

## Consolidated interim financial statements of Evonik Industries AG, Essen, as of September 30, 2010

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## Income statement for the Evonik Group

| in € million  | 3rd quarter  |              | 1st nine months |              |
|---|--------------|--------------|-----------------|--------------|
|   | 2010         | 2009         | 2010            | 2009         |
| Sales   | 4,088        | 3,309        | 11,887          | 9,590        |
| Cost of sales   | -2,962       | -2,403       | -8,577          | -7,263       |
| <b>Gross profit on sales</b>  | <b>1,126</b> | <b>906</b>   | <b>3,310</b>    | <b>2,327</b> |
| Selling expenses  | -314         | -264         | -887            | -777         |
| Research and development expenses   | -87          | -66          | -242            | -213         |
| General administrative expenses   | -190         | -151         | -541            | -473         |
| Other operating income  | 394          | 126          | 889             | 622          |
| Other operating expenses  | -427         | -236         | -1,057          | -800         |
| <b>Income before financial result and income taxes, continuing operations</b> | <b>502</b>   | <b>315</b>   | <b>1,472</b>    | <b>686</b>   |
| Interest income   | 3            | 2            | 18              | 27           |
| Interest expense  | -160         | -117         | -424            | -389         |
| Result from investments recognized at equity                                  | 15           | 16           | 43              | 41           |
| Other financial income  | 2            | 2            | 9               | 8            |
| <b>Financial result</b>   | <b>-140</b>  | <b>-97</b>   | <b>-354</b>     | <b>-313</b>  |
| <b>Income before income taxes, continuing operations</b>                      | <b>362</b>   | <b>218</b>   | <b>1,118</b>    | <b>373</b>   |
| Income taxes  | -91          | -29          | -280            | -108         |
| <b>Income after taxes, continuing operations</b>                              | <b>271</b>   | <b>189</b>   | <b>838</b>      | <b>265</b>   |
| Income after taxes, discontinued operations                                   | 2            | -            | -2              | -4           |
| <b>Income after taxes</b>   | <b>273</b>   | <b>189</b>   | <b>836</b>      | <b>261</b>   |
| thereof attributable to   |              |              |                 |              |
| Non-controlling interests   | 13           | 21           | 46              | 50           |
| Shareholders of Evonik Industries AG (net income)                             | 260          | 168          | 790             | 211          |
| <b>Earnings per share (basic and diluted) in €</b>                            | <b>+0.56</b> | <b>+0.36</b> | <b>+1.70</b>    | <b>+0.45</b> |

Prior-year figures restated.

## Statement of comprehensive income for the Evonik Group

| in € million   | 3rd quarter |            | 1st nine months |            |
|--|-------------|------------|-----------------|------------|
|  | 2010        | 2009       | 2010            | 2009       |
| <b>Income after taxes</b>                                | <b>273</b>  | <b>189</b> | <b>836</b>      | <b>261</b> |
| thereof attributable to                                  |             |            |                 |            |
| Non-controlling interests                                | 13          | 21         | 46              | 50         |
| Shareholders of Evonik Industries AG (net income)        | 260         | 168        | 790             | 211        |
| Unrealized gains/losses on available-for-sale-securities | 1           | 5          | -5              | -1         |
| Unrealized gains/losses on hedging instruments           | 108         | 10         | -56             | 86         |
| Currency translation adjustment                          | -269        | -95        | 210             | -49        |
| Deferred taxes   | -27         | -3         | 17              | -23        |
| <b>Other comprehensive income</b>                        | <b>-187</b> | <b>-83</b> | <b>166</b>      | <b>13</b>  |
| thereof attributable to                                  |             |            |                 |            |
| Non-controlling interests                                | -49         | -15        | 7               | -22        |
| Shareholders of Evonik Industries AG                     | -138        | -68        | 159             | 35         |
| <b>Total comprehensive income</b>                        | <b>86</b>   | <b>106</b> | <b>1,002</b>    | <b>274</b> |
| thereof attributable to                                  |             |            |                 |            |
| Non-controlling interests                                | -36         | 6          | 53              | 28         |
| Shareholders of Evonik Industries AG                     | 122         | 100        | 949             | 246        |

## Balance sheet for the Evonik Group

| in € million   | Sep. 30,<br>2010 | Dec. 31,<br>2009 |
|--|------------------|------------------|
| Intangible assets  | 3,982            | 3,950            |
| Property, plant and equipment                                      | 5,810            | 5,711            |
| Investment property  | 1,541            | 1,554            |
| Investments recognized at equity                                   | 604              | 626              |
| Financial assets   | 1,075            | 1,140            |
| Deferred tax assets  | 425              | 392              |
| Other income tax assets  | 46               | 40               |
| Other receivables  | 70               | 56               |
| <b>Non-current assets</b>  | <b>13,553</b>    | <b>13,469</b>    |
| Inventories  | 1,938            | 1,590            |
| Other income tax assets  | 142              | 159              |
| Trade accounts receivable  | 2,312            | 2,148            |
| Other receivables  | 352              | 356              |
| Financial assets   | 519              | 300              |
| Cash and cash equivalents  | 1,324            | 885              |
|  | <b>6,587</b>     | <b>5,438</b>     |
| Assets held for sale   | 30               | –                |
| <b>Current assets</b>  | <b>6,617</b>     | <b>5,438</b>     |
| <b>Total assets</b>  | <b>20,170</b>    | <b>18,907</b>    |
| Issued capital   | 466              | 466              |
| Reserves   | 4,889            | 4,262            |
| <b>Equity attributable to shareholders of Evonik Industries AG</b> | <b>5,355</b>     | <b>4,728</b>     |
| Equity attributable to non-controlling interests                   | 540              | 486              |
| <b>Total equity</b>  | <b>5,895</b>     | <b>5,214</b>     |
| Provisions for pensions and other post-employment benefits         | 4,025            | 3,979            |
| Other provisions   | 1,160            | 1,091            |
| Deferred tax liabilities   | 613              | 626              |
| Other income tax liabilities                                       | 69               | 61               |
| Financial liabilities  | 4,116            | 4,040            |
| Other payables   | 452              | 395              |
| <b>Non-current liabilities</b>                                     | <b>10,435</b>    | <b>10,192</b>    |
| Other provisions   | 1,205            | 1,061            |
| Other income tax liabilities                                       | 436              | 251              |
| Financial liabilities  | 600              | 455              |
| Trade accounts payable   | 1,228            | 1,365            |
| Other payables   | 371              | 369              |
| <b>Current liabilities</b>   | <b>3,840</b>     | <b>3,501</b>     |
| <b>Total equity and liabilities</b>                                | <b>20,170</b>    | <b>18,907</b>    |

## Statement of changes in equity for the Evonik Group

| in € million                    | Issued capital | Reserves        |                                     | Attributable to shareholders of Evonik Industries AG | Attributable to non-controlling interests | Total equity |  |
|---------------------------------|----------------|-----------------|-------------------------------------|--|---|--------------|--|
|                                 |                | Capital reserve | Accumulated income/loss after taxes |  |   |              | Accumulated other comprehensive income |
| <b>As of January 1, 2009</b>    | <b>466</b>     | <b>1,165</b>    | <b>3,562</b>                        | <b>-519</b>  | <b>4,674</b>                              | <b>481</b>   | <b>5,155</b>                           |
| Capital increases/decreases     |                |                 |                                     |  | 0   | 6            | 6                                      |
| Dividend distribution           |                |                 | -280                                |  | -280                                      | -24          | -304                                   |
| Total comprehensive income      |                |                 | 211                                 | 35   | 246                                       | 28           | 274                                    |
| Other changes                   |                |                 | 1                                   | -4   | -3  | 2            | -1                                     |
| <b>As of September 30, 2009</b> | <b>466</b>     | <b>1,165</b>    | <b>3,494</b>                        | <b>-488</b>  | <b>4,637</b>                              | <b>493</b>   | <b>5,130</b>                           |
| <b>As of January 1, 2010</b>    | <b>466</b>     | <b>1,165</b>    | <b>3,525</b>                        | <b>-428</b>  | <b>4,728</b>                              | <b>486</b>   | <b>5,214</b>                           |
| Capital increases/decreases     |                |                 |                                     |  | 0   | 6            | 6                                      |
| Dividend distribution           |                |                 | -320                                |  | -320                                      | -24          | -344                                   |
| Total comprehensive income      |                |                 | 790                                 | 159  | 949                                       | 53           | 1,002                                  |
| Other changes                   |                |                 | 2                                   | -4   | -2  | 19           | 17                                     |
| <b>As of September 30, 2010</b> | <b>466</b>     | <b>1,165</b>    | <b>3,997</b>                        | <b>-273</b>  | <b>5,355</b>                              | <b>540</b>   | <b>5,895</b>                           |

## Cash flow statement for the Evonik Group

| in € million   | 3rd quarter  |             | 1st nine months |              |
|--|--------------|-------------|-----------------|--------------|
|  | 2010         | 2009        | 2010            | 2009         |
| Income before financial result and income taxes, continuing operations                                 | 502          | 315         | 1,472           | 686          |
| Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets      | 214          | 251         | 612             | 665          |
| Gains/losses on disposal of non-current assets   | -7           | -8          | -18             | -15          |
| Change in inventories  | -146         | 44          | -253            | 439          |
| Change in trade accounts receivable  | 32           | -117        | -123            | 553          |
| Change in trade accounts payable and current advance payments received from customers                  | -44          | 95          | -181            | -514         |
| Change in provisions for pensions and other post-employment benefits                                   | -104         | -67         | -139            | -153         |
| Change in other provisions   | 145          | 14          | 130             | -328         |
| Change in miscellaneous assets/liabilities   | -63          | 49          | 4               | 156          |
| Cash outflows for interest   | -42          | -97         | -120            | -185         |
| Cash inflows from interest   | 4            | 77          | 29              | 82           |
| Cash inflows from dividends  | 5            | 2           | 54              | 62           |
| Cash outflows for income taxes   | -46          | -108        | -107            | -189         |
| <b>Cash flow from operating activities</b>   | <b>450</b>   | <b>450</b>  | <b>1,360</b>    | <b>1,259</b> |
| Cash outflows for investments in intangible assets, property, plant and equipment, investment property | -185         | -209        | -468            | -512         |
| Cash outflows for investments in shareholdings   | -            | -4          | -34             | -12          |
| Cash inflows from divestments of intangible assets, property, plant and equipment, investment property | 10           | 10          | 36              | 52           |
| Cash inflows from divestments of shareholdings   | -            | 2           | 22              | 29           |
| Cash inflows/outflows relating to securities, deposits and loans                                       | -195         | 8           | -196            | 8            |
| <b>Cash flow from investing activities</b>   | <b>-370</b>  | <b>-193</b> | <b>-640</b>     | <b>-435</b>  |
| Cash inflows/outflows relating to capital contributions  | -            | -           | 6               | 6            |
| Cash outflows for payments to non-controlling interests 1)   | -3           | -3          | -24             | -15          |
| Cash outflows for dividends  | -            | -280        | -320            | -280         |
| Cash inflows from the addition of financial liabilities  | 86           | 122         | 318             | 376          |
| Cash outflows for repayment of financial liabilities   | -157         | -45         | -292            | -939         |
| <b>Cash flow from financing activities</b>   | <b>-74</b>   | <b>-206</b> | <b>-312</b>     | <b>-852</b>  |
| <b>Change in cash and cash equivalents</b>   | <b>6</b>     | <b>51</b>   | <b>408</b>      | <b>-28</b>   |
| <b>Cash and cash equivalents as of July 1/January 1</b>  | <b>1,359</b> | <b>459</b>  | <b>885</b>      | <b>542</b>   |
| Change in cash and cash equivalents  | 6            | 51          | 408             | -28          |
| Changes in exchange rates and other changes in cash and cash equivalents                               | -41          | -10         | 31              | -14          |
| <b>Cash and cash equivalents as of September 30</b>  | <b>1,324</b> | <b>500</b>  | <b>1,324</b>    | <b>500</b>   |
| Cash and cash equivalents included in assets held for sale   | -            | -6          | -               | -6           |
| <b>Cash and cash equivalents as reported on the balance sheet as of September</b>                      | <b>1,324</b> | <b>494</b>  | <b>1,324</b>    | <b>494</b>   |

1) In 2009, € 9 million of dividends to non-controlling interests were not paid out.

## (1) Segment report for the Evonik Group

### Operating segments

| in € million                          | Chemicals |        | Energy |       | Real Estate |       | Total reportable segments |               | Corporate, other operations, consolidation |       | Total Group (continuing operations) |               |
|---------------------------------------|-----------|--------|--------|-------|-------------|-------|---------------------------|---------------|--|-------|-------------------------------------|---------------|
|                                       | 2010      | 2009   | 2010   | 2009  | 2010        | 2009  | 2010                      | 2009          | 2010                                       | 2009  | 2010                                | 2009          |
| External sales                        | 9,593     | 7,316  | 1,977  | 1,849 | 280         | 279   | <b>11,850</b>             | <b>9,444</b>  | 37   | 146   | <b>11,887</b>                       | <b>9,590</b>  |
| Internal sales                        | 57        | 68     | 32     | 45    | 1           | 0     | <b>90</b>                 | <b>113</b>    | -90  | -113  | -                                   | -             |
| Total sales                           | 9,650     | 7,384  | 2,009  | 1,894 | 281         | 279   | <b>11,940</b>             | <b>9,557</b>  | -53  | 33    | <b>11,887</b>                       | <b>9,590</b>  |
| EBITDA (before non-operating result)  | 1,874     | 1,167  | 389    | 265   | 138         | 133   | <b>2,401</b>              | <b>1,565</b>  | -125                                       | -97   | <b>2,276</b>                        | <b>1,468</b>  |
| EBITDA margin in %                    | 19.5      | 16.0   | 19.7   | 14.3  | 49.3        | 47.7  | <b>20.3</b>               | <b>16.6</b>   |  |       | <b>19.1</b>                         | <b>15.3</b>   |
| EBIT (before non-operating result)    | 1,400     | 690    | 326    | 198   | 103         | 98    | <b>1,829</b>              | <b>986</b>    | -140                                       | -113  | <b>1,689</b>                        | <b>873</b>    |
| Capital employed (as of September 30) | 9,362     | 9,375  | 3,402  | 3,300 | 1,815       | 1,830 | <b>14,579</b>             | <b>14,505</b> | -43  | 15    | <b>14,536</b>                       | <b>14,520</b> |
| Capital expenditures                  | 333       | 312    | 118    | 163   | 23          | 41    | <b>474</b>                | <b>516</b>    | 5  | 6     | <b>479</b>                          | <b>522</b>    |
| Additions to financial assets         | 11        | 11     | 31     | 4     | 0           | -     | <b>42</b>                 | <b>15</b>     | 5  | 12    | <b>47</b>                           | <b>27</b>     |
| Employees (as of September 30)        | 31,052    | 31,640 | 4,896  | 4,779 | 475         | 427   | <b>36,423</b>             | <b>36,846</b> | 2,922                                      | 3,219 | <b>39,345</b>                       | <b>40,065</b> |

### Regions

| in € million  | Germany |        | Rest of Europe |       | North America |       | Asia  |       | Central and South America |      | Other |      | Total Group (continuing operations) |               |
|---|---------|--------|----------------|-------|---------------|-------|-------|-------|---------------------------|------|-------|------|-------------------------------------|---------------|
|   | 2010    | 2009   | 2010           | 2009  | 2010          | 2009  | 2010  | 2009  | 2010                      | 2009 | 2010  | 2009 | 2010                                | 2009          |
| External sales  | 4,002   | 3,543  | 2,861          | 2,259 | 1,875         | 1,434 | 2,391 | 1,779 | 524                       | 399  | 234   | 176  | <b>11,887</b>                       | <b>9,590</b>  |
| Goodwill (as of September 30) 1)  | 2,101   | 2,088  | 554            | 547   | 302           | 281   | 245   | 214   | 26                        | 24   | 21    | 21   | <b>3,249</b>                        | <b>3,175</b>  |
| Other intangible assets, property, plant and equipment, investment property (as of September 30) 1) | 5,951   | 5,997  | 589            | 578   | 575           | 553   | 835   | 704   | 105                       | 96   | 29    | 21   | <b>8,084</b>                        | <b>7,949</b>  |
| Capital expenditures  | 282     | 352    | 61             | 43    | 37            | 29    | 89    | 92    | 5                         | 3    | 5     | 3    | <b>479</b>                          | <b>522</b>    |
| Additions to financial assets   | 32      | 23     | 12             | 3     | 1             | 0     | 0     | 0     | 1                         | 0    | 1     | 1    | <b>47</b>                           | <b>27</b>     |
| Employees (as of September 30)  | 25,763  | 26,744 | 3,410          | 3,580 | 4,087         | 3,493 | 5,356 | 5,552 | 493                       | 463  | 236   | 233  | <b>39,345</b>                       | <b>40,065</b> |

Prior-year figures restated.

1) Non-current assets according to IFRS 8.33 b.

## (2) General information

Evonik Industries AG is an international corporation based in Germany operating in the Chemicals, Energy and Real Estate Business Areas. It is a subsidiary of RAG-Stiftung, Essen (Germany), which directly and indirectly holds 74.99 percent of the shares in Evonik Industries AG. Evonik Industries AG and its subsidiaries are included at equity in the annual consolidated financial statements prepared by RAG-Stiftung in accordance with the German Commercial Code (HGB). The remaining 25.01 percent of the shares are held by Gabriel Acquisitions GmbH (Gabriel Acquisitions), Cologne (Germany), an indirect subsidiary of funds initiated and advised by CVC Capital Partners (Luxembourg) S.à r.l., Luxembourg (Luxembourg).

The present condensed and consolidated interim financial statements (“consolidated interim financial statements”) for Evonik Industries AG and its subsidiaries (referred to jointly as “Evonik” or the “Group”) have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, and in application of Section 315 a Paragraph 3 of the German Commercial Code using the International Financial Reporting Standards (IFRS) and comply with these standards. The IFRS comprise the International Financial Reporting Standards and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), London (UK) and the interpretations (IFRIC, SIC) of the IFRS Interpretations Committee (IFRSIC, formerly International Financial Reporting Interpretations Committee), as endorsed by the European Union.

The consolidated interim financial statements cover the period from January 1 to September 30, 2010 and are presented in euros. All amounts are stated in millions of euros (€ million) except where otherwise indicated. The consolidated interim financial statements have been prepared on the basis of the consolidated financial statements for the Evonik Group as of December 31, 2009, which should be referred to for further information.

## (3) Accounting policies

The accounting and consolidation principles applied in these consolidated interim financial statements are the same as those used for the consolidated financial statements as of December 31, 2009. Exceptions are set out below.

The IASB has revised or issued a number of standards and interpretations that became mandatory for the first time in fiscal 2010 after endorsement by the European Union. The new version of IFRS 3 Business Combinations and the amendments to IAS 27 Consolidated and Separate Financial Statements published in January 2008 are likely to have the greatest impact. The principal amendments to IFRS 3 relate to the option for recognizing goodwill relating to non-controlling interests, accounting for existing shares in a business combination in the case of acquisitions made in stages, the recognition in income of the acquisition-related costs of a business combination and the reflection of variable purchase price components.

The amendments to IAS 27 address, among other things, the presentation of the divestment of shares in subsidiaries with no loss of control as equity transactions between owners, and the recognition and valuation of the remaining shares in subsidiaries where the divestment of shares involves a loss of control. Further, there is now no limit on the attribution of losses to non-controlling interests.

Other accounting standards that had to be applied for the first time in the reporting period and do not significantly impact Evonik's consolidated financial statements or are not relevant for the consolidated financial statements:

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- Interpretation IFRIC 17 Distributions of Non-cash Assets to Owners
- Interpretation IFRIC 18 Transfers of Assets from Customers
- The standards amended as part of the second annual improvements project (2009)
- The amendments to IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions
- The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards: Additional Exemptions for First-time Adopters.

#### (4) Notes on business performance

In the first nine months of 2010 Evonik grew sales and all earnings parameters considerably compared with the first nine months of the previous year, which were impacted by the economic crisis. The improvement was attributable to a global increase in demand, higher margins and cost-savings.

Sales increased 24 percent to €11,887 million in the first nine months of 2010. Sales in the Chemicals Business Area grew 31 percent to €9,593 million. Higher volumes accounted for 18 percentage points of this increase while 10 percentage points related to an increase in selling prices, principally because far higher raw material costs were passed on to customers. Currency effects contributed 2 percentage points and changes in the scope of consolidation 1 percentage point. The Energy Business Area lifted sales 7 percent to €1,977 million. In the Real Estate Business Area sales were unchanged year-on-year at €280 million.

Thanks to the good volume trend, earnings before interest, taxes, depreciation, amortization, impairment losses/reversal of impairment losses and non-operating result (EBIDTA) increased by €808 million to €2,276 million. The EBITDA margin rose substantially to 19.1 percent, up from 15.3 percent in the first nine months of 2009.

The table shows the reconciliation from EBITDA to the earnings attributable to the shareholders of Evonik Industries AG:

| in € million  | 1st nine months |              |
|---|-----------------|--------------|
|   | 2010            | 2009         |
| <b>EBITDA (before non-operating result)</b>                                 | <b>2,276</b>    | <b>1,468</b> |
| Depreciation, amortization, impairment losses/reversal of impairment losses | -587            | -595         |
| <b>EBIT (before non-operating result)</b>                                   | <b>1,689</b>    | <b>873</b>   |
| Non-operating result, continuing operations                                 | -165            | -138         |
| Net interest expense  | -406            | -362         |
| <b>Income before income taxes, continuing operations</b>                    | <b>1,118</b>    | <b>373</b>   |
| Income before income taxes, discontinued operations                         | -2              | -5           |
| <b>Income before income taxes (total)</b>                                   | <b>1,116</b>    | <b>368</b>   |
| Income taxes, continuing operations   | -279            | -108         |
| Income taxes, discontinued operations                                       | -1              | 1            |
| <b>Income after taxes</b>   | <b>836</b>      | <b>261</b>   |
| Non-controlling interests   | -46             | -50          |
| <b>Shareholders of Evonik Industries AG (net income)</b>                    | <b>790</b>      | <b>211</b>   |

EBIT (earnings before interest, taxes and non-operating result) improved by €816 million to €1,689 million. The Chemicals Business Area improved its EBIT by €710 million to €1,400 million, principally as a result of a significant rise in volumes, higher capacity utilization and improved margins. In the Energy Business Area, EBIT advanced €128 million to €326 million. In addition to higher earnings from power plants in Germany and abroad, the main factor here was the Coal Business Line, which reported EBIT of €37 million compared with a loss of €54 million due to operating special factors in the year-back period. In the Real Estate Business Area, EBIT advanced €5 million to €103 million. Corporate/other activities/consolidation mainly comprises the cross-site services provided by the Shared Service Center and the Corporate Center. Here, EBIT was minus €140 million, compared with minus €113 million in the previous year.

The non-operating loss of €165 million principally comprised expenses for pensions in the UK and for the On Track efficiency enhancement program. Net interest expense increased by €44 million to €406 million, mainly because of higher interest on borrowing. Income before income taxes from continuing operations rose by €745 million to €1,118 million. Income before income taxes from discontinued operations was minus €2 million and comprised post-divestment income and expenses relating to the sale of non-core operations in prior periods. Total income before income taxes increased by €748 million to €1,116 million. The effective income tax rate was 25 percent, which was below the expected Group tax rate of 30 percent, mainly because of tax income relating to prior periods. Income after taxes and non-controlling interests advanced from €211 million to €790 million.

Total assets were €20.2 billion as of September 30, 2010, which was €1.3 billion higher than on December 31, 2009. Non-current assets increased by €0.1 billion to €13.6 billion. The €1.2 billion increase in current assets to €6.6 billion was driven mainly by a business-related increase of €0.5 billion in inventories and trade accounts receivable and a €0.4 billion rise in cash and cash equivalents. The assets held for sale include the shares in Ayas Enerji Üretim ve Ticaret A.S., Ankara (Turkey), which was previously recognized at equity. These assets were reclassified following an offer for sale made to the co-partner in this company. The purchase agreement was signed on October 8, 2010. The equity ratio improved to 29.2 percent compared with 27.6 percent at year end 2009.

The cash flow from operating activities was €1,360 million, an increase of €101 million compared with the first nine months of 2009. This improvement was mainly due to the substantial rise in the operating result, while the significant upturn in business increased working capital by €557 million. By contrast, in the first nine months of 2009 cash flow was boosted by a considerable reduction of €478 million in working capital. The cash flow was sufficient to finance cash outflows for investing activities amounting to €640 million, pay the dividend of €320 million for 2009, and reduce net debt.

Net financial debt is calculated as follows:

| in € million                      | Sept. 30,<br>2010 | Dec. 31,<br>2009 |
|-----------------------------------|-------------------|------------------|
| Non-current financial liabilities | -4,116            | -4,040           |
| Current financial liabilities     | -600              | -455             |
| <b>Financial debt</b>             | <b>-4,716</b>     | <b>-4,495</b>    |
| Cash and cash equivalents         | 1,324             | 885              |
| Current securities                | 207               | 23               |
| Receivables from derivatives      | 138               | 128              |
| Other financial assets            | 20                | 28               |
| <b>Financial assets</b>           | <b>1,689</b>      | <b>1,064</b>     |
| <b>Net financial debt</b>         | <b>-3,027</b>     | <b>-3,431</b>    |

Financial debt was €4,716 million, an increase of €221 million from year end 2009. Financial assets rose €625 million to €1,689 million. Net financial debt decreased to €3,027 million, a drop of €404 million compared with December 31, 2009 and €1,556 million compared with the start of 2009.

In the second quarter Evonik Industries AG successfully refinanced a €2.25 billion credit facility, which originally ran until March 2011. Thanks to the positive liquidity trend in the company, the total volume of the credit facility was reduced to €1.5 billion. The new credit facility comprises three €500 million tranches, running for two, three and five years respectively and provides general financing for the Group's business. Together with Evonik's liquid funds, it ensures that the Group has adequate financial headroom. As of the reporting date it had not been drawn.

In September 2010 Evonik Industries AG and its bond were rated for the first time by Standard & Poor's (S&P) and Moody's. Both ratings (S&P: BB+, positive outlook; Moody's: Ba1, stable outlook) are only one notch below "investment grade".

## (5) Notes on the segment report

The reporting based on operating segments reflects the Group's internal organizational and reporting structure. Evonik's three business areas are classified as reportable segments in compliance with IFRS 8 Operating Segments. The operating activities are bundled in eight business units within these business areas.

At the beginning of 2010, the Executive Board of Evonik Industries AG introduced EVA® (economic value added) as the key financial indicator for internal management purposes. EVA® shows the value created with capital employed after covering the cost of capital. Since EBIT is the operating parameter used to calculate EVA®, it is the central earnings indicator used for internal management purposes. The operating income, which was previously the reportable earnings indicator pursuant to IFRS 8 Operating Segments, and the earnings components it contains, are thus no longer included in the segment report.

Further, the definition of capital employed has been adjusted effective 2010. It comprises the net assets required by the reportable segments for their operations. Other income taxes, deferred taxes and intergroup receivables and payables are no longer included. The prior-year figures have been restated accordingly.

The following adjustment was made to the reporting structure in the consolidated financial statements as of December 31, 2009:

As of January 1, 2008 Evonik Steag GmbH, Essen (Germany) acquired from Evonik Degussa GmbH, Essen (Germany) 50 percent of the shares in Infracor GmbH, Marl (Germany). This stake was transferred back to Evonik Degussa GmbH effective December 31, 2009. Infracor is therefore reported as part of the Chemicals Business Area retroactively from January 1, 2009.

The table shows a reconciliation from the EBIT of all reportable segments to the income before income taxes of the Group's continuing operations.

| in € million   | 1st nine months |             |
|--|-----------------|-------------|
|  | 2010            | 2009        |
| <b>EBIT, reportable segments</b>                         | <b>1,829</b>    | <b>986</b>  |
| EBIT, other operations                                   | -3              | 34          |
| EBIT, Corporate Center and corporate activities          | -139            | -145        |
| Consolidation  | 2               | -2          |
| <b>EBIT, corporate, other activities, consolidation</b>  | <b>-140</b>     | <b>-113</b> |
| <b>EBIT, Group, continuing operations</b>                | <b>1,689</b>    | <b>873</b>  |
| Non-operating result                                     | -165            | -138        |
| Net interest expense                                     | -406            | -362        |
| <b>Income before income taxes, continuing operations</b> | <b>1,118</b>    | <b>373</b>  |

## (6) Contingent liabilities

Contingent liabilities declined by €105 million to €63 million as of the reporting date:

| in € million  | Sept. 30,<br>2010 | Dec. 31,<br>2009 |
|---|-------------------|------------------|
| Guarantee obligations                                 | 41                | 43               |
| Obligations under warranties and indemnity guarantees | 22                | 125              |
|   | <b>63</b>         | <b>168</b>       |

Essen, November 2, 2010

**Evonik Industries AG**  
**The Executive Board**

Dr. Engel

Blauth

Dr. Colberg