remarks, "Innovations must be a fundamental aspect of corporate strategy and needs to be targeted at the specific needs of customers in specific markets. Undoubtedly, innovation is the precursor to the LANXESS' growth story".

About LANXESS:

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,300 employees in 23 countries. The company is represented at 43 production sites worldwide. The core business of LANXESS is the development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

New Delhi December, 2010

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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