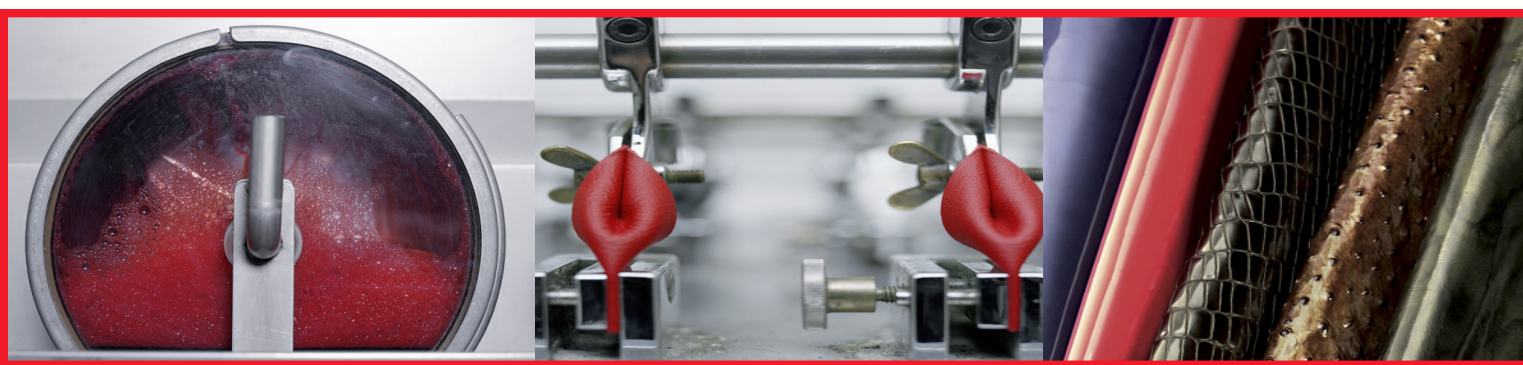


Business Unit LEATHER



**A Leading Supplier of
Leather Chemicals with a Global Set-Up**

Dr. Bernhard Wehling

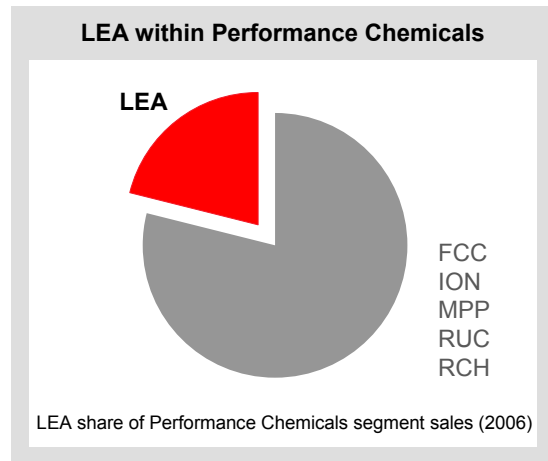
LANXESS Capital Markets Day

September 18, 2007

LANXESS
Energizing Chemistry

Leather Chemicals is a vital part of the Performance Chemicals segment

- Sales: < 500 mn €
- Employees: ~ 1,100
- Products: ~ 1,000
- Customers: > 1,000
- Strategic Partnerships: Rohm and Haas; Atlas Refinery, Inc.



2

LANXESS

Asia and South America fastest growing regions

Global Trends

- Global demand size approx. 3 - 3.5 bn €
- Sustainable global leather chemicals growth of approx. 2 % p.a. driven by meat consumption and slaughter rates
- => Cyclicalilty of leather industry comparatively low
- Asia and South America growing regions
- Europe and NAFTA markets declining
- Shoe upper leather still biggest article
- Automotive leather fastest growing segment
- Furniture leather migrating to Asia and South America
- Importance of garment leather declining



3

LANXESS

Market presence and cost leadership essential for success of a leather chemicals supplier

- **Complete product range** incl. Chrome Tanning Salts: Customers need problem solutions with full recipes instead of single products
- **Easy access to markets:** Manufacturing facilities close to major markets
- **Cost leadership:** High raw material costs favor backwards integration and most advanced production technology
- **Competent technical service:** Majority of small to medium scale customers rely on suppliers' services
- **Innovation:** Leather articles changing fast due to fashion, changing technological requirements and declining hide quality



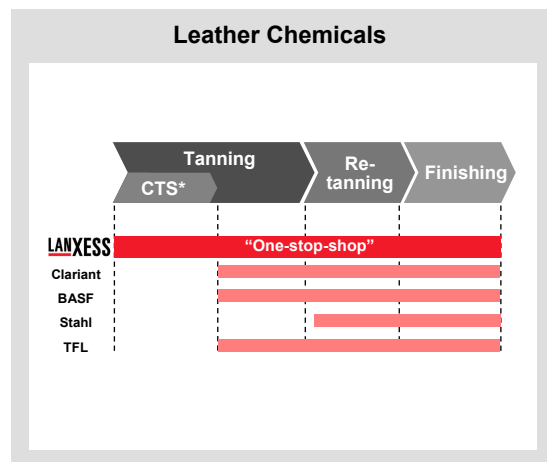
LEA has all key success factors

4

LANXESS

LEA is a premium one-stop-shop supplier in the global market...

- LANXESS is one of the leading leather chemicals providers, in particular in the growing markets of China, Brazil and Argentina
- Five main players (BASF, Clariant, LANXESS, Stahl, TFL)
- LANXESS offers a full range of leather chemicals and is the only leading supplier with chrome chemicals in its portfolio
- Backwards integration into chrome ore guarantees a high margin over the whole value chain



*Chrome Tanning Salts

5

LANXESS

... with manufacturing facilities close to major markets and key resources

- 6 Facilities in the major European, Asian and South American markets ensure fast and reliable supply to customers. Focus in the last years was on the expansion of plants in Asia
- 3 Chrome chemicals facilities backwards integrated into chrome ore from Rustenburg Mine
- Syntan facilities benefit from backward integration with other business units in Leverkusen
- Acrylics for wet end and finishing sourced from regional Rohm and Haas plants within a global marketing co-operation
- Fatliquors provided by Atlas Ref. (USA)



6

LANXESS

LEA is the only main player which is backwards integrated in the chrome chain

- Due to booming stainless steel production chrome ore is short on supply and prices have increased substantially
- LANXESS is the only chrome chemicals manufacturer with backwards integration into chrome ore. Many competitors have closed after long consolidation process. In the aftermath, chrome chemicals prices are soaring
- LEA took over sole operative ownership of chrome chain after acquisition of Dow shares in CISA in 2007
- CISA: State of the art sodium dichromate manufacturing facility utilizing oxygen technology. Unique ecological advantages through special process design avoiding large quantities of byproducts

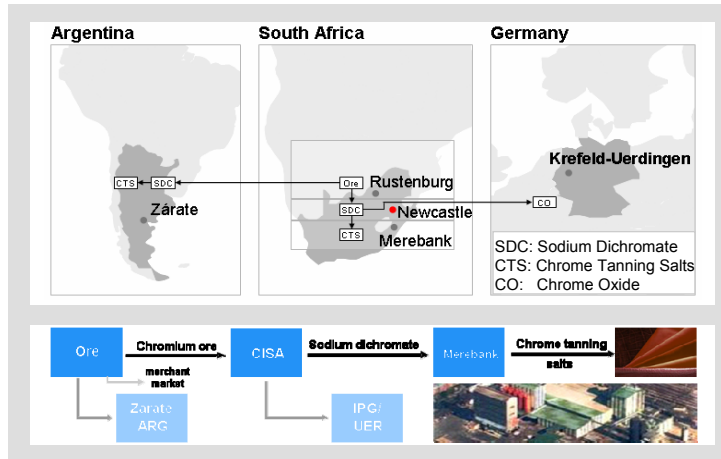


7

LANXESS

... and has a secured chrome ore source for the future

- Chrome ore mine in South Africa/ Rustenburg operated by LANXESS
- Additional chrome ore reserves were found in April 2007
- Current annual output rate: ~1 Mio tons
 - of which ~500 kt ore in four different grades, of which ~350 kt annually sold to merchant market with attractive EBITDA margin

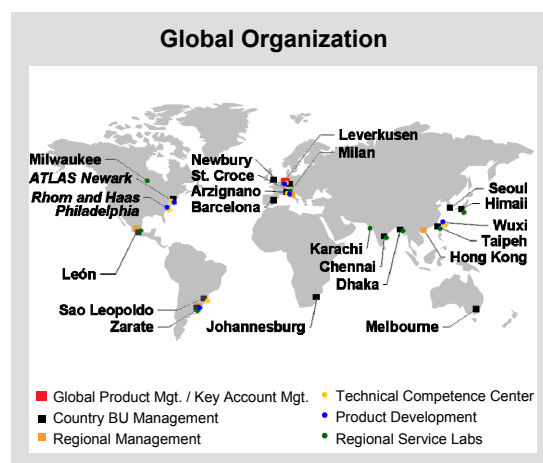


8

LANXESS

Our global net of technical and commercial service increases competitive position

- LEA provides a global network of technical and commercial service
- Facilities in growing Asian and South American markets have been extended in the last years and helped shifting business from declining EU/NAFTA-markets
- More than 110 technical experts worldwide developing innovative articles with customers and introducing new products
- Service laboratories operating in all regions and important markets
- Supply chain centers in all regions guarantee fast and reliable delivery of goods



9

LANXESS

LEA technical competence is a source of innovation

- LEA enhances competitive edge through development of innovative products in Retanning and Finishing
- Additional benefits by co-operating with partners such as Rohm and Haas and Daikin Ind.

New Technology platforms launched:

- **LANXESS Microsphere Technology** for increased yield and significant quality improvement
- **LANXESS Antisoiling Technology** for a long lasting soil protection
- **LANXESS Eco Technology** for improved ecological performance

Grain Defect



Covered with Euderm® X-Grade



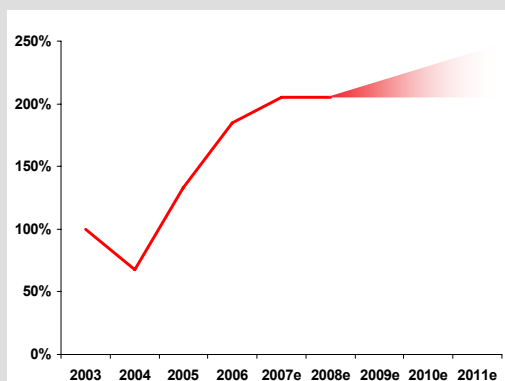
10

LANXESS

Sound business integration sets LEA up for robust financial performance

- About two thirds of LEA sales are invoiced in US\$; Costs mainly in US\$, ZAR and AR\$
- Positive top-line effect through successful shift of business from declining EU/NAFTA-markets to Asia and South America
- Cost reduction by consolidating marketing and production resources in EU
- Improved performance of chrome chain supported by acquisition of CISA had a substantial impact on earnings
- Stable outlook due to backwards integration of chrome chain and limited cyclicalty of leather industry





Expected Development of LEA EBITDA



11

LANXESS

One-stop-shop and chrome backwards integration secure profitability in a competitive environment

| | | |
|----------------------------|---|---|
| Market Position | Top position as premium supplier in all regions guarantees continuous profitable growth |  |
| Asset Base | Close to major markets and resources; unique position through backwards integration in chrome chemicals |  |
| Technology Position | Advanced technology assures competitive edge over competitors |  |
| Innovation | Leadership in R&D and technical service paves the way for higher shares in all application sectors |  |

12

LANXESS

LANXESS
Energizing Chemistry

13

Safe harbor 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.