

OVERVIEW

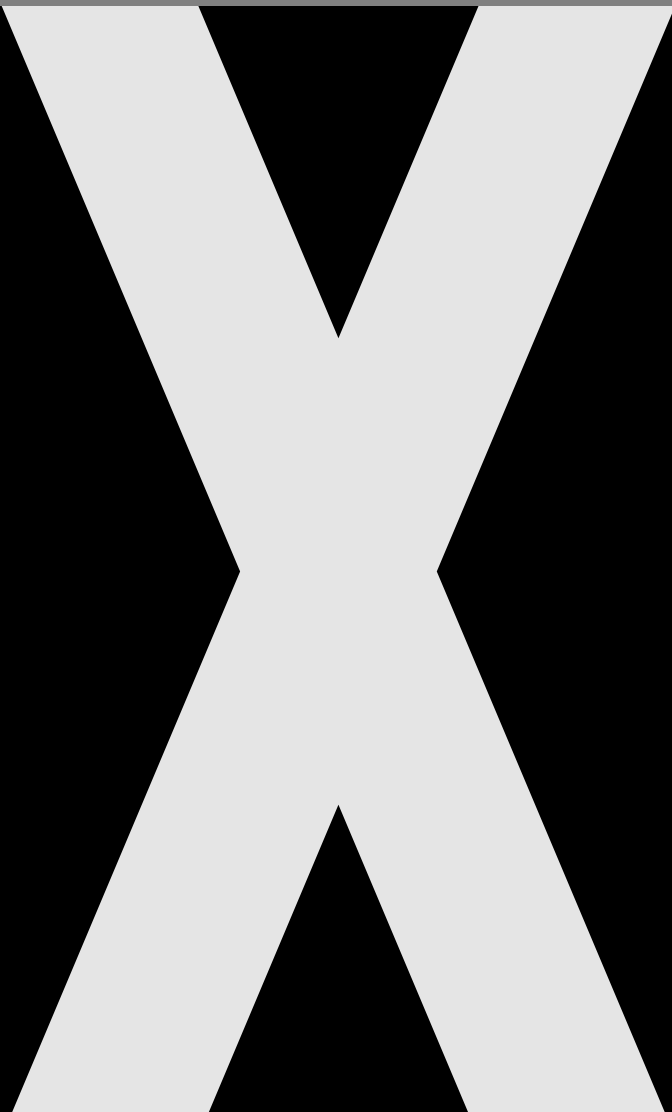
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¹⁾ December 31, 2004
* change of more than 200%

 More information on these topics is provided under "Investor Relations" at www.lanxess.com

LANXESS STOCK

LANXESS Stock LANXESS stock has performed well since its initial listing on January 31, 2005. It rose 16.5% during the second quarter of 2005, opening at €15.91 on April 1 and closing at €18.52 on June 30. A trading volume of some 35 million LANXESS shares was recorded in the three-month period. Market capitalization of LANXESS AG as of June 30, 2005 totaled €1.35 billion.

The German stock market was in cautious mood in the second quarter of 2005, with the difficult economic climate in Europe having a negative effect, particularly in April and May. Market sentiment improved in June.

In the second quarter of 2005, LANXESS stock outperformed its benchmark indices, the MDAX and Dow Jones STOXX 600 ChemicalsSM. The capital market responded favorably to the details of LANXESS's restructuring plans, as well as its re-purchase of a mandatory convertible bond and placement of a benchmark eurobond. This response was reflected in the performance of the share price. In June, Deutsche Börse announced LANXESS's inclusion in the selection index MDAX. Our stock has formed part of this index since June 20, 2005.

*The Dow Jones STOXX 600 ChemicalsSM represents the chemicals-sector companies that are included in a larger index covering the 600 largest European enterprises in 18 different industries. There were 19 companies in the chemicals index as of June 30, 2005.

LANXESS Stock		Q1 2005	Q2 2005
Capital stock	(€)/no. of shares	73,034,192*	73,034,192**
Market capitalization	€ billion	1.16*	1.35**
High/low for the period	€	17.90/13.63	19.76/15.64
Price at end of quarter	€	15.90*	18.52**
Trading volume	million shares	48.976	35.022
Earnings per share	€	0.96	0.33

* March 31, 2005

** June 30, 2005

Income before Income Taxes Income before incomes taxes rose from minus €17 million in the prior-year quarter to €29 million in the second quarter of 2005.

Net Income Group net income for the second quarter of 2005 came to €24 million (Q2 2004: minus €29 million after deducting €2 million in income attributable to minority interests). Basic earnings per share rose to €0.33 (Q2 2004: minus €0.40).

Compared with the prior-year quarter LANXESS grew sales in the EMEA (Europe, Middle East, Africa) region, excluding Germany, by 6.5% to €660 million, with selling-price increases continuing

Sales in the Chemical Intermediates segment in the second quarter of 2005 were up 26.9% from the prior-year quarter, due to a volume-based growth of 20.3% and a price-based increase of 7.5%. Currencies had a 0.9% negative effect. Substantial price- and volume-based gains were achieved in the Basic Chemicals business unit, with Inorganic Pigments also recording small increases from both prices and volumes. Due to an improved situation for agrochemicals and pharmaceutical intermediates, the Fine Chemicals business unit achieved strong, largely volume-driven sales growth from the weak prior-year quarter.

Fueled mainly by improved capacity utilization and somewhat better cost structures, EBITDA pre exceptionals in the Chemical Intermediates segment rose 90.3% year on year. However, higher selling prices did not fully compensate for the higher cost of raw

materials in the Inorganic Pigments business unit. The EBITDA margin pre exceptionals in the Chemical Intermediates segment advanced from 9.7% to 14.5%.

As in the prior-year quarter, EBIT was diminished by impairment charges in the Fine Chemicals business unit. These charges amounted to €6 million for the second quarter of 2005. LANXESS decided on a comprehensive package of measures for this business unit in the second quarter of 2005. In addition to a spin-off of the business to a separate legal entity, the strategy includes the closure of several unprofitable facilities, combined with the active management of both product and customer portfolios. The goal of the restructuring is to make the Fine Chemicals business unit internationally competitive for the long term.

Financial Condition

Balance Sheet Structure As of June 30, 2005 the LANXESS Group had total assets of €4,807 million, an increase of 5.0% compared with December 31, 2004. With noncurrent assets almost unchanged, this growth was mainly attributable to current assets, which increased by 14.0% to €3,104 million. Inventories were up 14.6% to €1,319 million, chiefly because of exchange rate movements, considerably higher raw material costs and anticipated maintenance shutdowns. Trade receivables rose 6.6% to €1,212 million, also because of exchange rate movements and due to the business expansion in the first half of 2005. Liquid assets stood at €178 million, compared with €72 million on December 31, 2004. Both the decline in deferred tax assets and the increase in deferred tax liabilities resulted from an adjustment of these items – no emerging additional

Statements as of December 31, 2004 to the consolidated interim financial statements of the LANXESS Group as of June 30, 2005. Further details are given in the notes.

Stockholders' equity including minority interests shrank by 10.3% from December 31, 2004 to €1,225 million on June 30, 2005, giving a 25.5% equity ratio. The decrease is due mainly to the direct recognition in equity of deferred-tax adjustments. This item is reflected in the changes-in-equity statement and explained in the notes.

Liabilities rose by 8.6% to €3,384 million, with a decline in trade payables offset mainly by an increase in financial liabilities and in other provisions. The growth in other provisions results from an increase in short-term personnel-related provisions, tax provisions and provisions for invoices not yet received.

June 30, 2005. The land and buildings transferred to the LANXESS Group as part of the spin-off had already been assigned

LANXESS GROUP BALANCE SHEETS

KEY DATA BY SEGMENT AND REGION

Key Data by Segment

	Q2 2004	Q2 2005	Q2 2004	Q2 2005	Q2 2004	Q2 2005
	Performance Chemicals		Corporate Center, Services, Non-Core Business, Reconciliation		LANXESS	

	H1 2004	H1 2005	H1 2004	H1 2005
	Asia-Pacific		LANXESS	
	480	545	3,283	3,588
	14.6%	15.2%		
	1,924 ¹⁾	1,767	19,659 ¹⁾	18,725

Transition from Combined Financial Statement

The need for these adjustments arose partly because the opening balance sheet had to reflect the amount of loss carry-forwards actually transferred to LANXESS in the course of the spin-off pursuant to tax regulations, and this amount differed from that previously allocated to LANXESS on an accountability basis for the purpose of the Combined Financial Statements. There were also some changes in deferred taxes as a result of timing differences.

The minority-interest component of stockholders' equity reported as of June 30, 2005 also reflects the currency translation adjustments attributable to minority interests. This had the effect of reducing minority interests compared with the amount reported in the Combined Financial Statements as of December 31, 2003 by €20 million and increasing total stockholders' equity – excluding minority interests – by the same amount. The figures for December 31, 2004 were restated accordingly.

Meeting resolution of September 15, 2004 in the case of either voluntary or mandatory conversion. The contingent capital increase may only be implemented to the extent the holders of

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Concept and design

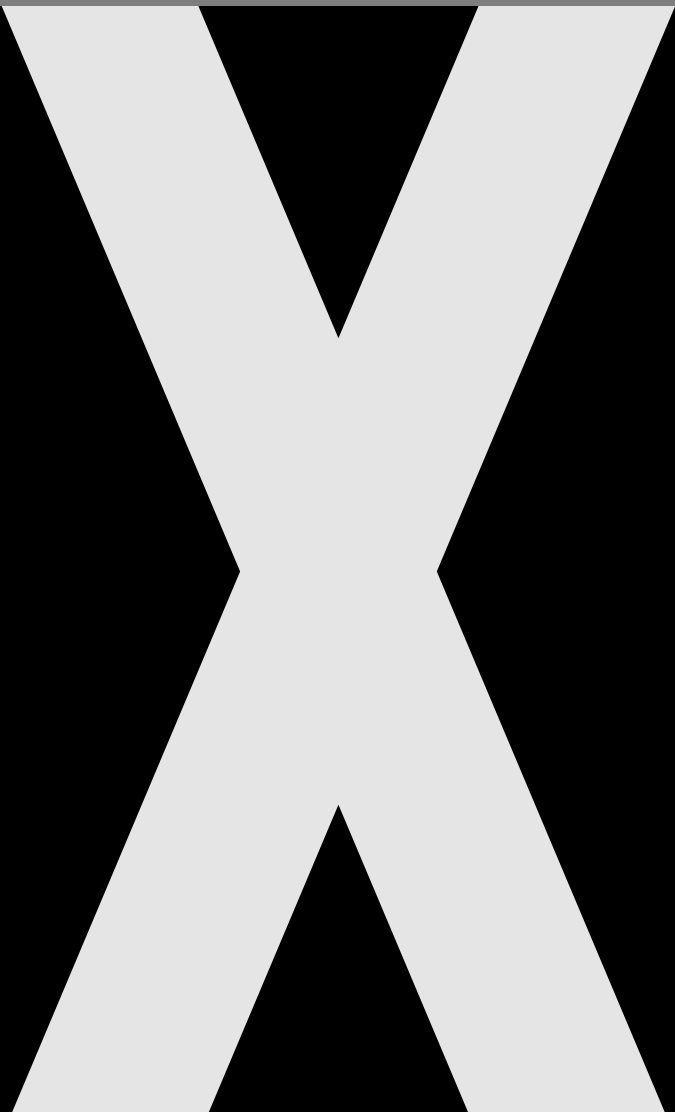
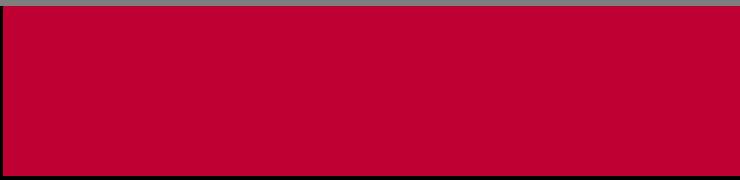
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