

LANXESS makes first acquisition in Argentina

- **Subsidiary Rhein Chemie to become one of the leading release agent providers worldwide**
- **Access to tire bladder technology**
- **Further investments planned in BRIC nations**
- **Mobility mega-trend underpinning demand for tires**

Leverkusen, Mannheim, Buenos Aires – LANXESS is expanding its activities in Latin America. The specialty chemicals company's wholly-owned subsidiary Rhein Chemie has acquired Argentina-based Darmex S.A. – a leading manufacturer of release agents and curing bladders for the tire industry.

As a result of the acquisition, Rhein Chemie will become one of the world's leading providers of release agents for rubber products in a highly fragmented market. It will also acquire Darmex's bladder technology in Latin America, which is a key production hub for leading tire manufacturers. Darmex's production sites are located near to Brazil, one of the booming BRIC nations, in which LANXESS has significantly expanded its presence in the last few years.

In the coming years, Rhein Chemie plans to expand its bladder production. The release agents and bladders belonging to Darmex will be branded under Rhein Chemie product names.

"This acquisition enhances Rhein Chemie's position as an innovative technology provider to the tire industry and strengthens LANXESS' standing as the world's leading synthetic rubber company," said Rainier van Roessel, Board Member of LANXESS. "Darmex's portfolio of highly-reliable products fits perfectly into our strategy of focusing on tailor-made solutions for our customers in growth markets."

Both parties have agreed not to disclose the purchase price. The transaction will close with immediate effect and does not require prior

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approval by any authority. LANXESS will finance the acquisition from existing liquidity and expects the transaction to be EPS accretive in 2011.

Darmex was founded in 1971 and is privately owned. It expects to achieve sales of USD 30 million in the business year 2010. Brazil represents about 40 percent of Darmex sales, while nearly 60 percent of sales are generated in North and South America.

The Buenos Aires-based company has about 200 employees worldwide, located at modern production sites in Argentina (Burzaco and Merlo) and Uruguay (Colonia). Darmex has customers in more than 50 countries and is the only bladder producer worldwide able to supply tire manufacturers at the same time with highly innovative release agents.

Bladders are used in the manufacturing process of tires. A green or non-vulcanized tire is placed in a press. Once the press is shut, the internal pressure forces the green tire against the internal wall of the tire mold. This is done using a butyl rubber bladder that is then inflated under high pressure and at high temperatures to give the tire its final shape. Release agents are required to prevent the tire from sticking to either the bladder or the mold. For tire manufacturers, these chemicals are essential for ensuring a smooth, cost-effective production process.

“We are delighted to be teaming up with Rhein Chemie, whose well-renowned brands and strong standing in Europe and Asia will give our employees the platform to achieve even more success,” said Darmex’s Global Director of Marketing and Sales José Sganga.

The demand for release agents and bladders is expected to expand in parallel to global tire production, which is expected to grow on average by approximately five percent per year in the next ten years. The mega-trend of mobility is underpinning this growth, driven by a growing middle-class in countries such as Brazil, China and India.

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In addition, an increasing number of tire companies are outsourcing their bladder production in order to optimize productivity and take advantage of the higher quality offered by bladder specialists. The size of the global bladder market is estimated at more than EUR 300 million.

Rhein Chemie's chief executive officer Anno Borkowsky said that the acquisition of Darmex will act as a springboard for further investments by the company to strengthen its position in the rapidly expanding BRIC nations.

"For example, we are currently considering new facilities to manufacture bladders and polymerbound chemicals in Brazil and mainland China, as well as a new plant for lubricant oil additives in India," said Borkowsky.

In May 2010, Rhein Chemie began construction of a plant in the Nizhny Novgorod region of Russia to produce rubber additives and release agents primarily for the local tire and technical rubber market.

Rhein Chemie achieved sales of EUR 226 million in 2009 and employs about 800 people worldwide. Founded in 1889, Rhein Chemie is based in Mannheim, Germany, and has production sites in Antwerp, Belgium; Chardon/Ohio, USA; São Paulo, Brazil; Madurai, India; Qingdao, China; and Toyohashi, Japan. It produces additives and specialty chemicals for the rubber, lubricants and plastics industries under leading brand names such as Rhenogran, Stabaxol and Additin.

LANXESS currently employs about 290 people in Argentina at its local headquarters in Munro and at its leather chemicals production site in Zárate, both in the province of Buenos Aires.

LANXESS is a leading specialty chemicals company with sales of EUR 5.06 billion in 2009 and currently around 14,500 employees in 23 countries. The company is represented at 42 production sites worldwide. The core business of LANXESS is the

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News Release

development, manufacturing and marketing of plastics, rubber, intermediates and specialty chemicals.

Leverkusen, January 12, 2011
das (2011-00002e)

Forward-Looking Statements.

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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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