Press Release

Essen, 21 August 2007

Key Data January 1 – June 30, 2007

Strong first half for the RAG Beteiligungs-Group

- **EBIT up 26 percent**
- **Group net income more than doubled**
- **Outlook for fiscal 2007 raised**

"The RAG Beteiligungs-Group did extremely well in the first half of 2007. The extensive structural changes to the Group in recent years are beginning to pay off and we are clearly on track for the capital markets. Thanks to favorable business conditions, we raised sales and earnings considerably," announced Dr. Werner Müller, Chairman of the management boards of RAG Aktiengesellschaft and RAG Beteiligungs-AG today, when the Group published key figures outlining its performance in the first six months of this year.

Sales rose 3 percent to €7.565 billion in the first six months (H1 2006: €7.328 billion). Sales advanced 3 percent overall in the Chemicals business area, with higher volumes accounting for 7 percentage points of this rise and increased selling prices for a further 2 percentage points; conversely, the strength of the euro reduced this business area's sales by 2 percentage points and changes in the scope of consolidation trimmed a further 4 percentage points. Sales edged up 6 percent in the Energy business area but were 5 percent lower in the Real Estate business area.

EBIT (earnings before interest and taxes) rose 26 percent to €788 million (H1 2006: €625 million). The Chemicals business area reported a strong improvement in EBIT thanks to a sharp rise in volume sales, higher capacity utilization at its production facilities and an overall rise in selling prices. The Energy business area lifted EBIT year-on-year, principally because of the commissioning of the new power plant in Mindanao, Philippines. The Real Estate business area reported lower EBIT than first half of last year due to temporary effects.

The Group's net income more than doubled year-on-year from €302 million to €715 million.

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RAG Beteiligungs-AG
Rellinghauser Strasse 1-11
45128 Essen

Postfach 103262
45117 Essen
http://www.rag.de

Zentralbereich Kommunikation
und Vorstandsbüro
Christian Kullmann
Telefon (02 01)1 77-3899/3830
Telefax (02 01)1 77-2911

Vorstand
Dr. Werner Müller, Vors.
Dr. Klaus Engel
Dr. Alfred Oberholz
Dr. Alfred Tacke
Heinz-Joachim Wagner
Ulrich Weber
Dr. Peter Schörner

Vorsitzender des Aufsichtsrates
Dr. Wulf H. Bernotat

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Amtsgericht Essen
Handelsregister B 19474

Reflecting this good operating performance, the RAG Beteiligungs-Group generated a cash flow from operating activities of €504 million in the first six months. Compared to year-end 2006, net financial debt was reduced by €0.8 billion to €4.6 billion.

Outlook for 2007 raised: sales and EBIT should rise slightly year-on-year

The RAG Beteiligungs-Group is predicting further growth in the global economy in the coming months but expects the pace of growth to be lower than in 2006, principally because of the slowdown in the US economy. Strong upward impetus is still expected to come from the emerging Chinese, Indian and Russian markets.

In view of the divestments of non-core activities made in 2006, the Group previously assumed that full-year sales and EBIT would be down slightly year-on-year in 2007. Another factor in this assessment was the allocation of further expenses for the Corporate Center to the company from January 1, 2007. These expenses were previously reported by RAG Aktiengesellschaft and amounted to some €110 million in 2006.

In light of its operational momentum, the RAG Beteiligungs-Group is now raising its guidance. Dr. Müller: "We expect both sales and EBIT for fiscal 2007 to be slightly higher than in the previous year."

Note to editors:

Detailed information on the first six months can be found below:

- *Table: Earnings overview*
- *Segment overview*

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RAG Beteiligungs-Group: Earnings overview

(in € million)	H1/2007	H1/2006	change
Sales	7,565	7,328	3%
EBITDA	1,220	1,137	7%
EBIT	788	625	26%
Non-operating result (continuing operations)	-160	-47	
Net interest expense	-240	-207	
= Income before income taxes (continuing operations)	**388**	**371**	**5%**
Income before income taxes (discontinued operations)	495	240	
= Income before income taxes (total)	**883**	**611**	**45%**
Income taxes (continuing operations)	-84	-221	
Income taxes (discontinued operations)	-24	-52	
= Income after taxes	**775**	**338**	**129%**
Minority interests	-60	-36	
= Group net income	**715**	**302**	**137%**

Segment overview

January to June	Sales			EBIT		
	2007 € million	2006 € million	Change in %	2007 € million	2006 € million	Change in %
Technology Specialties	2,720	2,650	3	285	190	50
Consumer Solutions	1,220	1,224	0	97	88	10
Specialty Materials	1,543	1,450	6	164	119	38
Energy	1,361	1,283	6	247	235	5
Real Estate	148	155	-5	39	51	-24
Segments	**6,992**	**6,762**	**3**	**832**	**683**	**22**
Others	573	566	1	-44	-58	23
Total	**7,565**	**7,328**	**3**	**788**	**625**	**26**

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Technology Specialties

Global demand for the products marketed by the Technology Specialties segment was brisk. In addition, this segment was able to push through further price increases to offset the sharp hike in raw material costs in the past two years. Nevertheless, sales only advanced by 3 percent to €2,720 million due to negative exchange rate movements and the divestment of non-core operations. EBIT surged 50 percent to €285 million as a result of a perceptible rise in volumes, higher selling prices and successful restructuring. The Building Blocks, Exclusive Synthesis & Catalysts, C_4-Chemistry and Advanced Fillers & Pigments Business Units all reported a substantial improvement in earnings compared with the first half of the previous year and earnings were also up year-on-year in the Aerosil & Silanes Business Unit.

Consumer Solutions

All business units in the Consumer Solutions segment grew volumes significantly. Since the prior-year figures still contain the Water Chemicals and Industrial Chemicals activities, segment sales were essentially unchanged year-on-year at €1,220 million. After adjustment for deconsolidation of these activities, sales were up 14 percent. EBIT rose 10 percent to €97 million. In this comparison it should be noted that the year-back figures contained earnings from the two non-core operations that have been divested, so the rise in EBIT is understated. The earnings increase was driven by a clear increase in volume sales. Conversely, the weakness of the US dollar, rising raw material prices and strong price pressure in some areas reduced the upward momentum. The Care & Surface Specialties and Feed Additives Business Units reported a rise in EBIT whereas the Superabsorber Business Unit fell short of the previous year's figure.

Specialty Materials

The Specialty Materials reporting segment grew sales 6 percent to €1,543 million. An appreciable increase in demand and successful price rise contributed to this, while adverse exchange rate movements capped the rise in sales. EBIT increased 38 percent to €164 million thanks to the improvement in volumes and prices. The Coatings & Colorants and Methacrylates Business Units lifted earnings substantially and the High Performance Polymers and Specialty Acrylics Business Units also reported a year-on-year improvement.

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Energy

The Energy segment lifted sales by 6 percent to €1,361 million. EBIT rose 5 percent to €247 million. The Power Business Line benefited from the Mindanao power plant in the Philippines, which was commissioned at the end of 2006, but the weaker US dollar held back the rise in EBIT. The Trading, Renewable Energies and Power Minerals Business Lines also raised earnings, whereas the District Heating Business Line reported a drop in earnings year-on-year due to the mild weather this year.

Real Estate

Sales slipped 5 percent year-on-year to €148 million in the Real Estate segment. EBIT came to €39 million, compared with €51 million in the first six months of 2006. However, this was because a far higher number of housing units was sold in the first six months of 2006, whereas this year a higher proportion of sales are expected to take place in the second half of the year.

The RAG Beteiligungs-Group *is a modern industrial corporation which operates in three business areas: Chemicals, Energy and Real Estate. The Group has around 43,000 employees and generated sales of €14.8 billion and EBIT of over €1.2 billion in fiscal 2006. RAG Beteiligungs-Group plans to enter the capital markets in the first half of 2008.*

Disclaimer:
In so far as forecasts or expectations are expressed in this press release and where our forward-looking statements concern the future, these forecasts, expectations and statements may involve known or unknown risks and uncertainties. Actual results or developments may vary, depending on changes in the operating environment. RAG Beteiligungs-AG assumes no obligation to update the forecasts, expectations or statements contained in this release.

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