Opening of the Eco² Science-to-Business Center

of Evonik Industries AG

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Address by Dr. Alfred Oberholz,

Member of the Executive Board of Evonik Industries AG

CHECK AGAINST DELIVERY

Ladies and Gentlemen,

What is an innovation? I'll tell you first of all what I think it is *not.* Imagine someone coming up to me and saying: "I've just synthesized a new molecule; now it's up to somebody else to see what can be done with it, and to find out whether it's at all useful." Things just don't work that way anymore. Today we have to take into consideration, right from the outset, the business opportunities inherent in an innovation. Only then do we turn our attention to solving the associated technical problems.

And that, in a nutshell, is the approach followed by the Science-to-Business Centers of Evonik Industries. In these centers, employees from Evonik's business and service units work closely with partners

from academic and research institutions and representatives from user and supplier industries. This tightly meshed business and technology network significantly reduces development time for a product or service. And development proceeds systematically, in line with the needs of the market. This is the way innovation works today.

We at Evonik are well aware of the value of innovation for a globally positioned company. About twenty percent of our sales in the

Chemicals Business Area are generated from products, technologies, and processes developed within the last five years. We spend more than 300 million euros each year on research and development. Our Group has no fewer than 2,300 employees working exclusively in research and development. They work at 35 sites all over the world, but our strategic research is spearheaded here in Marl.

And it is here, on October 1, where we'll inaugurate our new energy efficiency research center. The Eco² Science-to-Business Center is the third of its kind at Evonik. We're already carrying out research and development very successfully in the two existing science-to-business centers, Nanotronics and Biotechnology, both of which, by the way, are located here in Marl. In the Nanotronics S2B Center, we develop nanomaterials-based system solutions for the electronics

industry. In the Biotechnology S2B Center, we're working on the development of new biotechnological products and processes based on renewable raw materials. Marl is therefore well established at Evonik as a center of strategic research.

For Evonik, Eco² S2B will intensively exploit the attractive market opportunities arising from the megatrend toward energy efficiency and climate protection. It pools the expertise in this area—expertise which is already available within the Group—across business units and business areas. For this purpose, we're providing more than 50 million euros from our own funds up to the year 2013 alone. This amount is in addition to the allocated budget, so that the total financial commitment will be in the high two-digit million-euro region. The Eco² S2B will employ about 50 people, 25 here in Marl and another 25 in Evonik's business and service units. Additional jobs will also be created through external research and industrial collaboration.

Examples for projects constituting the portfolio of the Eco² S2B will shortly be presented to you by Dr. Nordhoff.

I'd like to say a little more here about the "cross business area" concept. As you perhaps know, Evonik comprises three business areas: Chemicals, Energy, and Real Estate. So Evonik is what is

known as a focused industrial group. In the Eco² Science-to-Business Center we're now exploiting for the first time, and on a grand scale, the opportunities arising from our position as an industrial concern. Know-how from Chemicals, Energy, and Real Estate is being combined—as for example in the pooling of the Chemicals Business Area's (better: product and process) expertise with the system integration skills of power-plant and plant engineering. These capabilities extending across different business areas are Evonik's big advantage and an important competitive differentiator. So I'm extremely optimistic that Eco² S2B will develop innovative, cost effective, and powerful—perhaps even surprising—solutions for sustainable energy efficiency and climate protection over the next few years.

Evonik has already been successful in developing intelligent solutions for resource conservation and climate protection. We have an idea of the future: With superior high-tech products, Evonik will contribute toward securing energy supply, while simultaneously protecting the environment and climate. We've earmarked up to two billion euros for this purpose between 2008 and 2010. Energy efficiency is one of the most important drivers of growth. We invest in state-of-the-art power plants and in renewable energies; we invest in energy-saving chemical products and processes; and through the concept of the Three-Liter House,

for example, we're contributing toward reducing primary energy requirements by up to nearly 90 percent. As you can see, we're

Germany's creative industrial group, with abundant power to create.

Take, for instance, a development that's attracted much public interest in the last few months, which is a good example of improved energy efficiency: the development of the lithium-ion battery, which is closely linked with the Marl site. Our researchers have developed a ceramic membrane that, when used between the anode and cathode of a car battery, solves the safety problem that has so far prevented large-scale use of the lithium-ion battery in cars. I find this innovation exciting for two reasons: first, because it's a solution to a long-standing technical problem, and second, because it opens up undreamed-of prospects in relation to sales growth and job creation. As a result of this project, Evonik was nominated last year as one of only four candidates for the prestigious *Deutscher Zukunftspreis für Technik und Innovation* (the German Federal President's Prize for Technology and Innovation) awarded annually, which acknowledges the pioneering nature of our research.

Further evidence of Evonik's innovative strength is provided by the development of a new process for production of highly crystalline

silicon. This is an important raw material for the solar industry, which is why it has come to be known as solar silicon. A few weeks ago, we formally opened a production plant for solar silicon with our partner SolarWorld AG at our site in Rheinfelden, Baden. This will contribute toward eliminating the supply bottleneck for solar silicon, a material currently in great demand. And we also do this very efficiently: our process allows energy savings of up to 90 percent as compared with conventional processes for solar silicon production. Moreover, this plant is our response to the worldwide demand for further increasing the proportion of alternative energies, such as solar energy, for power generation.

These products are already on the market. And I can assure you that with the opening of our new research center, our pipeline will continue to expand. Eco² S2B will help us continue to lay claim to being the creative industrial group: We generate a major part of our sales through innovations, new products, and technologies that have been on the market for only a short time. In this way, we'll be helping solve the problems of the future. Because we have an idea of the future.

Thank you very much.