

**LANXESS AG
FINANCIAL STATEMENTS 2014**

LANXESS AG, Cologne

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The management report of LANXESS AG for the 2014 fiscal year is combined with the management report of the LANXESS Group. The Combined Management Report is published in the LANXESS Annual Report 2014. Both the financial statements of LANXESS AG and the Combined Management Report of LANXESS AG and the LANXESS Group are published in the German Federal Gazette (Bundesanzeiger) and can also be accessed online in the company register.

Income Statement

LANXESS AG

€ thousand	Note	2013	2014
Sales	(1)	3,505	4,564
Cost of sales	(2)	(3,505)	(4,564)
Gross profit		0	0
General administration expenses		(38,303)	(42,901)
Other operating income	(3)	2,116	34,508
Other operating expenses		(2,075)	(14,443)
Operating result		(38,262)	(22,836)
Income from investments in affiliated companies		168,748	66,820
Expenses for loss transfer from affiliated companies		(7)	(13,482)
Income from other securities and loans included in financial assets		154	736
Net interest expense	(4)	(84,905)	(56,693)
Write-downs of financial assets and marketable securities		0	(23)
Other financial income and expenses – net	(5)	(14,175)	(33,933)
Financial result		69,815	(36,575)
Income before income taxes		31,553	(59,411)
Income taxes	(6)	3,777	(25,398)
Net income (loss)		35,330	(84,809)
Carryforward to new account	(16)	13,062	2,631
Withdrawal from other retained earnings		0	135,000
Distributable profit		48,392	52,822

Statement of Financial Position

LANXESS AG

€ thousand	Note	Dec. 31, 2013	Dec. 31, 2014
ASSETS			
Non-current assets	(10)		
Intangible assets		1	0
Property, plant and equipment		105	75
Financial assets			
Investments in affiliated companies	(11)	738,864	738,864
Other loans	(12)	18,338	19,043
		757,308	757,982
Current assets			
Receivables and other assets			
Receivables from affiliated companies	(13)	1,966,602	1,754,205
Other assets	(14)	24,645	20,240
		1,991,247	1,774,445
Securities	(15)	106,017	100,002
Liquid assets		360,921	247,313
		2,458,185	2,121,760
Prepaid expenses		5,015	3,835
Total assets		3,220,508	2,883,577
EQUITY AND LIABILITIES			
Equity	(16)		
Capital stock (conditional capital €16,641 thousand)		83,203	91,523
Capital reserves		806,195	1,230,529
Other retained earnings		232,892	97,892
Distributable profit		48,392	52,822
		1,170,682	1,472,766
Provisions			
Provisions for pensions and other post-employment benefit obligations	(17)	44,124	46,896
Tax provisions	(18)	1,934	4,872
Other provisions	(19)	54,629	50,910
		100,687	102,678
Liabilities			
Liabilities to banks	(20)	59,414	748
Trade payables	(21)	1,927	2,993
Payables to affiliated companies	(22)	1,885,864	1,297,193
Other liabilities	(23)	1,934	7,199
		1,949,139	1,308,133
Total equity and liabilities		3,220,508	2,883,577
Contingent liabilities from guarantees	(25)	2,041,661	1,988,363

Notes to the Financial Statements of LANXESS Aktiengesellschaft, Cologne, for fiscal 2014

General

The Board of Management and Supervisory Board have issued the declaration required under Section 161 of the German Stock Corporation Act (AktG) regarding the German Corporate Governance Code. This declaration has been made available to the stockholders, and the English version is permanently posted at [www.lanxess.com/Investor Relations/Corporate Governance](http://www.lanxess.com/InvestorRelations/CorporateGovernance).

Presentation

The financial statements of LANXESS AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act that are applicable to large stock corporations. As in the previous year, the management report of LANXESS AG has been combined with the management report of the LANXESS Group in application of Section 315, Paragraph 3 HGB in conjunction with Section 298, Paragraph 3 HGB.

To enhance clarity, certain items in the income statement and the statement of financial position are combined and are explained in the Notes.

The income statement has been drawn up using the cost-of-sales method.

Financial income and expenses whose disclosure is not covered by a mandatory item are reported under other financial income or expenses.

As the primary parent company of the LANXESS Group, LANXESS AG has prepared consolidated financial statements as of December 31, 2014, in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union.

The financial statements and combined management report for fiscal 2014 prepared in application of Section 315, Paragraph 3 of the German Commercial Code (HGB) in conjunction with Section 298, Paragraph 3 HGB are published together with the auditor's report in the German Federal Gazette (Bundesanzeiger). They are made available at [www.lanxess.com/Investor Relations/Publications](http://www.lanxess.com/InvestorRelations/Publications).

Accounting policies and valuation principles

Intangible assets that have been acquired are recognized at cost and amortized on a straight-line basis over their estimated useful lives. Self-generated intangible assets are not capitalized.

Property, plant and equipment is carried at the cost of acquisition. Assets subject to depletion are depreciated. Write-downs are made for any declines in value that go beyond the depletion reflected in depreciation and are expected to be permanent. Additions made in the reporting year are depreciated using the straight-line method. Low-value assets costing up to €150.00 are expensed in the year of acquisition. Low-value assets costing between €150.00 and €1,000.00 are combined in a collective item and depreciated over five years using the straight-line method.

Useful Lives of Intangible Assets, Property, Plant and Equipment

Software licenses	3 to 4 years
Computer equipment	3 to 4 years
Furniture and fixtures	4 to 10 years

Investments in affiliated companies are recognized at cost of acquisition.

Cash has been deposited in a fiduciary account to meet the obligations relating to the "demographic change fund" for employees defined in the collective bargaining agreement for the German chemical industry. This cash deposit is administered on behalf of LANXESS AG by the fiduciary agent Deutsche Treuinvest Stiftung and is ringfenced against other creditors' claims. The level of benefits owed to the employees thus meets the conditions for classification as "securities-linked pension or similar commitments" pursuant to Section 253, Paragraph 1, Sentence 3 of the German Commercial Code (HGB). The fund assets as defined in Section 246, Paragraph 2, Sentence 2, Subsentence 1 HGB are measured at fair value pursuant to Section 253, Paragraph 1, Sentence 4 HGB and offset against the underlying commitments pursuant to Section 246, Paragraph 2, Sentence 2, Subsentence 1 HGB. Since,

in the case of "securities-linked pension and similar commitments," adjusting the carrying amount of the commitments to the fair value of the corresponding assets acts as a de facto bar to distribution, the ban on distribution pursuant to Section 268, Paragraph 8, Sentence 3 in conjunction with Sentence 1 HGB therefore does not apply.

Loans receivable that are interest-free or bear low rates of interest are carried at present value; other loans receivable are carried at nominal value.

Receivables and other assets are stated at nominal value, less any necessary write-downs. The amounts of such write-downs reflect the probability of default.

Marketable securities are valued at the lower of cost and fair value.

Liquid assets held in euros are recognized at their nominal value; such assets held in foreign currencies are translated at the spot rate on the closing date of the financial statements.

Disbursements prior to the closing date that represent expenses for a specific period thereafter are recognized as prepaid expenses.

Deferred taxes are calculated for temporary differences between the accounting valuations and tax valuations of assets, liabilities and deferred items. As the primary company of the LANXESS Group's fiscal entity in Germany, LANXESS AG therefore has to recognize temporary differences relating both to its own financial statements and to those of companies with which it forms a fiscal entity. In addition to temporary differences, tax loss carryforwards are also accounted for. Deferred taxes are based on the aggregate income tax rate for all companies in the LANXESS fiscal entity, which is currently 31.8%. The combined income tax rate comprises corporate income tax, trade tax and the solidarity surcharge. Any resulting tax liability would be recognized as a deferred tax liability in the statement of financial position. The option of capitalizing tax refunds is not utilized. In 2014, there was a net surplus of deferred tax assets, which is not recognized.

The capital stock is stated at par value.

Provisions for pensions and other post-employment benefits are computed using the projected unit credit method on the basis of biometric probability using the Heubeck 2005 G reference tables. Expected future salary and pension increases are taken into account. The current assumptions for salary increases are unchanged from the previous year at 2.50% for non-managerial employees and 2.75% for managerial employees. For older pension commitments, the expected rate of increase is unchanged from the previous year at 1.75%. For new pension commitments, the expected rate of increase is unchanged from the previous year at 1.00%. The discount rate used is 4.54% (2013: 4.89%) for pensions, 3.08% (2013: 3.79%) for early retirement benefits, 2.80% (2013: 3.37%) for phased early retirement programs, and 4.54% (2013: 4.89%) for miscellaneous post-employment benefits. The interest rates used to discount pension and other post-employment benefit obligations to December 31, 2014, are the average market interest rate for the past seven years for an assumed residual maturity as calculated and published by the Deutsche Bundesbank. The assumed residual maturity is 15 years for pensions and other post-employment benefits, five years for early retirement benefits and three years for phased early retirement programs.

Tax provisions are established for the amounts of tax arrears expected to be payable less the advance payments made.

The other provisions are established to cover all foreseeable risks and uncertain liabilities, based on reasonable estimates of the future settlement amounts of such commitments. Future price and cost increases are taken into account if there are sufficient objective indications that they will occur. Provisions maturing in more than one year are discounted to present value using the average market interest rate for the past seven years, based on their remaining maturities.

Liabilities are reflected at their settlement amounts.

Contingent liabilities arising from sureties and debt guarantees are shown at the amounts equivalent to the loans or commitments actually outstanding on the closing date.

Income and expenses are accrued in the fiscal year.

Foreign currency receivables and liabilities, forward exchange contracts and other currency derivatives are recognized using the mark-to-market method. Foreign currency receivables and payables are valued at middle spot exchange rates, while currency derivatives contracts concluded to hedge them are valued at the forward market rates on the closing date. Valuation gains and losses are offset against one another. Provisions for impending gains are established with respect to any excess of losses over gains. Gains are only recognized if they relate to receivables and payables due within one year. Foreign currency cash and cash equivalents and balances with banks are translated at the average exchange rates prevailing on the closing date.

Notes to the income statement

1 Sales

Sales revenues totaled €4,564 thousand (2013: €3,505 thousand) and related entirely to services provided to LANXESS Deutschland GmbH in Germany on the basis of a service agreement.

2 Cost of sales

The cost of sales totaling €4,564 thousand (2013: €3,505 thousand) comprised expenses relating to the services provided. These were mainly personnel and general administration expenses.

3 Other operating income

The other operating income included prior-period income of €30,161 thousand (2013: €2,003 thousand) from the reversal of provisions.

4 Net interest expense

€ thousand	2013	2014
Other interest and similar income		
from third parties	548	664
from affiliated companies	2,843	3,660
	3,391	4,324
Interest and similar expenses		
to third parties	7,697	9,770
for the interest portion of provisions for pensions and other non-current personnel-related provisions	1,998	2,155
to affiliated companies	78,601	49,092
	88,296	61,017
Net interest expense	(84,905)	(56,693)

5 Other financial income and expenses – net

€ thousand	2013	2014
Other financial expenses		
Expenses for forward commodity contracts	3	0
Exchange losses	1,136,174	351,796
Miscellaneous financial expenses	15,374	33,211
	1,151,551	385,007
Other financial income		
Income from forward commodity contracts	3	0
Exchange gains	1,135,385	348,697
Miscellaneous financial income	1,988	2,377
	1,137,376	351,074
Other financial income (expenses) – net	(14,175)	(33,933)

The exchange gains and losses were principally attributable to foreign currency items relating to LANXESS AG and to the valuation of foreign currency transactions undertaken with third parties on behalf of Group companies.

The miscellaneous financial expenses were mainly for guarantee commission payments to affiliated companies and compensation for the early repayment of borrowings. Miscellaneous financial income largely comprised guarantee commission payments received from affiliated companies.

6 Income taxes

The tax expense of €25,398 thousand in 2014 (2013: tax income of €3,777 thousand) is the aggregate of the tax expense of €926 thousand for 2014 and €24,472 thousand in respect of previous years.

Tax expense does not include deferred taxes. As of December 31, 2014, LANXESS AG expected to receive a future tax benefit resulting from temporary accounting differences, both in its own financial statements and in those of companies with which it forms a fiscal entity for tax purposes. This amount was calculated on the basis of a combined income tax rate of 31.8% (LANXESS AG and companies with which it has profit and loss transfer agreements).

Deferred tax liabilities mainly relate to differences in valuations of property, plant and equipment and equity interests in stock corporations. A deferred tax asset is recognized as a result of the higher pension obligations recognized for accounting purposes than for tax purposes. Other deferred tax assets relate to provisions that are not tax-deductible, such as those for impending losses or for pre-retirement leave, and valuation differences, as in the case of provisions for phased early retirement.

7 Personnel expenses

€ thousand	2013	2014
Wages and salaries	20,397	36,270
Social expenses and expenses for pensions and other benefits	7,176	3,004
of which for pensions	[6,367]	[2,139]
	27,573	39,274

The interest portion of personnel-related provisions, especially provisions for pensions, is recognized not in personnel expenses but in interest expense.

8 Employees

	Dec. 31, 2013	Average 2014	Dec. 31, 2014
General administration	144	139	139

9 Audit fees

All fees for the services of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft are published in the notes to the LANXESS Group consolidated financial statements.

Notes to the statement of financial position

10 Non-current assets

A breakdown of non-current assets and the changes in them during the year is shown in the statement of changes in non-current assets.

11 Shareholdings pursuant to Section 285, No. 11 of the German Commercial Code (HGB)

The mandatory disclosures in accordance with Section 285, No. 11 HGB are contained in the list of shareholdings.

12 Other loans

The other loans almost entirely comprised the pro rata trust assets of LANXESS Pension Trust e.V. (LXS Trust). LANXESS AG transferred cash amounting to €17,802 thousand to LXS Trust in several tranches in previous years under a contractual trust arrangement (CTA) to secure pension obligations.

In the first quarter of 2014, the pro rata trust assets of LANXESS AG were transferred to an investment management company in return for shares in a special fund. In contrast to previous asset management practice, revenue recognition by LANXESS AG will henceforth take place at the time a distribution resolution is reached by the investment management company. No distribution resolution was taken in 2014.

The net income and expenses of €706 thousand for 2014 (2013: €153 thousand) result from LXS Trust and relate to the period of time up until transfer of the assets to the investment management company. The fair value of the assets of LXS Trust exceeded their carrying amount at year end.

Since the assets allocated to the CTA do not constitute plan assets within the meaning of Section 246, Paragraph 2, Sentence 2 of the German Commercial Code (HGB), they are measured at cost of acquisition pursuant to Section 253, Paragraph 1, Sentence 4 HGB and not at fair value, and there is no ban on their distribution.

Since 2010, cash payments have been deposited annually with Deutsche Treuinvest Stiftung to meet the obligations relating to the "demographic change fund" for employees established by the collective bargaining agreement for the German chemical industry. The fair value of the fiduciary assets corresponds to the fair value of the obligations under the "demographic change fund" amounting to €108 thousand (2013: €76 thousand). The carrying amounts of the fiduciary assets and the obligations recognized under other provisions have been netted, as have income and expenses.

13 Receivables from affiliated companies

Receivables from affiliated companies totaling €1,754,205 thousand (2013: €1,966,602 thousand) related mainly to short-term loans receivable, including accrued interest, receivables from financial transactions and receivables under profit and loss transfer agreements. Trade receivables amounting to €974 thousand (2013: €758 thousand) existed in connection with the service agreement described in Note (1). There were also loans receivable totaling €5,000 thousand (2013: €7,350 thousand) with maturities in excess of one year.

14 Other assets

Other assets comprised the following:

€ thousand	Dec. 31, 2013	Dec. 31, 2014
Tax receivables		
from sales taxes	16,666	15,262
from income taxes	7,805	3,865
Miscellaneous assets	174	1,113
	24,645	20,240

All of the other assets were due in the respective following year.

15 Securities

Securities had a carrying amount of €100,002 thousand (2013: €106,017 thousand) and comprised units of money market funds.

16 Equity

Changes in equity in 2014 were as follows:

€ thousand	Dec. 31, 2013	Dividend	Net income	Withdrawal from	Transfer to	Dec. 31, 2014
Capital stock	83,203	0	0	0	8,320	91,523
Capital reserves	806,195	0	0	0	424,334	1,230,529
Other retained earnings	232,892	0	0	(135,000)	0	97,892
Distributable profit	48,392	(45,761)	(84,809)	0	135,000	52,822
	1,170,682	(45,761)	(84,809)	(135,000)	567,654	1,472,766

The capital stock is divided into 91,522,936 no-par bearer shares.

The Annual Stockholders' Meeting on May 22, 2014, resolved to utilize the distributable profit for 2013, amounting to €48,392 thousand, as follows:

- to pay a dividend totaling €45,761 thousand (€0.50 per no-par share entitled to the dividend);
- to carry forward €2,631 thousand to new account.

Capital increase On May 7, 2014, the Board of Management of LANXESS AG resolved, with the approval of the Supervisory Board and pursuant to the authorization of the Annual Stockholders' Meeting of May 28, 2010, on Authorized Capital II, to increase the capital stock of LANXESS AG by a nominal amount of €8,320,266, corresponding to nearly 10% of the capital stock, by the issuance of 8,320,266 new no-par bearer shares under exclusion of stockholders' subscription rights, in order to strengthen the LANXESS Group's financial position. The new shares were placed with international investors through an accelerated bookbuilding process at a price of €52 per share. The capital increase took effect on May 9, 2014, when it was entered in the commercial register. The placement increased the company's equity by the gross proceeds of €433 million. Following this capital increase, the capital stock of LANXESS AG is now €91,522,936.

Conditional capital The Annual Stockholders' Meeting of LANXESS AG on May 18, 2011, authorized the Board of Management until May 17, 2016, with the approval of the Supervisory Board, to issue – in one or more installments – warrant bonds and/or convertible bonds, profit-participation rights and/or income bonds or a combination of these instruments (collectively referred to as "bonds") – as either registered or bearer bonds – with a total nominal value of up to €2,000,000,000, with or without limited maturity, and to grant option rights to, or impose option obligations on, the holders or creditors of warrant bonds, profit-participation rights with warrants or income bonds with warrants, and/or to grant conversion rights to, or impose conversion obligations on, the holders or creditors of convertible bonds, convertible profit-participation rights or convertible income bonds in respect of bearer shares of the company representing a total pro rata increase of up to €16,640,534 in the company's capital stock on the terms to be defined for these bonds. Pursuant to Section 4, Paragraph 4 of the articles of association, the capital stock of LANXESS AG is thus conditionally increased by up to €16,640,534 (Conditional Capital).

The conditional capital increase shall only be implemented to the extent that the holders or creditors of, or persons obligated to exercise, option or conversion rights pertaining to bonds issued by the company or a dependent company against cash contributions, or issued against cash contributions and guaranteed by the company or a dependent company, on or before May 17, 2016, on the basis of the authorization granted to the Board of Management by the Annual Stockholders' Meeting on May 18, 2011, exercise their option or conversion rights or, where they are obligated to do so, fulfill such obligation, or to the extent that the company elects to grant shares in the company in place of all or part of the cash amount due for payment. The conditional capital increase shall not be implemented if cash compensation is granted or if the company's own shares, shares issued out of authorized capital or shares in another listed company are used to service the option or conversion rights.

When issuing bonds, the Board of Management is authorized, with the approval of the Supervisory Board, to exclude subscription rights in the following cases:

- for residual amounts resulting from the subscription ratio;
- insofar as is necessary to grant to holders of previously issued option or conversion rights or obligations subscription rights to the number of new shares to which they would be entitled to subscribe as stockholders upon exercise of their option or conversion rights or fulfillment of their option or conversion obligations;
- in the case of issuance against cash contributions, if the issue price is not significantly below the theoretical market value of the bonds with option or conversion rights or conversion obligations, as determined using accepted pricing models; if bonds are issued by application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act, in which case the issued shares may not exceed a total of 10% of the capital stock either at the time this authorization takes effect or at the time it is utilized;
- if profit-participation rights or income bonds without option or conversion rights or conversion obligations are vested with bond-like characteristics.

Authorized Capital I and II Pursuant to Section 4, Paragraph 2 of LANXESS AG's articles of association, the Annual Stockholders' Meeting on May 23, 2013, authorized the Board of Management until May 22, 2018, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions by issuing new no-par shares against cash or contributions in kind up to a total amount of €16,640,534 (Authorized Capital I). Stockholders are generally entitled to subscription rights when Authorized Capital is utilized. With the approval of the Supervisory Board, subscription rights can be excluded for residual amounts and in order to grant holders of warrants or convertible bonds issued by the company and its affiliates subscription rights to the number of new shares for which such parties would be entitled to subscribe upon exercise of their conversion or option rights. Moreover, subscription rights can be excluded with the approval of the Supervisory Board when the company's capital stock is increased against contributions in kind, particularly for the acquisition of companies. Subscription rights can also be excluded with the approval of the Supervisory Board in order to grant holders of convertible and/or warrant bonds issued by the company or its affiliates new shares upon exercise of their rights. Finally, subscription rights can also be excluded with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the stock market price at the time the issue price is fixed and the issued shares do not exceed 10% of the company's capital stock. The upper limit of 10% of the capital stock is reduced by the proportionate interest in the capital stock attributable to those shares issued or sold during the term of this authorization while excluding stockholders' rights in direct or analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act. Further details are given in Section 4, Paragraph 3 of the articles of association.

In addition, pursuant to Section 4, Paragraph 3 of LANXESS AG's articles of association, the Annual Stockholders' Meeting on May 28, 2010, authorized the Board of Management until May 27, 2015, with the approval of the Supervisory Board, to increase the company's capital stock on one or more occasions by issuing new no-par shares against cash or contributions in kind up to a total amount of €8,320,268 (Authorized Capital II). In fiscal 2014, €8,320,266 of the Authorized Capital II of €16,640,534 was used to increase the share capital. Stockholders are generally entitled to subscription rights when Authorized Capital is utilized. With the approval of the Supervisory Board, subscription rights can be excluded for residual amounts and in order to grant holders of warrants or convertible bonds issued by the company and its affiliates subscription rights to the number of new shares for which such parties would be entitled to subscribe upon exercise of their conversion or option rights. Moreover, subscription

rights can be excluded with the approval of the Supervisory Board when the company's capital stock is increased against contributions in kind, particularly for the acquisition of companies. Subscription rights can also be excluded with the approval of the Supervisory Board in order to grant holders of convertible and/or warrant bonds issued by the company or its affiliates new shares upon exercise of their rights. Finally, subscription rights can also be excluded with the approval of the Supervisory Board if the issue price of the new shares is not significantly lower than the stock market price at the time the issue price is fixed and the issued shares do not exceed 10% of the company's capital stock. The upper limit of 10% of the capital stock is reduced by the proportionate interest in the capital stock attributable to those shares issued or sold during the term of this authorization while excluding stockholders' rights in direct or analogous application of Section 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act. Further details are given in Section 4, Paragraph 3 of the articles of association.

17 Provisions for pensions and other post-employment benefit obligations

Pension provisions relate to pension obligations for present and former employees and commitments under early retirement programs.

18 Tax provisions

The tax provisions relate to income taxes for previous years.

19 Other provisions

The other provisions are established for vacation and overtime credits, the phased early retirement program, long-service anniversaries, bonuses, performance-related compensation plans (LTSP, LTPB) for employees and other uncertain liabilities. Other uncertain liabilities mainly comprised the expected cost of the Annual Stockholders' Meeting for fiscal 2014 and the fixed compensation of the Supervisory Board.

The long-term, performance-related components of the compensation system are the Long-Term Stock Performance Plan (LTSP) and the Long-Term Performance Bonus (LTPB).

The LTSP comprises four annual tranches for the years 2010 through 2013. It is a virtual Stock Performance Plan. Participation is contingent upon a personal investment in LANXESS AG shares, which must be held until January 31, 2017. Each tranche runs for a total of seven years, comprising a four-year lock-up period and a three-year exercise period.

The LTSP 2014–2017 introduced in 2014 also comprises four tranches. Each tranche runs for a total of seven years, comprising a four-year lock-up period per tranche and a three-year exercise period. The LANXESS AG shares that are contingent to participation must be held until expiration of the respective lock-up period.

The LTPB rewards the financial development of the Group based on the business performance in two consecutive years. The bonus payment is a percentage of base salary.

20 Liabilities to banks

The liabilities to banks totaling €748 thousand (2013: €59,414 thousand) mainly comprised accruals for commitment fees.

21 Trade payables

All trade payables are to third parties.

22 Payables to affiliated companies

Payables to affiliated companies amounting to €1,297,193 thousand (2013: €1,885,864 thousand) mainly comprised loans, including accrued interest, and liabilities relating to financial transactions.

23 Other liabilities

€ thousand	Dec. 31, 2013	Dec. 31, 2014
Tax liabilities	460	1,664
Miscellaneous liabilities	1,474	5,535
	1,934	7,199

24 Further information on liabilities

The residual maturities of liabilities are as follows:

Liabilities by Maturity

€ thousand	Dec. 31, 2013			Dec. 31, 2014		
	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Up to 1 year	More than 1 and up to 5 years	More than 5 years
Liabilities to banks	16,914	42,500	0	748	0	0
Trade payables	1,927	0	0	2,993	0	0
Payables to affiliated companies	787,929	605,090	492,845	308,348	496,000	492,845
Other liabilities	1,934	0	0	7,199	0	0
	808,704	647,590	492,845	319,288	496,000	492,845

25 Contingent liabilities from guarantees

Under the master agreement that was concluded between Bayer AG and LANXESS AG together with the Spin-Off and Takeover Agreement, Bayer AG and LANXESS AG agreed, among other things, on commitments regarding mutual indemnification for liabilities in line with the respective asset allocation and on special arrangements allocating responsibility to deal with claims in the areas of product liability, environmental contamination and antitrust violations. The master agreement also contains arrangements for the allocation of tax effects relating to the spin-off and to the preceding measures to create the subgroup that was subsequently spun off.

LANXESS AG has given the following guarantees on behalf of subsidiaries:

€ thousand	Dec. 31, 2013	Dec. 31, 2014
to holders of the bonds issued by LANXESS Finance B.V.	1,959,887	1,466,350
to banks	67,930	333,943
to suppliers	13,844	188,070
	2,041,661	1,988,363

In addition, LANXESS AG has provided guarantees on behalf of subsidiaries for payment obligations relating to future deliveries under long-term procurement agreements.

Outside of Germany, LANXESS Limited (registration no. 03498959), Newbury, United Kingdom, utilized the exemption from the auditing of its annual financial statements as permitted by Section 479A of the U.K. Companies Act 2006. As required by law, LANXESS AG, as the ultimate parent company, guaranteed all outstanding liabilities as of December 31, 2014, with respect to Section 479C of the U.K. Companies Act 2006. The net liabilities of LANXESS Limited as of December 31, 2014, amounted to €2,275 thousand.

Dutch subsidiary LANXESS Elastomers B.V., Heerlen, Netherlands, utilized the exemption from the publication and auditing of its annual financial statements as permitted by Section 2:403, Paragraph 1 (f) of the Dutch Civil Code. As required by law, LANXESS AG, as the ultimate parent company, guaranteed all outstanding liabilities as of December 31, 2014, with respect to Section 2:403, Paragraph 1 (f) of the Dutch Civil Code. The net liabilities of LANXESS Elastomers B.V. as of December 31, 2014, amounted to €106,692 thousand.

Based on the information available to us, the companies concerned should be able to fulfil the underlying obligations in all cases. The guarantees are not expected to be utilized.

Other mandatory disclosures

26 Notification of interests held in the company (Section 160, Paragraph 1, No. 8 of the German Stock Corporation Act (AktG))

Notifications of interests held in LANXESS AG are set out in the disclosures pursuant to Section 160, Paragraph 1, No. 8 AktG.

27 Derivative financial instruments

In the course of their business, LANXESS AG and companies in the LANXESS Group are exposed to risks of changes in exchange rates and market prices. Derivative financial instruments are used in some cases to hedge against these risks. These comprise over-the-counter (OTC) instruments that are not traded on an exchange. They mainly include forward exchange contracts.

The use of such instruments is governed by uniform guidelines and is subject to stringent internal controls. It is confined to hedging of the Group's operating business and the related investments and financing transactions.

The purpose of using derivative financial instruments is to reduce fluctuations in earnings and cash flows caused by changes in exchange rates and market prices.

There is a risk that the value of financial derivatives may change as a result of fluctuations in underlying parameters such as exchange rates. Where derivatives are used for hedging purposes, the possibility of a loss of value due to a drop in prices is offset by corresponding increases in the values of the hedged contracts.

In the case of derivatives with a positive fair value, a credit or default risk arises if counterparties cannot meet their obligations. To minimize this risk, credit limits are assigned to individual banks, and framework agreements are used that allow offsetting of the fair value of open derivative positions in the event of insolvency of a counterparty.

The notional amount of financial derivative contracts concluded with external counterparties was €2,206 million as of December 31, 2014 (2013: €2,067 million). Back-to-back derivative contracts with a notional amount of €1,858 million (2013: €1,702 million) were concluded with Group companies. The total notional amount of derivatives was €4,064 million (2013: €3,769 million). This figure also contains those derivatives included in valuation units.

The derivatives comprised the following:

€ thousand	Notional amount		Fair value		Carrying amount	
	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
Forward exchange contracts						
positive fair values	2,067,074	1,852,498	72,348	88,095	0	0
negative fair values	1,701,998	2,211,205	66,582	104,067	288	6,796
	3,769,072	4,063,703	5,766	(15,972)	(288)	(6,796)

Financial derivatives used to hedge currency risks LANXESS AG used forward exchange contracts and currency options to hedge exchange rate risks.

Hedging was undertaken using forward exchange contracts for highly probable forecast transactions by Group companies in foreign currencies and was passed through to these Group companies on a back-to-back basis.

Forward exchange contracts with a notional amount of €854.3 million (2013: €703.7 million) and a negative fair value of €47.2 million (2013: positive fair value of €31.7 million) were concluded with external counterparties to hedge highly probable forecast transactions by Group companies in foreign currencies. They were matched by transactions with Group companies with a notional amount of €854.3 million (2013: €703.7 million) and had a positive fair value of €47.2 million (2013: negative fair value of €31.7 million). Changes in the value of the corresponding external and internal transactions move in opposite directions and will offset one another by 2016. These transactions were grouped in valuation portfolios and not recognized in the statement of financial position.

To hedge currency risks relating to receivables and payables of LANXESS AG and Group companies (exposure in the statement of financial position), LANXESS AG concluded forward exchange contracts with external counterparties with a notional amount of €1,351.8 million (2013: €1,363.7 million) and a negative fair value of €39.2 million (2013: positive fair value of €26.3 million). Some of these transactions were passed through to Group companies. Contracts with these internal counterparties had a notional amount of €1,003.4 million (2013: €998.0 million) and a positive fair value of €23.3 million (2013: negative fair value of €20.5 million). Where forward exchange contracts concluded to hedge foreign currency receivables and payables of Group companies were passed through to the companies concerned by way of internal contracts, they were grouped in valuation portfolios together with the opposing transactions. At the closing date, valuation portfolios comprising external and internal transactions had net negative and positive fair values, respectively, of €39.2 million and €23.3 million (2013: net positive and negative fair values, respectively, of €26.3 million and €20.5 million). The majority of them mature in 2015 and the remainder in 2019 at the latest. These transactions were not reflected in the statement of financial position.

Forward exchange contracts that were used to hedge foreign currency exposure in the statements of financial position of Group companies and were not matched by internal transactions had a negative fair value of €6.8 million (2013: €0.3 million). The negative fair value is reflected in other provisions.

Further valuation units (micro hedges) comprised foreign currency loans from Group companies to LANXESS AG or vice versa for which forward exchange contracts had been concluded on a back-to-back basis. The carrying amount of loans granted by LANXESS AG was €296.1 million at year end (2013: €363.5 million), while the carrying amount of loans to LANXESS AG was €6.7 million (2013: €4.6 million). The net currency risk was minus €9.2 million (2013: €6.0 million). The external forward exchange contracts had a net negative fair value of €16.0 million (2013: net positive fair value of €5.7 million) and are all due in 2015. They were not recognized in the statement of financial position.

Valuation methods The fair values of financial derivatives are determined using customary valuation methods and are based on the market data (market values) available at the measurement date. The following principle is applied:

- The fair values of forward exchange contracts are derived from their trading or listed prices using the “forward method.”

The effectiveness of hedge relationships is measured using the dollar-offset method.

28 Total compensation of the Board of Management and Supervisory Board (pursuant to Section 285, No. 9 a of the German Commercial Code (HGB))

Total compensation of €9,982 thousand (2013: €6,647 thousand) was paid to the members of the Board of Management of LANXESS AG for fiscal 2014, comprising €7,649 thousand (2013: €4,777 thousand) in annual compensation (fixed compensation, annual bonus, benefits in kind and other), €0 thousand (2013: €34 thousand) in compensation relating to the previous year and €2,333 thousand (2013: €1,836 thousand) in multi-year compensation.

The multi-year compensation includes total payments of €932 thousand (2013: €977 thousand) under the Long-Term Performance Bonus (LTPB) and the stock-based Long-Term Stock Performance Plan (LTSP). The number of compensation rights granted under the LTSP was 1,648,500 (2013: 1,564,125). The fair value of these rights at the grant date was €1,401 thousand (2013: €859 thousand). In fiscal 2014, stock-based compensation resulted in net expense of €2,168 thousand (2013: a net gain of €887 thousand).

In addition, net expenses of €109 thousand (2013: €3,470 thousand) were incurred to provide retirement pensions for the members of the Board of Management. This amount includes gains of €1,851 thousand for Dr. Heitmann and €2 thousand for Dr. Breuers. The present value of the benefit obligation as of December 31, 2014, for those members of the Board of Management serving on that date was €7,787 thousand (2013: €18,565 thousand). Details of the compensation system for members of the Board of Management and an individual breakdown of the amounts paid are given in the Compensation Report section of the Combined Management Report of the LANXESS Group and LANXESS AG for fiscal 2014.

Compensation of the Supervisory Board:

Compensation of the Supervisory Board

€ thousand	Fixed compensation	Compensation for committee membership	Attendance allowance	Long-term compensation	Total
2014	1,160	480	236	0	1,876
2013	1,155	477	183	0	1,815

The members of the Supervisory Board received total compensation of €1,876 thousand in 2014 (2013: €1,815 thousand). The provisions established for multi-year compensation for Supervisory Board members as of December 31, 2014, amounted to €0 thousand (2013: €1,800 thousand).

In addition, the employee representatives on the Supervisory Board who are employees of the LANXESS Group received salaries under their employment contracts. The amounts of these salaries represented appropriate compensation for the employees' functions and tasks within the Group.

Details of the compensation system for members of the Supervisory Board and an individual breakdown of the amounts paid are given in the Compensation Report section of the Combined Management Report of the LANXESS Group and LANXESS AG for fiscal 2014.

29 Total remuneration of former members of the Board of Management and of members of the Board of Management who stepped down during the fiscal year (pursuant to Section 285, No. 9 a, Sentence 6 dd and No. 9 b of the German Commercial Code (HGB))

Pension benefits of €293 thousand (2013: €308 thousand) were paid to former members of the Board of Management. €887 thousand (2013: €1,096 thousand) was recognized as current pension expense.

Provisions of €21,215 thousand were recognized as of December 31, 2014 (2013: €9,734 thousand) for the current pensions and the pension entitlements of former members of the Board of Management.

Payments totaling €1,983 thousand were made to former members of the Board of Management in fiscal 2014 (2013: €308 thousand). This amount included expense of €1,690 thousand for the severance payment made to Dr. Breuers. Together with settlement of his LTSP rights amounting to €729 thousand, benefits granted to a former member of the Board of Management who stepped down during the fiscal year totaled €2,419 thousand and were paid during the fiscal year.

30 Loans and advances granted to members of the Board of Management and the Supervisory Board (pursuant to Section 285, No. 9 c of the German Commercial Code (HGB))

There were no loans or advances to members of the Board of Management or the Supervisory Board as of December 31, 2014, nor had any other financial commitments been entered into for these individuals.

31 Corporate Officers

Supervisory Board Members of the Supervisory Board hold or held offices as members of the supervisory board or a comparable supervising body of the corporations listed (as of December 31, 2014).

The following representatives of the company's stockholders are currently members of the Supervisory Board and/or were members of the Supervisory Board in 2014:

Dr. Rolf Stomberg (Chairman)

- Former Chief Executive of the Shipping, Refining and Marketing Division of The British Petroleum Co. p.l.c., London, U.K.
- Former member of the Board of Directors of The British Petroleum Co. p.l.c., London, U.K.

Further offices:

- LANXESS Deutschland GmbH, Cologne* (Chairman)
- Biesterfeld AG, Hamburg*
- HOYER GmbH, Hamburg
- KEMNA Bau Andreae GmbH & Co. KG, Pinneberg
- OAO Severstal, Cherepovets, Russia
- Ruspetro plc, London, U.K. (until January 31, 2014)

Dr. Friedrich Janssen

Former member of the Board of Management of E.ON Ruhrgas AG, Essen

Further offices:

- LANXESS Deutschland GmbH, Cologne*
- National-Bank AG, Essen*
- E.ON Global Commodities SE, Düsseldorf* (formerly E.ON Energy Trading SE) (until May 15, 2014)
- HanseWerk AG, Quickborn* (formerly E.ON Hanse AG)
- Avacon AG, Helmstedt*
- Thüga Assekuranz Services München Versicherungsmakler GmbH, Munich
- Hoberg & Driesch GmbH, Düsseldorf (Chairman of the Advisory Board)

Robert J. Koehler

Former Chairman of the Board of Management of SGL Carbon SE, Wiesbaden

Further offices:

- LANXESS Deutschland GmbH, Cologne*
- Heidelberger Druckmaschinen AG, Heidelberg* (Chairman)
- Klöckner & Co. SE, Duisburg*
- Freudenberg SE, Weinheim*
- Benteler International AG, Salzburg, Austria (Chairman)

Rainer Laufs

- Self-employed consultant
- Former Chairman of the Management Board of Deutsche Shell AG, Hamburg

Further offices:

- LANXESS Deutschland GmbH, Cologne*
- WCM Beteiligungs- und Grundbesitz AG, Frankfurt am Main* (Chairman)
- Petrotec AG, Düsseldorf* (Chairman)
- Asklepios Kliniken GmbH, Hamburg*
- Asklepios Kliniken Verwaltungsgesellschaft mbH, Königstein im Taunus*
- MediClin AG, Offenburg* (since October 23, 2014)
- Bilfinger Industrial Services GmbH, Munich (Member of the Advisory Board)
- Bilfinger Industrial Technologies GmbH, Frankfurt am Main (Member of the Advisory Board)

Claudia Nemat

Member of the Board of Management of Deutsche Telekom AG, Bonn

Further offices:

- LANXESS Deutschland GmbH, Cologne*
- BuyIn SA, Brussels, Belgium (Vice Chairwoman)
- Hellenic Telecommunications Organization S.A. (OTE S.A.), Maroussi, Athens, Greece

Theo H. Walthie

Self-employed consultant

Further offices:

- LANXESS Deutschland GmbH, Cologne*
- NBE Therapeutics AG, Basle, Switzerland

* Statutory supervisory boards

The following representatives of the company's employees are currently members of the Supervisory Board and/or were members of the Supervisory Board in 2014 (offices of former members on the date they stepped down):

Ulrich Freese (Vice Chairman)

- Member of the Bundestag
- Former Vice Chairman of the German Mining, Chemical and Energy Industrial Union, Hannover

Further offices:

- LANXESS Deutschland GmbH, Cologne* (Vice Chairman)
- Vattenfall Europe Mining AG, Cottbus* (Vice Chairman)
- Vattenfall Europe Generation AG, Cottbus* (Vice Chairman)
- Vattenfall GmbH, Berlin*
- DMT GmbH, Essen* (Vice Chairman, until May 31, 2014)
- Vivawest Wohnen GmbH, Essen* (Vice Chairman)
- Vivawest GmbH, Essen* (Vice Chairman, until June 30, 2014)

Axel Berndt

- Specialist for Portfolio & Change Management in the IT department, LANXESS Deutschland GmbH
- Former member of the Works Council at the Leverkusen site

Further offices:

- LANXESS Deutschland GmbH, Cologne*

Dr. Rudolf Fauss (until June 30, 2014)

- Head of Central Functions in the HR Services Germany Group Function
- Chairman of the LANXESS AG Group Managerial Employees' Committee
- Chairman of the LANXESS Managerial Employees' Committee

Further offices:

- LANXESS Deutschland GmbH, Cologne*

Dr. Hans-Dieter Gerriets (since July 1, 2014)

- Chairman of the LANXESS AG Group Managerial Employees' Committee
- Chairman of the LANXESS Managerial Employees' Committee
- Manager of a production facility in the Advanced Industrial Intermediates business unit of LANXESS Deutschland GmbH

Further offices:

- LANXESS Deutschland GmbH, Cologne*

Thomas Meiers

District Secretary of the German Mining, Chemical and Energy Industrial Union, Cologne

Further offices:

- LANXESS Deutschland GmbH, Cologne*
- INEOS Deutschland Holding GmbH, Cologne*
- INEOS Köln GmbH, Cologne*

Gisela Seidel

Chairwoman of the Works Council at the Dormagen site

Further offices:

- LANXESS Deutschland GmbH, Cologne*

Hans-Jürgen Schicker

Chairman of the Works Council at the Uerdingen site

Further offices:

- LANXESS Deutschland GmbH, Cologne*

* Statutory supervisory boards

Board of Management The following persons are currently members of the Board of Management:

Member of the Board of Management	External offices	Offices within the LANXESS Group
Matthias Zachert Chairman of the Board of Management (as of April 1, 2014)	<ul style="list-style-type: none"> Member of the Presidium of the German Chemical Industry Association (VCI) Member of the Asia-Pacific Committee of German Business (APA) Member of the Presidium of stiftung neue verantwortung e.V. 	<ul style="list-style-type: none"> Chairman of the Executive Board of LANXESS Deutschland GmbH
Dr. Bernhard Düttmann Member of the Board of Management and Chief Financial Officer	<ul style="list-style-type: none"> Member of the Supervisory Board of GfK SE, Nuremberg Member of the Board of Directors of Deutsches Aktieninstitut (DAI) Member of Gesellschaft für Finanzwirtschaft in der Unternehmensführung e.V. (GEFIU) 	<ul style="list-style-type: none"> Member of the Executive Board of LANXESS Deutschland GmbH Member of the Board of Directors of LANXESS Corp.
Dr. Rainier van Roessel Member of the Board of Management and Industrial Relations Director	<ul style="list-style-type: none"> Member of the Supervisory Board of Currenta Geschäftsführungs-GmbH, Leverkusen Member of the Board of the VCI Regional Association in North Rhine-Westphalia Member of the VCI Trade Policy Committee Member of the 1 b Experience-Exchange Group of the German Association for Personnel Management (DGFP) Member of the Board of the German Chemical Industry Federation (BAVC) 	<ul style="list-style-type: none"> Member of the Executive Board of LANXESS Deutschland GmbH Chairman of the Supervisory Board of Aliseca GmbH Chairman of the Supervisory Board of Rhein Chemie Rheinau GmbH Chairman of the Board of Directors of LANXESS S.A. de C.V. Executive member of the Board of Administration of LANXESS N.V. Chairman of the Board of Directors of LANXESS Hong Kong Ltd. Chairman of the Board of Directors of Holding Hispania S.L. Chairman of the Board of Directors of LANXESS Chemicals S.L. Chairman of the Board of Directors of LANXESS Corp. Chairman of the Governing Board of LANXESS Srl. Member of the Board of Directors of LANXESS Chemical (China) Co. Ltd. Chairman of the Board of Directors of LANXESS India Private Ltd. Chairman of the Board of Directors of LANXESS K.K. Chairman of the Board of Directors of LANXESS Butyl Pte. Ltd. Chairman of the Board of Directors of LANXESS International S.A.

Members of the Board of Management who stood down in 2014:

Member of the Board of Management	External offices	Offices within the LANXESS Group
Dr. Axel C. Heitmann (ceased to be a member of the Board of Management at the end of the day on February 21, 2014)	<ul style="list-style-type: none"> Member of the Presidium of the German Chemical Industry Association (VCI) Member of the Asia-Pacific Committee of German Business (APA) Member of the Board of Management and Presidium of OAV-German-Asia-Pacific Business Association Chairman of the Foreign Trade Committee of the Federation of German Industries (BDI) Member of the Advisory Board of NRW.Bank Member of the Presidium of stiftung neue verantwortung e.V. Member of the Executive Committee of the Stifterverband für die Deutsche Wissenschaft e.V. Member of the Advisory Board of Goethe-Institut e.V. Member of the Association of Friends of Philharmonie KölnMusik e.V. Member of the Board of Trustees of Konvent für Deutschland e.V. 	<ul style="list-style-type: none"> Chairman of the Executive Board of LANXESS Deutschland GmbH Chairman of the Board of Directors of LANXESS Chemical (China) Co. Ltd.
Dr. Werner Breuers (ceased to be a member of the Board of Management at the end of the day on August 5, 2014)	<ul style="list-style-type: none"> Member of the Supervisory Board of Currenta Geschäftsführungs-GmbH, Leverkusen Member of the Supervisory Board of Messer Group GmbH, Bad Soden Member of the Board of Trustees of the VCI's Chemical Industry Fund Member of the Board of Trustees of the DWI of RWTH Aachen University Member of the German Committee on Eastern European Economic Relations Member of the Advisory Board of the Association for Chemistry & Economics (VCW) Member of the Senate of the Deutsche Akademie der Technikwissenschaften e.V. Member of the Board of Directors of the German American Chamber of Commerce 	<ul style="list-style-type: none"> Member of the Executive Board of LANXESS Deutschland GmbH Chairman of the Supervisory Board of Saltigo GmbH Chairman of the Supervisory Board of Aliseca GmbH Chairman of the Board of Directors of LANXESS K.K. Chairman of the Board of Directors of LANXESS International S.A. Chairman of the Board of Directors of LANXESS Butyl Pte. Ltd. Chairman of the Board of Directors of LANXESS Pte. Ltd.

Changes in non-current assets

LANXESS AG

€ thousand	Gross carrying amounts				Amortization/depreciation and write-downs				Net carrying amounts		
	Jan. 1, 2014	Additions	Disposals	Dec. 31, 2014	Jan. 1, 2014	Additions	Write- backs	Disposals	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014
Intangible assets											
Software licenses	4	0	0	4	3	1	0	0	4	1	0
	4	0	0	4	3	1	0	0	4	1	0
Property, plant and equipment											
Furniture, fixtures and other equipment	235	22	60	197	130	35	0	43	122	105	75
	235	22	60	197	130	35	0	43	122	105	75
Financial assets											
Investments in affiliated companies	738,864	0	0	738,864	0	0	0	0	0	738,864	738,864
Other loans	18,338	705	0	19,043	0	0	0	0	0	18,338	19,043
	757,202	705	0	757,907	0	0	0	0	0	757,202	757,907
Total non-current assets	757,441	727	60	758,108	133	36	0	43	126	757,308	757,982

Disclosures pursuant to Section 160, Paragraph 1, No. 8 of the German Stock Corporation Act (AktG)

Notified by	Date of change	Threshold	Voting rights		Attributable voting rights
		%	%	absolute	
BlackRock companies ¹⁾					
BlackRock, Inc., New York, NY, U.S.A.	Nov. 20, 2014	5.00	4.98	4,557,778	BlackRock, Inc., New York, NY, U.S.A. (2.54% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.01% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.63% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	Nov. 19, 2014	5.00	4.92	4,499,644	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (2.56% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.54% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Financial Management, Inc., New York, NY, U.S.A.	Nov. 18, 2014	5.00	4.99	4,576,034	BlackRock Financial Management, Inc., New York, NY, U.S.A. (2.65% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.61% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock, Inc., New York, NY, U.S.A.	Nov. 12, 2014	5.00	5.24	4,797,311	BlackRock, Inc., New York, NY, U.S.A. (2.78% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.79% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	Nov. 12, 2014	5.00	5.15	4,714,140	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (2.79% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.69% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Financial Management, Inc., New York, NY, U.S.A.	Nov. 12, 2014	5.00	5.14	4,706,909	BlackRock Financial Management, Inc., New York, NY, U.S.A. (2.79% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.68% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A.	Nov. 10, 2014	5.00	4.95	4,528,422	BlackRock Holdco 2, Inc., Wilmington, DE, U.S.A. (2.59% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.45% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)

1) The voting rights reported by the BlackRock companies are not additive.

Notified by	Date of change	Threshold	Voting rights		Attributable voting rights
		%	%	absolute	
BlackRock companies ¹⁾					
BlackRock Financial Management, Inc., New York, NY, U.S.A.	Nov. 10, 2014	5.00	4.94	4,521,191	BlackRock Financial Management, Inc., New York, NY, U.S.A. (2.59% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.44% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock, Inc., New York, NY, U.S.A.	Nov. 11, 2014	5.00	4.99	4,571,291	BlackRock, Inc., New York, NY, U.S.A. (2.56% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.0001% pursuant to Section 22 Paragraph 1 Sentence 1 No. 2 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.54% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Investment Management (UK) Limited, London, U.K.	Sep. 26, 2014	3.00	2.80	2,560,030	BlackRock Investment Management (UK) Limited, London, UK (0.43% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG; 2.00% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.80% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
BlackRock Advisors Holdings, Inc., New York, U.S.A.	Sep. 30, 2014	3.00	2.93	2,680,461	BlackRock Advisors Holdings, Inc., New York, U.S.A. (2.29% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.95% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands	Sep. 30, 2014	3.00	2.93	2,680,461	BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands (2.29% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.95% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock International Holdings, Inc., New York, NY, U.S.A.	Sep. 30, 2014	3.00	2.93	2,680,461	BlackRock International Holdings, Inc., New York, NY, U.S.A. (2.29% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.95% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
BlackRock Group Limited, London, U.K.	Sep. 30, 2014	3.00	2.76	2,525,007	BlackRock Group Limited, London, U.K. (2.24% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG; 0.83% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 in conjunction with Sentence 2 German Securities Trading Act WpHG)
Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany	May 19, 2014	3.00	2.92	2,670,816	Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany (0.61% pursuant to Section 22 Paragraph 1 Sentence 1 No. 6 German Securities Trading Act WpHG)
Goldman Sachs Group, Inc., Wilmington, Delaware, U.S.A.	May 22, 2014	3.00	1.69	1,542,920	Goldman Sachs Group, Inc., Wilmington, Delaware, U.S.A. (1.69% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
Goldman Sachs Group, Inc., Wilmington, Delaware, U.S.A.	May 21, 2014	3.00	4.04	3,694,012	Goldman Sachs Group, Inc., Wilmington, Delaware, U.S.A. (4.04% pursuant to Section 22 Paragraph 1 Sentence 1 No. 1 German Securities Trading Act WpHG)
Bankhaus Lampe KG, Bielefeld, Germany	May 27, 2014	3.00	0.00	0	Bankhaus Lampe KG, Bielefeld, Germany
Bankhaus Lampe KG, Bielefeld, Germany	May 27, 2014	5.00	0.00	0	Bankhaus Lampe KG, Bielefeld, Germany
Bankhaus Lampe KG, Bielefeld, Germany	May 22, 2014	5.00	6.01	5,500,000	Bankhaus Lampe KG, Bielefeld, Germany
Bankhaus Lampe KG, Bielefeld, Germany	May 22, 2014	3.00	6.01	5,500,000	Bankhaus Lampe KG, Bielefeld, Germany

1) The voting rights reported by the BlackRock companies are not additive.

List of shareholdings

LANXESS AG, either directly or indirectly, holds at least 20% of the shares in the following companies (information pursuant to Section 285, No. 11 of the German Commercial Code (HGB)). The figures stated for equity and net income/loss are derived from the annual financial statements prepared in accordance with local law.

Company Name and Domicile	Interest held (%)	Equity (€ million)	Result (€ million)
Fully consolidated companies			
Germany			
Aliseca GmbH, Leverkusen	100	0	0 ¹⁾
Bond-Laminates GmbH, Brilon	100	3	0 ¹⁾
IAB Ionenaustauscher GmbH Bitterfeld, Greppin	100	66	0 ¹⁾
LANXESS Accounting GmbH, Cologne	100	32	0 ¹⁾
LANXESS Buna GmbH, Marl	100	8	0 ¹⁾
LANXESS Deutschland GmbH, Cologne	100	1,299	0 ¹⁾
LANXESS Distribution GmbH, Leverkusen	100	4	0 ¹⁾
LANXESS International Holding GmbH, Cologne	100	0	0 ¹⁾
Rhein Chemie Rheinau GmbH, Mannheim	100	45	0 ¹⁾
Saltigo GmbH, Leverkusen	100	28	0 ¹⁾
EMEA (excluding Germany)			
Europigments, S.L., Barcelona, Spain	52	4	0
LANXESS (Pty.) Ltd., Modderfontein, South Africa	100	28	(5)
LANXESS Central Eastern Europe s.r.o., Bratislava, Slovakia	100	9	3
LANXESS Chemicals, S.L., Barcelona, Spain	100	4	1
LANXESS CISA (Pty.) Ltd., Newcastle, South Africa	100	59	0
LANXESS Chrome Mining (Pty.) Ltd., Modderfontein, South Africa	100	(9)	(4)
LANXESS Elastomères S.A.S., Lillebonne, France	100	102	4

Company Name and Domicile	Interest held (%)	Equity (€ million)	Result (€ million)
Fully consolidated companies			
EMEA (excluding Germany) (continued)			
LANXESS Elastomers B.V., Sittard-Geleen, Netherlands	100	101	(69)
LANXESS Emulsion Rubber S.A.S., La Wantzenau, France	100	51	1
LANXESS Epierre SAS, Epierre, France	100	0	0
LANXESS Finance B.V., Sittard-Geleen, Netherlands	100	14	2
LANXESS Holding Hispania, S.L., Barcelona, Spain	100	1,041	54
LANXESS International SA, Granges-Paccot, Switzerland	100	62	59
LANXESS Kimya Ticaret Limited Şirketi, Istanbul, Turkey	100	1	0
LANXESS Limited, Newbury, U.K.	100	24	1
LANXESS N.V., Antwerp, Belgium	100	270	(35)
LANXESS Rubber N.V., Zwijndrecht, Belgium	100	148	20
LANXESS S.A.S., Courbevoie, France	100	70	2
LANXESS S.r.l., Milan, Italy	100	14	2
OOO LANXESS, Moscow, Russia	100	1	0
OOO LANXESS Lipetsk, Lipetsk, Russia	100	1	0
Sybron Chemical Industries Nederland B.V., Ede, Netherlands	100	99	0
Sybron Chemicals International Holdings Ltd., Newbury, U.K.	100	0	0
North America			
LANXESS Corporation, Pittsburgh, U.S.A.	100	167	12
LANXESS Inc., Sarnia, Canada	100	149	(1)
LANXESS Sybron Chemicals Inc., Birmingham, U.S.A.	100	29	2
Rhein Chemie Corporation, Chardon, U.S.A.	100	(4)	3
Sybron Chemical Holdings Inc., Wilmington, U.S.A.	100	0	0
Latin America			
LANXESS Elastômeros do Brasil S.A., Rio de Janeiro, Brazil	100	232	14
LANXESS Industria de Produtos Quimicos e Plasticos Ltda., São Paulo, Brazil	100	46	(9)
LANXESS S.A. de C.V., Mexico City, Mexico	100	12	3
LANXESS S.A., Buenos Aires, Argentina	100	9	(2)
Rhein Chemie Uruguay S.A., Colonia, Uruguay	100	1	(1)

1) Result after profit transfer

Company Name and Domicile

	Interest held (%)	Equity (€ million)	Result (€ million)
Fully consolidated companies			
Asia-Pacific			
LANXESS Elastomers Trading (Shanghai) Co., Ltd., Shanghai, China	100	0	0
LANXESS (Changzhou) Co., Ltd., Changzhou, China	100	166	(4)
LANXESS (Liyang) Polyols Co., Ltd., Liyang, China	100	3	(3)
LANXESS (Ningbo) Pigments Co., Ltd., Ningbo City, China	100	24	0
LANXESS Butyl Pte. Ltd., Singapore	100	418	(23)
LANXESS Chemical (China) Co., Ltd., Shanghai, China	100	40	(1)
LANXESS Hong Kong Limited, Hong Kong, China	100	305	4
LANXESS India Private Ltd., Thane, India	100	104	0 ²⁾
LANXESS K.K., Tokyo, Japan	100	30	2
LANXESS Korea Limited, Seoul, South Korea	100	13	2
LANXESS Pte. Ltd., Singapore	100	86	6
LANXESS PTY Ltd., Homebush Bay, Australia	100	7	0
LANXESS Shanghai Pigments Co., Ltd., Shanghai, China	100	25	2
LANXESS Specialty Chemicals Co., Ltd., Shanghai, China	100	1	0
LANXESS-TSRC (Nantong) Chemical Industrial Co., Ltd., Nantong, China	50	(1)	(8)
LANXESS (Wuxi) Chemical Co., Ltd., Wuxi, China	100	84	7
Rhein Chemie Japan Ltd., Tokyo, Japan	100	14	1
Rhein Chemie (Qingdao) Co., Ltd., Qingdao, China	90	35	3

Company Name and Domicile

	Interest held (%)	Equity (€ million)	Result (€ million)
Jointly controlled entity			
Germany			
DuBay Polymer GmbH, Hamm	50	27	2
Associate accounted for using the equity method			
Germany			
Currenta GmbH & Co. OHG, Leverkusen	40	13	0
Non-consolidated immaterial subsidiaries			
Germany			
LANXESS Middle East GmbH, Cologne	100	0	0
Vierte LXS GmbH, Leverkusen	100	0	0 ¹⁾
EMEA (excluding Germany)			
LANXESS Mining (Proprietary) Ltd., Modderfontein, South Africa	100	0	0
W. Hawley & Son Ltd., Newbury, U.K.	100	0	0
North America			
LANXESS Energy LLC, Wilmington, U.S.A.	100	0	0
Latin America			
Comercial Andinas Ltda., Santiago, Chile	100	0	0
Petroflex Trading S.A., Montevideo, Uruguay	100	0	0
Asia-Pacific			
Bond-Laminates HK Limited, Hong Kong, China	100	0	0
PCTS Specialty Chemicals Malaysia (M) Sdn. Bhd., Kuala Lumpur, Malaysia	100	0	0
Other non-consolidated immaterial companies			
Latin America			
Hidrax Ltda., Taboão da Serra, Brazil	39	1	0

1) Result after profit transfer

2) Financial statements as of March 31, 2014

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the financial statements give a true and fair view of the earnings, asset and financial position of LANXESS AG, and the Combined Management Report includes a fair review of the development and performance of the business and the position of the LANXESS Group and LANXESS AG, together with a description of the principal opportunities and risks associated with the expected development of the LANXESS Group and LANXESS AG, respectively.

Cologne, February 27, 2015

LANXESS Aktiengesellschaft

The Board of Management

Matthias Zachert

Dr. Bernhard Düttmann

Dr. Rainier van Roessel

Auditor's Report

We have audited the annual financial statements, comprising the statement of financial position, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of LANXESS Aktiengesellschaft, Cologne, for the business year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Section) 317 HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in determining the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined

management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the annual financial statements and combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Cologne, March 2, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Boritzki
German Public Auditor

Carsten Manthei
German Public Auditor

Financial Calendar 2015

May 7

Interim Report Q1 2015

May 13

Annual Stockholders' Meeting, Cologne

August 6

Interim Report H1 2015

November 5

Interim Report Q3 2015

Please do not hesitate to contact us
if you have any questions or comments.

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