



2008 Wisconsin Green Tier Annual Report

Evonik Goldschmidt Corporation
Janesville, WI

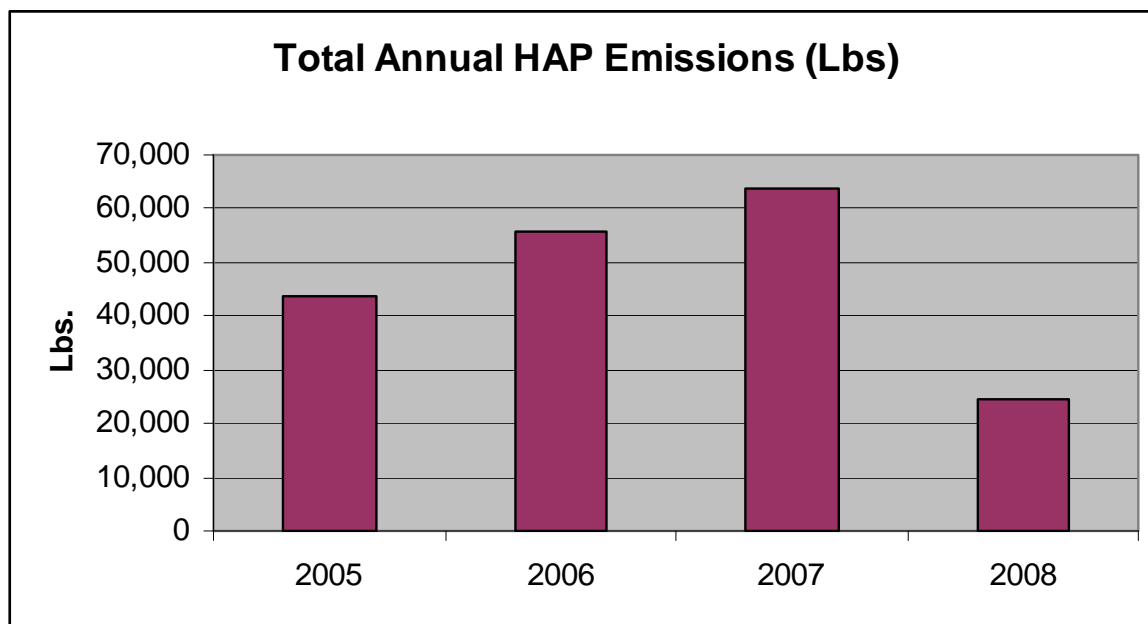
Executive Summary

Undoubtedly, Evonik Janesville's most significant environmental accomplishment of 2008 was the ultimate realization of the aggressive goal established in 2006 to reduce methyl chloride stack emissions by 95% by year-end 2008. Efforts continued in early 2008 towards commissioning of the 2.3 million dollar methyl chloride cryogenic condensation and recovery unit and, following initial testing and start-up early in the year, the recovery system was fully operational by May 1. Independent stack testing confirmed its operational effectiveness at over 96% for methyl chloride recovery and over 99% for recovery of ethers associated with methyl chloride.

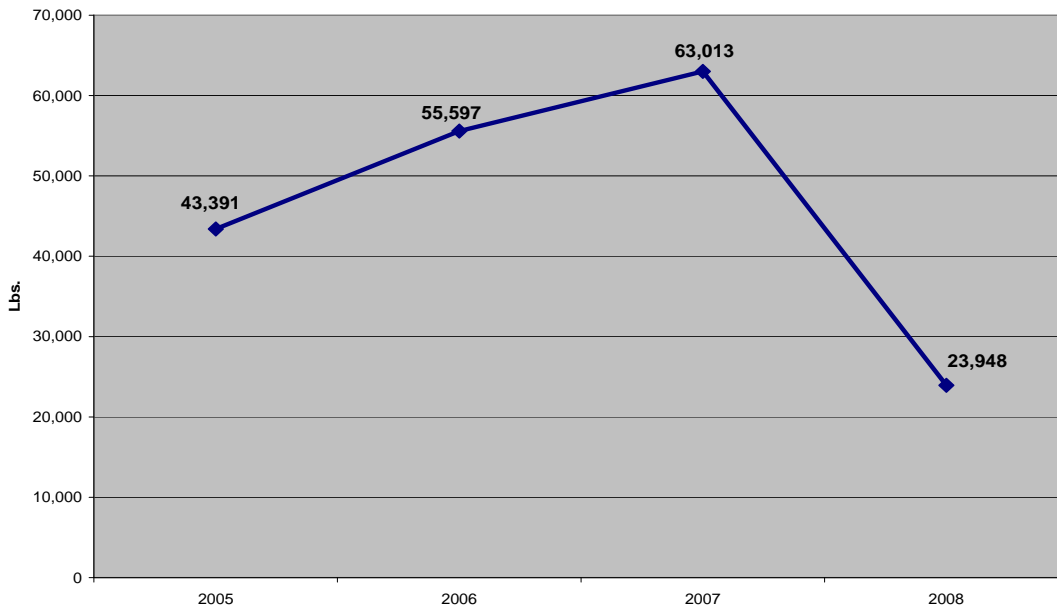
Despite the significant reduction in emissions of methyl chloride and related ethers, significant changes in the Evonik Janesville site's product portfolio since its acceptance into the Green Tier program have provided additional challenges to reducing both energy consumption and wastewater BOD loading – both of which were stated as objectives in the site's Green Tier application. Although the site is continuing to work toward those ends, the plant has elected to undertake a supplementary non-contact cooling water monitoring initiative in 2009 as proof of its commitment to protecting surface water quality. This initiative is further outlined in the "Wastewater" section below.

Methyl Chloride / VOC Stack Emissions

Since methyl chloride emissions account for over 90% of the Evonik Janesville site's hazardous air pollutant (HAP) emissions, environmental improvement efforts in 2008 continued to focus primarily on the completion and commissioning of a cryogenic condensation unit designed to achieve 95% control of these emissions. Evonik is proud to report in this year's annual report that the goal has been achieved. The charts below illustrate the realized impact of Evonik's 2.3 million dollar investment in the cryogenic recovery equipment during the last eight months of 2008 alone.

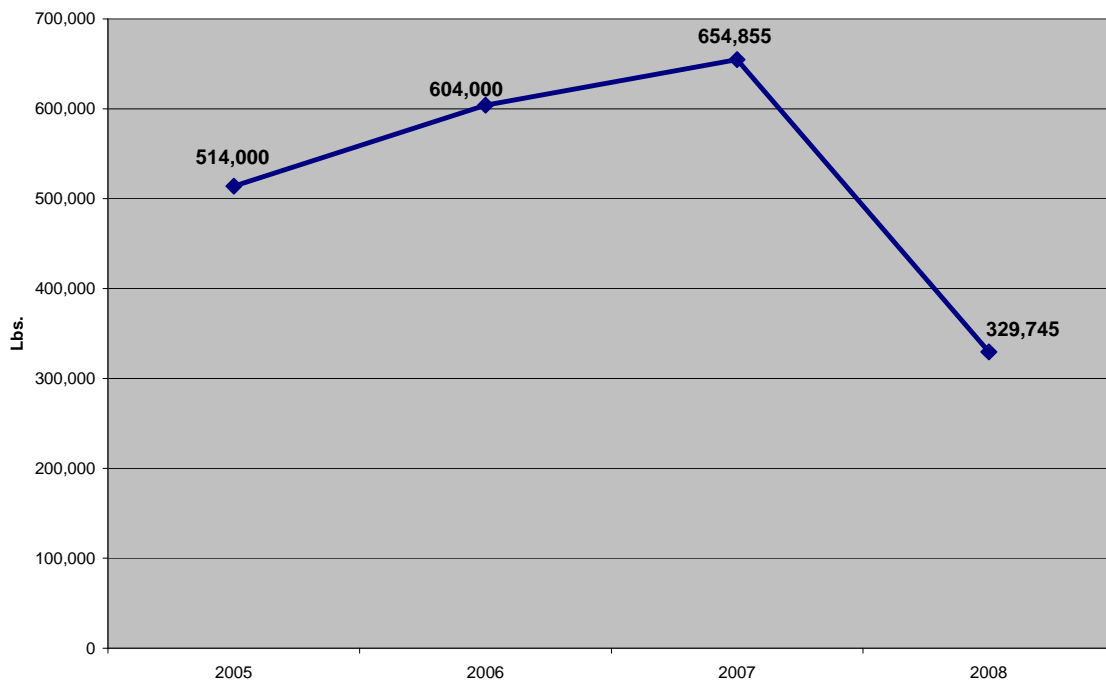


Annual Methyl Chloride Emissions (Lbs)



The cryogenic recovery system has also made possible to significantly reduce volatile organic compound (VOC) emissions associated with the production of methyl chloride containing products. The following chart illustrates the impact upon facility VOC emissions during the last eight months of 2008 alone.

Annual Volatile Organic Compound (VOC) Emissions (Lbs)



Even though the cryogenic condensation unit was only in full operation from May through December, total annual methyl chloride and VOC emissions in 2008 were

reduced by 62% and 50%, respectively, over 2007. Evonik looks forward to illustrating the emission reductions achieved over one entire reporting year during the next annual report.

Energy Conservation

In July of 2007, the site's newest batch chemical reactor, R10, was commissioned. This reactor employs an electrically heated, recirculating hot oil system in order to accomplish endothermic reactions unique to its product mix. This requirement for a hot oil heating system has resulted in an increase in overall facility electrical demand and a reduction in total electrical energy consumption has not yet been realized. However, after recirculating an updated baseline, the facility will again concentrate its efforts on indexed reduction in electrical consumption in 2009.

Wastewater

As with its electrical energy conservation objective, the addition of R10, the site's seventh and newest full-scale production reactor, has provided Evonik with additional challenges in the area of wastewater BOD (biochemical oxygen demand) loading. Evonik continues to explore cost-effective methods to reduce BOD loading, including "cascading re-use" of reactor and tank boil-out / cleaning water. As with energy conservation, Evonik has committed itself to increased focus in this area in 2009, now that the cryogenic recovery system project has been fully implemented.

Additionally, the Janesville site has voluntarily undertaken efforts to incorporate continuous monitoring equipment into its reactor NCCW (non-contact cooling water) discharge streams in 2009. Although the site's WPDES (Wisconsin Pollutant Discharge Elimination System) requires only quarterly grab sampling and analysis of non-contact cooling water, the facility invested approximately \$50,000 in in-line TOC (total organic compounds) analysis equipment to assist in the early detection of any possible contamination of NCCW through equipment malfunction or failure. The monitoring equipment is currently in the testing phases, with full implementation targeted for mid-year 2009.