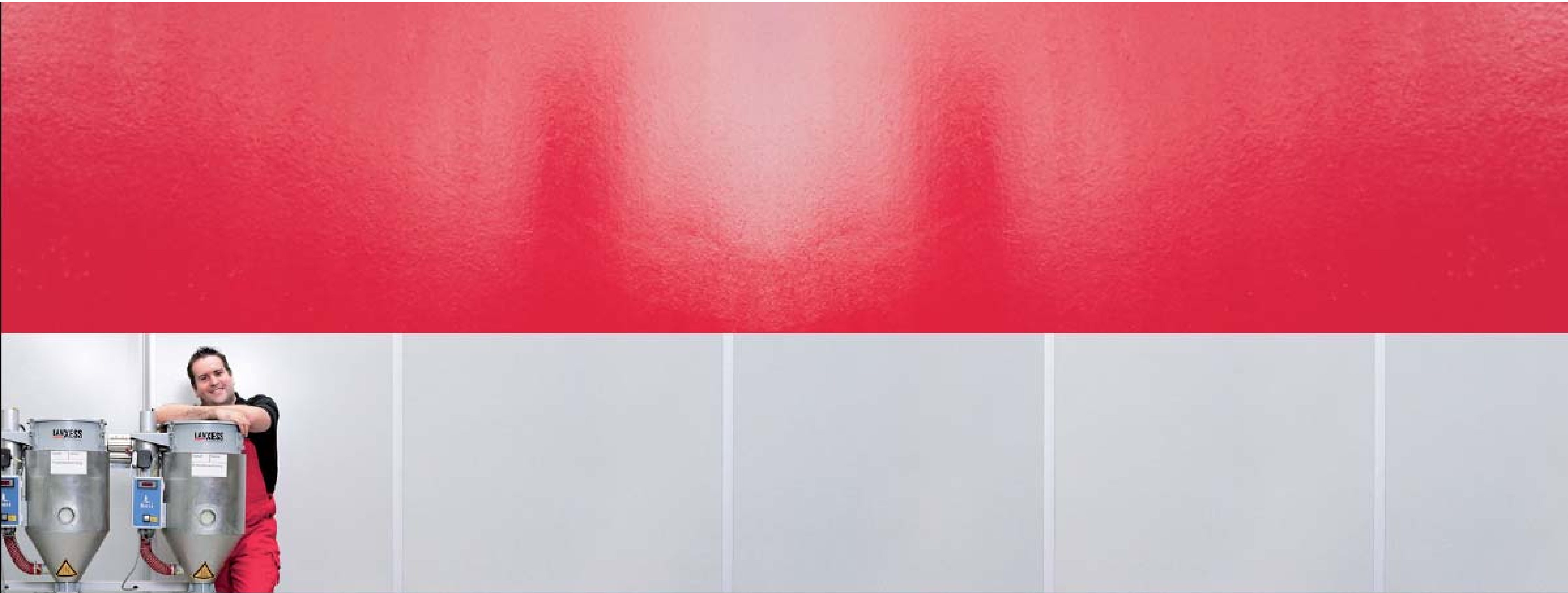

LANXESS

HVB German Investment Conference, September 2006

Consistently Delivering on Promises

Matthias Zachert, CFO

Safe Harbour Statement

This Presentation contains certain forward-looking statements, including assumptions, opinions and views of the Company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of the company to differ materially from the estimations expressed or implied herein. The company does not guarantee that the assumptions underlying such forward looking statements are free from errors nor do they accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its parent or subsidiary undertakings or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

We have achieved a lot so far and keep going with high speed

01.31.2005	Initial quotation at the Frankfurt Stock Exchange
04.11.2005	Announcement of 1st phase of restructuring
06.06.2005	Buyback of Mandatory Convertible
06.21.2005	Issuance of €500 m Euro bond
08.25.2005	Announcement of 2nd phase of restructuring
03/04.01.2006	Sale of PAP and FIB concluded
04.04.2006	Announcement of 3rd phase of restructuring
05.03.2006	Announcement of sale of SAN product line
08.16.2006	Announcement of 4th phase of restructuring
09.15.2006 …	1st LANXESS Investor Conference

From “Firefighting“ to “Financial Scope“ – financial metrics underpin the evolution

In € m	2004	2005	2006e	
EBITDA*	447	581	660-680	Profitability
EBITDA* margin	6.6%	8.1%	9-10%	
Equity ratio	24.5%**	28.9%	33.1%***	Stability
Net financial debt	1,135	680	590***	Strength
Net financial debt / EBITDA	2.5x	1.2x	<1	

„Firefighting“ → „Fireprotection“ → „Financial Scope“

* pre exceptionals; ** 2004 comparable to 2005, i.e. incl. deferred tax adjustment; ***as of June 30, 2006

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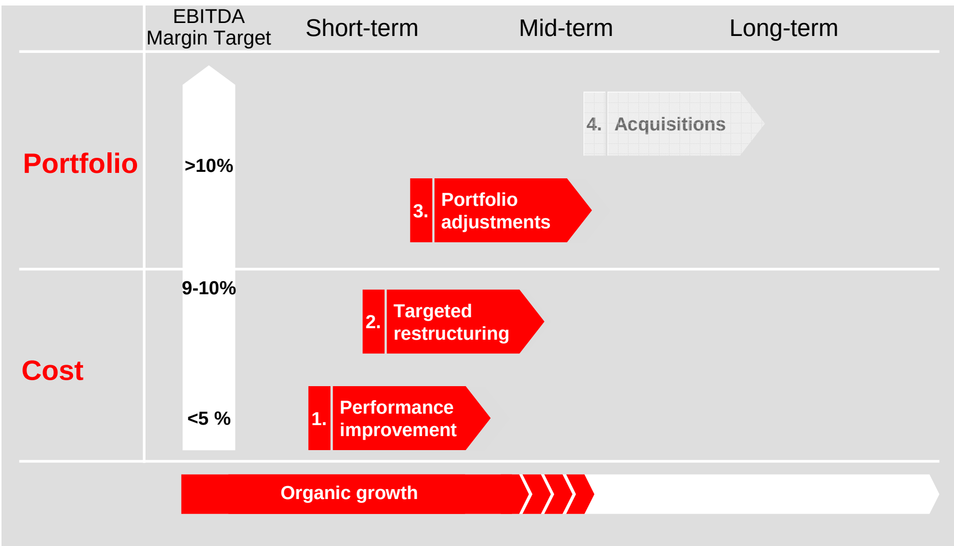
Strategy implementation well under way



LANXESS

Agenda

1. Performance Improvement

2. Update on Restructuring and Portfolio

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4. New Financial Targets and Outlook

H1 2006 financial highlights: profitability improved - balance sheet remains strong

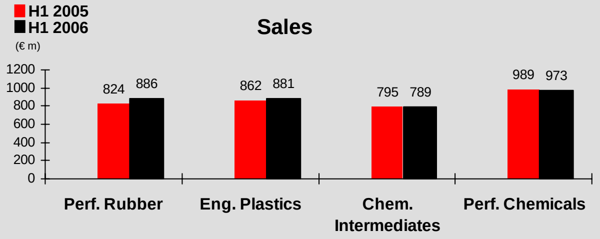
(€ m)	H1 2005	H1 2006	Δ in %
Sales	3,588	3,587	0.0%
EBITDA pre except.	344	406	18.0%
Margin	9.6%	11.3%	
Net Income	94	159	69.1%
Net Financial Debt	680*	590	-13.2%
Working Capital	1,439*	1,523	5.8%
Capex	99	81	-18.2%
Employees	18,282*	17,036	-6.8%

*As per 31.12.

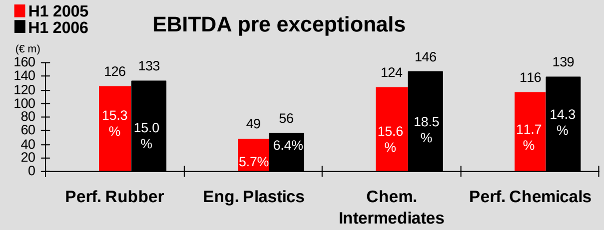
- Sales decrease almost entirely due to portfolio changes
- Selling price increases amid robust demand in most end markets, again risen raw material and energy costs
- Reduction of net financial debt to €590 m
- Headcount reduction ahead of plan

Restructuring success supports improvement in profitability

Profitability increases on restructuring



– Sales overall almost unchanged despite portfolio measures (FIB, PAP, iSL) and "price before volume" strategy



– Broad EBITDA increase and margin expansion. Decline in Rubber compares to volumewise strong Q2 2005 in PBR and anticipated volume slowdown in the U.S.

LANXESS moves ahead quickly

Resource allocation along strategic, technical and economic criteria ensures adequate returns

Operational

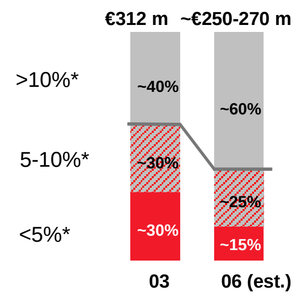
- Procurement
- Production
- **Resource Allocation**
- Sales
- Working Capital

Financial

- Responsibilities
- Systems
- Financial Risk Mgmt.
- Financing Structure
- Financing Headroom

Execution

- Introduction of structured investment process with independent assessment:
  - -Strategic
  - -Technical
  - -Economic



*EBITDA margin pre exceptionals

Performance ✓

- More profitable capex allocation

Stability ✓

- Sustainable businesses through strategic investments

Working capital: evolving from marginal to systematic management

Operational

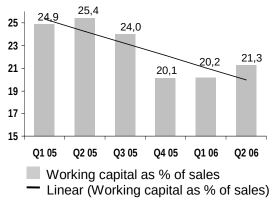
- Procurement
- Production
- Resource Allocation
- Sales
- **Working Capital**

Financial

- Responsibilities
- Systems
- Financial Risk Mgmt.
- Financing Structure
- Financing Headroom

Execution

- Company-wide projects to reduce working capital with incentives linked to success
- DSO, DSI analysis and "earning / burning" comparison on BU level, monthly discussion with businesses
- Management of working capital, e.g.:
  - Reduction but still in accordance with nature of business
  - Preparation for maintenance



Performance

- Improved cash flow

Stability

- Early spotting of deviations – lower likelihood for surprises

Financial risk management: increased stability achieved

Operational

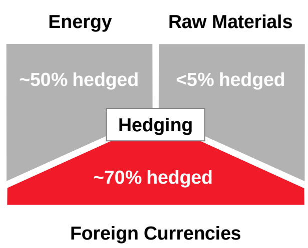
- Procurement
- Production
- Resource Allocation
- Sales
- Working Capital

Financial

- Responsibilities
- Systems
- **Financial Risk Mgmt.**
- Financing Structure
- Financing Headroom

Execution

- Introduction of appropriate policy for nature of business
- Risk assessment with close cooperation between procurement, businesses and treasury
- Group-wide treasury controlling put in place



Performance

- Significantly reduced exposure to FX and energy price fluctuations

Stability

- Long term: decreased volatility impact

Agenda

1. Performance Improvement
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Update on total financial impact due to restructuring

Phase I+II+III (€ m)	2005	2006e	2007e	2008e	2009e
P&L Expenses	-166	-55	-35	-25	0
Cash outs	-10	-155	-90	-50	0
Headcount reduction	~540	~610	~470	~40	0
Cost reduction vs. prior year	**10**	**50**	€10-20m **60**	**80**	**10**
Cost reduction cumulative	10	60	120	200	210
EBITDA improvement vs. prior year	**10**	**50**	€10-20m **50**	**40**	**5**
EBITDA improvement cumulative	10	60	110	150	155

– €10-20 m savings moved forward from 2007 into 2006 due to faster implementation (built into above table as ~€15 m)

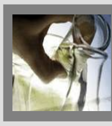
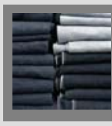
– ~€40 m remaining P&L expenses and ~€115 m remaining cash outs for H2 2006

Phase 4: €40 m EBITDA improvement by 2009 - not yet included in above numbers

Restructuring is going to transform profitability substantially from 2007 onwards

Active portfolio management strengthens businesses

- Non-core businesses were divested to strategic investors
- Long-term perspective created for the divested businesses
- Fair solutions achieved for employees

	Fibers	▪ Strategic investor with growth concept	✓
	Paper Chemicals	▪ Globally active strategic investor with full product range	✓
	Parts of Business Units	▪ Strategic investors for iSL, SAN to supplement their product portfolios	✓
	Textile Processing Chemicals	▪ Process on track	✓

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Close the profitability gap with competitors

Increasing Competition

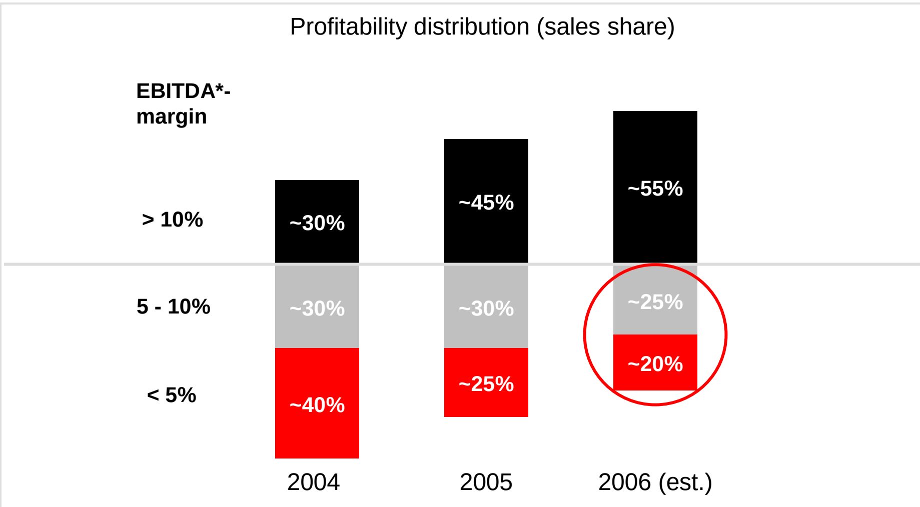
Global Markets Change

Industry Fragmentation and Consolidation

Continue aggressive efficiency improvement

- Consequent cost management lowers cost year by year
- Margin improvements through pricing excellence
- Return-oriented resource allocation

Share of profitable sales almost doubled



* EBITDA pre exceptionals

Drive sustainable and profitable organic growth

Increasing Competition

Global Markets Change

Industry Fragmentation and Consolidation

Align businesses along market and industry trends

- Adaptation of business models
- Seizing opportunities in emerging markets
- Leveraging LANXESS' technology platform

Build and strengthen portfolio of leadership businesses

Increasing Competition

Global Markets Change

Industry Fragmentation and Consolidation

Play active role in ongoing industry consolidation

- Continue active portfolio adjustment
- Targeted acquisitions to further strengthen existing businesses
- Targeted acquisitions to enter into new attractive businesses

We see attractive opportunities ahead to generate more value

There are additional chances beyond our current portfolio

In leveraging
- our competencies
- our experience
- our portfolio platform
- our deep understanding of the chemical industry

+

In taking advantage of
- fragmentation and consolidation process of the chemical industry
- need for restructuring of chemical businesses

Creating additonal value, strength and a long-term perspective for LANXESS

Strong foundations are in place – the future starts now

	EBITDA Margin Target	Short-term	Mid-term	Long-term
Portfolio	**>10%**			**4. Acquisitions**
			3. Portfolio adjustments	
Cost	**9-10%**	**2. Targeted restructuring**		
	<5 %	**1. Performance improvement**		

Organic growth

We are looking for appropriate acquisition opportunities

- **Strengthen portfolio**
  Small to mid-sized individual businesses to strengthen our leadership businesses
- **Complement portfolio**
  Attractive mid-sized businesses to broaden our portfolio
- **Another turn-around opportunity**
  A company or part of a conglomerate to boost under-managed businesses

We know how to energize chemical businesses

Prudent financing policy for the future

Policy	Food for thought
▪ **Rating policy:** Remain investment-grade within longer-term corridor of BBB- and BBB ▪ **Organic growth:** strive not to have rating deterioration for a longer period of time ▪ **External growth:** under certain circumstances, a temporary rating deterioration into non-investment grade “BB+/BB” would seem acceptable with the clear target to re-enter investment grade status after integration of an acquisition	▪ Current financing structure ▪ Existing back up facilities ▪ Current rating ratios offer room to maneuver ▪ Acquisitions in-line with the new financing policy

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LANXESS is delivering on past promises …

Good Start in 2004 – Realistic Short-term Targets

Media/Analyst Conference November 2004

	2003	2004 Target***	2006 Target***
EBITDA* Margin	< 5%	~ 7%	9-10%
CapEx / Sales	~ 5%	4 - 5%	~ 4%
Net Financial Debt** / EBITDA*	~ 4.5	< 3	< 2.5

* Excluding exceptionals
** Net financial debt excluding pensions: financial obligations (including convertible) less cash & cash equivalents
*** The financial targets do not include any impact of potential divestments

Analyst Conference LANXESS 2004-11-26 Chart-No. 10 LANXESS

* EBITDA pre exceptionals

… and LANXESS will deliver on new ambitious targets

LANXESS	**EBITDA* margin: Peer group profitability in 2009** (currently 12-14%)
Business	**No business < 5 % EBITDA* margin in 2009**
Finance	**Investment grade rating**

* EBITDA figures pre exceptionals; excluding acquisitions

Outlook and Guidance

Underlying assumptions

– We remain confident for the global economic environment in 2006, however with a more differentiated regional development

– Raw materials expected to remain volatile on high level

– Fx-Hedging: ~70% of 2006 overall Fx exposure hedged. For remaining open exposure, exchange rate is planned at €1.0 = ~USD1.27

2006 Guidance based on above assumptions

– FY 2006 EBITDA pre exceptionals further precised at €660 - €680 m, driven by faster implementation of restructuring and despite more challenging market environment (e.g. raw materials, energy)

– Capex at upper end of €250 - €270 m range

– Operational Depreciation and Amortization ~€250 m

– FY P&L tax rate expected around 30%

FY 2006 EBITDA pre exceptionals guidance specified to €660-680 m

LANXESS is energizing the chemical industry

Strategy

Competitiveness	Restructure and build leadership businesses
Portfolio	Optimize portfolio permanently for performance
Value	Capitalize on industry trends and LANXESS competencies

LANXESS

Energizing Chemistry

Abbreviations

Performance Rubber		Chemical Intermediates	
BTR	Butyl Rubber	BAC	Basic Chemicals
PBR	Polybutadiene Rubber	SGO	Saltigo
TRP	Technical Rubber Products	IPG	Inorganic Pigments

Engineering Plastics		Performance Chemicals	
STY	Styrenic Resins	MPP	Material Protection Products
SCP	Semi-Crystalline Products	FCC	Functional Chemicals
		LEA	Leather
		TPC	Textile Processing Chemicals
		RCH	RheinChemie
		RUC	Rubber Chemicals
		ION	Ion Exchange Resins

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Balance sheet with strengthened ratios

(€ m)	Dec 31, 2005	Mar 31, 2006	June 30, 2006
Non-current Assets	**1,835**	**1,783**	**1,730**
Intangible assets	53	50	45
Property, plant & equipment	1,526	1,478	1,444
Equity investments	22	31	45
Other investments	4	4	4
Financial assets	48	45	38
Deferred taxes	103	96	71
Other non-current assets	79	79	83
Current Assets	**2,506**	**2,486**	**2,529**
Inventories	1,068	1,040	1,098
Trade accounts receivable	1,065	1,042	1,029
Financial assets	37	26	44
Other current assets	200	290	223
Liquid assets	136	88	135
Total Assets	**4,341**	**4,269**	**4,259**

(€ m)	Dec 31, 2005	Mar 31, 2006	June 30, 2006
Stockholders' Equity	**1,256**	**1,337**	**1,411**
thereof minority interest	17	18	17
Non-current Liabilities	**1,576**	**1,548**	**1,531**
Pension & post empl. provisions	497	499	505
Other provisions	302	283	289
Financial liabilities	644	639	618
Tax liabilities	26	26	26
Other liabilities	32	30	28
Deferred taxes	75	71	65
Current Liabilities	**1,509**	**1,384**	**1,317**
Other provisions	401	443	370
Financial liabilities	172	96	107
Trade accounts payable	694	618	604
Tax liabilities	27	41	52
Other liabilities	215	186	184
Total Equity & Liabilities	**4,341**	**4,269**	**4,259**

Further Reduction of Net Financial Debt

Cash Flow: Underlying Operating Cash Flow with Strong Improvement

(€ m)	H1 2005	H1 2006
Profit before Tax	**123**	**233**
Depreciation & Amortization	148	125
Income from investment in associate	-8	-10
Gain/ Loss from Sale of Assets	-1	0
Financial Losses	58	12
Cash tax payments	-17	-26
Changes in Working Capital	-263	-206
Changes in Other Assets and Liabilities	80	-31
Operating Cash Flow	**120**	**97**
Investing Cash Flow	**-91**	**11**
thereof Capex	-99	-81
Free Cash Flow	**29**	**108**
Financing Cash Flow	**72**	**-114**

- Improved operating result builds basis for strong operating cash flow
- Improved Working Capital management vs. H1' 05
- Operating Cash Flow H1'06 distorted by extraordinary pay-outs of:
  - ~€40 m Restructuring
  - ~€30 m Rubber litigation
  - ~€30 m Higher bonus payments vs. H1' 05
- Investing Cash Flow includes €103 m from sale of iSL, PAP and FIB

Important to note: Majority of restructuring cash outs to come in H2