

Ladies and Gentlemen,

When LANXESS became an independent company eight years ago, few people believed it would have a successful future. That is why I can look back on the 2012 fiscal year with particular pride. There is hardly any other year in our history that demonstrates more clearly just how successful we have become since 2005, despite many predictions to the contrary.

With an EBITDA pre exceptionals of €1.225 billion, we achieved the company's best result to date in 2012, in an increasingly demanding economic environment. Our net income, which came to €514 million, also reached a new high.

On behalf of the entire Board of Management, I would like to give special thanks to the employees of LANXESS for these achievements. Their tireless efforts for the company have made this success possible. Together, we will make the company a continuing success going forward and rise to every challenge.

One highlight for us all in 2012 was LANXESS's admission to the DAX 30 in September. I was very moved by this special endorsement of our hard work in the past years and the successful transformation of our company. To be listed in Germany's leading stock index is an honor for us – and a motivation to become even better.

Consistent with this is the fact that we set a new mid-term growth target last year: we aim to achieve an EBITDA pre exceptionals of €1.8 billion in 2018. Our existing goal for 2015 is an EBITDA pre exceptionals of €1.4 billion and we now intend to reach this already in 2014. The excellent results we posted last year are an important step in this direction. However, please don't let them make you think that 2012 was an easy year for LANXESS. We had to work incredibly hard for our success until the last day.

The deteriorating economic conditions in the second half of the year were the main reason for this. The eurozone debt crisis was no longer the only drag on the European economy. Weaker growth in many parts of Asia and sluggish economic momentum in Latin America had a negative impact as well. For our businesses, ongoing volatility in raw material prices and rising energy prices also made matters difficult. That the fourth-quarter operating results were still positive is largely attributable to fewer one-time effects compared to the previous year.

2013 is not going to make life any easier for us. Thus far, there are no signs of a fundamental improvement in the economic climate. Even if the initial measures are working, dealing with the impact of the debt crisis will still be a formidable challenge for the world economy and businesses. Important political and economic questions remain to be answered, sweeping reforms have yet to be introduced.

But we will not alter our growth strategy because of this. We are experienced in handling turbulent times and will be able to weather future storms, too. The long-term drivers of our businesses remain intact. Going forward, LANXESS and its technology-based products will continue to profit from the focus on growth regions and from the global megatrends.



As an example, our business in advanced intermediates for agrochemicals, with which we serve the agriculture megatrend, developed very positively. Our products support the more efficient use of arable land and help safeguard crop yields. In this way, we are making an important contribution to addressing the increasing demand for food from an ever-growing world population. We will strengthen the area of agrochemicals in the years ahead, enabling us to meet the growing demand for our products.

The global rise in mobility will also drive our development. Today there are more than 800 million vehicles on the road worldwide. That figure is expected to reach two billion by 2035. We are profiting from this trend. Our high-performance rubber products and high-tech plastics are making it possible to significantly reduce vehicle emissions and fuel consumption, thus helping counteract the growing impact on the environment associated with increasing mobility.

For us, 2012 was the year of green mobility. Our strength in this field delivered good results for the company, with green mobility products accounting for 17 percent of our total sales last year, or €1.6 billion. Our goal is to increase our total revenues in this area to €2.7 billion by 2015.

Last year, we pursued the growth this requires by again making smart long-term investments in key markets. In September, we broke ground in Singapore for the world's largest production facility for neodymium-based performance butadiene rubber. This high-performance polymer is vital to the manufacture of fuel-saving, emission-reducing green tires – a fast-growing market.

Our high-tech plastics represent another group of products with which we are very successfully making a contribution to green mobility. Here, too, we were able to strengthen our leadership position. In September 2012, we acquired Bond-Laminates, a company that specializes in making customized plastic composite sheets for the automotive industry. Compared to metal parts, these are easier to process, have excellent mechanical properties and weigh less, which makes it possible to reduce vehicle emissions and fuel consumption.

We are currently building the world's largest plant for EPDM synthetic rubber in Changzou, China. The facility will use the state-of-the-art Keltan ACE technology, which reduces energy requirements in comparison to conventional technologies.

We are committed to innovations and state-of-the-art technologies. One of our strengths is taking new approaches to ensure our company's future success. We did just that on several occasions in the year under review. For example, we presented a concept tire at our inaugural Mobility Day in the United States, which took place in September. This tire is among the first to have earned a double-A rating under the E.U.'s new tire labeling regulations, which is reserved for tires that demonstrate exceptional braking behavior on wet surfaces, particularly high fuel economy and low emissions. Since November 2012, all tires sold within the E.U. must be labeled to indicate their fuel economy, wet grip and rolling noise. Similar legislation is now in effect in South Korea and is being considered in other countries. For consumers, the new regulation provides a better basis for making tire buying decisions. Tires may look the same, but they often differ greatly in terms of how they impact fuel consumption, emissions and safety. Green tires receive excellent ratings in these areas.

Obviously, we have no intention of competing with our customers in the tire industry. However, our concept tire is proof of our extraordinary competence in the area of mobility and will offer our customers true added value. We can now offer them materials that have already been subjected to rigorous testing, reducing their time to market for new tires and thereby enhancing their competitive position.

We celebrated a further premiere in September with the launch of our fuel-savings app. This marks the first time we have directly addressed the people who use the products made from our materials. To date, the fuel-savings calculator has been used by around 180,000 consumers. The primary purpose of our initiative is to provide a valuable tool that helps in the purchase of new tires. How much money can you save with green tires? How long does it take for the investment to pay off? By how much are CO<sub>2</sub> emissions reduced? Just a few clicks clearly demonstrate the benefits of green tires to the consumer and the environment.

Our claim to promote the sustainability of the global economy through the exercise of entrepreneurial responsibility was underscored in 2012 when we reaffirmed our commitment to the principles of the world's largest corporate responsibility initiative, the Global Compact.

Our products make a valuable contribution in this regard. Naturally, we also attach great importance to making the underlying production processes as environmentally friendly as possible. We use cutting-edge technologies in our plants to save energy and water, for example. And each new production plant must meet strict environmental protection standards.

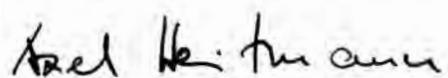
Experts rated the success of our efforts again last year and gave us a top grade. For instance, we were included in the Carbon Disclosure Leadership Index of the world's leading climate protection initiative for the first time. This means we ranked in the top ten percent of the 350 companies surveyed in Germany, Austria and Switzerland which are characterized by particularly transparent reporting about climate protection.

However, at LANXESS, sustainability means more than responsible stewardship of the environment. I firmly believe that companies that want to remain successful in the future must be sustainable in every aspect of their operations. For us, this includes promoting equal opportunity in our company and recognizing that people's diverse life experiences are a source of valuable knowledge.

As part of the Board of Management's Diversity & Inclusion initiative, we translated this understanding of sustainability into two projects last year. Through our Senior Trainee Program, which is unique in Germany, we enabled 13 highly qualified women and one man to return to employment after a long period spent raising a family. At the same time, we set a global corporate target for the medium term in respect of the proportion of women in mid-level and upper management: by 2020, we want around 20 percent of these positions to be held by women. The figure currently stands at just under 15 percent. With our ambitious target, we are aiming to help more highly qualified women advance their careers within the company and thereby make a contribution to equal opportunity.

Dear stockholders, commercial success and sustainable business practices go hand in hand at LANXESS. The capital market also acknowledged this last year. Our stock posted one of the largest increases in value in the DAX 30. On behalf of the entire Board of Management, I want to express my deep gratitude for your many years of trust. 2013 may be a challenging year for LANXESS, but that will only motivate us to maintain our successful course. I hope that you will continue to accompany us on this journey.

Best regards,

Handwritten signature of Axel Heilmann in black ink.