Annual financial statements of Evonik Industries AG

for the fiscal year
from January 1 to December 31, 2011

Content

Balance Sheet Evonik Industries AG, Essen

ASSETS

ASSETS	Note	Dec. 31, 2011 € million	Dec. 31, 2010 € million
Intangible assets		2	3
Property, plant and equipment		6	5
Financial assets		8,813	8,870
Non-current assets	2.1	**8,821**	**8,878**
Receivables from affiliated companies		3,062	3,397
Other receivables and other assets		94	26
Receivables and other assets	2.2	**3,156**	**3,423**
Other securities	2.3	**635**	**373**
Liquid assets	2.4	**1,192**	**860**
Current assets		**4,983**	**4,656**
Prepaid expenses and deferred charges		**2**	**2**
Total assets		**13,806**	**13,536**

EQUITY AND LIABILITIES

EQUITY AND LIABILITIES	Note	Dec. 31, 2011 € million	Dec. 31, 2010 € million
Issued capital	2.5	**466**	**466**
Capital reserve	2.6	**720**	**720**
- statutory reserve		47	47
- other revenue reserves		2,591	3,326
Revenue reserve	2.7	**2,638**	**3,373**
Net profit		425	515
Equity	2.8	**4,249**	**5,074**
Provisions for pensions and similar obligations		780	103
Provisions for taxes		222	159
Other provisions		958	120
Provisions	2.9	**1,960**	**382**
Bonds		750	750
Liabilities to banks		111	228
Trade accounts payable		336	16
Liabilities to affiliated companies		6,315	7,054
Other liabilities		84	31
Liabilities	2.10	**7,596**	**8,079**
Deferred income		**1**	**1**
Total equity and liabilities		**13,806**	**13,536**

Income Statement Evonik Industries AG, Essen

for the period January 1 to December 31, 2011

	Note	2011 € million	2010 € million
Sales	3.11	51	168
Other operating income	3.12	529	929
Personnel expense		-87	-62
Depreciation and amortization of intangible assets, property, plant and equipment		-3	-2
Depreciation of current assets		-1	-1
Other operating expenses	3.13	-811	-934
Operating result		**-322**	**98**
Income from investments	3.14	101	848
Write-downs of financial assets	3.15	-5	-440
Net interest expense	3.16	-147	-122
Income before taxes		**-373**	**384**
Extraordinary income		11	0
Extraordinary expense		-17	-16
Extraordinary loss	3.18	**-6**	**-16**
Income taxes	3.19	-46	-237
Net income/loss		**-425**	**131**
Profit carried forward from prior year	3.20	115	384
Withdrawal from revenue reserves		735	0
Net profit		**425**	**515**

Notes to the financial statements for fiscal 2011

1. Basis of preparation of the financial statements

1.1 General information

The annual financial statements for Evonik Industries AG, Essen (Germany) have been prepared in accordance with the accounting standards set out in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

To enhance clarity, some items have been combined in the balance sheet and income statement. These are stated separately in the notes.

The income statement has been drawn up using the total cost format.

Evonik Industries AG is a large stock company within the meaning of Section 267 Paragraph 3 of the German Commercial Code (HGB).

The strategic refocusing of the Evonik Group includes more direct management of the core chemicals business and speeding up existing decision-making lines by implementing a new corporate structure. To realize this, following a resolution taken on May 27, 2011, a plant management agreement was concluded between Evonik Industries AG and five subsidiaries effective August 1, 2011. Either party may terminate this agreement by giving three months notice to July 31 of any year, but not before July 31, 2012. Evonik Industries AG has also concluded similar agreements with four other companies, which become effective on April 1, 2012.

The plants are managed in the name of Evonik Industries AG. The relationship with the subsidiaries provides that management is performed for their account. Pursuant to Section 613a Paragraph 1 Sentence 1 of the German Civil Code (BGB), under an arrangement of this type, the employment contracts previously concluded by the company that owns the plants is transferred to the company that manages the plants. Effective August 1, 2011, employment contracts with 13,600 employees were transferred to Evonik Industries AG. The owner companies retain their direct obligations for employees whose contracts are not currently active.

As the owners of the plants, these companies remain the economic owners of the assets and liabilities of the plants, which they have to recognize in their financial statements in compliance with Section 246 Paragraph 1 Sentences 2 and 3 of the German Commercial Code (HGB). They thus retain the associated economic opportunities and risks. As the operator, Evonik Industries AG recognizes all liabilities entered into its name and capitalizes a claim for compensation from the owners of the plants.

As a result of this structure, the sales revenues shown on the income statement of Evonik Industries AG merely comprise fees for the management of these plants. All other income and expenses are allocated to the companies that own the plants and are recognized in their annual financial statements.

The fee charged for this is 5.0 percent of income from operations as within the meaning of Section 275 Paragraph Nos. 1-8 of the German Commercial Code (HGB), but at least 0.2 percent of the sales of the companies that own the plants within the meaning of Section 275 Paragraph 2 No. 1 of the German Commercial Code. For fiscal 2011 this has been calculated on a pro rata temporis basis. Sales contains the plant management fee of €27 million.

The plant management agreement details activities that do not fall within the scope of the agreement. These principally comprise:

- The purchase and sale of plants, components of plants, ancillary fittings and investments
- Commitments and fulfillment obligations relating to commercial property rights that are owned by the companies that own the plants
- Energy supply to the plants
- Authorization and registration of substance rights and the REACH Regulation
- Confidentiality agreements

With regard to these activities, companies continue to operate on their own name and for their own account, even after August 1, 2011.

Trust assets held on behalf of companies covered by the plant management agreement

Evonik Industries AG holds the following assets in trust on behalf of the companies covered by the plant management agreement. Essentially they comprise financial assets, inventories and trade accounts receivable.

Trust assets

Company	in € million
Evonik Degussa GmbH	6,182
Evonik Goldschmidt GmbH	259
Evonik Oxeno GmbH	225
Evonik Röhm GmbH	301
Evonik Stockhausen GmbH	186

Receivables, liabilities and provisions relating to the companies covered by the plant management agreement

The provisions and liabilities that have arisen under this agreement amount to €1,954 million. Under civil law, they are allocated to Evonik Industries AG. Receivables from affiliated companies contain corresponding compensatory claims on the companies covered by the plant management agreement.

The domination and profit-and-loss transfer agreement between Evonik Industries AG and Evonik Degussa GmbH was amended by an agreement dated December 17, 2010 which terminated the profit-and-loss transfer agreement with effect from year-end 2010 but upheld the domination agreement. The consequence of the domination agreement is an obligation to assume losses pursuant to Section 302 of the German Stock Corporation Act (AktG). On March 22, 2011 a one-year profit-and-loss transfer agreement was concluded between Evonik Industries AG and Evonik Degussa GmbH. This agreement will be extended by one year at a time unless notice of termination is given three months before the end of the fiscal year or it is terminated for cause.

The domination and profit-and-loss transfer agreement between Evonik Industries AG and Vivawest GmbH, Essen (Germany), formerly Evonik Immobilien GmbH, was revoked by an agreement dated December 13, 2011 with effect from midnight on December 31, 2011.

Following a resolution of the Executive Board on November 17, 2011, which was approved by the Supervisory Board on December 16, 2011, a profit-and-loss transfer agreement has been concluded between Evonik Industries AG and Evonik Oxeno GmbH, Marl (Germany). This took effect for tax purposes on January 1, 2012.

From January 1, 2008 Evonik Industries AG allocated general Group expenses among its subsidiaries and charged them for services. In fiscal 2011 fees for services amounted to €24 million. This amount is recognized in sales. The system of obtaining reimbursement for general Group expenses was discontinued as of January 1, 2011 (2010: €222 million recognized in other operating income).

1.2 Accounting and valuation principles

Purchased intangible assets are recognized at the cost of acquisition, including ancillary acquisition costs, and amortized on a straight-line basis over their estimated useful lives. Their useful life is between one and five years. Self-generated intangible assets are not capitalized.

Property, plant and equipment are valued at the cost of acquisition, including ancillary acquisition costs.

For assets added from fiscal 2010, only the straight-line depreciation method is used. For depletable assets included in property, plant and equipment, which were acquired in previous years, the depreciation method that resulted in the optimal tax position in the year of acquisition was selected. Depreciation is calculated on the basis of the following useful lives:

Factory fittings	20 years
Vehicles	6 years
IT systems	3 to 7 years
Factory and office equipment	5 to 13 years

Movable assets acquired in the reporting period are depreciated on a pro rata temporis basis from the month of acquisition using the straight-line method. Assets purchased for more than €150 but less than €1,000 are grouped in a collective item for the year. The cost of these collective items is depreciated in five equal installments in the year of creation and the following four years.

Write-downs are made for any decline in the value of assets that is expected to be lasting and goes beyond normal wear and tear.

Financial assets are recognized at cost of acquisition or, in the event of a decline in value that is expected to be lasting, at the lower fair value. Interest-free loans are recognized at present value.

Receivables and other assets are recognized at nominal value.

Special risks relating to receivables are recognized through write-downs.

In accordance with Section 253 Paragraphs 1 and 2 of the German Commercial Code (HGB), provisions for pensions and similar commitments are valued using the projected unit credit method. This method takes account of expected future salary and pension increases as well as pension obligations and accrued entitlements as of the reporting date. As in the previous year, the valuation is based on the biometric data in the 2005 G mortality tables published by Klaus Heubeck.

Actuarial methods are used to value provisions for pensions and non-current personnel-related provisions for phased retirement programs, early retirement, continued payment of salaries in the event of death and annual bonuses and the granting of annual vacation entitlements in the event of illness, anniversaries and some elements of employees' long-term accounts.

In application of the option provided for by Section 253 Paragraph 2 Sentences 2 and 3 of the German Commercial Code (HGB), these provisions are discounted over an assumed term of fifteen years using the average market interest rate for the past seven years. The discount rate used for this calculation was 5.14 percent (2010: 5.15 percent).

The table shows the assumptions used for the actuarial valuation of the obligations:

Actuarial valuation of the obligations

in %	2011
Future salary increases	2.50
Employee turnover	2.45
Future pension increases	2.00

Obligations relating to pension commitments are for company pensions. On November 2, 2011 the company paid €155 million to the pension trust Evonik Pensionstreuhand e.V., Essen (Germany) (2010: €6 million). thereby insuring some of the pension obligations to employees against insolvency. A total of €142 million paid in by the companies covered by the plant management agreement were offset so that they remain the economic owners of the assets and liabilities as set out in the section on the plant management agreement, and thus allow pension provisions to be offset in their balance sheets. As a result, pension provisions at the companies covered by the plant management agreement can be reduced accordingly and the resultant interest income from the pension assets can also be allocated to these companies.

In accordance with Section 246 Paragraph 2 Sentence 2 of the German Commercial Code (HBG) these assets were offset against the provisions of €941 million (2010: €109 million) for settlement of these obligations. €799 million is for the settlement of obligations of the operating companies under the plant management agreement with Evonik Industries. The fair value of the netted funded assets is €162 million (2010: €6 million), with €142 million of his relating to the plants managed by the company.

The historical cost of acquisition of the assets was €161 million (2010: €6 million). The market value was taken as the fair value corresponding to the fair values derived from the master fund as of December 30. In accordance with Section 268 Paragraph 8 of the German Commercial Code (HGB) there is a ban on the distribution of any fair value in excess of the cost of acquisition of pension assets, less the related deferred tax liabilities recognized in the balance sheet. This does not apply to the company as it has sufficient reserves

The company has established provisions for the full amount of top-up payments and termination benefits for employees on the German phased retirement plan or who have signed agreements to embark on this plan, plus pro rata provisions for their salary payments in the period in which they are not working.

Further, provisions have been established for potential use of the phased early retirement plan, based on a probable take-up rate of 60 percent.

Commitments relating to long-term accounts comprise two components. The first is an obligation to grant collectively agreed one-time payments and vacation during the period in which employees do not work, plus final company-financed benefits. This obligation is recognized in the financial statements through a provision. Entitlements to final company-financed benefits for which there is not yet a firm agreement are weighted by the probability of use. The second component comprises current amounts credited by employees to their personal long-term accounts, which are insured against insolvency through a contractual trust arrangement. This component is a securities-based commitment as defined by Section 253 Paragraph 1 Sentence 3 German Commercial Code (HGB). The obligations correspond to the fair value of the assets allocated amounting to €1 million (2010: €1 million). Pursuant to Section 246 Paragraph 2 Sentence 2 of the German Commercial Code (HGB), the assets that are designated as insolvency insurance for commitments on employee accounts are offset against these commitments. The historical cost of acquisition of the assets was €1 million. All assets were transferred to a segregated equity and bond fund at the lower of their carrying amount or fair value as of November 3, 2011. The asset valuations correspond to the fair values of this segregated fund, which is by Allianz, as of December 30, 2011.

The other provisions and tax provisions take adequate account of all identifiable risks and uncertain liabilities. The amounts allocated to provisions reflect the anticipated utilization of the provisions based on the amount required to settle the obligation. In accordance with Section 253 Paragraph 2 Sentence 1 of the German Commercial Code (HGB), provisions due in more than one year are discounted over their remaining term using the average market interest rate for the past seven years.

Deferred taxes were established in accordance with Section 274 Paragraph 1 of the German Commercial Code (HGB) for differences between the valuation of assets, liabilities and deferred income/deferred charges in the commercial accounts and the valuation used for tax purposes. These differences are expected to be settled in subsequent fiscal years. Tax loss carryforwards and interest carried forward are included in the calculation of deferred tax assets at the level at which they are expected to be offset in the next five years.

The tax rates used to calculate deferred taxes are those valid under current legislation or that have been announced as being applicable as of the date when the temporary differences will probably be settled. Such discrepancies between balance sheet valuations are valued using a company-specific tax rate of 31.2 percent (2010: 32.4 percent). This comprises 15 percent German corporation tax, a 5.5 percent solidarity surcharge on the corporation tax and 15.4 percent trade tax.

If a company forms part of a tax entity, deferred taxes are assigned to the controlling company (formal viewpoint).

If deferred tax assets exceed deferred tax liabilities, the option of recognizing the net deferred tax asset in accordance with Section 274 Paragraph 1 Sentence 2 of the German Commercial Code (HGB) is not utilized. If the net result is a tax liability, this is recognized on the balance sheet as a deferred tax liability. On the income statement, the change in deferred taxes is then shown separately under income taxes.

The bond and liabilities are recognized at nominal value or redemption value where this is higher.

Foreign currency assets and liabilities are recognized at the historical rates at the time of their initial recognition. Items with a remaining term of more than one year are subsequently valued using the imparity principle at the average spot rates on the reporting date. As a result, positive values are not recognized. Items with a remaining term of less than one year are valued at the average spot rate on the reporting date so positive values may also be included.

The valuation of receivables and liabilities from the cash pool, overnight funds, trade accounts receivable and payable, liquid assets and liabilities to banks are valued at the average spot rate.

Valuation units are formed by comparing the fair value of overnight funds with the fair value of the related hedged transaction. Where the difference is negative, a provision for pending losses is recognized.

2. Notes to the balance sheet
(in € million, except where stated otherwise)

2.1 Non-current assets

The breakdown of items combined in non-current assets and their development during the fiscal year are shown in the statement of non-current assets.

Write-downs of €1 million were made on intangible assets in fiscal 2011.

Amortization of intangible assets and depreciation of property, plant and equipment amounted to €2 million in fiscal 2011, as in the previous year.

Under the agreement concluded on December 18, 2010, Evonik Industries AG divested its 5.1 percent stake in STEAG GmbH, Essen (Germany), formerly Evonik STEAG GmbH, to KSBG Kommunale Beteiligungsgesellschaft GmbH & Co. KG, Essen (Germany) effective March 2, 2011. The divestment comprised the disposal of financial assets totaling €56 million. Under an indemnity agreement concluded by Evonik Industries AG with respect to RBV Verwaltungs-GmbH, Essen (Germany) dated December 16, 2010, Evonik Industries AG has assumed all risks associated with the sale of STEAG GmbH.

For information on the list of shareholdings of Evonik Industries AG, please refer to Note 31.

2.2 Receivables and other assets

			Dec. 31, 2011	Dec. 31, 2010
	Remaing term			
in € million	up to 1 year	more than 1 year	Gesamt	Gesamt
Receivables from affiliated companies	2,097	965	3,062	3,397
Other assets	88	6	94	26
Total	**2,185**	**971**	**3,156**	**3,423**

The breakdown of receivables due from affiliated companies:

in € million	Dec. 31, 2011	Dec. 31, 2010
Financial receivables	1,048	3,341
Other receivables	2,014	56
Total	**3,062**	**3,397**

Receivables from affiliated companies include reimbursement claims from plant management and receivables relating to profit transfers for the fiscal year from Vivawest GmbH and Evonik Risk and Insurance Services GmbH, Essen (Germany).

Other assets mainly comprise receivables from amounts that are tax-deductible and value-added tax credits.

2.3 Other securities

In fiscal 2011 some of the surplus liquidity was invested in securities. These were securities from issuers with high credit standing (avoidance of cluster risks), which are used for diversification and to avoid cluster risks.

As of September 1, 2011 Evonik Industries AG acquired all units in Deutsche Asset Management Treasury 1 Spezialfonds. This segregated investment fund is used to reduce risk and diversify the liquid assets of Evonik Industries AG. It invests principally in bonds and Pfandbriefe with short maturities. As of December 31, 2011 the value of these units was €352 million, which was €2 million above the cost of acquisition. No profit distribution was made in fiscal 2011. The units in the segregated fund can be redeemed at any time. There is a de facto restriction on the ability to redeem fund units comprising the ability to sell the securities held by the fund, which normally takes a few working days.

2.4 Liquid assets

Liquid assets comprise cash on hand, credit balances with banks and highly liquid money market investments.

2.5 Issued capital

The company's issued capital amounts to €466,000,000.00. and is divided into 466,000,000 no-par bearer shares.

At an Extraordinary Shareholders' Meeting on December 13, 2011, the Executive Board was authorized to increase the company's capital stock, with the approval of the Supervisory Board by up to €4,660,000.00 by issuing new no-par bearer in return for cash or capital contributions up to September 26, 2016. This authorization may be utilized in full or in one or more installments. Subscription rights for shareholders are excluded. The new shares may only be used to grant shares to employees of Evonik Industries AG and affiliated companies over which it exercises control (employee stock offering). The new shares may also be issued to a bank or other company that meets the requirements of Section 186 Paragraph 5 Sentence 1 of the German Stock Corporation Act (AktG), providing such bank or company assumes the shares in conjunction with an obligation to use them solely for use for employee stock offerings. Insofar as legally permissible, shares for employee stock offerings may also be issued out of reserves covered by part of the net income that the Executive Board and Supervisory Board are authorized under Section 58 Paragraph 2 of the German Stock Corporation Act (AktG) to allocate to other revenue reserves. Employee shares may also be procured by a bank or other company that meets the requirements of Section 186 Paragraph 5 Sentence 1 of the German Stock Corporation Act through securities loans and the new shares may be used to repay the securities loans. Further, the Executive Board is authorized, with the approval of Supervisory Board, to set the content of the rights conferred by the shares and the conditions for the share issue.

The Executive Board was instructed that the corresponding change to the Articles of Incorporation should not be notified to the commercial register until immediately after the start of trading in the company's shares on the regulated market at the Frankfurt Stock Exchange. The change does not become effective until it has been entered in the commercial register.

2.6 Capital reserve

The capital reserve of €720 million results from additions pursuant to Section 272 Paragraph 2 No. 4 of the German Commercial Code (HGB).

2.7 Revenue reserves

This balance sheet item contains the statutory reserve totaling €47 million. The other revenue reserves amounted to €2,591 million as of December 31, 2011 (2010: €3,326 million).

The change in revenue reserves was due to withdrawals totaling €735 million.

2.8 Equity

The company's equity amounts to €4,249 million (2010: €5,074 million).

The Executive Board will propose to the Annual Shareholders' Meeting that the net profit of Evonik Industries AG amounting to €425 million should be used to pay a dividend to the shareholders.

2.9 Provisions

in € million	Dec. 31, 2011	Dec. 31, 2010
Provisions for pensions and similar obligations	**780**	**103**
Provisions for taxes	222	159
Other provisions	**958**	**120**
of which		
- personnel -related	621	31
- miscellaneous	337	89
Total	**1,960**	**382**

In connection with the new corporate structure, provisions of €1,368 million were transferred to the company from the operating companies under the plant management agreement. €656 million of this amount comprised provisions for pensions, €577 million comprised personnel-related provisions and €135 million comprised miscellaneous provisions.

At the same time, a compensatory claim against the owners of the plants was capitalized.

Provisions for taxes contain appropriate amounts for fiscal years for which tax assessments have not yet been finalized.

Other provisions contains a provision for various risks relating to the divestment of the stake in STEAG GmbH to cover a range of guarantee risks in connection with the release and operation of the coal-fired power plant in Duisburg (Walsum 10). Further, this item includes, among other things, provisions for restructuring, pending litigation, discounts and rebates, and provisions for impending liabilities from pending transactions.

€1,197 million of the total provisions (2010: €118 million) relates to components due in more than one year.

2.10 Liabilities

	Dec. 31, 2011				Dec. 31, 2010
	Remaining term				
in € million	up to 1 year	more than 1 and up to 5 years	more than 5 years	Total	Total
Bonds	0	750	0	750	750
Liabilities to banks	29	82	0	111	228
Trade accounts payable	336	0	0	336	16
Liabilities to affiliated companies	6,279	4	32	6,315	7,054
Other liabilities	40	44	0	84	31
of which taxes	16	0	0	16	1
of which for social securitiy	2	0	0	2	0
	6,684	**880**	**32**	**7,596**	**8,079**
Prior year	6,889	1,158	32	8,079	

In October 2009 the company issued a €750 million bond with a coupon of 7 percent p.a. and a maturity of 5 years. The issue price was 99.489 percent. In 2010 liabilities to banks included two promissory notes. The €92 million promissory note with variable interest rates was repaid in 2011. The remaining promissory note totaling €82 million has a fixed interest rate and a residual term of 13 months.

Trade accounts payable include payables to suppliers totaling €320 million transferred to Evonik Industries AG through the agreement on plant management.

The breakdown of liabilities to affiliated companies:

in € million	Dec. 31, 2011	Dec. 31, 2010
Financial liabilities	6,006	6,928
Trade accounts payable	240	9
Other liabilities	69	117
Total	**6,315**	**7,054**

Liabilities to affiliated companies include loans to RÜTGERS GmbH, Essen (Germany) and RCIV Vermögensverwaltungs-GmbH, Essen (Germany) and liabilities relating to cash pooling and short-term time deposits, for example, with Evonik Specialty Organics Ltd., Milton Keynes (UK), Evonik Degussa GmbH, Evonik Röhm GmbH, Darmstadt (Germany), Evonik Oxeno GmbH, Marl (Germany), Infracor GmbH, Marl (Germany), Evonik International Holding B.V., Amsterdam (Netherlands) and Evonik Oxeno Antwerpen N.V., Antwerp (Belgium). Further, this item includes liabilities to affiliated companies totaling €229 million in connection with the plant management arrangements, value-added tax invoiced for the tax entity, imputable taxes, other liabilities for the assumption of losses under profit-and-loss transfer agreements and the reimbursement of expenses.

Other liabilities contain liabilities of €37 million relating to plant management, liabilities for the payment of wage tax and liabilities to non-banks relating to promissory notes (€10 million). Further, it includes liabilities relating to profit-participation rights amounting €34 million issued by Evonik Industries AG under the profit participation plans 2008 through 2011, to which eligible employees within the Group were able to subscribe. The nominal value of each right is €1. In 2011, employees subscribed to 14,524,778 rights. In the previous year, they purchased 11,903,822 rights. A discount of €0.50 was granted on the first 270 rights. Every further right up to the nominal subscription ceiling of €4,135 can be purchased for €1.

3. Notes to the income statement

(in € million, except where stated otherwise)

3.11 Sales

Sales comprise fees from service agreements with subsidiaries amounting to €24 million (2010: €168 million). Further, plant management fees of €27 million are included for the first time. The year-on-year decline is principally attributable to newly negotiated service agreements.

3.12 Other operating income

in € million	2011	2010
Proceeds from the disposal of assets	10	0
General expense allocation among Group companies	0	222
Invoicing of rental costs	13	16
IT licences	12	12
Invoicing of consulting and M&A project costs	1	2
Miscellaneous costs passed through to Group companies	1	1
Income from the sale of securities	0	3
Currency translation gains	456	646
Income from project expenses passed through to Group companies	9	0
Miscellaneous operating income	6	5
Income relating to other periods:		
Income from the reversal of provsions	21	22
Total	**529**	**929**

The currency translation gains of €456 million are recognized gross in compliance with the ban on netting imposed by Section 246 Paragraph 2 of the German Commercial Code (HGB). Currency translation losses amounted to €404 million. Economically, these two items comprise a single unit. In a net view, the overall result would have been a net gain of €52 million.

3.13 Other operating expenses

in € million	2011	2010
Corporate services	85	73
Expenses for additions to provisions	172	32
Legal and consulting expenses	40	29
Rental costs	13	16
IT expense	18	13
Currency translation losses	404	679
Miscellaneous operating expenses	79	92
Total	**811**	**934**

The currency translation losses of €404 million are recognized gross in compliance with the ban on netting imposed by Section 246 Paragraph 2 of the German Commercial Code (HGB). Exchange gains amounted to €456 million. Economically, these two items comprise a single unit. In a net view, the overall result would have been a net gain of €52 million.

3.14 Income from investments

in € million	2011	2010
Income from profit-and-loss transfer agreements	103	884
Expenses for the assumption of losses	-2	-36
Total	**101**	**848**

The reduction in income from profit-and-loss transfer agreements was mainly due to the fact that there was no profit transfer from Evonik Degussa GmbH in fiscal 2011.

Further, income from profit-and-loss transfer agreements was reduced by the revocation of the domination and profit-and-loss transfer agreement with STEAG GmbH under an agreement concluded on December 17/21, 2010.

The profit transferred by Vivawest GmbH increased from €30 million to €102 million (including tax allocations).

The expenses for the assumption of losses relate to the profit-and-loss transfer agreement with Evonik Services GmbH, Essen (Germany) and amounted to €2 million including tax allocations (2010: €36 million).

Further, income from investments includes income of €6 million (2010: €155 million) from German corporation tax and trade tax allocations paid by various companies included in the same tax entity as Evonik Industries AG.

3.15 Write-downs of financial assets

Write-downs of financial assets totaled €5 million (2010: €440 million).

This amount resulted from the write-down of the affiliated company RBV Verwaltungs-GmbH, Essen (Germany) to its fair value.

3.16 Net interest expense

in € million	2011	2010
Income from other securities and loans included in non-current financial assets	5	2
of which from affiliated companies	0	2
Orther interest and similar income	55	71
of which interest on provisions	4	0
of which from affiliated companies	38	66
Interest and similar expense	-207	-195
of which for interest on provisions	-6	-8
of which due to affiliated companies	-113	-92
Total	**-147**	**-122**

The change in interest relating to pensions and personnel-related commitments is included in interest and similar expense. Current income from pension fund assets was offset against interest and other expenses.

3.17 Deferred taxes

If a company forms part of a tax entity, deferred taxes are assigned to the controlling company (formal viewpoint). As a result of a change in the domination and profit-and-loss transfer agreement between Evonik Industries AG and Vivawest GmbH, which took effect at midnight on December 31, 2011, Vivawest GmbH is now an independent taxable entity. Consequently, Evonik Industries AG no longer recognizes deferred taxes relating to Vivawest GmbH.

As a result of the resolution by the Executive Board to conclude a profit-and-loss transfer agreement between Evonik Industries AG and Evonik Oxeno GmbH, the deferred taxes relating to this company are recognized by Evonik Industries AG.

Tax-relevant temporary differences relating to property, plant and equipment are offset against tax-deductible temporary differences relating to other provisions. In accordance with Section 274 Paragraph 1 Sentence 2 of the German Commercial Code (HGB), any net deferred tax assets relating to temporary differences are not capitalized.

3.18 Extraordinary loss

in € million	2011	2010
Extraordinary income	11	0
Extraordinary expense	-17	-16
Extraordinary loss	**-6**	**-16**

The extraordinary expense of €17 million comprised expenses of €11 million for preparations for the planned stock exchange listing and further expenses of €6 million in connection with the planned stock exchange listing. The extraordinary income resulted from the reimbursement of expenses for preparations for the planned stock exchange listing under the agreement with the company's shareholders on the assumption of these costs concluded on August 12, 2011.

3.19 Income taxes

The current tax expense amounting to €46 million comprises corporation tax of €29 million (2010: €107 million) and trade tax for prior years amounting to €17 million (2010: €130 million). The trade tax expense includes reimbursements for trade tax relating to prior years totaling €13 million.

3.20 Profit carried forward

in € million	2011
Net income 2010	131
Profit carried forward 2010	384
Dividend 2010	-400
Profit carried forward from previous year	**115**

4. Other disclosures

4.21 Further information on the reporting period

Personnel expense

in € million	2011	2010
Wages and salaries	61	53
Social security and expenses for pensions and similar obligations of which for pensions	26 21	9 5
Total	**87**	**62**

The employees transferred to the company effective August 1, 2011 did not result in a change in personnel expense as the operating companies are still economically responsible for them.

Average number of employees during the year

	2011	2010
Exempt employees	1,477	193
Other employees	4,876	57
Apprentices	394	0
Total	**6,747**	**250**

As of December 31, 2011 the company had 13,236 employees.

Auditors’ fees

Pursuant to Section 285 No. 17 of the German Commercial Code (HGB), no information is given on the auditors’ fees as these are included in the consolidated financial statements of Evonik Industries AG.

4.22 Contingent liabilities

in € million	Dec. 31, 2011	Dec. 31, 2010
Guarantee obligations	97	146
of which to be benefit of affiliated companies	96	145
Obligations under indemnity guarantees	527	587
of which to be benefit of affiliated companies	507	585
Total	**624**	**733**

As part of its Group financing activities, Evonik Industries AG provides banks with guarantees and indemnities in respect of companies in the Evonik Group. Further, Evonik Industries AG has provided guarantees and indemnities for possible obligations of Group companies towards third parties. The reduction in the overall volume of contingent liabilities was essentially due to the derecognition of the energy companies from the Evonik Group. These companies have assumed liability for the related obligations.

With the exception of one contentious withdrawal of €12 thousand, no guarantees or indemnities have been utilized since the establishment of Evonik Industries AG. All guarantees and indemnities are continuously monitored by the Accounting and Corporate Finance departments. They are provided exclusively to assure the activities of Group companies.

Credit insurance guarantees totaled €316 million and are examined as part of the monthly financial reporting and liquidity planning process. The liquidity of the subsidiaries in the Evonik Group is ensured through a uniform corporate financing strategy, so utilization is not likely.

Contract fulfillment guarantees amounted to €202 million. Group companies are required to meet the contractual obligations they have entered into. Controlling of contracts at individual companies ensures ongoing monitoring so utilization of these guarantees is not probable.

Contract fulfillment guarantees relating to the guarantee obligations and indemnity guarantees of Evonik Industries AG and guarantees relating to credit balances for the phased early retirement plan under the statutory insolvency requirements for Evonik Degussa GmbH. These credit balances are covered by bank guarantees that are renewed every six months and cover the maximum balance in the relevant period. The level of these bank guarantees is based on the companies included in the guarantees and the forecast data on the number of employees to be covered by the guarantees. The trustee for this guarantee model for the phased early retirement plan is Deutsche Treuinvest-Stiftung, Frankfurt am Main (Germany). As of December 31, 2011, the guarantee totaled €196 million.

Guarantees for advance payments totaled €3 million. Companies in the Group meet obligations relating to trade accounts as set out in the corresponding agreements, so these guarantees are not expected to be drawn.

There are also a few other guarantees amounting to €103 million. Since these are managed by the responsible specialist departments, especially the Legal division, it is assumed that they will not be utilized.

4.23 Other financial obligations

as of December 31 in € million	2011
Commitments arising from rental and leasing agreements	
due in 2012	14
due in 2013	13
due in 2014	13
due in 2015	13
due in 2016	13
due after 2016	38
	104
of which due to affiliated companies	0
Purchase commitments in connection with capital expenditures	0
Total	**104**
Commitments under long-term offtake agreements	
due in 2012	29
due in 2013	7
due in 2014	7
due in 2015	2
due in 2016	1
due after 2016	3
Total	**49**
of which due to affiliated companies	4

4.24 Derivative financial instruments

In the course of its business, Evonik Industries AG is exposed to currency and interest rate risks. Financial derivatives are used to reduce or eliminate these risks. They are used to hedge foreign currency receivables and liabilities and the expected refinancing of the bond in 2013. Financial derivatives contracts are only concluded with banks and trading institutions with first-class credit standing within fixed limits. Only customary market instruments with sufficient liquidity are used. Consequently, the company has no material credit risks.

In fiscal 2011, forward exchange rate agreements were used to hedge currency risks and an interest rate swap was used to hedge interest rate risks.

For the annual financial statements, all derivative financial instruments are measured at fair value. The fair value shows the result that would have been obtained by closing out the derivative as of the reporting date, without taking the underlying (hedged) item into account. As a result of market volatility, the fair value of derivative financial instruments on the reporting date may vary considerably from their current realizable value. The fair value of forward exchange rate contracts is calculated on the basis of the spot price on the balance-sheet date and a premium or discount is then applied for the exchange rate agreed in the contract. The interest rate swap is valued by discounting future cash flows.

Fair values are recognized using the imparity principle: Negative fair values are recognized as provisions for anticipated losses unless they are included in a valuation portfolio or form a valuation unit with corresponding underlying transactions. Under its currency hedging policy, Evonik Industries AG has passed on some forward exchange rate contracts concluded with subsidiaries to banks on a back-to-back basis and grouped some to form a currency portfolio. The amount remaining after internal netting is closed out with banks. Forward exchange rate contracts concluded with banks on a back-to-back basis and the corresponding counter-transactions with subsidiaries are combined in valuation units through macro hedges. These are presented as net hedges so the valuation result is low. The critical terms match method is used to determine the effectiveness of the hedging relationship and the average term of the derivatives is less than one year. In addition, Evonik Industries AG establishes currency portfolios for those transactions that are not passed on through other transactions. As of December 31, 2011, provisions for anticipated losses totaling €6 million were established for negative balances on these currency portfolios and the negative fair values of forward exchange rate agreements for which no counter-transaction was recognized on the balance sheet. The amounts relating to the establishment of these provisions are shown in other operating expense.

The following hedged items (underlyings) were included in valuation units:

in € million	
Assets	2,130
Liabilities	170
Total	2,300

In addition, the interest rate swap entered into to hedge the expected refinancing of the bond was included in a valuation unit as a micro hedge. This is presented as a net hedge and the effectiveness of the hedging relationship is determined using the critical terms match method. No provisions for anticipated losses had to be recognized as of December 31, 2011.

As of the reporting date, Evonik Industries AG had the following derivative financial instruments to hedge interest rate and currency risks:

Interest rate and currency risks

	Notional value < 1 year		Notional value > 1 year		Fair value	
in € million	Dec. 31, 2011 External	Dec. 31, 2011 Intragroup	Dec. 31, 2011 External	Dec. 31, 2011 Intragroup	Dec. 31, 2011 Positive	Dec. 31, 2011 Negative
Forward exchange rate agreements	3,107	1,947	36	5	109	148
Interest rate swaps	-	-	50	-	-	0

4.25 Performance-related remuneration – Long-Term Incentive Plan

Evonik's remuneration system comprises a basic salary, short-term incentives and long-term components, the Long-Term Incentive Plan for members of the Executive Board and executives of the Evonik Group (Evonik LTI Plan) and a Long-Term Incentive Plan for executives of the former Evonik Degussa Group (Evonik Degussa LTI Plan). The value of these LTI Plans is not linked to the development of shares in the company. Instead it is calculated on the basis of defined business indicators.

Evonik LTI Plan for the Executive Board

The Evonik LTI Plan was granted to members of the Executive Board by the Supervisory Board of Evonik Industries AG for the first time in 2008. This LTI Plan comprises a five-year performance period, starting on January 1 of the year in which it is granted. The intrinsic value of the plan depends on how the fictitious equity value of Evonik derived from EBITDA develops over the performance period.

The reference base for calculating the increase in value is the fictitious equity value as of December 31 of the year prior to its granting. The actual increase versus this reference base is compared with the mid-term plan approved by the Supervisory Board of Evonik Industries AG in the year in which the plan is granted. Assuming that after five years this reaches or exceeds the fictitious equity value set in the mid-term planning within a defined percentage range, a cash payment is made under the LTI Plan. The level of this payment is based on an individual target and the relationship between the actual and planned target attainment. The first payment for serving members of the Executive Board will be in 2013. For members who leave the Executive Board before expiry of the five-year period, a three-year qualifying period is applied. Accordingly, in 2011 payments totaling €2 million under the LTI Plan 2008 were due and paid to former members of the Executive Board who stepped down in 2008 and 2009. As of December 31, 2011 a provision of €4 million had been established for the Evonik LTI Plans for 2008 through 2011. The prior-year values were reported with the LTI Plan for Group executives as of December 31, 2010.

Evonik LTI Plan for Group executives

Evonik Industries AG granted the Evonik LTI Plan to executives nominated by the Executive Board for the first time in 2008. This LTI Plan comprises a three-year performance period, starting on May 1 on the year on which it is granted. The intrinsic value of the plan depends on how the fictitious equity value of Evonik derived from EBITDA develops over the performance period. From 2010 attainment of the mid-term EVA® budget was added as an additional target.

The reference base for calculating the increase in value is the fictitious equity value as of December 31 of the year prior to its granting. The actual increase versus this reference base is compared with the mid-term plan approved by the Supervisory Board of Evonik Industries AG in the year in which the plan is granted. Assuming that this reaches or exceeds the fictitious equity value set in the mid-term planning within a defined percentage range, a cash payment is made under the LTI Plan. The level of this payment is based on an individual target and the relationship between the actual and planned target attainment.

Under the conditions for the 2008 tranche of the LTI Plan, regular rights totaling €8 million were exercised in 2011. In addition, the conditions for a change of control applied for Group executives in the former Energy Business Area. As a result, the eligible executives received pro rata payments for the LTI Plans for 2008 through 2010 totaling €2 million.

As of the reporting date a provision of €24 million had been established for the Evonik LTI Plans 2011 through 2010 (2010: €24 million including the LTI Plan for the Executive Board).

Evonik Degussa LTI-Plan

Under the Evonik Degussa LTI Plan, performance options were granted to the members of the Board of Management of Evonik Degussa GmbH and around 190 executives at the former Evonik Degussa Group for 2003 through 2006. The indicators for this LTI Plan were the ROCE and EBITDA of Evonik Degussa. Since consolidated financial statements for Evonik Degussa were last prepared in 2007, these indicators were determined by approximation.

The table shows the number of performance options allocated under the Evonik Degussa LTI Plans between 2003 and 2006:

LTI-Plans

in €	LTI-Plan 2003	LTI-Plan 2004	LTI-Plan 2005	LTI-Plan 2006
As of December 31, 2010	0	0	0	95,687
Exercised	0	0	0	-95,687
As of December 31, 2011	**0**	**0**	**0**	**0**

A five-year period was defined as the term of each tranche of the LTI Plan from 2003 through 2006. This comprised an initial lock-up period of two years, during which the performance options could not be exercised, followed by a three-year exercise period with four exercise windows. The LTI Plans for 2003, 2004, 2005 and 2006 have now expired.

Exercise of the performance options was contingent upon achievement of a specific ROCE target for Evonik Degussa. If ROCE exceeded this hurdle, the number of options that could be exercised rose in line with ROCE. The formula used to calculate this was based on the weighted average cost of capital (WACC) of Evonik Degussa and was defined separately for each tranche of the LTI Plan.

EBITDA was used to calculate the value of the options eligible for exercise. The performance options only had an intrinsic value if the increase in EBITDA at Evonik Degussa was at least in line with the average EBITDA performance of the defined peer group companies. If EBITDA exceeded this level, the value of the options rose in line with the amount by which Evonik Degussa outperformed the peer group.

In 2010, the provision for the LTI Plan was €7 million. In the last exercise window for the 2006 LTI Plan, rights could be exercised in full and the provision recognized in 2010 was utilized.

4.26 Related parties

in € million

Type of related party	Interest income	Interest expense	Rental income	Income from costs passed through	Reimbur-sement of project costs	Reimbur-sement of costs and other ex-pendes	Plant ma-nagement fees	Time de-posit in-vestments	Contingent liabilites	Other fi-nancial commit-ments
	Type of transaction									
Investments	1	1	1	2	1					
Associated companies	33	80	11	18	8	36	27		603	4
Other related parites					11					
Pubilc sector corporations								50		

For information on income and expenses relating to profit-and-loss transfer agreements with subsidiaries, please see Note 14.

The presentation includes all material transactions with related parties. Under the German Commercial Code, the provisions of IAS 24 are used to define related parties. Due to the revision of IAS 24, the Federal Republic of Germany and the federal states of North Rhine-Westphalia and Saarland have been defined as related parties since January 1, 2011

4.27 Members of the Executive Board and Supervisory Board

Members of the Executive Board

Dr. Klaus Engel, Mülheim an der Ruhr
Chairman

Dr. Wolfgang Colberg, Ratingen
Chief Financial Officer
Energy companies
Evonik Business Services

Dr. Thomas Haeberle, Einhausen
(from April 1, 2011)
Resource Efficiency

Thomas Wessel, Herten
(from September 1, 2011)
Chief Human Resources Officer
Real estate companies
Site Services

Patrik Wohlhauser, Kelkheim
(from April 1, 2011)
Consumer, Health & Nutrition

Dr. Dahai Yu, Shanghai
(from April 1, 2011)
Specialty Materials

The following gentleman left the Executive Board during the fiscal year:

Ralf Blauth, Marl
Chief Human Resources Officer
Real estate companies

Members of the Supervisory Board

Wilhelm Bonse-Geuking, Essen
Chairman
Chairman of the Executive Board of RAG-Stiftung

Werner Bischoff, Monheim
Deputy Chairman
Former member of the National Executive of the Mining, Chemical and Energy Industrial Union (IG BCE)

Günter Adam, Freigericht
Deputy Chairman of the Central Works Council of Evonik Industries AG

Dr. Peter Bettermann, Weinheim
Spokesman for the management of Freudenberg & Co. KG

Dr. Hans Michael Gaul, Düsseldorf
Former member of the Management Board of E.ON AG

Stephan Gemkow, Overath
Member of the Board of Management of Deutsche Lufthansa AG

Ralf Giesen, Hanover
Secretary to the Board of the Mining, Chemical and Energy Industrial Union (IG BCE)

Ralf Hermann, Herten
Chairman of the Central Works Council of Evonik Industries AG

Professor Wolfgang A. Herrmann, Freising
President of Munich Technical University

Dieter Kleren, Wesseling
(from August 1, 2011)
Chairman of the Works Council for the Wesseling facilities

Steve Koltes, St. Moritz (Switzerland)
Managing Director of CVC Capital Partners (Luxembourg) S.à r.l.

Rainer Kumlehn, Hochheim
District Secretary of the Hesse-Thuringia Section of the Mining, Chemical and Energy Industrial Union (IG BCE)

Dr. Siegfried Luther, Gütersloh
Former CFO of Bertelsmann AG

Jürgen Nöding, Duisburg
Chairman of the Central Works Council of Evonik Services GmbH

Norbert Pohlmann, Essen
(from August 1, 2011)
Chairman of the Works Council for the Goldschmidtstraße facilities

Dr. Wilfried Robers, Gescher
Chairman of the General Senior Staff Committee of Evonik Industries AG

Christian Strenger, Frankfurt am Main
Former spokesperson for the management of DWS Investment GmbH

Ulrich Terbrack, Reinheim
(from March 12, 2011)
Deputy Chairman of the Central Works Council of Evonik Industries AG

Dr. Volker Trautz, Munich
Former Chairman of the Management Board of LyondellBasell Holdings B.V.

Dr. Christian Wildmoser, Savigny (Switzerland)
Managing Director of CVC Capital Partners Switzerland GmbH

The following members left the Supervisory Board during the fiscal year:

Horst Rohde, Datteln
Deputy Chairman of the Combined Works Council of Evonik Industries AG
(until March 2, 2011)

Konrad Oelze, Essen
Deputy Chairman of the Combined Works Council of Evonik Degussa GmbH
(until July 31, 2011)

Rainer Schankweiler, Essen
Deputy Chairman of the Working Group of the Works Councils of Evonik Immobilien GmbH
(until July 31, 2011)

4.28 Total remuneration of the Executive Board and Supervisory Board

Remuneration paid to the members of the Executive Board for their work in 2011 amounted to €10,523,444.57 (2010: €8,032,275.06). In 201l provisions for bonus payments for Executive Board members for the previous year amounting to €112,000.00 were utilized. Total remuneration for former members of the Executive Board was €674,103.56 in 2011 (2010: €665,662.00).

As of the reporting date €17,900,793.00 (2010: €12,048,580.00) was allocated to provisions for pension obligations to former members of the Executive Board.

The remuneration of the Supervisory Board for 2011 totaled €2,198,666.66 (2010: €2,126,000.00).

4.29 Notifications pursuant to § 20 of the German Stock Corporation Act (AktG)

On January 8, 2008 RAG-Stiftung submitted notification pursuant to Section 20 Paragraph 4 of the German Stock Corporation Act that it directly holds a majority of the capital stock of Evonik Industries AG.

Gabriel Acquisitions GmbH, Gadebusch (Germany) notified Evonik Industries AG on September 15, 2008 pursuant to Section 20 Paragraphs 1 and 3 of the German Stock Corporation Act that it directly holds more than a quarter of the shares in Evonik Industries AG.

Further, on September 15, 2008 the following companies submitted notification that—through their investment in Gabriel Acquisitions—they indirectly hold more than a quarter of the shares in Evonik Industries AG pursuant to Section 20 Paragraph 1 of the German Stock Corporation Act:

Gabriel Investments S.à r.l., Gabriel Holdings S.à r.l., Clear Vision Capital Fund SICAV-FIS S.A., all of Luxembourg (Luxembourg) and

CVC European Equity Partners Tandem (A) L.P., CVC European Equity Partners Tandem (B) L.P., CVC European Equity Partners Tandem (C) L.P., CVC European Equity Partners V (A) L.P., CVC European Equity Partners V (B) L.P., CVC European Equity Partners V (C) L.P., CVC European Equity Partners V (D) L.P., CVC European Equity Partners V (E) L.P., all of George Town (Grand Cayman, Cayman Islands) and

CVC Nominees Limited, CVC European Equity V Limited, CVC European Equity Tandem GP Limited, CVC Capital Partners Finance Limited, CVC Capital Partners Advisory Company Limited, all of St. Helier (Jersey, Channel Islands).

4.30 Inclusion in the consolidated financial statements of RAG-Stiftung

RAG-Stiftung, Essen (Germany) is the parent company of Evonik Industries AG, and prepares the consolidated financial statements for largest and smallest groups of companies. The consolidated financial statements are published in the electronic Federal Gazette.

The consolidated financial statements for Evonik Indutries AG are also published in the electronic Federal Gazette.

4.31 List of shareholdings

SUBSIDIARIES

Consolidated subsidiaries Germany

	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
1	Aachener Bergmannssiedlungsgesellschaft mbH	Hückelhoven	100	2011	23	7*
2	AQura GmbH	Hanau	100	2011	2	-1*
3	ASTA Medica GmbH	Essen	100	2011	215	5
4	Bauverein Glückauf GmbH	Ahlen	94.9	2011	11	0*
5	BHS Liegenschaften GmbH & Co. KG	Peißenberg	100	2011	2	1
6	BHS Liegenschaften Verwaltungs-GmbH	Peißenberg	100	2011	0	0
7	BHS Projektentwicklungs-GmbH & Co. KG	Peißenberg	100	2011	0	0
8	BK-Wolfgang-Wärme GmbH	Hanau	100	2011	2	0
9	CyPlus GmbH	Hanau	100	2011	53	8*
10	EBV Gesellschaft mit beschränkter Haftung	Hückelhoven	100	2011	86	25*
11	Evonik Beteiligungs-GmbH	Frankfurt am Main	100	2011	1	0*
12	Evonik Chempower GmbH	Essen	100	2011	0	0
13	Evonik Degussa GmbH	Essen	100	2011	4,241	1,471
14	Evonik Degussa Immobilien GmbH & Co. KG	Marl	100	2011	154	20
15	Evonik Degussa Immobilien Verwaltungs-GmbH	Marl	100	2011	0	0
16	Evonik Goldschmidt GmbH	Essen	100	2011	128	91*
17	Evonik Goldschmidt Rewo GmbH	Steinau an der Straße	100	2011	4	7
18	Evonik Gorapur GmbH	Wittenburg	100	2011	1	1*
19	Evonik Litarion GmbH	Kamenz	100	2011	8	-7*
20	Evonik Oxeno GmbH	Marl	100	2011	39	278*
21	Evonik Peroxygens GmbH	Essen	100	2011	10	2*
22	Evonik Peroxygens Holding GmbH	Essen	100	2011	-22	0
23	Evonik Persalze GmbH	Essen	100	2011	2	1
24	Evonik Polymer Technologies GmbH	Wörth am Main	100	2011	-1	-2*
25	Evonik Projekt-Beteiligungs-GmbH & Co. KG	Essen	99	2011	344	0
26	Evonik Projekt-Beteiligung Verwaltungs-GmbH	Essen	100	2011	0	0
27	Evonik Risk and Insurance Services GmbH	Essen	100	2011	1	2*
28	Evonik RohMax Additives GmbH	Darmstadt	100	2011	31	28*
29	Evonik Röhm GmbH	Darmstadt	100	2011	170	134*
30	Evonik Services GmbH	Essen	100	2011	2	-1*
31	Evonik Stockhausen GmbH	Krefeld	100	2011	128	27*
32	Evonik Technochemie GmbH	Dossenheim	100	2011	10	8
33	Evonik Tego Chemie GmbH	Essen	100	2011	1	34*
34	Evonik Wohnen GmbH	Essen	100	2011	3	11*
35	Goldschmidt ETB GmbH	Berlin	100	2011	1	0*
36	Goldschmidt SKW Surfactants GmbH	Essen	100	2011	25	6
37	hanse chemie AG	Geesthacht	100	2011	10	4
38	Haus Vogelsang GmbH	Essen	100	2011	5	0

Consolidated subsidiaries Germany

	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
39	HD Ceracat GmbH	Frankfurt am Main	100	2011	0	0
40	Heinrich Schäfermeyer GmbH	Hückelhoven	100	2011	10	9*
41	Hüls Service GmbH	Marl	100	2011	0	0*
42	Industriepark Wolfgang GmbH	Hanau	100	2011	4	5*
43	Infracor GmbH	Marl	100	2011	67	14*
44	Infracor Lager- und Speditions-GmbH	Marl	100	2011	1	0*
45	KMV Vermögensverwaltungs-GmbH	Marl	100	2011	12	0
46	Li-Tec Battery GmbH	Kamenz	50.1	2011	13	-26
47	Lünener Wohnungs- und Siedlungsgesellschaft mbH	Lünen	100	2011	28	2*
48	Mönch-Kunststofftechnik GmbH	Bad König	100	2011	1	3*
49	Nanoresins AG	Geesthacht	100	2011	1	-1
50	R & B Industrieanlagenverwertung GmbH	Essen	100	2011	2	0
51	RBV Verwaltungs-GmbH	Essen	100	2010	234	-6
52	RCIV Vermögensverwaltungs-GmbH	Essen	100	2011	35	0
53	Rhein Lippe Wohnen GmbH	Duisburg	100	2011	122	24*
54	RHZ Handwerks-Zentrum GmbH	Gladbeck	100	2011	2	-1
55	RIAG Immobilienverwaltung GmbH	Essen	100	2011	3	1*
56	RÜTGERS Dienstleistungs-GmbH	Essen	100	2011	2	0
57	RÜTGERS GmbH	Essen	100	2011	387	-13
58	RÜTGERS Rail Verwaltungs GmbH	Essen	100	2011	50	0
59	Siedlung Niederrhein GmbH	Dinslaken	100	2011	43	3*
60	Stockhausen Unterstützung-Einrichtungs GmbH	Krefeld	100	2011	0	0
61	Th. Goldschmidt-Fürsorge GmbH	Essen	100	2011	0	0
62	Vivawest GmbH	Essen	100	2011	339	94
63	Walsum Immobilien GmbH	Duisburg	94.9	2011	25	4*
64	Westgas GmbH	Marl	100	2011	8	6
65	Wohnbau Auguste Victoria GmbH	Marl	100	2011	34	6*
66	Wohnbau Westfalen GmbH	Dortmund	100	2011	80	15*
67	Wohnungsbaugesellschaft mbH „Glückauf"	Moers	100	2011	44	7*
	Consolidated subsidiaries other countries					
68	Aktivsauerstoff GmbH	Treibach-Althofen	51	2011	4	0
69	Asian Bleaching Earth Company Ltd. (i.L.)	Kongmadue	100	2011		in liquidation
70	Colortrend Australia Pty Ltd.	Dandenong	100	2011	17	2
71	Colortrend Canada Inc.	Brampton	100	2011	2	2
72	Colortrend USA LLC	Wilmington	100	2011	12	3
73	Cosmoferm B.V.	Delft	100	2011	2	10
74	Degussa Africa Holdings (Pty) Ltd.	Johannesburg	84.3749	2011	6	0
75	Degussa International Inc.	Wilmington	100	2011	443	-75
76	Degussa Limited	Milton Keynes	100	2011	3	0
77	Degussa Re S.A.	Luxembourg	100	2011	5	0

Consolidated subsidiaries other countries

	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
78	Degussa SKW Co.	Milton Keynes	100	2011	748	0
79	Egesil Kimya Sanayi ve Ticaret A.S.	Istanbul	51	2011	16	10
80	EGL Ltd.	Milton Keynes	100	2011	3	83
81	Evonik Aerosil France S.A.R.L.	Salaise-sur-Sanne	100	2011	10	0
82	Evonik Agroferm Zrt.	Kaba	100	2011	14	2
83	Evonik Amalgamation Ltd.	Milton Keynes	100	2011	37	342
84	Evonik Australia Pty Ltd	Dandenong	100	2011	5	1
85	Evonik Canada Inc.	Burlington	100	2011	8	-1
86	Evonik Carbon Black Nederland B.V.	Botlek	100	2011	23	-1
87	Evonik CB LLC	Wilmington	100	2011	0	0
88	Evonik Colortrend B.V.	Maastricht	100	2011	13	1
89	Evonik Cristal Materials Corporation	Taipeh	52	2011	2	0
90	Evonik Cyro Canada Inc.	Etobicoke	100	2011	5	1
91	Evonik Cyro LLC	Parsippany	100	2011	69	25
92	Evonik Degussa Africa (Pty) Ltd.	Johannesburg	100	2011	17	2
93	Evonik Degussa Antwerpen N.V.	Antwerpen	99.991	2011	252	25
94	Evonik Degussa Argentina S.A.	Buenos Aires	100	2011	16	2
95	Evonik Degussa Brasil Ltda.	São Paulo	100	2011	144	22
96	Evonik Degussa Canada Inc.	Burlington	100	2011	22	8
97	Evonik Degussa Carbons, Inc.	Parsippany	100	2011	0	-44
98	Evonik Degussa Chile S.A.	Santiago	99.997	2011	0	0
99	Evonik Degussa (China) Co., Ltd.	Beijing	100	2010	-108	-39
100	Evonik Degussa Corporation	Parsippany	100	2011	1,329	116
101	Evonik Degussa France Groupe S.A.S.	Ham	100	2011	12	-29
102	Evonik Degussa Gulf FZE	Dubai	100	2011	0	0
103	Evonik Degussa Hong Kong Ltd.	Hongkong	100	2011	10	6
104	Evonik Degussa Ibérica S.A.	Granollers	100	2011	79	21
105	Evonik Degussa India Pvt. Ltd.	Mumbai	100	2011	0	1
106	Evonik Degussa International AG	Zürich	100	2011	27	22
107	Evonik Degussa Iran AG	Teheran	100	2011	0	0
108	Evonik Degussa Italia S.p.A.	Mailand	100	2011	140	54
109	Evonik Degussa Japan Co., Ltd.	Tokio	100	2011	159	41
110	Evonik Degussa Korea Ltd.	Incheon	100	2011	11	3
111	Evonik Degussa Mexico S.A. de C.V.	Mexico City	100	2011	30	7
112	Evonik Degussa Mexico Servicios, S.A. de C.V.	Mexico City	100	2011	0	0
113	Evonik Degussa Peroxid GmbH	Klagenfurt	100	2011	23	2
114	Evonik Degussa Peroxide Ltd.	Morrinsville	100	2011	15	1
115	Evonik Degussa (SEA) Pte. Ltd.	Singapore	100	2011	27	1
116	Evonik Degussa Services LLC	Wilmington	100	2011	0	0
117	Evonik Degussa Specialty Chemicals (Shanghai) Co., Ltd.	Schanghai	100	2011	92	4

Consolidated subsidiaries other countries

	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
118	Evonik Degussa Taiwan Ltd.	Taipeh	100	2011	30	5
119	Evonik Degussa (Thailand) Ltd.	Bangkok	100	2011	2	0
120	Evonik Degussa Ticaret Ltd. Sirketi	Tuzla/Istanbul	100	2011	7	2
121	Evonik Degussa UK Holdings Ltd.	Milton Keynes	100	2011	851	205
122	Evonik Fermas s.r.o.	Slovenská L'upca	100	2011	54	2
123	Evonik Fibres GmbH	Schörfling	100	2011	10	2
124	Evonik Finance B.V.	Amsterdam	100	2011	2	0
125	Evonik Foams Inc.	Magnolia	100	2011	18	2
126	Evonik Forhouse Optical Polymers Corporation	Taichung	51	2011	21	2
127	Evonik Goldschmidt Corp.	Hopewell	100	2011	75	27
128	Evonik Goldschmidt UK Ltd.	Milton Keynes	100	2011	17	1
129	Evonik International Holding B.V.	Amsterdam	100	2011	2,092	22
130	Evonik Jayhawk Fine Chemicals Corporation	Galena	100	2011	14	2
131	Evonik MedAvox SpA (i.L.)	Mailand	100	2011	in liquidation	
132	Evonik Membrane Extraction Technology Limited	Milton Keynes	100	2011	-1	-1
133	Evonik Methionine SEA Pte. Ltd.	Singapore	100	2011	23	0
134	Evonik Metilatos S.A.	Rosario	100	2011	4	0
135	Evonik Mexico S.A. de C.V.	Mexico City	100	2011	5	3
136	Evonik Monosilane Japan Co., Ltd.	Tokio	100	2011	-8	-13
137	Evonik Oxeno Antwerpen N.V.	Antwerpen	100	2011	260	50
138	Evonik Para-Chemie GmbH	Gramatneusiedl	99	2011	23	2
139	Evonik Pension Scheme Trustee Limited	Milton Keynes	100	2011	0	0
140	Evonik Peroxide Africa (Pty) Ltd.	Umbogintwini	100	2011	2	0
141	Evonik Rexim (Nanning) Pharmaceutical Co., Ltd.	Nanning	100	2011	2	-3
142	Evonik Rexim S.A.S.	Ham	100	2011	8	-1
143	Evonik RohMax Asia Pacific Pte. Ltd.	Singapore	100	2011	24	6
144	Evonik RohMax Canada Inc.	Morrisburg	100	2011	12	4
145	Evonik RohMax France S.A.S.	Lauterbourg	100	2011	17	2
146	Evonik RohMax USA, Inc.	Horsham	100	2011	34	15
147	Evonik Sanzheng Chongqing Fine Chemical Co., Ltd.	Chongqing	100	2011	-21	-6
148	Evonik Sanzheng (Yingkou) Fine Chemicals Co., Ltd.	Yingkou	65	2011	34	0
149	Evonik Silquimica S.A.	Zubillaga-Lantaron	100	2011	11	1
150	Evonik Solar Norge AS	Trondheim	100	2011	0	-1
151	Evonik Speciality Organics Ltd.	Milton Keynes	100	2011	789	7
152	Evonik Stockhausen LLC	Greensboro	100	2011	31	9
153	Evonik Thai Aerosil Co. Ltd.	Bangkok	100	2011	11	3
154	Evonik Tianda (Liaoyang) Chemical Additive Co., Ltd.	Liaoyang	97.04	2011	22	0
155	Evonik United Silica Industrial Ltd.	Tao Yuan	100	2011	21	0
156	Evonik United Silica (Siam) Ltd.	Rayong	70	2011	6	1
157	Evonik Wellink Silica (Nanping) Co., Ltd.	Nanping	60	2011	25	3

SUBSIDIARIES

Consolidated subsidiaries other countries						
	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
158	Insilco Ltd.	Neu-Delhi	73.11	2011	9	1
159	Inspec Fine Chemicals Ltd.	Milton Keynes	100	2011	0	0
160	JIDA Evonik High Perfomance Polymers (Changchun) Co., Ltd.	Changchun	80	2011	0	-1
161	Laporte Chemicals Ltd.	Milton Keynes	100	2011	0	3
162	Laporte do Brasil Ltda.	São Paulo	100	2011	0	0
163	Laporte Group Pension Trustees Ltd. (i.L.)	London	100	2011		in liquidation
164	Laporte Industries Ltd.	Milton Keynes	100	2011	12	1
165	Laporte Materials (Barrow) Ltd. (i.L.)	Milton Keynes	100	2011		in liquidation
166	Laporte Nederland (Holding) B.V.	Amsterdam	100	2011	5	0
167	Laporte Organisation Ltd. (i.L.)	London	100	2011		in liquidation
168	Laporte Properties Limited (i.L.)	Milton Keynes	100	2011		in liquidation
169	Nilok Chemicals Inc. (i.L.)	Parsippany	100	2011		in liquidation
170	Nippon Aerosil Co., Ltd.	Tokio	80	2011	48	12
171	OOO Destek	Podolsk	59	2011	4	2
172	OOO Evonik Chimia	Moscow	100	2011	4	1
173	Peter Spence & Sons Limited (i.L.)	Milton Keynes	100	2011		in liquidation
174	PT. Evonik Indonesia	Cikarang Bekasi	100	2011	8	2
175	PT. Evonik Sumi Asih	Bekasi Timur	75	2011	8	1
176	Qingdao Evonik Chemical Co., Ltd.	Jiaozhou	52	2011	25	2
177	R + J Garroway Limited (i.L.)	Glasgow	100	2011		in liquidation
178	Roha B.V.	Tilburg	100	2011	3	0
179	RÜTGERS Organics Corporation	State College	100	2011	-9	-2
180	SKC Evonik Peroxide Korea Co., Ltd.	Ulsan	55	2011	18	4
181	Stockhausen Nederland B.V.	Amsterdam	100	2011	0	0
182	The St. Bernard Insurance Company Ltd.	Douglas	100	2011	6	0

SUBSIDIARIES

Non-consolidated subsidiaries Germany						
	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
183	BF Technik GmbH	Hückelhoven	100	2010	0	1
184	Evonik Degussa Anlagen-Betriebs Verwaltungs-GmbH	Essen	100	2011	0	0
185	GSB Gesellschaft zur Sicherung von Bergmannswohnungen mbH	Essen	50	2010	0	0
186	PKU Pulverkautschuk Union GmbH (i.L.)	Marl	100	2010		in liquidation
187	RWS Wohnpark Sanssouci GmbH	Essen	67.1	2010	1	0
188	SJ Brikett- und Extrazitfabriken GmbH	Hückelhoven	100	2010	2	4
189	Studiengesellschaft Kohle mbH	Mülheim	69.99	2010	0	0

SUBSIDIARIES

	Non-consolidated subsidiaries other countries					
	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
190	Ariens Steenfabriek I B.V.	Almelo	100	2010	0	0
191	Colortrend Colorants (Shanghai) Co.,Ltd	Schanghai	100	2011	0	0
192	Evonik Degussa Praha s.r.o. (i.L.)	Prague	100	2011		in liquidation
193	Evonik Degussa Romania S.R.L. (i.L.)	Bukarest	100	2011		in liquidation
194	Evonik Degussa UK Services Ltd. (i.L.)	Milton Keynes	100	2011		in liquidation
195	Inspec Finance Ltd.	Milton Keynes	100	2011	0	1
196	Inspec Invesco	Milton Keynes	100	2011	0	1
197	Laporte Invesco	Milton Keynes	100	2011	0	1
198	RÜTGERS S.r.L. (i.L.)	Milan	99.99	2011		in liquidation
199	Sarclear Ltd. (i.L.)	Milton Keynes	100	2011		in liquidation
200	SKW Chemicals UK Ltd.	Milton Keynes	100	2011	0	0

INVESTMENTS

	Joint ventures (recognized at equity) Germany					
	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
201	StoHaas Management GmbH	Marl	50	2011	0	0
202	StoHaas Monomer GmbH & Co. KG	Marl	50	2011	202	33
203	THS GmbH	Essen	50	2010	253	75
204	Vivawest Wohnen GmbH	Essen	50	2011	3	-7
	Joint ventures (recognized at equity) other countries					
205	Daicel-Evonik Ltd.	Tokio	50	2011	16	4
206	Evonik Headwaters LLP	Milton Keynes	50	2011	4	-3
207	Evonik Lanxing (Rizhao) Chemical Industrial Co., Ltd.	Rizhao	50	2010	5	0
208	Perorsa - Peróxidos Orgánicos S.A. (i.L.)	Barcelona	50	2011		in liquidation
	Joint ventures (not recognized at equity) Germany					
209	Landschaftsagentur Plus GmbH	Essen	50	2011	0	0
	Joint ventures (not recognized at equity) other countries					
210	Taiyo Nippon Sanso Silane Gas Service Corporation	Tokio	25	2011	10	0
	Associated companies (recognized at equity) Germany					
211	ARG mbH & Co. KG	Duisburg	20.28	2011	8	22
212	Deutsche Industrieholz GmbH	Essen	45	2010	1	0
213	JSSi GmbH	Freiberg	51	2010	29	0
214	RAG Verkauf GmbH	Herne	49	2010	1	6
215	STEAG GmbH	Essen	49	2010	625	70
216	TÜV Nord InfraChem GmbH & Co. KG	Marl	49	2010	2	0
217	TÜV Nord InfraChem Verwaltungsgesellschaft mbH	Marl	49	2010	0	0
	Associated companies (recognized at equity) other countries					
218	DSL. Japan Co., Ltd.	Tokio	51	2010	6	1

INVESTMENTS

	Associated companies (not recognized at equity) Germany					
	Name	Registered office	Share-holding in %	Fiscal year	Equity in € million	Net income/ loss in € million
219	ARG Verwaltungs GmbH	Duisburg	20	2011	1	0
220	Interkommunale Entwicklungsgesellschaft Hückelhoven-Wassenberg mbH	Hückelhoven	25	2010	0	0
221	Umschlagsterminal Marl GmbH & Co. KG	Marl	50	2010	0	0
222	Umschlagsterminal Marl Verwaltungsgesellschaft mbH	Marl	50	2010	0	0
223	Wohnbau Dinslaken GmbH	Dinslaken	46.45	2010	43	6
	Other companies Germany					
224	Faserwerke Hüls GmbH	Marl	50	2011	1	0
225	Industriepark Münchsmünster GmbH & Co. KG	Münchsmünster	30	2010	0	0
226	Industriepark Münchsmünster Verwaltungs-GmbH	Königstein	38	2010	7	0
	Other companies other contries					
227	Aerosil Regional Representative Office Ltd.	Bangkok	49	2010	Data not available	Data not available

* There are domination and profit-and-loss transfer agreements between these companies and Evonik Industries AG.

Equity is translated at the average rate on the balance-sheet date, while net income is translated using average annual rates.

Essen, February 20, 2012

The Executive Board

Dr. Engel | Dr. Colberg | Dr. Haeberle

Wessel | Wohlhauser | Dr. Yu

Change in the non-curent assets of Evonik Industries AG, Essen between January 1 and December 31, 2011

	Cost of acquisition or production in € million					Depreciation and amortization in € million				Carrying amounts in € million		
	Carried for-ward as of Jan, 1, 2011	Additions	Disposals	Reclassi-fication	As of Dec, 31, 2011	Carried for-ward as of Jan, 1, 2010	Depreciation / amortiza-tion in fiscal year*	Write-ups in fiscal year	Disposals	As of Dec, 31, 2011	Dec, 31, 2011	Dec, 31, 2010
I. Intangible assets												
1. Acquired licenses. trademarks and similar rights	6	1	0	0	7	3	2	0	0	5	2	3
Sum	**6**	**1**	**0**	**0**	**7**	**3**	**2**	**0**	**0**	**5**	**2**	**3**
II. Property. plant and equipment												
1. Land. land rights and buildings. including buildings on leased land	4	0	1	0	3	3	0	0	1	2	1	1
2. Other plant. factory fittings and equipment	8	1	1	0	8	4	1	0	1	4	4	4
3. Advance payments and construction in progress	0	1	0	0	1	0	0	0	0	0	1	0
Sum	**12**	**2**	**2**	**0**	**12**	**7**	**1**	**0**	**2**	**6**	**6**	**5**
III. Financial assets												
1 . Shares in affiliated companies	9,400	2	90	0	9,312	620	5	0	34	591	8,721	8,780
2 . Loans to affiliated companies	68	1	3	0	66	0	0	0	0	0	66	68
3 . Securities included in current assets	22	4	0	0	26	0	0	0	0	0	26	22
Sum	**9,490**	**7**	**93**	**0**	**9,404**	**620**	**5**	**0**	**34**	**591**	**8,813**	**8,870**
Total	**9,508**	**10**	**95**	**0**	**9,423**	**630**	**8**	**0**	**36**	**602**	**8,821**	**8,878**

* Depreciation and amortization for the fiscal year includes write-downs of €6 million