Wacker Chemie AG
Interim Report

January – March 2011

Q1

WACKER

WACKER increases Group sales in Q1 2011 by 21 percent to €1.29 billion

Earnings before interest, taxes, depreciation and amortization grow by 38 percent to €351 million in first quarter

Net income for Q1 2011 advances to €168 million

Strong operations and high customer prepayments boost first-quarter net cash flow to €286 million

Full-year Group sales expected to surpass €5 billion in 2011, with EBITDA to exceed last year's €1.19 billion

Cover: An innovative sandwich: the cork layer on the underside of the slate makes it feel warm underfoot, while increasing walking comfort and dampening the sound of footsteps.

WACKER at a Glance

€ million	Q1 2011	Q1 2010	Change in %
Sales	1,291.7	1,067.0	21.1
EBITDA[1]	351.0	253.7	38.4
EBITDA margin[2] (%)	27.2	23.8	14.3
EBIT[3]	245.9	153.7	60.0
EBIT margin[2] (%)	19.0	14.4	32.2
Financial result	–7.9	–3.3	> 100
Income before taxes	238.0	150.4	58.2
Net income for the period	168.0	105.9	58.6
Earnings per share (€)	3.39	2.15	57.9
Investments (incl. financial assets)	136.6	98.3	39.0
Net cash flow[4] (incl. additions from finance leases)	286.3	54.6	> 100

€ million	March 31, 2011	March 31, 2010	Dec. 31, 2010
Equity	2,617.9	2,073.2	2,446.8
Financial liabilities	541.9	502.6	533.4
Net financial receivables/liabilities[5]	559.5	–31.5	264.0
Total assets	5,932.9	4,796.5	5,501.2
Employees (number at end of period)	16,602	15,733	16,314

[1] EBITDA is EBIT before depreciation and amortization
[2] Margins are calculated based on sales
[3] EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes
[4] Sum of cash flow from operating activities and noncurrent investment activities before securities, incl. additions from finance leases (internal key indicator)
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities

Interim Report January – March 2011

Wall and floor coverings, like wallpaper or fitted carpets, are usually sold from the roll. But processing stone into thin, flexible layers was a job better left to magicians. Now, however, an inter-company team, working with WACKER experts, has created a hybrid of natural stone tiles and thin layers of cork. The result is a slate-cork flooring that feels warm underfoot and can be installed by a simple click-lock system. Thanks to WACKER's specialty VINNEX® powder binder, it is now possible to make such innovative flooring and, thus, conserve natural resources.

Stone from the Roll

Thin layers: a double-belt press compacts the cork and VINNEX® binder pellets at about 180 degrees Celsius to form an endless cork-plastic sheet.

In the height of summer, stone flooring feels refreshingly cool to hot feet – in chilly months, though, the prospect of treading on cold tiles is less enticing. Only bathrooms and kitchens boast easy-care stone flooring. Living rooms and bedrooms have it "cozier," with carpeting or wood creating a warmer sensation.

Comfortable Natural Flooring

Now, cutting-edge chemical and technological expertise is turning cold stone into comfortable natural flooring with completely novel properties – easy-care and practical like natural stone, but warm underfoot like carpeting or wood, and as versatile and simple to install as parquet or cork.

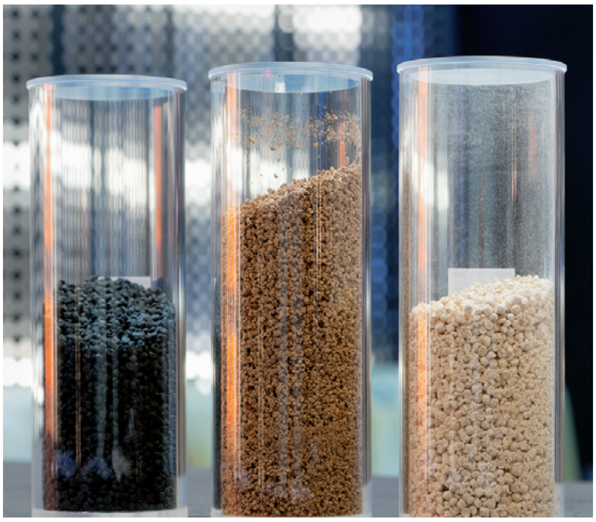
The idea behind the novel flooring is explained by Holger Bienerth, WACKER's global market manager for natural fiber composites: "We wanted to develop a genuine stone floor that would feel warm underfoot. It should have the appearance, feel and quality of solid stone tiles, but all the practical advantages of parquet and cork." He holds the result in his hand – a sheet of rolled-up flooring. It comprises a layer of fine Indian slate, just 0.8 millimeters thick, bonded to a thin cork layer that makes the stone feel warm to the touch.

The new slate-cork flooring is a unique laminate of natural cork, natural slate and an innovative powder binder. The route from slate quarry to click-lock flooring system is a long one, involving many steps and a wide range of different processes. Several companies took part in this project – each a technology leader in its field.

Slate from India

The route to tomorrow's stone floor begins in India, where extremely thin layers of slate are obtained from rock. Using a special process, R&D GmbH splits the natural slate into millimeter-thin layers. This involves applying a fine adhesive film of fiberglass to the slate and pulling off ultrathin layers. "The adhesion between glue and slate must be greater than the cohesion between the individual slate layers," explains Gernot Ehrlich, CEO of R&D GmbH. A trained architect, he invented and patented the method more than 15 years ago – now the company produces around 1,000 square meters of slate sheet per day in India.

The bonding and peeling method results in countless bumps on the reverse side of the slate. To even them out, a thin layer of warming cork is laminated to the slate sheet. The natural fibers do not readily bond to stone on their own, though. This is where VINNEX® from WACKER comes in. A white, free-flowing powder (based on



High potential: VINNEX® can be used to reconstitute both cork and leather-processing scrap into flooring or into materials for the furniture and automotive sectors. The leather-polymer composite has already passed its first quality tests for use as flooring.

vinyl acetate-ethylene copolymer), VINNEX® bonds extremely well to natural fibers, such as cork, leather, coconut and wood. At the same time, it shows excellent adhesion to natural slate. "Of course, the powder has to be properly blended with the natural fibers," stresses Bienerth.

Cork Pellets with VINNEX®

This is the role of Pallmann Maschinenfabrik GmbH & Co. KG of Zweibrücken (Germany), which specializes in thermoplastic compounding. The cork is supplied by Amorim of Portugal, the global market leader for this natural material. Pallmann compounds it with WACKER's powder binder. The result is a very homogeneous cork-polymer matrix in the form of pellets.

Approximately three millimeters in size, the pellets then pass to the next stage. At TPS TechnoPartner Samtronic in Göppingen (Germany), they trickle through a sophisticated scattering system onto a double-belt press. The machine compresses them in a continuous process at about 180 degrees Celsius to form an endless cork-plastic sheet.

In the same step, the natural fibers and stone come together – with TPS's experts pressing the cork layers onto the ultrathin slate sheets. "The cork-polymer composite evens out any irregularities in the natural stone perfectly," says Bernhard Voith, CEO of TPS. "The important thing here is to match the pressure to the belt speed." The 50-meter-long double-belt press pushes the entire cork and stone sandwich through a heating tunnel at a rate of about five meters per minute.

The last processing step is in Switzerland, where Lico AG is waiting for the stone and natural fiber sandwich. At its production facilities, Lico cuts the sheet to size and bonds it to conventional wood-fiber board, using water-based wood glue. After applying a second thin cork layer, Lico has completed the world's first stone flooring that is warm underfoot.

Easy and Seamless Installation

The practical tiles offer a unique advantage. "Their simple click-lock system means that this natural stone-cork flooring is very easy to install – without any joints – just like pre-finished parquet," explains Edwin Lingg, co-owner and managing director of Swiss-based Lico AG, which produces the innovative stone flooring and will later market it worldwide.

Lico supplies customers – exclusively wholesalers and importers – in over 40 countries. "Our principal market is Germany," says Edwin Lingg. The Swiss company's natural floorings are also popular in China, Russia, Dubai and Canada. "We've been witnessing a boom in eco-friendly products in the USA, too," says Lingg, an experienced machine fitter. He estimates 2011's market potential for the slate flooring at about 100,000 square meters. "In the medium term, we expect up to 400,000 square meters a year," he adds.

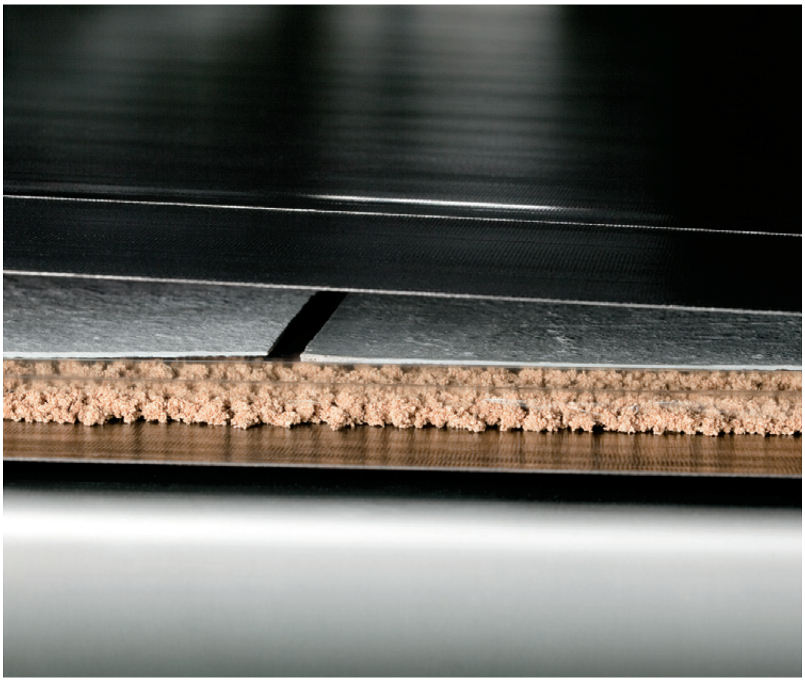
WACKER's thermoplastics experts at an applications lab in Burghausen (from left): Holger Bienerth (strategic marketing), Karl Weber (technical manager) and Klaus Eder (technical service).

The developers of the innovative stone-cork "sandwich" have managed to eliminate the disadvantages of traditional stone flooring and harness the benefits of natural fibers. "No more cold feet! The cork layer on the underside provides a nice warm feeling," smiles Bienerth. The natural fibers not only boost walking comfort, but also dampen the sound of footsteps. "What's more, the stone surface is fireproof, durable and very stable, making it ideal for entrance halls, foyers and hotel lobbies, or for surfaces around and in front of fireplaces, such as stoves or open hearths," he explains.

Above all, the process substantially reduces material consumption, conserving natural resources. To install a stone floor, you no longer need solid stone slabs – just an ultrathin sheet of slate. Compared to conventionally quarried slate, the cork-stone sandwich both promotes sustainability and meets the consumer's need for comfortable materials in the home.

More Applications Already Planned

Looking ahead, Bienerth sees many promising applications for VINNEX® in the thermoplastic processing of natural fibers. "We've found we can use our powder binder to recycle scraps from natural leather processing, converting them into durable flooring or into materials for the furniture and automotive sectors," he explains. Leather-industry cutting waste is pressed into pellets and then processed with the powder binder to yield sheeting. The result is a leather-polymer roll, some 1.40 meters wide and just one millimeter thick. The leather-polymer composite has already passed its first quality test as flooring, easily shrugging off rigorous loads from chair rollers and high heels. Bienerth has absolutely no doubt that "natural fiber composites still offer plenty of untapped applications potential."



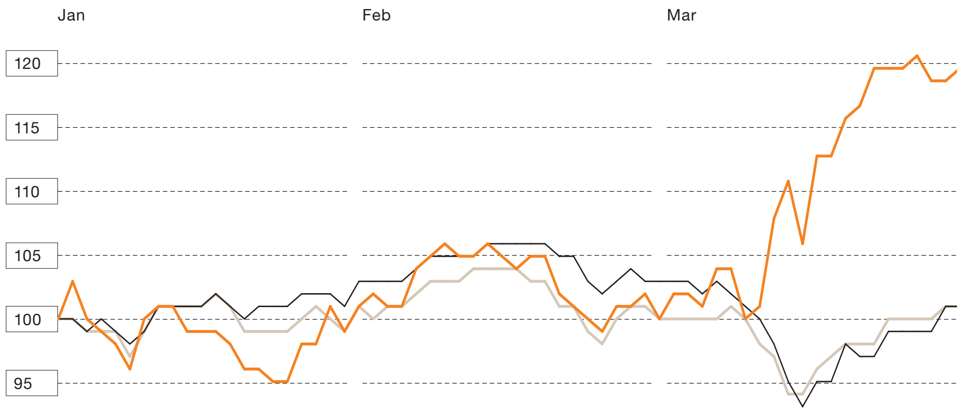
An innovative sandwich: the cork layer on the underside of the slate makes it feel warm underfoot, while increasing walking comfort and dampening the sound of footsteps.

Flexible stone: the thin sheets of cork and slate conform easily to curves.

WACKER Stock

The stock markets moved more or less sideways at the start of 2011. Positive signs of continued global economic growth were tempered by concerns about raw-material price trends, ever higher sovereign debt in the euro area and the stability of the common currency itself. This dampened investor expectations that companies could achieve substantial earnings growth in the current year. January saw WACKER's share price initially declining in line with general market developments from €132.70 at the start of the year to €125.85. Then, after WACKER released its preliminary 2010 figures, with high sales and earnings, on January 31, the share price rose for the first time in the current year to over €140, and trended with the German DAX and MDAX indices through March 10.

WACKER Share Performance in Q1 2011 (indexed to 100)[1]



WACKER[1] DAX 30 MDAX [1] 100 = €132.70 (closing price on January 3, 2011)

On March 11, 2011, Japan was hit by the strongest earthquake ever recorded in its history. The quake, and the tsunami triggered by it, brought devastation to the entire northeast of Japan, including the Fukushima nuclear power plant. The disaster also affected several major silicon-wafer production sites. Delivery shortfalls from Japanese wafer suppliers have boosted incoming orders dramatically at Siltronic, our semiconductor subsidiary. The destruction of the Fukushima power plant has since sparked a global debate on the safety of nuclear power. German policymakers, in particular, are deliberating on accelerating the phase-out of nuclear power and on stepping up the expansion of renewable energy sources.

Not only these factors, but also WACKER's strong, sustained performance and its positive Q1 and full-year outlook (announced at its March 16 annual press conference) caused a number of banks and investment firms to increase their price targets for WACKER's stock, in some cases substantially. Defying the general market trend, WACKER's share price then climbed to €160.70 later in the quarter, a high last seen almost three years ago. At the close of trading on March 31, 2011, WACKER's share price stood at €158.70, having clearly outperformed the German DAX and MDAX indices during the first quarter of 2011.

Facts & Figures on Wacker Chemie AG's Stock

€	Q1 2011
High	160.70
Low	125.85
Closing price (March 31, 2011)	158.70
Average daily trading volume in shares/day (Xetra)	176,640
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	6.6
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	7.9
Earnings per share	3.39

Please refer to the 2010 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. shareholder structure, brokers and investment firms that monitor and rate WACKER, and investor and analyst events held or attended by WACKER).

Report on the 1st Quarter of 2011

January – March 2011

Dear Shareholders,

With the first three months of 2011 behind us, WACKER continues to thrive. In the first quarter, we significantly increased both sales and earnings compared to a year ago.

Our strong figures were mainly driven by high and sustained customer demand across every sector and region. In addition, we obtained better prices for our products and services in some key segments. This helped us to partially offset and cushion the sometimes sharp price increases for our key raw materials.

Currently, the whole world is dealing with the aftermath of the natural disaster in Japan. Our own employees in Japan have fortunately been spared, and our sites there are largely undamaged. But the destruction caused by the March 11 earthquake has brought great suffering to millions of people, and we deeply sympathize with them.

Siltronic is ramping up production at all its sites to at least partially compensate for lost output at silicon wafer and monocrystal plants in Japan. We know that we bear a great responsibility to our customers in this exceptional situation. We will do everything in our power to meet their needs and to support the semiconductor industry.

The disaster at the Fukushima nuclear plant has sparked a new global debate about accelerating the expansion of renewable energy sources. We expect that a sharper worldwide focus on renewable-energy generation will boost demand for high-quality polysilicon in the photovoltaic sector.

To satisfy our customers' high and sustained demand, we decided to expand polysilicon capacity at Burghausen and Nünchritz in Germany by a total of 10,000 metric tons annually by 2012. In the USA, we are currently constructing a new, fully-integrated polysilicon site, scheduled for completion in 2013. At €1.1 billion, this construction project is the largest single investment in the Group's history. Of course, a completely new site initially costs more than a comparable expansion at existing facilities where the infrastructure is already in place. From a strategic point of view, though, the project will substantially strengthen our polysilicon operations, since the new capacities will make us more independent of Germany's high energy prices and of exchange-rate fluctuations.

Our decision to go ahead with the Tennessee site clearly shows that WACKER's strategy extends far beyond short-term business success. Our prime strategic goal is to sustainably increase the Group's competitiveness and corporate value over the long term. We hope you will continue to accompany us on this path.

Munich, May 4, 2011
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation

World Economic Growth Continues, But Pace Varies from Region to Region

In the first three months of 2011, the world economy stayed on its growth track. The pace of recovery, though, varied from region to region. The growth drivers in developing and emerging economies remain strong. Advanced economies, however, are experiencing rather subdued growth. In general, economic researchers and market participants are increasingly focusing on such factors as rising raw-material prices, possible inflation risks, and the financial stability of the USA and several European countries.

In its current forecast, the International Monetary Fund (IMF) expects global economic output to increase by 4.4 percent in 2011 and by 4.5 percent in 2012.[1] Global growth in 2010 reached 5.0 percent according to the IMF. For each of the next two years, IMF world projections foresee emerging and developing countries expanding at 6.5 percent. Advanced economies, for their part, are expected to grow by 2.4 percent (2011) and 2.6 percent (2012). The IMF now believes that the recovery will be self-supporting and that there is no longer any risk of the global economy sliding back into recession.

Thanks to its high exports and strong domestic demand, Asia continues to lead the global economic upturn. The IMF expects this region's economic output to grow by 6.7 percent in 2011 and 6.8 percent in 2012.[1] China is profiting from its particularly buoyant domestic market. According to IMF projections, China's economy will expand by 9.6 percent in 2011 and by 9.5 percent in 2012. As for India, economic growth is estimated at 8.2 percent (2011) and 7.8 percent (2012), driven mainly by infrastructure expansion and rising investments by businesses. In Japan, growth this year will be substantially affected by the natural disaster of March 11. Following real GDP gains there of 3.9 percent in 2010, the IMF projects an increase of only 1.4 percent for 2011. Japan's real GDP is forecast to grow by 2.1 percent in 2012.

In the USA, the economic recovery continues. According to the IMF, US GDP rose by 2.8 percent in 2010. Consumer spending continued to increase during the fourth quarter of last year. The IMF believes that growth is dampened by persistent labor-market weakness and by constantly low real estate prices. For full-year 2011, the IMF expects the US economy to expand by 2.8 percent, with 2.9 percent forecast for 2012.[1]

Turning to Europe, the IMF predicts a moderate pace of recovery. European GDP is expected to increase by 2.0 percent this year and by 2.2 percent in 2012,[1] with growth varying in the individual countries. In the Northern, Central and Eastern European countries, the IMF expects real GDP to expand within a range of 2 to 4 percent in 2011. The Western and Southern European countries are weaker, with GDP growth there not likely to exceed 2 percent. According to the IMF, Greece (–3.0 percent) and Portugal (–1.5 percent) will be bringing up the rear in 2011. With GDP growth of 1.6 percent in 2011

[1] International Monetary Fund, World Economic Outlook April 2011: Tensions from the Two-Speed Recovery, Washington, April 2011

and 1.8 percent in 2012, the eurozone countries are lagging slightly behind the overall European average.

In Germany, the current IMF forecast sees economic output increasing again this year. However, GDP growth is estimated at only 2.5 percent in 2011, following 3.5 percent in 2010.[1] For 2012, the IMF predicts a 2.1-percent rise. According to Germany's economic research institutes, there are many signs that expansion will remain strong in the coming months. The overall positive picture, though, is marred somewhat by increased raw-material prices, political upheavals in the Arab world and the combined effects of the natural and nuclear-reactor disaster in Japan.[2] Nevertheless, poll indicators on business sentiment and economic expectations remain near their highest levels.

According to Germany's Chemical Industry Association (VCI), the country's chemical sector continued to grow in Q4 2010.[3] During the last three months of 2010, production increased by 6.7 percent compared to the previous year, with sales rising as much as 12.4 percent. Thus the sector is again reaching pre-economic crisis levels. According to the VCI, chemical prices continued to rise across the board thanks to the economic recovery. For the current year, the VCI expects growth to stabilize at a slightly slower rate. All in all, chemical production should increase by 2.5 percent this year. Sales growth is expected to reach 4 percent. International sales, according to the VCI, will develop better than domestic business, primarily due to strong demand in Asia and South America.

The European Chemical Industry Council (CEFIC) also sees the industry on an upward path.[4] In its latest Trends Report, CEFIC says that production at European chemical companies rose by about 7 percent this January compared to January 2010, and that sales in December 2010 were up 17.3 percent over December 2009. The chemical industry's upturn is reflected in WACKER's higher plant-utilization rates. In line with the sector's trend, WACKER posted volume and sales growth in every region.

In its latest forecast, market research institute Gartner predicts that global demand for silicon wafers will continue to increase, albeit at a significantly lower rate than in 2010.[5] Silicon-wafer sales (by surface area sold) rose some 40 percent in full-year 2010 compared to the prior year. In Q1 2011, they are expected to grow by 0.7 percent against the preceding quarter. In 2011, Gartner estimates volume growth of just under 7 percent for the full year. Worldwide sales revenues are expected to increase by 8.3 percent, outpacing sales volumes. This projection, however, does not take into account the effects of production losses in Japan caused by the earthquake. According to data from the market research institute iSuppli, approximately one-quarter of the global wafer production will be lost temporarily due to the quake.[6] If production losses were to persist over an extended period, this could lead to a shortage of components such as memory chips, and thus to higher prices. In its latest forecast for the semiconductor market, iSuppli now thinks that global semiconductor sales will increase by 7 percent in 2011 and not by 5.8 percent as previously expected.[7] Incoming orders at Siltronic have increased substantially since mid-March. To support customers with additional wafer quantities in this exceptional situation, Siltronic is ramping up production at all its sites.

[1] International Monetary Fund, World Economic Outlook April 2011: Tensions from the Two-Speed Recovery, Washington, April 2011
[2] Joint Economic Forecast Project Group ("Projektgruppe Gemeinschaftsdiagnose"): Upswing Continues – European Debt Crisis Still Unresolved, Joint Economic Forecast Spring 2011, Halle (Saale), April 5/7, 2011
[3] VCI (German Chemical Industry Association), "Bericht zur wirtschaftlichen Lage der chemischen Industrie im 4. Quartal 2010," Frankfurt, March 2, 2011
[4] CEFIC, Chemical Trends Report April 2011, Brussels, April 5, 2011
[5] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q11 Update, March 2011
[6] iSuppli, Japan Earthquake Suspends Supply of Raw Material Used in 25 Percent of Global Chip Production – Memory Segment Hit Hard, El Segundo (USA), March 21, 2011
[7] iSuppli, Impact of Japan Disaster Boosts Worldwide Semiconductor Revenue in 2011, El Segundo (USA), April 5, 2011

According to investment bank HSBC, the solar sector will expand by about 20 percent this year.[1] In their most recent solar-market study, HSBC analysts estimate that newly-installed photovoltaic capacity will reach 20 gigawatts worldwide in 2011, with Germany's share of this total edging down to around 6 gigawatts. Germany, however, remains the world's largest photovoltaic market. HSBC believes that the reduction in Germany will be more than offset by increases in new installations in other countries such as Italy, France, the USA and China. For the polysilicon market, HSBC predicts higher sales volumes and stable prices. In line with the industry trend, WACKER POLYSILICON benefited from robust solar demand and stable market prices for polysilicon. In Q1 2011, customers continued to show a strong interest in new multiyear contracts involving advance payments. Almost the entire output planned through 2015 has been sold already.

Sales and Earnings for the WACKER Group

WACKER Boosts First-Quarter Sales and Earnings

In Q1 2011, WACKER once again strongly expanded its business. The Group posted consolidated sales of €1,291.7 million in the three months from January through March, a rise of 21 percent compared to a year ago (Q1 2010: €1,067.0 million) and nearly 7 percent higher than Q4 2010 (€1,209.9 million).

With demand for its products high in a positive market environment, WACKER was able to generate further business growth in the first quarter. Sales gains primarily stemmed from increased volumes and product-mix effects (+13 percent). The additional polysilicon output from expansion stage 8, which reached its full nominal capacity in Q2 2010, made an impact here. In addition, some products, such as semiconductor wafers and silicones, achieved partially higher prices during the quarter. This lifted sales revenues by about 7 percent. Changes in exchange rates had virtually no effect.

Thanks to the robust demand for WACKER's products, plant utilization remained high in Q1 2011, especially in the Group's chemical segments and polysilicon facilities. The first quarter saw WACKER SILICONES' production plants running at full capacity and WACKER POLYMERS' at just under 80 percent. The Group's polysilicon facilities are producing at full capacity, with a high output level. At Siltronic, the utilization rate in Q1 2011 averaged just under 80 percent across all wafer diameters. Siltronic is currently increasing production at all its sites to fulfill additional orders placed by customers following stoppages at several wafer fabs in Japan.

The performance of each WACKER division during the first quarter of 2011 is described in detail in the Division Results section, starting on page 27.

Prices for all key raw materials were significantly higher in Q1 2011 than a year ago. Depending on the raw material, some prices rose almost 30 percent. First-quarter electricity prices were a little lower year over year, but slightly higher than in Q4 2010. Natural gas was also a little cheaper than 12 months earlier, remaining approximately at the preceding quarter's level. All in all, WACKER spent over 30 percent more on raw materials in Q1 2011 compared to a year ago, largely due to higher production volumes.

For more information about the cost of goods sold, the other functional costs and R&D expenses, please refer to the comments about the condensed statement of income on pages 20 to 21 of this quarterly report.

[1] HSBC Trinkaus & Burkhardt AG, Global Solar, Düsseldorf, March 30, 2011

Double-Digit Sales Gains in Every Region

Asia Remains WACKER's Most Important Growth Market

In line with the global economic trend, WACKER posted robust double-digit growth in all regions during the first quarter of 2011. The Group benefited from the ongoing economic recovery, which increased demand for its products.

Sales gains were especially strong in Asia. In Q1 2011, the region once again reinforced its position as WACKER's largest market. Sales there rose by 29 percent to €471.9 million in the quarter under review (Q1 2010: €364.8 million). WACKER generated about 37 percent of its first-quarter sales in Asia, compared to 34 percent a year ago.

WACKER also posted substantial Q1 sales growth in Germany and other European countries. In Germany, sales for all five divisions totaled €247.2 million, up 13 percent on Q1 2010 (€219.1 million). This increase was primarily fueled by high and sustained customer demand across all German industrial sectors. In other European countries, WACKER generated 19-percent growth, its sales climbing to €311.9 million (Q1 2010: €261.8 million).

In the Americas, WACKER increased its first-quarter sales by 19 percent as well, to €220.5 million (Q1 2010: €185.8 million). Here, too, the increase was chiefly driven by strong customer demand. Changes in exchange rates had virtually no effect.

In the other regions, first-quarter sales grew 13 percent to €40.2 million (Q1 2010: €35.5 million).

Overall, WACKER generated 81 percent (Q1 2010: 79 percent) of its first-quarter sales with customers outside Germany.

Regional Breakdown of WACKER Group Sales

Group Sales by Region

€ million	Q1 2011	Q1 2010	Change in %	% of Group sales
Asia	471.9	364.8	29	37
Europe excluding Germany	311.9	261.8	19	24
Germany	247.2	219.1	13	19
The Americas	220.5	185.8	19	17
Other regions	40.2	35.5	13	3
Total sales	1,291.7	1,067.0	21	100

For WACKER's products, Asia is clearly the most important region in terms of growth and business potential. Its dynamic emerging economies increasingly need the high-quality products that WACKER supplies. Adjusted for exchange-rate effects, WACKER's first-quarter Asian sales delivered the strongest growth, thanks to the combination of pent-up demand and robust expansion in the region's economies. Asia is by far WACKER's largest market for semiconductor wafers and solar-grade polysilicon. Within the region, China (including Taiwan) plays a key role for the WACKER Group. In Q1 2011, Greater China accounted for about 58 percent of WACKER's Asian sales (Q1 2010: 57 percent). The Group has built up extensive production capacities in China for its silicone and polymer products. As a result, it can respond faster and more effectively to the needs of its Chinese customers, and strengthen and expand its market presence.

The advanced economies of Europe and North America, in contrast, are mature markets. WACKER's continued expansion there is largely in line with overall economic trends. In such markets, WACKER is generating additional business for its products by entering growth areas such as external building insulation (for energy conservation) and applications where its silicones and polymer products, due to their superior properties, are substituting conventional materials – as is the case with silicone-sheathed fire safety cables.

In its major business fields, WACKER normally ranks among the top three suppliers worldwide. Please refer to WACKER's 2010 Annual Report (pages 54 and 55) for more detailed information on the Group's sales markets and competitive positions. There were no material changes in this respect during the first three months of 2011.

Further Earnings Growth Amid Higher Plant Utilization – Group EBITDA Margin Reaches 27.2 Percent in First Quarter

Due to the sustained momentum of WACKER's operations, first-quarter earnings again clearly outperformed sales. In the period from January through March 2011, the Group increased earnings before interest, taxes, depreciation and amortization (EBITDA) to €351.0 million, a rise of 38 percent compared to Q1 2010 (€253.7 million). EBITDA rose 20 percent against Q4 2010 (€292.2 million).

Earnings growth was primarily the result of stronger sales volumes and revenues, as well as increased plant utilization, which benefited specific production costs. In contrast to Q1 2010, earnings were lifted by higher polysilicon volumes from Burghausen's Poly 8 expansion stage, which had reached its full nominal capacity in Q2 2010. WACKER's profitability was additionally supported by the higher prices for some of its products.

Higher raw-material costs only had a slight impact on earnings in Q1, since WACKER was, in some cases, still using raw materials procured in 2010. Only later in the year will higher raw-material costs become a more significant factor, as will the start-up costs for the new polysilicon site at Nünchritz.

In January through March 2011, the Group's EBITDA margin continued its upward path, climbing to 27.2 percent. In Q1 2010, it had been 23.8 percent and, in Q4 2010, 24.2 percent.

Group earnings before interest and taxes (EBIT) increased to €245.9 million in Q1 2011, compared to €153.7 million a year earlier and €171.9 million in Q4 2010. The EBIT margin correspondingly rose to 19.0 percent, compared to 14.4 percent in Q1 2010 and 14.2 percent in Q4 2010.

The profitability trend of each WACKER division in Q1 2011, and the key factors involved, are described in detail in the Division Results section, starting on page 27 of this quarterly report.

Business Developed as Expected in Q1 2011

Overall, first-quarter business progressed in line with the Group's expectations and forecasts. At the annual press conference on March 16, 2011, the Executive Board indicated that the upward trend had continued in January and February. The Board's forecast at the time was for first-quarter sales to exceed €1.2 billion, with EBITDA set to clearly surpass €300 million. In fact, WACKER's actual consolidated sales for Q1 2011 totaled €1.29 billion, while EBITDA amounted to €351.0 million.

First-Quarter Earnings per Share Climb to €3.39

WACKER's net income for the first quarter of 2011 reflected the Group's strong earnings performance. Net income for the period amounted to €168.0 million (Q1 2010: €105.9 million). As a result, earnings per share reached €3.39 (Q1 2010: €2.15).

Strategic Investments to Satisfy High Customer Demand

In Q1 2011, WACKER invested €136.6 million in property, plant and equipment, and in financial assets (Q1 2010: €98.3 million). More than half of the investment total went to WACKER POLYSILICON. Capital expenditures at the division amounted to €78.2 million and focused on the ongoing construction of a polysilicon plant at Nünchritz (Germany). Nünchritz is expected to start producing polysilicon before the end of this year. At the new Charleston location (near the city of Cleveland in Tennessee), WACKER POLYSILICON has already started constructing a fully-integrated polysilicon site. During the reporting period, WACKER also allocated investment funds to debottlenecking measures at its divisions' production plants.

To meet increasing customer demand for polysilicon, WACKER made a decision in mid-March to expand its existing facilities at Burghausen and Nünchritz. Debottlenecking measures in its integrated production system will increase the two sites' combined capacity by a total of 10,000 metric tons per year. Initial volumes from this expansion are expected to be available as early as 2012. The investment sum involved totals about €130 million.

Net Cash Flow Boosted by Strong Business Trend and Customer Prepayments

Even though investment payments in Q1 2011 were 55 percent higher than a year ago, WACKER's first-quarter net cash flow increased more than fivefold to €286.3 million (Q1 2010: €54.6 million). The increase was primarily due to two factors. First, WACKER's operational business remained strong in Q1, resulting in high gross cash flow. Cash inflow from operating activities rose by €290.5 million to €450.0 million (Q1 2010: €159.5 million). Second, this figure included €229.6 million (Q1 2010: €6.0 million) in cash inflows from customer prepayments for future polysilicon deliveries. Overall, WACKER increased its balance of advance payments received by €187.1 million in Q1. For more information on cash flow during the first three months of the year, please refer to the comments about the condensed statement of cash flows on pages 25 to 26 of this report.

Current R&D Activities

At €42.6 million, WACKER's first-quarter R&D expenses remained at roughly the prior-year level (Q1 2010: €40.3 million). R&D spending focused on the divisions' decentralized R&D activities and on ongoing projects at the Group's central research facility, the "Consortium für elektrochemische Industrie."

WACKER's divisions conduct application-driven R&D, focusing on semiconductor technology, silicone and polymer chemistry, biotechnology, and innovative production processes for hyperpure polysilicon.

As the center of WACKER's R&D activities, the Consortium science campus has the task of researching scientific correlations to develop new products and processes efficiently. Another Consortium task is to harness and develop new business fields that complement the Group's core competencies.

The research fields of WACKER's divisions and Corporate R&D are described in detail on pages 95 to 98 of the 2010 Annual Report. The fields and projects mentioned there remain the focus of WACKER's R&D activities. There were no major changes to the goals and priorities during Q1 2011.

Important Product Launches from January through March 2011

In the first quarter of 2011, WACKER launched about a dozen new products, mostly innovative grades of dispersible polymer powders, dispersions and surface-coating resins (VINNAPAS®, VINNEX® and VINNOL® brands), as well as silicone grades (SILRES® and GENIOSIL®). Most of these new products have been developed for construction applications, while the innovative resin grades are used in textiles and packaging.

Employee Numbers Rise as Business Prospers

As of March 31, 2011, WACKER had 16,602 employees worldwide (Dec. 31, 2010: 16,314).

The payroll increase primarily stems from higher staffing needs due to the dynamic business trend and high plant-utilization rates.

On March 31, 2011, WACKER had 12,414 employees in Germany (Dec. 31, 2010: 12,235) and 4,188 at its international sites (Dec. 31, 2010: 4,079).

Condensed Statement of Income – Earnings

January 1 through March 31, 2011

Condensed Statement of Income

€ million	Q1 2011	Q1 2010	Change in %
Sales	1,291.7	1,067.0	21.1
Gross profit from sales	399.2	289.3	38.0
Selling, R&D and general administrative expenses	–138.6	–128.7	7.7
Other operating income and expenses	–8.6	4.7	n.a.
Operating result	252.0	165.3	52.5
Result from investments in joint ventures and associates	–6.1	–11.6	–47.4
EBIT	245.9	153.7	60.0
Financial result	–7.9	–3.3	>100
Income before taxes	238.0	150.4	58.2
Income taxes	–70.0	–44.5	57.3
Net income for the period	168.0	105.9	58.6
Of which			
Attributable to Wacker Chemie AG shareholders	168.3	106.6	57.9
Attributable to non-controlling interests	–0.3	–0.7	–57.1
Earnings per share (€)	3.39	2.15	57.9
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–
Reconciliation to EBITDA			
EBIT	245.9	153.7	60.0
Write-downs/write-ups of noncurrent assets	105.1	100.0	5.1
EBITDA	351.0	253.7	38.4

WACKER's earnings performance in Q1 2011 reflected robust sales and a very positive earnings trend. Quarterly sales rose by 21 percent to €1.29 billion (Q1 2010: €1.07 billion) amid sustained high sales volumes. Two key factors lifted sales revenues compared to Q1 2010. First, customer demand was stronger at every division. Second, WACKER SILICONES and WACKER POLYSILICON had more output available through new facilities. One such facility was Burghausen's polysilicon expansion stage 8, which had reached its full nominal capacity of 10,000 metric tons per year in Q2 2010.

WACKER reinforced its profitability in the first quarter of 2011. EBITDA climbed by 38 percent in the quarter to €351.0 million (Q1 2010: €253.7 million). EBIT rose by 60 percent to €245.9 million (Q1 2010: €153.7 million). With more production facilities in place now than in Q1 2010, depreciation rose from €100.0 million in last year's Q1 to €105.1 million in Q1 2011. The additional capacities came from polysilicon plants, in particular, but also from facilities in China and Norway.

The cost-of-sales ratio was 69 percent (Q1 2010: 73 percent). The cost of goods sold rose by only 15 percent to €892.5 million, less than consolidated sales. With strong demand for WACKER products, plant utilization was high throughout the Group. At WACKER SILICONES and WACKER POLYSILICON, production facilities were running close to – or at – full capacity. At WACKER POLYMERS, plant utilization was just under 80 percent. Siltronic's Q1 2011 utilization rate also averaged nearly 80 percent across all wafer diameters. High plant utilization benefited fixed-cost coverage and had positive effects on economies of scale, which, in turn, lowered the cost of goods sold. As some plants were still processing raw materials procured in 2010, raw-material price rises have yet to fully feed through.

For these reasons, Q1 2011's gross profit from sales was higher than a year ago. It rose by €109.9 million to €399.2 million, up 38 percent. The gross margin was 31 percent (Q1 2010: 27 percent).

Other functional costs (selling, R&D and general administrative expenses) climbed €9.9 million to €138.6 million. This 8-percent rise was due to sales growth impacting selling costs and to higher variable compensation components affecting personnel expenses.

In Q1 2011, the balance of other operating income and expenses amounted to €–8.6 million. A year ago, the corresponding figure had been income of €4.7 million. In addition to a currency translation result of €–4.3 million, the Group recognized other net operating expenses and income of €–4.3 million.

Due to these effects, the operating result rose to €252.0 million (Q1 2010: €165.3 million).

The first-quarter result from investments in joint ventures and associates totaled €–6.1 million. The loss was almost halved compared to a year ago (Q1 2010: €–11.6 million). This result benefited particularly from the start-up of production facilities at the joint venture with Dow Corning in China toward the end of 2010.

WACKER's first-quarter financial result of €–7.9 million was lower than a year ago (Q1 2010: €–3.3 million). The following factors affected the financial result in different ways. WACKER's extensive portfolio of current and noncurrent securities and demand deposits generated interest income of €4.4 million (Q1 2010: €1.2 million), which was offset by interest expenses totaling €2.3 million (Q1 2010: €1.1 million). Capitalization of construction-related borrowing costs reduced interest expenses by €2.8 million (Q1 2010: €3.3 million) The other financial result of €–10.0 million (Q1 2010: €–3.4 million) comprises primarily the interest expenses resulting from interest-bearing elements of pension and other noncurrent provisions, which were higher than in the comparable prior-year period.

The tax rate in the reporting period was 29.4 percent. A year earlier, the rate had been 29.6 percent. Income taxes consist primarily of current taxes paid on the Group's positive pre-tax result, which rose to €238.0 million in Q1 2011 from €150.4 million in Q1 2010. Current tax expenses for Q1 2011 totaled €67.5 million. Net deferred taxes amounted to €2.5 million.

The trends outlined above boosted net income for the period. In Q1 2011, net income soared to €168.0 million, up 59 percent (Q1 2010: €105.9 million).

Condensed Statement of Financial Position – Net Assets

As of March 31, 2011

Assets

€ million	March 31, 2011	March 31, 2010	Change in %	December 31, 2010	Change in %
Intangible assets, property, plant and equipment, and investment property	3,058.0	2,826.0	8.2	3,060.4	−0.1
Investments in joint ventures and associates accounted for using the equity method	101.9	137.8	−26.1	111.7	−8.8
Other noncurrent assets	421.8	185.2	>100	375.5	12.3
Noncurrent assets	3,581.7	3,149.0	13.7	3,547.6	1.0
Inventories	583.7	458.2	27.4	530.7	10.0
Trade receivables	645.2	572.3	12.7	596.0	8.3
Other current assets	1,122.3	617.0	81.9	826.9	35.7
Current assets	2,351.2	1,647.5	42.7	1,953.6	20.4
Total assets	5,932.9	4,796.5	23.7	5,501.2	7.8

Equity and Liabilities

€ million	March 31, 2011	March 31, 2010	Change in %	December 31, 2010	Change in %
Equity	2,617.9	2,073.2	26.3	2,446.8	7.0
Noncurrent provisions	733.0	743.6	−1.4	745.8	−1.7
Financial liabilities	457.4	411.7	11.1	407.1	12.4
Other noncurrent liabilities	1,095.3	762.8	43.6	909.0	20.5
Of which advance payments received	1,042.2	743.9	40.1	869.9	19.8
Noncurrent liabilities	2,285.7	1,918.1	19.2	2,061.9	10.9
Financial liabilities	84.5	90.9	−7.0	126.3	−33.1
Trade payables	328.0	230.9	42.1	335.2	−2.1
Other current provisions and liabilities	616.8	483.4	27.6	531.0	16.2
Current liabilities	1,029.3	805.2	27.8	992.5	3.7
Liabilities	3,315.0	2,723.3	21.7	3,054.4	8.5
Total equity and liabilities	5,932.9	4,796.5	23.7	5,501.2	7.8

Total assets rose to €5.93 billion, compared to €5.5 billion on December 31, 2010. This 8-percent rise was largely due to the first quarter's substantially higher business volumes. Net exchange-rate effects, in contrast, reduced total assets by €58.0 million against 2010's year-end figure. Compared to March 31, 2010, total assets increased by 24 percent.

Noncurrent assets increased only slightly during Q1 2011, climbing to €3.58 billion (Dec. 31, 2010: €3.55 billion). As of March 31, 2011, noncurrent assets accounted for 60 percent of total assets. Intangible assets and property, plant and equipment totaled €3.06 billion as per March 31, 2011. Investment spending mainly impacted property, plant and equipment, increasing it by €128.2 million. Depreciation, in contrast, reduced carrying amounts by €105.1 million. Investment losses and exchange-rate effects reduced the book value recognized for joint ventures and associates accounted for using the equity method by €9.8 million to €101.9 million (Dec. 31, 2010: €111.7 million). Other noncurrent assets amounted to €421.8 million. They included not only noncurrent securities totaling €237.3 million (Dec. 31, 2010: €210.8 million), but also loans of €94.2 million to associated companies (Dec. 31, 2010: €88.8 million), noncurrent derivative financial instruments of €33.6 million (Dec. 31, 2010: €16.9 million), and tax receivables and deferred tax assets of €27.2 million (Dec. 31, 2010: €26.2 million). Exchange-rate effects diminished noncurrent assets by €30.8 million in the first quarter of 2011.

Current assets rose by €397.6 million to €2.35 billion (Dec. 31, 2010: €1.95 billion), growing 20 percent due to the strength of operating activities in the first quarter. Trade receivables increased by €49.2 million to €645.2 million (Dec. 31, 2010: €596.0 million) because of high sales volumes. For the same reason, inventories went up €53.0 million to €583.7 million. Overall, inventories and trade receivables rose 9 percent compared to December 31, 2010. On March 31, 2011, these line items accounted for 21 percent of total assets.

Other current assets rose significantly in the quarter, from €826.9 million to €1.12 billion – up 36 percent. This total included current securities in the amount of €113.3 million (Dec. 31, 2010: €41.4 million). In Q1 2011, WACKER invested almost €100 million of existing liquidity in current and noncurrent securities. These liquid reserves will be available for use in long-term investment projects, for example. Cash and cash equivalents also rose sharply, to €750.8 million (Dec. 31, 2010: €545.2 million). This increase stemmed from the quarter's strong operating activities and from additional advance payments for future polysilicon deliveries. The fair values of derivative financial instruments amounted to €46.3 million as of March 31, 2011 (Dec. 31, 2010: €22.6 million). Additional factors on the asset side included higher deferred income (which had been expected in Q1), receivables for allocated investment grants, and lower tax receivables.

Group equity rose from €2.45 billion on December 31, 2010 to €2.62 billion at the end of the quarter. As a result, the equity ratio on March 31, 2011 was 44.1 percent (Dec. 31, 2010: 44.5 percent). The increase was mainly due to first-quarter net income of €168.0 million. Other equity components also made a small net contribution, adding €4.5 million toward equity growth. This included changes – totaling €33.3 million – in the market values of derivative financial instruments from hedge accounting. Exchange-rate effects from consolidation measures, in contrast, reduced equity by €28.5 million.

Noncurrent liabilities saw an 11-percent increase compared to year-end 2010, rising by €223.8 million to about €2.29 billion. €8.3 million was added to provisions for pension obligations, which amounted to €483.7 million as of March 31, 2011. Overall, noncurrent provisions declined by €12.8 million and now account for 12 percent of total equity and liabilities. Other noncurrent liabilities included advance payments, which rose by €172.3 million during the quarter to over €1 billion – 18 percent of total equity and liabilities. This growth was mainly driven by new customer contracts concluded in Q1 2011.

Noncurrent financial liabilities rose by €50.3 million compared to year-end 2010. In the first quarter, WACKER renegotiated and extended an investment loan scheduled to expire in 2011. As a result, this loan's status was reclassified from current to noncurrent.

Current liabilities increased during Q1 2011, rising €36.8 million to €1.03 billion (Dec. 31, 2010: €992.5 million). Their share of total equity and liabilities was 17 percent. Trade payables declined slightly to €328.0 million (Dec. 31, 2010: €335.2 million). Current provisions increased to €176.7 million (Dec. 31, 2010: €147.4 million), since some noncurrent provisions, among other things, were reclassified in Q1 as current. Other current liabilities rose to €423.4 million (Dec. 31, 2010: €367.0 million). The increase was primarily due to higher liabilities for variable compensation and to increased vacation and flextime credits. In contrast, a reduction in the negative market values of derivative financial instruments lowered other current liabilities. Taken together, these two effects resulted in a net increase of €31.8 million in other current liabilities. Current advance payments amounted to €177.1 million, €14.9 million more than at year-end 2010.

As of March 31, 2011, current financial liabilities fell to €84.5 million (Dec. 31, 2010: €126.3 million). WACKER reclassified an extended investment loan as a noncurrent liability during Q1 2011. At €541.9 million, financial liabilities as a whole remained virtually unchanged from year-end 2010 (Dec. 31, 2010: €533.4 million). This corresponds to 9 percent of total equity and liabilities. Current liquidity (cash and cash equivalents, and current securities) rose to €864.1 million in Q1 2011 (Dec. 31, 2010: €586.6 million). In addition, noncurrent securities valued at €237.3 million (Dec. 31, 2010: €210.8 million) are available as liquid reserves. Because of WACKER's continued strong liquidity, net financial receivables (defined as the balance of gross financial debt and existing noncurrent and current liquidity) rose again, from €264.0 million at year-end 2010 to €559.5 million at the end of Q1.

WACKER does not use any off-balance-sheet financial instruments. More information is available on page 79 of the 2010 Annual Report.

Condensed Statement of Cash Flows – Financial Position

January 1 through March 31, 2011

Condensed Statement of Cash Flows

€ million	Q1 2011	Q1 2010	Change in %
Net income for the period	168.0	105.9	58.6
Write-downs/write-ups of noncurrent assets	105.1	100.0	5.1
Changes in inventories	–66.0	–0.8	>100
Changes in trade receivables	–61.8	–93.3	–33.8
Changes in other assets	–2.0	–2.9	–31.0
Change in advance payments made and received	187.1	–28.7	n.a.
Non-cash changes from equity accounting	6.1	11.6	–47.4
Other non-cash expenses, income and other items	113.5	67.7	67.7
Cash flow from operating activities (gross cash flow)	450.0	159.5	>100
Payments for investments	–162.3	–104.9	54.7
Cash flow from noncurrent investment activities before securities	–162.3	–104.9	54.7
Acquisition/disposal of securities	–98.4	–42.8	>100
Cash flow from investment activities	–260.7	–147.7	76.5
Changes in financial liabilities	19.5	49.3	–60.4
Cash flow from financing activities	19.5	49.3	–60.4
Changes due to exchange-rate fluctuations	–3.2	3.6	n.a.
Changes in cash and cash equivalents	205.6	64.7	>100
At the beginning of the year	545.2	363.6	49.9
At the end of the period	750.8	428.3	75.3

Net Cash Flow

€ million	Q1 2011	Q1 2010	Change in %
Cash flow from operating activities (gross cash flow)	450.0	159.5	>100
Cash flow from noncurrent investment activities before securities	–162.3	–104.9	54.7
Additions from finance leases	–1.4	–	n.a.
Net cash flow (incl. additions from finance leases)	286.3	54.6	>100

In the first quarter of 2011, WACKER generated strong cash flow from operating activities, amounting to €450.0 million as per March 31, 2011, up €290.5 million on Q1 2010. The cause of this increase is twofold. First, Q1 2011's high net income of €168.0 million, coupled with roughly unchanged depreciation and amortization of €105.1 million, increased cash flow from operating activities by €67.2 million. Second, substantial advance payments received for future polysilicon deliveries boosted gross cash flow by another €187.1 million. A year ago, advance payments received had seen a decline of €28.7 million as customers took their polysilicon deliveries. In Q1 2011, downward pressure came from changes in working capital – i.e. the build-up of inventories and trade receivables – which reduced operating cash flow by €127.8 million. In Q1 2010, the build-up of inventories and outstanding accounts had reduced gross cash flow by €94.1 million.

Cash flow from noncurrent investment activities reflected WACKER's sustained and intense efforts to expand its production facilities. The total for the quarter was €162.3 million – €57.4 million higher than a year ago (Q1 2010: €104.9 million) – due to project-specific reasons. The bulk of investment spending was for the ongoing development of polysilicon facilities at Nünchritz and their related infrastructure.

Cash flow from investment activities also included €98.4 million in financial investments. In the first quarter of 2011, the WACKER Group invested just under €100 million of its surplus liquidity in current and noncurrent securities with terms of over three months.

Net cash flow (the difference between cash inflow from operating activities and cash outflow from noncurrent investment activities) amounted to €286.3 million in Q1 2011 (Q1 2010: €54.6 million). This figure takes additions from finance leases into account.

The cash flow from financing activities, adjusted for exchange-rate fluctuations, was €19.5 million (Q1 2010: €49.3 million). This lower cash flow was due to a slight increase in financial liabilities during the quarter. Compared to December 31, 2010, cash and cash equivalents increased by €205.6 million to €750.8 million as of March 31, 2011.

Division Results

January 1 through March 31, 2011

Sales

€ million	Q1 2011	Q1 2010	Change in %
WACKER SILICONES	410.5	367.0	11.8
WACKER POLYMERS	205.4	170.8	20.2
WACKER BIOSOLUTIONS	37.7	34.4	9.8
WACKER POLYSILICON	414.4	323.9	28.0
SILTRONIC	280.2	219.1	27.9
Corporate functions/Other	38.5	34.3	12.5
Consolidation	−95.0	−82.5	15.3
Group sales	1,291.7	1,067.0	21.1

EBIT

€ million	Q1 2011	Q1 2010	Change in %
WACKER SILICONES	56.8	44.9	26.5
WACKER POLYMERS	17.1	11.1	54.1
WACKER BIOSOLUTIONS	3.6	3.2	12.5
WACKER POLYSILICON	177.6	123.0	44.4
SILTRONIC	14.7	−20.5	n.a.
Corporate functions/Other	−22.5	−7.3	>100
Consolidation	−1.4	−0.7	100.0
Group EBIT	245.9	153.7	60.0

EBITDA

€ million	Q1 2011	Q1 2010	Change in %
WACKER SILICONES	75.1	62.1	20.9
WACKER POLYMERS	26.0	20.1	29.4
WACKER BIOSOLUTIONS	5.2	4.8	8.3
WACKER POLYSILICON	214.7	157.5	36.3
SILTRONIC	36.8	1.2	>100
Corporate functions/Other	−5.4	8.7	n.a.
Consolidation	−1.4	−0.7	100.0
Group EBITDA	351.0	253.7	38.4

Reconciliation with Segment Results

€ million	Q1 2011	Q1 2010	Change in %
EBIT of reporting segments	269.8	161.7	66.9
Corporate functions/Other	−22.5	−7.3	>100
Consolidation	−1.4	−0.7	100.0
Group EBIT	245.9	153.7	60.0
Financial result	−7.9	−3.3	>100
Income before taxes	238.0	150.4	58.2

WACKER SILICONES

WACKER SILICONES

€ million	Q1 2011	Q1 2010	Change in %
Sales			
External sales	407.3	362.8	12.3
Internal sales	3.2	4.3	−24.2
Total sales	410.5	367.0	11.8
EBIT	56.8	44.9	26.5
EBIT margin (%)	13.8	12.2	13.1
Write-downs/write-ups	18.3	17.2	6.4
EBITDA	75.1	62.1	20.9
EBITDA margin (%)	18.3	16.9	8.1
Investments	18.9	18.6	1.6
As of	March 31, 2011	Dec. 31, 2010	
Number of employees	3,905	3,892	0.3

In the first quarter of 2011, WACKER SILICONES generated total sales of €410.5 million – a rise of 12 percent against the prior-year quarter (Q1 2010: €367.0 million) and over 6 percent against the preceding quarter (Q4 2010: €385.7 million). Sales were bolstered by additional volumes from new Chinese silicone-polymer and silicone-fluid production plants that came on stream in Q4 2010. Customer demand remained robust in most business areas throughout the period under review. Particularly strong growth was achieved by organofunctional silanes for the formulation of construction foams and by pyrogenic silicas for adhesives. Additionally, silicone products for electronics, cable insulation and paper coatings experienced high demand. By contrast, sales volumes in the medical-technology and personal-care segments were more restrained. Many facilities are operating at maximum capacity, with growth being driven by all regions worldwide.

From January through March 2011, WACKER SILICONES posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €75.1 million (Q1 2010: €62.1 million). This 21-percent increase on the prior-year quarter yielded an EBITDA margin of 18.3 percent (Q1 2010: 16.9 percent). The division's Q1 EBITDA benefited particularly from volume gains and low specific production costs, as well as from certain price increases. Earnings were held back somewhat by the rise in raw-material prices. Compared with Q4 2010, market prices were up by around 10 percent for methanol and by over 20 percent for silicon metal. However, the division profited to an extent from being able to use raw materials that had been procured back in 2010, especially in the case of silicon metal.

WACKER SILICONES' first-quarter investments amounted to €18.9 million (Q1 2010: €18.6 million). The division's capital expenditures focused on eliminating isolated bottlenecks at its production plants. The improvements, for example, increased Nünchritz's annual siloxane capacity from 120,000 metric tons to today's 130,000 metric tons.

As of March 31, 2011, WACKER SILICONES had 3,905 employees (Dec. 31, 2010: 3,892).

WACKER POLYMERS

WACKER POLYMERS

€ million	Q1 2011	Q1 2010	Change in %
Sales			
External sales	199.3	165.9	20.1
Internal sales	6.1	4.9	24.2
Total sales	205.4	170.8	20.2
EBIT	17.1	11.1	54.1
EBIT margin (%)	8.3	6.5	28.1
Write-downs/write-ups	8.9	9.0	−1.1
EBITDA	26.0	20.1	29.4
EBITDA margin (%)	12.7	11.8	7.6
Investments	3.6	2.6	38.5
As of	March 31, 2011	Dec. 31, 2010	
Number of employees	1,394	1,377	1.2

WACKER POLYMERS posted total Q1 2011 sales of €205.4 million, over 20 percent higher than a year ago (Q1 2010: €170.8 million) and almost 9 percent above Q4 2010 (€188.9 million). Sales growth was mainly due to rising demand for dispersible polymer powders and dispersions. Compared to the prior year, volumes were up between roughly 10 and 35 percent, depending on the product group. In Q1 2011, plant utilization averaged almost 80 percent. Across every region, divisional sales grew by a double-digit percentage against 2010's first quarter, with China yielding the highest growth rates.

In Q1 2011, the division's EBITDA reached €26.0 million, rising more than 29 percent year over year (Q1 2010: €20.1 million) and slightly higher than the Q4 2010 figure (€25.0 million). As a result, the EBITDA margin reached 12.7 percent (Q1 2010: 11.8 percent). Earnings performance was held back by ethylene prices being much higher than a year ago. Ethylene cost almost 27 percent more than in Q1 2010. To compensate for rising raw-material costs, WACKER POLYMERS increased its product prices.

In Q1 2011, WACKER POLYMERS invested €3.6 million (Q1 2010: €2.6 million).

As of March 31, 2011, WACKER POLYMERS had 1,394 employees (Dec. 31, 2010: 1,377).

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS			
€ million	**Q1 2011**	Q1 2010	Change in %
Sales			
External sales	**35.2**	33.2	6.0
Internal sales	**2.5**	1.2	>100
Total sales	37.7	34.4	9.8
EBIT	3.6	3.2	12.5
EBIT margin (%)	**9.5**	9.3	2.5
Write-downs/write-ups	**1.6**	1.6	–
EBITDA	5.2	4.8	8.3
EBITDA margin (%)	**13.8**	14.0	–1.3
Investments	**0.5**	2.0	–75.0
As of	**March 31, 2011**	Dec. 31, 2010	
Number of employees	**361**	363	–0.6

Thanks to healthy demand, WACKER BIOSOLUTIONS increased its total sales by almost 10 percent to €37.7 million (Q1 2010: €34.4 million). The division had posted sales of €32.7 million in Q4 2010.

In the first quarter of 2011, demand was especially strong for products used in pharmaceutical and agrochemical applications. Gumbase sales volumes increased by around 18 percent year over year. Sales revenues for pharmaceutical proteins were on a par with Q1 2010. In contrast, business with cysteine and cyclodextrins was rather more subdued, which meant the division was not quite able to match its prior-year sales figures for those products.

WACKER BIOSOLUTIONS generated first-quarter EBITDA of €5.2 million (Q1 2010: €4.8 million). Earnings benefited from stronger sales volumes – especially from gumbase and acetylacetone volumes being above the year-earlier level. However, because sales rose slightly more steeply than earnings, the EBITDA margin edged down to 13.8 percent from 14.0 percent a year ago.

WACKER BIOSOLUTIONS' first-quarter investments amounted to €0.5 million (Q1 2010: €2.0 million).

As of March 31, 2011, WACKER BIOSOLUTIONS had 361 employees (Dec. 31, 2010: 363).

WACKER POLYSILICON

WACKER POLYSILICON

€ million	Q1 2011	Q1 2010	Change in %
Sales			
External sales	356.1	273.2	30.3
Internal sales	58.3	50.7	15.1
Total sales	414.4	323.9	28.0
EBIT	177.6	123.0	44.4
EBIT margin (%)	42.9	38.0	12.8
Write-downs/write-ups	37.1	34.5	7.5
EBITDA	214.7	157.5	36.3
EBITDA margin (%)	51.8	48.6	6.5
Investments	78.2	52.2	49.8
As of	March 31, 2011	Dec. 31, 2010	
Number of employees	1,851	1,763	5.0

At WACKER POLYSILICON, sales volumes, sales revenues and earnings all remained at a very high level in Q1 2011. Sales revenues climbed to €414.4 million, rising 28 percent on Q1 2010 (€323.9 million) and almost 11 percent on Q4 2010 (€373.8 million).

Q1 2011 saw WACKER POLYSILICON increasing its output by around 30 percent year over year, in large part due to the new Poly 8 facility, which reached its full nominal capacity in Q2 2010. Technological improvements led to further volume gains. All the division's plants continued to operate at full capacity. Demand for polysilicon remained very high in both the photovoltaic and semiconductor markets. First-quarter spot prices for polysilicon were appreciably higher than a year ago and continued to edge up throughout the quarter.

WACKER POLYSILICON generated EBITDA of €214.7 million in Q1 2011, a rise of 36 percent compared to Q1 2010 (€157.5 million). The division also gained slightly on Q4 2010 (€211.4 million). Climbing back above the 50-percent threshold, the first-quarter EBITDA margin reached 51.8 percent this year compared with 48.6 percent in Q1 2010 and 56.6 percent in Q4 2010. Earnings were dampened somewhat by a number of factors, including slightly higher electricity prices than in Q4 2010, and initial start-up costs for the polysilicon plant under construction at Nünchritz.

Customers continued to show a strong interest in new multiyear contracts involving advance payments. At the end of the quarter, virtually the entire output planned up until the end of 2015 had been sold. These quantities include not only output from the plants under construction at Nünchritz and Charleston (Tennessee, USA), but also additional volumes that will result from measures (announced in Q1 2011) to eliminate bottlenecks in Burghausen's and Nünchritz's integrated production system.

WACKER POLYSILICON's first-quarter investments amounted to €78.2 million (Q1 2010: €52.2 million). Spending continued to focus on constructing the new Poly 9 facility at Nünchritz, which will come on stream before the end of this year. Additional funds were channeled into starting construction work at the new US site in Charleston (Tennessee). WACKER POLYSILICON is erecting a fully integrated production complex there, with an annual capacity of 15,000 metric tons. It is scheduled for completion by late 2013. The official groundbreaking ceremony for the new site took place after the reporting period, on April 8. At about €1.1 billion, this major US project is WACKER's single largest investment ever. To meet soaring customer demand, the division is also expanding Burghausen's and Nünchritz's combined annual capacity by a total of 10,000 metric tons by 2012. The investment sum involved totals about €130 million. Thanks to all these measures, WACKER POLYSILICON's overall capacity will climb to 67,000 metric tons per year by 2014.

As of March 31, 2011, WACKER POLYSILICON had 1,851 employees (Dec. 31, 2010: 1,763).

SILTRONIC

SILTRONIC € million	Q1 2011	Q1 2010	Change in %
Sales			
External sales	278.9	218.1	27.9
Internal sales	1.3	1.0	30.0
Total sales	280.2	219.1	27.9
EBIT	14.7	−20.5	n.a.
EBIT margin (%)	5.2	−9.4	n.a.
Write-downs/write-ups	22.1	21.7	1.8
EBITDA	36.8	1.2	>100
EBITDA margin (%)	13.1	0.5	>100
Investments	17.6	10.2	72.5
As of	March 31, 2011	Dec. 31, 2010	
Number of employees	5,019	5,025	−0.1

In Q1 2011, Siltronic continued on its positive sales and earnings path. Total first-quarter sales came in at €280.2 million (Q1 2010: €219.1 million), climbing around 28 percent. Compared with the preceding quarter, sales were up 4 percent (Q4 2010: €269.5 million). Siltronic posted double-digit sales growth in every region.

Customer demand grew particularly strongly for 300 mm wafers, with sales volumes up about 20 percent on the comparable prior-year figure. In Q1 2011, the utilization rate averaged just under 80 percent. Since mid-March, there has been a sharp upturn in customer orders following the earthquake in Japan. To help customers handle these exceptional circumstances, Siltronic is currently ramping up production at all its plants.

Siltronic posted further earnings gains in Q1 2011, generating EBITDA of €36.8 million (Q1 2010: €1.2 million). The first-quarter EBITDA margin was 13.1 percent, up from 0.5 percent in Q1 2010. Earnings were lifted by increased plant utilization and by higher average prices compared with a year ago. There were particularly strong price increases for 200 mm wafers and smaller diameters – especially epitaxial wafers.

Siltronic's first-quarter investments totaled €17.6 million (Q1 2010: €10.2 million). These funds were used for upgrading wafer production to keep pace with technological progress in the semiconductor industry. Siltronic is also currently installing additional production facilities for epitaxial wafers at Burghausen.

Siltronic had 5,019 employees as of March 31, 2011 (Dec. 31, 2010: 5,025).

Other

First-quarter sales recognized under “Other” totaled €38.5 million (Q1 2010: €34.3 million). Other EBITDA for Q1 2011 was €–5.4 million (Q1 2010: €8.7 million). As of March 31, 2011, the “Other” segment had 4,072 employees, compared with 3,894 as of December 31, 2010.

Risks and Opportunities

WACKER Benefits from Sustained High Demand for Its Products and Capitalizes on Growth Opportunities

All of WACKER's market regions and business divisions benefited from the continuing global recovery, which led to very strong demand for WACKER products and good plant-utilization rates in the first quarter of 2011. As a result, specific production costs remained at a low level, strengthening the Group's profitability.

Sustained and strong customer demand for WACKER products offers the Group's chemical segments a good basis for introducing price increases to the market – insofar as existing contracts allow. WACKER introduced price adjustments for several products and product groups last fall. WACKER POLYMERS, in particular, is striving to counter the ethylene price increases of the past few months. During the quarter under review, this division announced price rises for dispersions in Europe and is now gradually applying the new rates.

At WACKER POLYSILICON, strong demand for polysilicon and rising spot prices are driving customer demand for multiyear contracts involving advance payments. At the end of Q1 2011, virtually all the output planned up until the end of 2015 had already been sold. To capitalize on opportunities for further growth in this business area, WACKER POLYSILICON is expanding its existing or previously planned capacities at Burghausen and Nünchritz (which is currently under construction) by a total of 10,000 metric tons annually by 2012. In the USA, the new Charleston site, which is also under construction, gives WACKER scope not only to benefit from attractive local energy prices, but also to develop its supply chain outside the eurozone, thus reducing the impact of exchange-rate fluctuations on Group business. Moreover, by having another two fully integrated polysilicon sites, WACKER is lowering the risk of production being concentrated at a single site.

The publicity given to the fast-track development of renewable energy sources is likely to keep customer demand strong for WACKER's high-grade polysilicon both this year and in years to come. However, because nearly all our polysilicon output has already been contractually accounted for until the end of 2015, we see little scope for exploiting any further demand increases in the short term to generate substantial new business volumes.

Siltronic has experienced a sharp upturn in customer orders since mid-March, following the earthquake in Japan. In response, it is ramping up production at all its sites. From today's viewpoint, capacity utilization at our silicon-monocrystal and semiconductor-wafer plants will remain very high until the end of 2011. The resultant low specific production costs, plus the additional sales volumes expected, offer Siltronic the prospect of higher sales and earnings in full-year 2011 than originally anticipated back in early January. Nevertheless, this effect is, to an extent, only temporary. We expect that customer orders will decrease once the supply situation on the wafer market eases.

As the year progresses, further global economic growth will fuel industry's appetite for raw materials. Consequently, raw-material prices will rise – especially for ethylene and silicon metal. Energy prices, too, are likely to be higher than in 2010. WACKER has already incorporated some of the rises anticipated for raw-material and energy prices into its annual planning. We consider the risk of any further price rises substantially impairing earnings to be manageable, in view of the price increases introduced for our own products. The silicon-metal production site acquired last year in Holla, Norway, is playing a key part in keeping our costs for this raw material under control. With a production capacity of some 50,000 metric tons per year, Holla covers almost a third of WACKER's annual silicon-metal needs. To secure the additional amounts required, WACKER concluded high-volume multiyear delivery contracts for silicon metal.

Over recent weeks, the euro has again strengthened against the US dollar. The average euro/dollar exchange rate in Q1 2011 was 1.37 dollars to the euro. WACKER expects the euro's present strength to continue throughout 2011. To an extent, we have already taken account of this trend in our plans for fiscal 2011. We do not anticipate that altered exchange-rate levels will lead to any substantial deviations from our planned 2011 sales and earnings trend.

Even though it is likely that the economic recovery will be less dynamic in 2011 than last year, upward momentum remains intact and market conditions are favorable. The continuing high public deficits of certain countries pose economic uncertainties and risks. Equally, it is not yet possible to estimate accurately what impact the natural disaster of March 11 will have on the Japanese economy. However, many observers expect the Japanese to embark on a very rapid program of rebuilding the infrastructure destroyed in the regions affected. At present, we do not perceive any direct substantial risks to our business from the natural disaster in Japan and its aftermath. The same is true of the political unrest in northern Africa, where we do not currently anticipate any noticeable impact on WACKER's performance.

Evaluation of Overall Risk

For a detailed description about the specific risks in individual divisions, market segments and sales regions, about our assessment of their probability, and about the measures we take to counter these risks, please refer to pages 118 to 129 of the current 2010 Annual Report. The assessments we made there did not change substantially in the period under review. Nor have we detected any individual or aggregate risks that could substantially endanger the Group as a going concern. We continue to regard ourselves as strategically and financially well positioned to seize any opportunities that arise.

Munich, May 4, 2011
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date

There were no material events after the balance sheet date.

Outlook and Forecast

From today's viewpoint, we expect global economic growth to continue, even though it is still unclear exactly what the consequences of the natural and nuclear-reactor disaster in Japan will be. As already stated in our 2010 Annual Report, WACKER anticipates substantial sales growth in 2011. We see rising raw-material and energy prices as the biggest drag on our operations.

Underlying Economic Conditions

The upturn in the global economy is continuing this spring. Business trends are once again very dynamic in emerging countries, following a slight slowdown in growth during last year's second half. Advanced economies also saw output and trade pick up appreciably in Q1 2011. The danger of the global economy entering a double-dip recession appears to have been averted. Analysts are instead increasingly focusing on factors such as rising raw-material prices, potential inflationary pressures and the financial stability of the USA and various European countries.

The International Monetary Fund (IMF) expects global economic output to rise 4.4 percent in 2011 and 4.5 percent in 2012.[1] According to the IMF, developing and emerging countries will drive this upward trend, contributing economic growth of 6.5 percent both this year and next. Advanced economies, for their part, are expected to expand by 2.4 percent in 2011 and 2.6 percent in 2012. For the USA, the IMF predicts growth of 2.8 percent this year and 2.9 percent next year. IMF projections for China are 9.6-percent growth in 2011 and 9.5 percent in 2012.

In their spring forecast, Germany's leading economic research institutes expect global production to increase by just under 3.5 percent this year,[2] with global trade growing by 9.0 percent. While the German analysts estimate that the natural disaster in Japan will lead to a marked loss in production, they believe the impact on economic activity elsewhere will, at most, be short-lived. The political upheavals in the Arab world, according to the spring forecast, pose a certain risk to oil supplies worldwide, and are thus of significance for the global economy. Overall, however, the analysts expect these developments to only slightly dampen global economic expansion.

The spring forecast predicts a 1.7-percent rise in 2011's real gross domestic product for the eurozone, followed by a 1.6-percent rise in 2012. Germany is expected to be in the top third, with growth rates of 2.8 percent in 2011 and 2.0 percent in 2012.

General Sector-Specific Conditions

The moderate growth trend will be reflected in WACKER's markets, such as chemicals, construction, semiconductors and the solar sector. According to Germany's Chemical Industry Association (VCI), the country's chemical sector will increase sales by 4 per-

[1] International Monetary Fund, World Economic Outlook, April 2011: Tensions from the Two-Speed Recovery, Washington, April 2011
[2] Joint Economic Forecast Project Group ("Projektgruppe Gemeinschaftsdiagnose"): Upswing Continues – European Debt Crisis Remains Unresolved. Joint Economic Forecast Spring 2011, Halle (Saale), April 5/7, 2011

cent this year.[1] Global sales of silicon wafers by surface area sold will rise by just under 7 percent in 2011, reports Gartner Dataquest (the market research institute).[2] In its analysis of the solar industry, investment bank HSBC estimates that newly installed PV capacity will reach around 20 gigawatts worldwide this year.[3]

The WACKER Group's Prospects

Given the current economic trends and forecasts, WACKER expects customer demand and sales volumes to remain strong and stable at all its divisions. The essential factors driving future developments at our segments were already addressed in the Risks and Opportunities section. We expect Group sales in the subsequent quarters of 2011 to be higher than the corresponding prior-year levels.

As 2011 progresses, two major factors will affect WACKER's earnings performance: the upward trend in raw-material prices and the start-up costs for our Nünchritz polysilicon plant. Compared to Q1 2011, both factors are likely to acquire a higher profile in subsequent quarters and somewhat diminish WACKER's profitability. In contrast, Siltronic's very healthy order levels promise high plant-capacity utilization and correspondingly low specific production costs. If worldwide silicon-wafer production does not keep pace with demand, wafer prices could rise and enhance Siltronic's profitability further. We do not envisage any major new earnings potential from higher prices for short-term polysilicon deliveries, since nearly all of WACKER's output for 2011 has already been contractually secured.

We provided a detailed description about our expectations of the Group's development over the next two years in our 2010 Annual Report. Please refer to pages 145 to 151 for our comments on investment policy, future products and services, R&D, production, purchasing and logistics, sales and marketing, employees, sustainability, financing, and our expected liquidity and financial position. The assessments we made there did not change substantially in the period under review.

We do not envisage any major changes in the business policies, corporate goals and organizational orientation of the WACKER Group at the moment. Our 2010 Annual Report (pages 49 to 62) provides detailed explanatory notes on the individual aspects of the Group's structure and its activities, organization and decision-making, as well as on corporate targets and strategies, financing, control of operational processes, and the individual divisions' strategies.

WACKER posted high sales and earnings for 2010. By virtue of the Group's healthy financial position and strong earnings performance, the Executive and Supervisory Boards will propose a dividend of €3.20 per share to the Annual Shareholders' Meeting on May 18, 2011. Based on the number of dividend-bearing shares as per December 31, 2010, the cash dividend corresponds to a payout of €159 million. This is around one-third of net income.

[1] VCI (German Chemical Industry Association), "Bericht zur wirtschaftlichen Lage der chemischen Industrie im 4. Quartal 2010," Frankfurt, March 2, 2011
[2] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q11 Update, March 2011
[3] HSBC Trinkaus & Burkhardt AG, Global Solar, Düsseldorf, March 30, 2011

Overall Corporate Performance Expectations

WACKER's excellent results in the first quarter of 2011 provide a sound basis for continued success throughout the year. Downward pressures from higher raw-material and energy prices and from start-up costs at Nünchritz's polysilicon plant are offset by stronger demand for polysilicon, silicones and polymers, and by additional business expected from Siltronic's greatly increased order levels. As a result, we see a very good chance of taking full-year sales past the €5 billion mark in 2011. Currently, we anticipate that EBITDA will surpass 2010's figure of €1.19 billion.

Munich, May 4, 2011
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through March 31, 2011

Consolidated Statement of Income

€ million	Q1 2011	Q1 2010	Change in %
Sales	1,291.7	1,067.0	21.1
Cost of goods sold	–892.5	–777.7	14.8
Gross profit from sales	399.2	289.3	38.0
Selling expenses	–66.9	–63.3	5.7
Research and development expenses	–42.6	–40.3	5.7
General administrative expenses	–29.1	–25.1	15.9
Other operating income	40.6	43.1	–5.8
Other operating expenses	–49.2	–38.4	28.1
Operating result	252.0	165.3	52.5
Income from investments in joint ventures and associates	–6.1	–11.6	–47.4
EBIT (earnings before interest and taxes)	245.9	153.7	60.0
Interest income	4.4	1.2	>100
Interest expenses	–2.3	–1.1	>100
Other financial result	–10.0	–3.4	>100
Financial result	–7.9	–3.3	>100
Income before taxes	238.0	150.4	58.2
Income taxes	–70.0	–44.5	57.3
Net income for the period	168.0	105.9	58.6
Of which			
Attributable to shareholders of Wacker Chemie AG	168.3	106.6	57.9
Attributable to non-controlling interests	–0.3	–0.7	–57.1
Earnings per common share (€) (basic/diluted)	3.39	2.15	57.9
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through March 31, 2011

January to March

€ million	Before taxes	Deferred taxes	2011	Before taxes	Deferred taxes	2010
Net income for the period			168.0			105.9
Difference from foreign currency translation adjustments	−28.5	–	−28.5	37.4	–	37.4
Changes in market values of the securities available for sale	0.1	–	0.1	−0.1	–	−0.1
Changes in market values of derivative financial instruments (cash flow hedge)	42.5	−11.3	31.2	−18.5	5.3	−13.2
Of which recognized in profit and loss	−2.8	0.6	−2.2	0.3	−0.1	0.2
Share of cash flow hedge in associates accounted for using the equity method	1.7	–	1.7	−0.7	–	−0.7
Non-controlling interests	−1.4	–	−1.4	1.5	–	1.5
Income and expenses recognized in equity	14.4	−11.3	3.1	19.6	5.3	24.9
Total income and expenses reported			171.1			130.8
Of which						
Attributable to Wacker Chemie AG shareholders			172.8			130.0
Attributable to non-controlling interests			−1.7			0.8

Consolidated Statement of Financial Position

As of March 31, 2011

Assets

€ million	March 31, 2011	March 31, 2010	Change in %	Dec. 31, 2010	Change in %
Intangible assets	30.0	21.1	42.2	33.2	−9.6
Property, plant and equipment	3,026.5	2,803.3	8.0	3,025.7	–
Investment property	1.5	1.6	−6.3	1.5	–
Investments in joint ventures and associates accounted for using the equity method	101.9	137.8	−26.1	111.7	−8.8
Financial assets	106.6	81.1	31.4	101.4	5.1
Noncurrent securities	237.3	–	n.a.	210.8	12.6
Other assets	50.7	78.9	−35.7	37.1	36.7
Tax receivables	11.9	12.0	−0.8	12.7	−6.3
Deferred tax assets	15.3	13.2	15.9	13.5	13.3
Noncurrent assets	3,581.7	3,149.0	13.7	3,547.6	1.0
Inventories	583.7	458.2	27.4	530.7	10.0
Trade receivables	645.2	572.3	12.7	596.0	8.3
Other assets	195.2	96.5	>100	153.2	27.4
Tax assets	63.0	49.4	27.5	87.1	−27.7
Current securities	113.3	42.8	>100	41.4	>100
Cash and cash equivalents	750.8	428.3	75.3	545.2	37.7
Current assets	2,351.2	1,647.5	42.7	1,953.6	20.4
Total assets	5,932.9	4,796.5	23.7	5,501.2	7.8

Equity and Liabilities

€ million	March 31, 2011	March 31, 2010	Change in %	Dec. 31, 2010	Change in %
Subscribed capital of Wacker Chemie AG	260.8	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	157.4	157.4	–	157.4	–
Treasury shares	–45.1	–45.1	–	–45.1	–
Retained earnings	2,191.1	1,698.3	29.0	2,022.8	8.3
Other equity items	30.7	–15.9	n.a.	26.2	17.2
Equity attributable to Wacker Chemie AG shareholders	2,594.9	2,055.5	26.2	2,422.1	7.1
Non-controlling interests	23.0	17.7	29.9	24.7	–6.9
Equity	2,617.9	2,073.2	26.3	2,446.8	7.0
Provisions for pensions	483.7	454.0	6.5	475.4	1.7
Other provisions	195.6	242.7	–19.4	227.6	–14.1
Tax provisions	53.7	46.9	14.5	42.8	25.5
Deferred tax liabilities	52.1	15.2	>100	36.0	44.7
Financial liabilities	457.4	411.7	11.1	407.1	12.4
Other liabilities	1,043.2	747.6	39.5	873.0	19.5
Noncurrent liabilities	2,285.7	1,918.1	19.2	2,061.9	10.9
Other provisions	122.6	30.6	>100	85.2	43.9
Tax provisions	54.1	99.6	–45.7	62.2	–13.0
Tax liabilities	16.7	16.1	3.7	16.6	0.6
Financial liabilities	84.5	90.9	–7.0	126.3	–33.1
Trade payables	328.0	230.9	42.1	335.2	–2.1
Other liabilities	423.4	337.1	25.6	367.0	15.4
Current liabilities	1,029.3	805.2	27.8	992.5	3.7
Liabilities	3,315.0	2,723.3	21.7	3,054.4	8.5
Total equity and liabilities	5,932.9	4,796.5	23.7	5,501.2	7.8

Consolidated Statement of Cash Flows

January 1 through March 31, 2011

Consolidated Statement of Cash Flows

€ million	Q1 2011	Q1 2010	Change in %
Net income for the period	168.0	105.9	58.6
Write-downs/write-ups of noncurrent assets	105.1	100.0	5.1
Changes in provisions	35.6	3.9	>100
Changes in deferred taxes	2.5	3.2	–21.9
Changes in inventories	–66.0	–0.8	>100
Changes in trade receivables	–61.8	–93.3	–33.8
Changes in other assets	–2.0	–2.9	–31.0
Changes in advance payments made and received	187.1	–28.7	n.a.
Changes in liabilities	69.0	76.5	–9.8
Non-cash changes from equity accounting	6.1	11.6	–47.4
Other non-cash expenses and income	6.4	–15.9	n.a.
Cash flow from operating activities (gross cash flow)	450.0	159.5	>100
Investment in noncurrent assets	–162.7	–105.1	54.8
Proceeds from the disposal of noncurrent assets	0.4	0.2	100.0
Cash flow from noncurrent investment activities before securities	–162.3	–104.9	54.7
Acquisition/disposal of securities	–98.4	–42.8	>100
Cash flow from investment activities	–260.7	–147.7	76.5
Changes in financial liabilities	19.5	49.3	–60.4
Cash flow from financing activities	19.5	49.3	–60.4
Changes due to exchange-rate fluctuations	–3.2	3.6	n.a.
Changes in cash and cash equivalents	205.6	64.7	>100
At the beginning of the year	545.2	363.6	49.9
At the end of the period	750.8	428.3	75.3
Additional information			
Additions from finance leases	–1.4	–	n.a.

Consolidated Statement of Changes in Equity & Reconciliation of Other Equity Items

January 1 through March 31, 2011

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2010	260.8	157.4	−45.1	1,591.7	−39.3	1,925.5	16.9	1,942.4
Net income for the period	–	–	–	106.6	–	106.6	−0.7	105.9
Income and expenses recognized in equity	–	–	–	–	23.4	23.4	1.5	24.9
March 31, 2010	260.8	157.4	−45.1	1,698.3	−15.9	2,055.5	17.7	2,073.2
Jan. 1, 2011	260.8	157.4	−45.1	2,022.8	26.2	2,422.1	24.7	2,446.8
Net income for the period	–	–	–	168.3	–	168.3	−0.3	168.0
Income and expenses recognized in equity	–	–	–	–	4.5	4.5	−1.4	3.1
March 31, 2011	260.8	157.4	−45.1	2,191.1	30.7	2,594.9	23.0	2,617.9

Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Total (excluding non-controlling interests)
Jan. 1, 2010	0.6	−50.9	11.0	−39.3
Additions	–	–	−0.7	−0.7
Other changes	−0.1	–	−13.4	−13.5
Reclassification in the statement of income	–	–	0.2	0.2
Changes in exchange rates	–	37.4	–	37.4
March 31, 2010	0.5	−13.5	−2.9	−15.9
Jan. 1, 2011	0.5	7.5	18.2	26.2
Additions	0.1	–	1.8	1.9
Other changes	–	–	33.3	33.3
Reclassification in the statement of income	–	–	−2.2	−2.2
Changes in exchange rates	–	−28.5	–	−28.5
March 31, 2011	0.6	−21.0	51.1	30.7

Notes

January 1 through March 31, 2011

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of March 31, 2011 have been prepared pursuant to Section 37x WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act") and in accordance with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, in condensed form and maintaining unchanged the accounting and valuation methods applied in fiscal 2010. The interim Group management report has been prepared in accordance with the applicable requirements of WpHG. New accounting standards were introduced in 2011, but they had no substantial impact on WACKER's accounting and valuation methods.

The preparation of the interim financial statements necessitates assumptions and estimates affecting the amounts and the reporting of the recognized assets and debts, income and expenses, and contingencies. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from the assumptions and estimates made if the economic conditions referred to do not develop in line with the expectations as per reporting date. Taxes are calculated using the same methods as at year-end, by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised.

As an information tool, interim financial reporting builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options envisaged in the IFRSs are explained in detail there. We refer to the Notes as of December 31, 2010 for further explanations.

As of March 31, 2011, there were no changes in the legal corporate and organizational structures as described in the 2010 Annual Report. There were no disclosure obligations in the interim period in respect of any misinterpretations in previous reporting periods.

The Group's parent company, Wacker Chemie AG, is a listed company with headquarters in Munich, Germany. Its address is Wacker Chemie AG, Hanns-Seidel-Platz 4, 81737 München, Germany. It is registered at the Munich District Court (Amtsgericht) under HRB 159705.

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Because of the weather, sales volumes are higher in the summer months than in the winter, when the construction industry's order books are low. This effect can be cushioned by overseas sales. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3. Another area of business that is exposed to seasonal variation is road salt, which depends very much on the severity of winter weather in the first and fourth quarters.

Other Financial Obligations

We refer to the consolidated financial statements as of December 31, 2010 with regard to the disclosures on other financial obligations. There were no material changes in the interim period.

New Accounting Standards

The following standards and interpretations of the IASB are to be applied for the first time in the first three months of 2011:

Standard/Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters	July 1, 2010	June 30, 2010	Due to a lack of relevant data, there was no substantial impact on the consolidated financial statements of Wacker Chemie AG.
Amendments to IAS 32	Classification of Rights Issues	Feb. 1, 2010	Dec. 23, 2009	Application of the revised standard has no substantial impact on the consolidated financial statements of Wacker Chemie AG.
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	July 23, 2010	Application of the revised standard has no substantial impact on the consolidated financial statements of Wacker Chemie AG.
Amendments to IFRIC 14	Prepayments of minimum funding requirements	Jan. 1, 2011	July 19, 2010	The changes have no impact on the statement, presentation and valuation of the figures in the consolidated financial statements of Wacker Chemie AG.
IAS 24	Related Party Disclosures	Jan. 1, 2011	July 19, 2010	The revised version clarifies the definition of the term “related party.” The changes have no substantial impact on the presentation of the consolidated financial statements.
Miscellaneous	Amendments following the annual improvements to IFRSs (2008-2010 cycle) issued by the IASB in May 2010	Jan. 1, 2011	Feb. 18, 2011	Miscellaneous changes. These changes have no substantial impact on the statement, presentation and valuation of the figures in the consolidated financial statements of Wacker Chemie AG.

The following standards have been approved by the IASB in 2010 and 2011, but their application is not yet mandatory for the period under review:

Standard/Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IFRS 1	Severe Hyper-inflation and Removal of Fixed Dates	Dec. 20, 2010	July 1, 2011	Expected in Q3 2011	The amendment replaces the existing references to the date of January 1, 2004, by a reference to the timing of the transition to IFRS. This amendment also includes rules for those cases in which hyperinflation makes it impossible for an entity to comply with all IFRS stipulations. The adoption will have no impact on the consolidated financial statements of Wacker Chemie AG.
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	Dec. 20, 2010	Dec. 1, 2012	Expected in Q3 2011	The amendments contain a partial clarification on the treatment of temporary taxable differences from IAS 40's fair value model. Investment property often makes it difficult to assess whether existing differences are recovered as part of continuing use or in the wake of a sale. The amendment therefore generally makes it necessary to presume recovery due to a sale. The adoption will have no substantial impact on the consolidated financial statements of Wacker Chemie AG.
Amendment to IFRS 7	Financial Instruments: Disclosures in Notes	Oct. 7, 2010	July 1, 2011	Expected in Q2 2011	Application of the revised standard will have no substantial impact on the consolidated financial statements of Wacker Chemie AG.
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2013	Deferred	In the future, financial assets will be measured either at amortized cost or at fair value, depending on the business model of the company in question. At the moment, Wacker Chemie AG cannot conclusively assess what impacts the first-time application of this standard will have, should it be endorsed by the EU in its current form.

Changes in the Scope of Consolidation

As of March 31, 2011, the scope of consolidation comprises 56 companies, including Wacker Chemie AG, of which 50 have been fully consolidated in the interim financial statements. The scope of consolidation has not changed compared with December 31, 2010.

Segment Reporting

Please refer to the interim management report for information on segment reporting.

Related Party Disclosures

IAS 24 stipulates that parties which control, or are controlled by, Wacker Chemie AG must be disclosed unless they are already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. Control in this sense is held to apply when a shareholder has more than half of the voting rights in Wacker Chemie AG or, by virtue of the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board.

The WACKER Group is affected by the IAS 24 rules mainly in respect of the business relations with Wacker Chemie AG's joint ventures, major shareholders and Executive and Supervisory Board members.

Provision of services between Wacker Chemie AG and its majority shareholder Dr. Alexander Wacker Familiengesellschaft mbH is of subordinate importance. Furthermore, WACKER Group companies did not conduct any significant transactions whatsoever with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of which these persons are members of executive or supervisory bodies. The same applies to close relatives of the aforementioned persons.

Business with non-consolidated subsidiaries, joint ventures and associated companies is, as a rule, carried out on conditions that are customary between outside third parties. For joint-venture and associated-company product shipments, contractually agreed transfer price formulas were defined that contain, e.g. start-up costs and financing elements.

The following table shows the volume of trade with related parties that are reported in the WACKER consolidated financial statements using the equity method or are recognized in the statement of financial position at amortized cost:

Related Party Disclosures

€ million	2011				2010			
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies/joint ventures	17.7	32.0	16.1	3.2	18.8	11.1	26.3	3.7
Non-consolidated subsidiaries	–	–	–	0.2	–	–	–	0.2

In addition, €94.2 million was loaned to associated companies (Dec. 31, 2010: €88.8 million). Please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2010 for further information.

Exchange Rates

During the reporting period and the previous year, the following euro/US dollar exchange rates were used for translating foreign currency items and for the financial statements of companies that have the US dollar as their functional currency:

Exchange Rates

	Exchange rate as of		Average exchange rate	
	March 31, 2011	Dec. 31, 2010	**March 31, 2011**	Dec. 31, 2010
USD	**1.42**	1.44	**1.37**	1.38

Major Events during the Reporting Period
Events during the reporting period that are considered significant in terms of impact, nature and frequency as regards earnings, net assets and financial position are described in the interim management report.

Events after the Balance Sheet Date
There were no material events after the balance sheet date.

Munich, May 4, 2011
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's earnings, net assets and financial position, and the Group's interim management report includes a fair review of the development and performance of the Group's business and its position, together with a description of the principal opportunities and risks associated with the Group's expected development for the remaining months of the fiscal year.

Munich, May 4, 2011
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

2011 Financial Calendar & Contacts

2011 Financial Calendar

May 18, 2011
Annual Shareholders' Meeting

May 31, 2011
Capital Markets Day, London

August 2, 2011
Interim Report on the 2nd Quarter of 2011

October 28, 2011
Interim Report on the 3rd Quarter of 2011

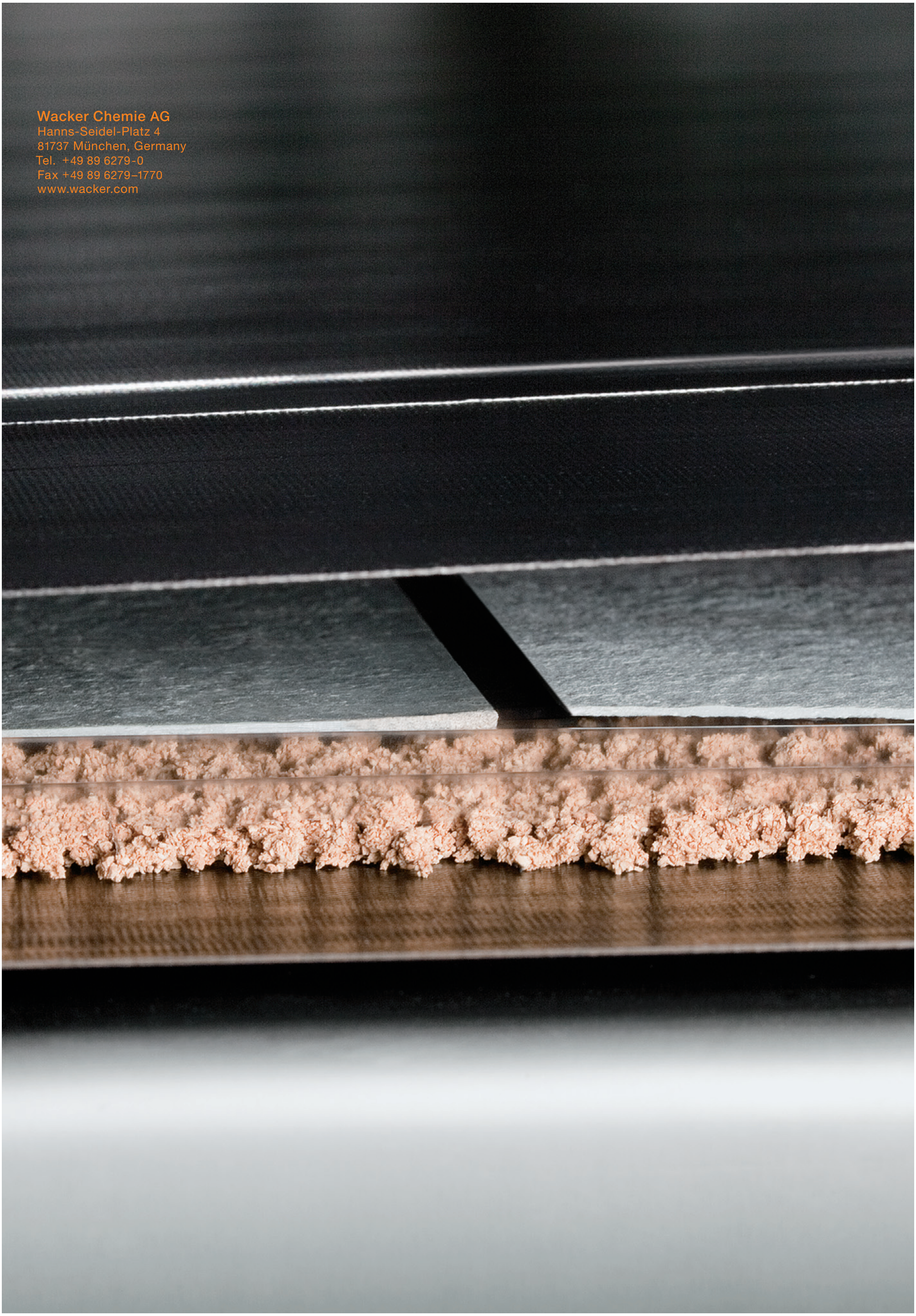
Contacts

For investors:
Joerg Hoffmann
Head of Investor Relations
Tel. +49 89 6279-1633
Fax +49 89 6279-2933
joerg.hoffmann@wacker.com

Judith Distelrath
Tel. +49 89 6279-1560
Fax +49 89 6279-2381
judith.distelrath@wacker.com

Manuela Ellmerer
Tel. +49 89 6279-2769
Fax +49 89 6279-2369
manuela.ellmerer@wacker.com

For journalists:
Christof Bachmair
Head of Media Relations & Information
Tel. +49 89 6279–1830
Fax +49 89 6279–1239
christof.bachmair@wacker.com


Wacker Chemie AG
Hanns-Seidel-Platz 4
81737 München, Germany
Tel. +49 89 6279-0
Fax +49 89 6279-1770
www.wacker.com