



/Q2

**WACKER**

Wacker Chemie AG

Report on the 2<sup>nd</sup> Quarter of 2010

April – June 2010

- / At €1.2 billion, WACKER achieves its highest quarterly sales ever thanks to strong volume growth
- / Earnings before interest, taxes, depreciation and amortization increase by 81 percent to €309 million
- / Q2 net income climbs to €135 million
- / Positive net cash flow of €56 million
- / For full-year 2010, Group sales expected to reach about €4.5 billion, with EBITDA to exceed 2008's level of €1.06 billion
- / 2010's investment budget raised to €750 million, to be financed from own cash flow

WACKER at a Glance

€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
Sales .....	1,202.0	925.5	29.9	2,269.0	1,798.0	26.2
EBITDA <sup>1</sup> .....	308.6	170.1	81.4	562.3	327.9	71.5
EBITDA margin <sup>2</sup> (%) .....	25.7	18.4	39.7	24.8	18.2	35.9
EBIT <sup>3</sup> .....	204.7	-53.7	-	358.4	4.5	>100
EBIT margin <sup>2</sup> (%) .....	17.0	-5.8	-	15.8	0.3	>100
Financial result .....	-9.0	-6.3	42.9	-12.3	-13.4	-8.2
Income before taxes .....	195.7	-60.0	-	346.1	-8.9	-
Net income for the period .....	135.4	-74.5	-	241.3	-69.0	-
Earnings per share (€) .....	2.71	-1.47	-	4.85	-1.30	-
Investments (including financial assets) .....	140.9	194.3	-27.5	239.2	371.1	-35.5
Net cash flow <sup>4</sup> .....	55.5	-110.2	-	110.1	-39.3	-
€ million				June 30, 2010	June 30, 2009	Dec. 31, 2009
Equity .....				2,169.0	1,955.6	1,942.4
Financial liabilities .....				499.1	424.1	439.7
Net financial liabilities <sup>5</sup> .....				58.1	81.5	76.1
Total assets .....				4,962.6	4,584.0	4,541.9
Employees (number at end of period) .....				15,901	15,721	15,618

<sup>1</sup> EBITDA is EBIT before depreciation and amortization

<sup>2</sup> Margins are calculated based on sales

<sup>3</sup> EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes

<sup>4</sup> Sum of cash flow from operating activities and noncurrent investment activities

<sup>5</sup> Sum of liquidity and noncurrent and current financial liabilities

## Report on the 2<sup>nd</sup> Quarter April – June 2010

5	Expanding the Supply Chain
9	Report on the 2 <sup>nd</sup> Quarter of 2010
17	Condensed Statement of Income
19	Condensed Statement of Financial Position
22	Condensed Statement of Cash Flows
24	Division Results
25	WACKER SILICONES
27	WACKER POLYMERS
28	WACKER BIOSOLUTIONS
29	WACKER POLYSILICON
31	SILTRONIC
32	Other
33	Risks and Opportunities
34	Outlook and Forecast
37	Condensed Interim Financial Statements
38	Statement of Comprehensive Income
39	Statement of Financial Position
40	Statement of Cash Flows
41	Statement of Changes in Equity/ Reconciliation of Other Equity Items
42	Notes
47	Upcoming Dates/Investor Relations

One of WACKER's key raw materials is silicon metal. It is manufactured in a complex process in furnaces at up to 2,000 degrees Celsius. WACKER needs this silvery material to produce silicones and hyperpure polysilicon. Until now, the company sourced its entire supplies – currently about 150,000 metric tons – on the world market.

To reduce its dependence on raw-material price fluctuations and enhance supply reliability, WACKER purchased a silicon-metal plant in Holla, Norway, in early July. From quartzite, coal and wood chips, the plant can produce about 50,000 metric tons per year – covering a third of WACKER's demand.

The amount paid to purchase Holla Metall (about €65 million) from the FESIL Group is a sound investment. FESIL wants to concentrate on its ferrosilicon core business and new ventures. The WACKER Group benefits by extending its supply chain into raw-material production for the first time, and obtaining silicon metal from Holla in exactly the grade it needs. At the same time, the acquisition makes 130 jobs in Norway more secure than ever.

## Silicon Metal from Norwegian Fjord

Shining white quartz, black coal chunks, and wood chips rain down through thick pipelines into the five-meter-high reactor, its surface blazing at a temperature of 1,400 degrees Celsius. Deep down in the furnace, the rock-hard quartz is melted and reduced by carbon to form metallurgical-grade silicon. The viscous mass streams through a circular discharge into waiting mining wagons. Silicon metal is one of WACKER's key raw materials. It is needed to manufacture silicones and hyperpure polysilicon.



View of Holla Metall from Hemnefjord: the plant lies on a peninsula, a 10-minute drive from the nearest small town.

This perfectly tuned process takes place at Holla, a dot on the map just 100 kilometers west of Trondheim, Norway – surrounded by densely forested mountains, deep-black fjords and tortuous roads, where signs warn motorists of moose ahead. Built by the FESIL Group, the plant has an annual production capacity of 50,000 metric tons of silicon metal. It became part of WACKER in early July 2010, and represents a significant extension of the Group's supply chain. "We process 150,000 tons of silicon metal per year and can now cover a third of our demand from our own production," explains Christoph von Plotho, president of WACKER SILICONES. "We have been working together with FESIL for years, and have always had a very close relationship as their customer," von Plotho adds. The manager is extremely pleased with WACKER's acquisition (an investment of about €65 million).

The purchase makes a great deal of sense. There are two main arguments in its favor: WACKER's enhanced supply reliability and price stability. While quartzite is readily available, the silicon-metal market is very volatile. Since 2007, prices have fluctuated between €1,500 and 2,500 per metric ton, and back again. They rise in good times, when the world's ten or so metallurgical-grade silicon manufacturers are stretched to capacity, then drop again when demand is lower. In addition, WACKER requires especially pure silicon, which the Norwegian factory can supply. "Holla Metall is a global player," says von Plotho. "Its 130 employees are outstanding in terms of their value creation, process engineering and expertise."





Painted in dark-red and green, the production facilities blend in well with the surrounding buildings. Inside the plant, it gets extremely hot as silicon metal is produced at up to 2,000 degrees Celsius.

The dark-red and green painted factory manufactures silicon metal in a laborious, multi-stage process. “The chemical reactions in our furnaces are far more complex than in steel production,” explains Herulf Vitsø, Holla Metall production manager since 1991. Combining the large quantities of raw materials involves heating the mass in the refractory-lined crucibles with three electrodes. They produce electric arcs with powers of 12 to 33 megawatts – according to the size of the four furnaces, which are operated in three shifts. Holla Metall’s huge power demand is covered almost entirely from hydroelectric plants, to the benefit both of the environment and the site’s manufacturing expenses.

Holla then processes the silicon metal in a variety of ways. “We either mechanically crush the cooled silicon, or quench it in cold water,” explains Vitsø. The 57-year-old is an enthusiastic hiker and trout angler in his spare time. Water quenching produces granules, for which WACKER was already the main customer. “We won’t let on exactly how the process works,” says Vitsø proudly – who lives with his family near Kyrksæterøra. “We are the only company that has developed and uses this method.”

The process generates a lot of flue gas, which is cooled in long heat exchangers before purification. “The flue gas contains silicon dust, which we can recycle,” explains site manager Torbjørn Halland. “About 24,000 metric tons of this byproduct are generated every year, and can be used, for example, as a cement additive,” says the 41-year-old. The company transports almost all its products and raw materials by ship. Only 100 meters from Holla’s offices, a large oceangoing freighter is berthed at the company’s own 240-meter-long dock. With its blue hull and white superstructure, the ship blends almost perfectly into the surrounding fjord landscape. “We are ideally located for transport here,” explains Halland, who lives with his wife and three children in Orkanger, 40 minutes away. “Hemnefjord never ices up, even in the deepest of winters.”



Oceangoing freighters can berth at the company's own dock. Site manager Torbjørn Halland stresses the transport advantages of the plant's location.

The manager – who, like many Norwegians, spends his weekends with his family in their own mountain cabin – is excited about his factory being integrated into the WACKER Group. The integration team has listed around 30 issues where a WACKER employee and an expert from Holla Metall will work together. “The IT systems and office, logistics and reporting systems will be adapted to WACKER standards,” says Halland. In many other areas, the team is expected to come up with joint or even specifically Norwegian solutions for continuing production as efficiently as possible.

Close cooperation is also expected to generate new momentum. Torbjørn Halland and his engineers want the factory to develop further. “We can adapt our processes even better to WACKER’s requirements because we will gain a clearer understanding of the downstream stages in the supply chain,” explains Halland. “We want to produce optimum quality while minimizing raw materials input and cost.”

The foundations for this strategy are already in place. “Our employees are highly motivated,” says Halland, who had to temporarily shut down all the furnaces last winter because of the economic crisis. “Our workforce is very happy with the acquisition. Everyone agrees that their jobs will be more secure.” The takeover means Holla Metall will be operating at full capacity, since WACKER will absorb the factory’s complete metallurgical-grade silicon production volume, and only turn to the open market to buy the additional quantities it needs.

A good sign of how well WACKER has been accepted in Holla is shown by one of the warehouse staff, who waves as he steps out of his office. He holds up a card, on which he has written the words “WACKER” and “Vakker.” “It’s a wordplay,” he says. The Norwegian word “vakker” means “beautiful,” explains the powerfully built man in green overalls. “What better omen could there be?”



# Report on the 2<sup>nd</sup> Quarter of 2010

April to June 2010

## Dear Shareholders,

Economic trends are pointing upward. The positive global indicators of Q1 2010 stabilized and strengthened during Q2. The global economic crisis seems to be over although certain risks remain. International financial markets are still volatile and government debt could hold back growth due to budget cuts.

WACKER was able to generate substantial second-quarter sales and earnings growth compared to both a year ago and Q1 2010. During the first six months of the year, we stayed firmly on course and 2010 is going to be a very successful year for WACKER.

The Group's current performance shows how much we have achieved with our business strategies. Through our divisions, we are active across a broad range of industries and in every major region around the globe. This diversity gives us a competitive edge, since we can counterbalance economic and market fluctuations. Even in difficult times, our growth strategy has proven successful. We have, for example, steadily expanded our supply chain and market presence in promising industries and dynamic growth regions. Moreover, our employees are motivated and highly skilled. Their commitment and innovative strength and WACKER's sound financial base are two vital corporate pillars. Building on both, we will continue to work on successfully growing our company.

We will not ease up our efforts to continuously increase WACKER's productivity. At the same time, we will continue to sharpen our customer focus, strengthen customer relationships, and – through investments and innovation – enhance our market presence.

## Overall Economic Situation:

### Global Rebound Strengthens. World Trade Continues to Be Driven by Emerging Economies in Asia and Latin America

At mid-year 2010, global economic trends remain positive. The rebound is accelerating worldwide although at a regionally varied pace. Due to strong economic activity during the first six months, the International Monetary Fund (IMF) revised upward its 2010 world growth projection early in July to 4.6 percent.<sup>1</sup> Global GDP is mainly driven by continued buoyancy in Asia and Latin America. The IMF now forecasts full-year growth of 10.5 percent in China and 9.4 percent in India. Its 2010 growth estimate for Japan is 2.4 percent.

In the USA, the IMF expects GDP to rise 3.3 percent in 2010. Generally, though, advanced economies – according to the Organisation for Economic Co-Operation and Development (OECD) – will find it relatively difficult to maintain and broaden the pace of their recovery.<sup>2</sup> The current OECD-wide outlook anticipates growth of 2.7 percent this year and 2.8 percent in 2011.

In the eurozone, the OECD expects GDP to increase 1.2 percent this year. After a strong second quarter (+2.3 percent), the eurozone economy will edge down during the remainder of the year (Q3 2010: +1.5 percent; Q4 2010: +1.6 percent). According to Germany's

<sup>1</sup> International Monetary Fund, World Economic Outlook Update, Washington, July 7, 2010

<sup>2</sup> OECD, OECD Economic Outlook No. 87 (preliminary edition), Paris/Berlin, May 26, 2010

Ifo Institute for Economic Research in Munich, eurozone growth will be held back by fading fiscal stimulus, fiscal consolidation and still-restrictive credit conditions.<sup>1</sup>

After a subdued start to the year, the German economy benefited this spring from a strong revival (as of April), which was supported by a marked build-up of inventories and warehouse stock. As a result, the Federal Government forecasts much stronger GDP gains in Q2 2010 than during the first quarter (+0.2 percent).<sup>2</sup> The OECD expects Germany's real GDP to increase by 1.9 percent.<sup>3</sup> This is somewhat more optimistic than the IMF forecast, which suggests 1.4 percent growth for Germany.<sup>4</sup>

In general, the global and regional outlook still harbors uncertainties. Sovereign-debt levels in many countries are high, financial-market confidence remains weak and labor-market trends are unclear. Thus, it is difficult to make precise macroeconomic projections. Considerable challenges lie ahead given the necessity of fiscal consolidation and the ongoing debate about reshaping government capital-market policies.

According to the German Chemical Industry Association (VCI), the country's chemical sector recovered from the effects of the 2009 crisis surprisingly quickly. In the first half of 2010, chemical output increased 13 percent compared to the same period last year. Total sales climbed 16 percent to €77.7 billion.<sup>5</sup> For the second half of 2010, the VCI anticipates slightly less momentum. In its full-year forecast, it expects chemical output to grow by 8.5 percent and sales by 10 percent.

Analysts at Gartner Dataquest, a market research institute, estimate that silicon-wafer sales (by surface area sold) rose 5 percent in Q1 2010 compared to Q4 2009.<sup>6</sup> From January through March 2010, the figure more than doubled year over year. The research analysts anticipate further growth in both the current quarter and Q3, though at a more moderate pace than in the first quarter. Gartner has revised upward its full-year growth forecast for 2010. Its experts predict an increase of 34.3 percent against the prior year, with 2010's total production reaching 9,351.1 million square inches (MSI) (2009: 6,964.0 MSI). Full-year growth of over 30 percent is forecast for the 300 mm wafer segment and 26 percent for the 200 mm segment.

The European Photovoltaic Industry Association (EPIA) foresees a good future for the global solar sector. The EPIA estimates that European-wide installation of new PV capacity will amount to between 8.2 and 11.5 gigawatts in 2010. Globally, it expects the figure to reach between 10.1 and 15.5 gigawatts.<sup>7</sup> Alongside Germany, highly promising markets are increasingly developing outside Europe, including not only the USA and Japan, but also China and India. According to EPIA estimates, 2010's solar-silicon capacities are over 90 percent utilized, also thanks to government incentives for the solar market.

<sup>1</sup> Ifo Institute for Economic Research, Euro-zone Economic Outlook, Munich, July 7, 2010

<sup>2</sup> Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for July 2010; June 22, 2010

<sup>3</sup> OECD, OECD Economic Outlook No. 87 (preliminary edition), Paris/Berlin, May 26, 2010

<sup>4</sup> International Monetary Fund, World Economic Outlook Update, Washington, July 7, 2010

<sup>5</sup> VCI (German Chemical Industry Association), press release: "Chemische Industrie steht wieder unter Dampf," Frankfurt, July 7, 2010

<sup>6</sup> Gartner Dataquest Market Statistics, Semiconductor Silicon Wafers, Worldwide, 2Q10 Update 2010, June 2010

<sup>7</sup> European Photovoltaic Industry Association, Global Market Outlook for Photovoltaics Until 2014, May 2010 Update, Brussels, May 2010

### **Sales and Earnings for the WACKER Group: Strong Demand Spurs New Sales Record**

In a very robust market environment, WACKER's five divisions generated sales of €1,202.0 million in April through June 2010 (Q2 2009: €925.5 million). It was WACKER's strongest quarter ever. Up 30 percent year over year, sales rose almost 13 percent compared to the preceding quarter (Q1 2010: €1,067.0 million). The Group's aggregate sales for the six-month period from January through June 2010 totaled €2,269.0 million, an increase of 26 percent (6M 2009: €1,798.0 million).

Sales growth mostly stemmed from higher sales volumes and positive product-mix effects (+36 percent). It was also supported by more favorable exchange rates (+4 percent). In contrast, price effects held back growth (-10 percent). WACKER invoiced approximately 34 percent of its consolidated sales in US dollars in Q2 2010.

Thanks to strong demand for WACKER products, the Group enhanced capacity utilization at its chemical divisions and semiconductor business. At between 80 and over 90 percent, second-quarter utilization rates far exceeded the prior-year level and were also higher than in Q1 2010.

### **WACKER SILICONES and Siltronic Generate the Strongest Sales Growth**

In Q2 2010, WACKER SILICONES posted a new sales record. With April-through-June sales of €406.5 million, the division continued its dynamic trend of previous quarters. Its performance improved by 33 percent over Q2 2009 (€304.9 million) and by about 11 percent over Q1 2010 (€367.0 million). WACKER SILICONES' sales for the first half of 2010 totaled €773.5 million – up some 36 percent compared to a year ago (6M 2009: €569.8 million). Growth was mainly driven by strong silicone demand for construction, electronics and automotive applications. Silicone sales also developed well in the paper-coating and personal-care sectors.

At WACKER POLYMERS, the second-quarter sales trend was positive, too, supported by accelerating global demand for dispersions and dispersible polymer powders in the construction sector. With sales of €224.6 million, the division surpassed its prior-year figure by about 9 percent (Q2 2009: €206.5 million). Compared to Q1 2010 (€170.8 million), sales rose by as much as 31 percent following seasonal recovery in the construction sector. For the first half of 2010, WACKER POLYMERS generated aggregate sales of €395.4 million (6M 2009: €378.8 million).

WACKER BIOSOLUTIONS reported second-quarter sales of €38.3 million – up 73 percent over Q2 2009 (€22.1 million). Growth was mainly due to its gumbase business, which became part of the division in Q3 2009. Compared to Q1 2010 (€34.4 million), sales rose 11 percent. During the first six months of the year, WACKER BIOSOLUTIONS' sales reached €72.7 million (6M 2009: €43.7 million).

At WACKER POLYSILICON, polysilicon output and sales volumes in Q2 2010 remained at a very high level. In contrast to the year-earlier period, the division benefited from substantial volume gains from its new Poly 8 facility, which reached full nominal capacity in the second quarter of this year. WACKER POLYSILICON boosted its sales to €321.5 million, a gain of nearly 20 percent compared to Q2 2009 (€269.1 million). And it almost

matched its Q1 2010 record (€323.9 million). WACKER POLYSILICON'S total sales for the first six months of 2010 amounted to €645.4 million – almost 11 percent more than in the first half of 2009 (€584.1 million). The number of contracts for 2010 increased during the second quarter, as the division concluded a number of multi-year contracts with advance payments. Several additional contracts are also being negotiated.

In Q2 2010, WACKER'S semiconductor division generated substantial sales gains, too. Siltronic's sales reached €255.8 million, 67 percent above Q2 2009 (€153.1 million) and about 17 percent above Q1 2010 (€219.1 million). During the first half of 2010, Siltronic's sales totaled €474.9 million, up 70 percent (6M 2009: €279.1 million). The gain was mainly due to a sharp rise in sales volumes compared to a year earlier.

#### **Double-Digit Sales Growth in Every Region. Demand Rises Sharply in Asia**

The WACKER Group generated double-digit growth rates in every region of the world in Q2 2010.

Asia remains by far WACKER'S most important sales region, accounting for about 36 percent of second-quarter consolidated sales. In the April-through-June period, sales here rose to €430.9 million, up 33 percent (Q2 2009: €325.1 million). WACKER achieved almost 60 percent of its Asian sales in China. In the first half of 2010 as a whole, Asian sales totaled €795.7 million (6M 2009: €592.1 million).

Europe excluding Germany represented WACKER'S second-largest market during Q2 2010. Sales in this region rose 29 percent to €296.1 million (Q2 2009: €230.2 million). Aggregate sales for the six months from January through June 2010 climbed to €557.9 million (6M 2009: €432.2 million).

In Germany, business did not grow quite as strongly, with consolidated Q2 sales climbing 13 percent to €217.8 million (Q2 2009: €192.6 million). This was largely because polysilicon sales in Germany did not increase as much as in other regions, especially Asia. In the first half of 2010, the Group's German sales reached €436.9 million (6M 2009: €413.4 million).

In the Americas, WACKER boosted second-quarter sales by 43 percent to €213.3 million (Q2 2009: €148.7 million). Sales performance in this region was supported not only by considerably higher demand, but also by the us dollar's strength compared to the previous year. For the first six months of 2010, consolidated sales in the Americas were €399.1 million (6M 2009: €311.0 million).

In the other regions, sales grew 52 percent to €43.9 million in the second quarter (Q2 2009: €28.9 million). For the first half of 2010, they amounted to €79.4 million (6M 2009: €49.3 million).

Overall, WACKER generated 82 percent (Q2 2009: 79 percent) of its second-quarter sales with customers outside Germany.

## Regional Breakdown of WACKER Group Sales

Group Sales by Region							
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %	% of Group sales
Asia .....	430.9	325.1	33	795.7	592.1	34	36
Europe excluding ...	296.1	230.2	29	557.9	432.2	29	25
Germany							
Germany .....	217.8	192.6	13	436.9	413.4	6	18
Americas .....	213.3	148.7	43	399.1	311.0	28	18
Other regions .....	43.9	28.9	52	79.4	49.3	61	3
Total sales .....	1,202.0	925.5	30	2,269.0	1,798.0	26	100

### Sales Growth and Higher Production-Capacity Utilization Enhance Earnings Group EBITDA Margin Crosses 25-Percent Threshold

With sales volumes rising, every division was able to utilize capacity much better in Q2 2010 than a year ago. Several facilities were even running at full capacity. As a result, specific production costs for WACKER products were appreciably lower than a year earlier. In Q2 2010, the WACKER Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of €308.6 million. EBITDA was thus 81 percent above Q2 2009 (€170.1 million) and about 22 percent above Q1 2010 (€253.7 million). Last year, provisions for structural measures at WACKER SILICONES and Siltronic had lowered 2009's second-quarter EBITDA by about €15 million. In Q2 2010, the Group's EBITDA margin increased to 25.7 percent, improving against not only Q2 2009 (18.4 percent) but also Q1 2010 (23.8 percent).

For the first half of 2010 as a whole, consolidated EBITDA reached €562.3 million, up 72 percent compared to the prior year (6M 2009: €327.9 million). The EBITDA margin for the first six months rose accordingly to 24.8 percent (6M 2009: 18.2 percent).

The Group's second-quarter earnings before interest and taxes (EBIT) increased to €204.7 million after dropping to €-53.7 million in Q2 2009 due to impairments on fixed assets at Siltronic of €121.3 million. In Q1 2010, the WACKER Group had generated EBIT of €153.7 million. The Group's EBIT margin for Q2 2010 increased to 17.0 percent (Q2 2009: -5.8 percent). In Q1 2010, the EBITDA margin had been 14.4 percent. For the six months from January through June 2010, EBIT amounted to €358.4 million (6M 2009: €4.5 million). This corresponds to an EBIT margin of 15.8 percent (6M 2009: 0.3 percent).

### WACKER POLYSILICON Achieves EBITDA Margin of over 50 Percent Siltronic Expands Positive EBITDA Trend

WACKER SILICONES continued to increase earnings in Q2 2010. The division posted second-quarter EBITDA of €73.3 million, roughly doubling the prior-year figure (Q2 2009: €37.2 million), thanks chiefly to strong sales-volume growth. The EBITDA margin climbed to 18.0 percent in April through June 2010 (Q2 2009: 12.2 percent). In Q1 2010, the margin had been 16.9 percent. For the first half of 2010, WACKER SILICONES generated aggregate EBITDA of €135.4 million (6M 2009: €64.9 million). This corresponds to an EBITDA margin of 17.5 percent (6M 2009: 11.4 percent).



At WACKER POLYMERS, price pressures still held back earnings in dispersions and dispersible polymer powders despite rising demand and sales volumes. Price deterioration slowed during the second quarter, but prices remained below the prior-year level. Higher raw-material costs also weighed on earnings. In Q2 2010, WACKER POLYMERS generated EBITDA of €37.8 million. Although this meant that the division was about 12 percent below the year-earlier period (Q2 2009: €42.9 million), it exceeded first-quarter EBITDA by 88 percent (Q1 2010: €20.1 million). The main growth driver here was seasonal demand pick-up in the construction industry. The second-quarter EBITDA margin was 16.8 percent (Q2 2009: 20.8 percent). In Q1 2010, the EBITDA margin had reached 11.8 percent. In the six months from January to June 2010, WACKER POLYMERS generated EBITDA of €57.9 million (6M 2009: €64.4 million) and an EBITDA margin of 14.6 percent (6M 2009: 17.0 percent).

WACKER BIOSOLUTIONS continued its positive earnings trend during Q2 2010. At €7.8 million, EBITDA more than doubled compared to Q2 2009 (€3.3 million). This strong earnings gain largely stemmed from the division's gumbase business, which had still been a WACKER POLYMERS operation back in Q2 2009. WACKER BIOSOLUTIONS exceeded its Q1 2010 EBITDA (€4.8 million) by almost 63 percent. Earnings were mainly fueled by sales-volume growth. The division's EBITDA margin climbed to 20.4 percent (Q2 2009: 14.9 percent). In Q1 2010, the margin had been 14.0 percent. For the first half of 2010, EBITDA amounted to €12.6 million (6M 2009: €5.2 million). The EBITDA margin for the six-month period was 17.3 percent compared to 11.9 percent a year earlier.

WACKER POLYSILICON made further EBITDA gains in Q2 2010 thanks to its strong sales volumes, excellent technologies and outstanding cost position. Posting EBITDA of €174.6 million, the division not only surpassed its prior-year figure (€136.0 million), but also Q1 2010 (€157.5 million). Second-quarter EBITDA included a retained advance payment of about €9 million from a customer who no longer required the polysilicon ordered. The contract in question was terminated as a result. The EBITDA margin for April through June 2010 was 54.3 percent, higher than both Q2 2009 (50.5 percent) and Q1 2010 (48.6 percent). For the first half of 2010, WACKER POLYSILICON generated EBITDA of €332.1 million (6M 2009: €304.1 million), even though the average sales prices were clearly lower than a year earlier. The six-month EBITDA margin for January through June 2010 amounted to 51.5 percent (6M 2009: 52.1 percent).

In Q2 2010, Siltronic stabilized and strengthened its positive EBITDA contribution. The Group's semiconductor division generated EBITDA of €18.0 million, an improvement over both Q2 2009 (€-58.2 million) and Q1 2010 (€1.2 million). In Q2 2009, provisions for structural measures had lowered Siltronic's EBITDA by €8.7 million. The EBITDA margin reached 7.0 percent in the second quarter of 2010 (Q2 2009: -38.0 percent). For the first half of the year, Siltronic reported EBITDA of €19.2 million (6M 2009: €-118.2 million). The EBITDA margin for the six-month period was 4.0 percent compared to -42.4 percent a year earlier.

#### **Earnings per Share Climb to €2.71 in Second Quarter of 2010**

WACKER's profitability in Q2 2010 was appreciably stronger than a year ago – primarily due to marked volume growth, higher production-capacity utilization and, consequently, lower specific production costs. Importantly, the Q2 2009 result had been negatively

impacted by impairments and provisions for structural measures. Net income for April through June 2010 increased to €135.4 million (Q2 2009: €-74.5 million). It was also 28 percent above Q1 2010 (€105.9 million). As a result, second-quarter earnings per share amounted to €2.71 (Q2 2009: €-1.47). For the first half of 2010, net income reached €241.3 million (6M 2009: €-69.0 million) and earnings per share amounted to €4.85 (6M 2009: €-1.30).

#### **Employee Numbers Rise amid Volume Growth and New Production Capacities**

As of June 30, 2010, WACKER had 15,901 employees worldwide (March 31, 2010: 15,733). The payroll increase primarily stems from higher staffing needs due to much higher plant-utilization rates and to newly created production capacities. At the end of June 2010, WACKER had 12,105 employees in Germany (March 31, 2010: 11,979) and 3,796 at its international sites (March 31, 2010: 3,754).

#### **Investments Continue in Dynamic Growth Segments and Markets**

In Q2 2010, WACKER invested a total of €140.9 million (Q2 2009: €194.3 million). The main focus stayed on production-capacity expansion for hyperpure polycrystalline silicon. In the first half of 2010, investments amounted to €239.2 million (6M 2009: €371.1 million). Despite the high investment level, second-quarter net cash flow was clearly positive at €55.5 million (Q2 2009: €-110.2 million). Net cash flow for the first half of 2010 was €110.1 million (6M 2009: €-39.3 million).

In April 2010, WACKER officially started up its Poly 8 expansion stage at Burghausen (Germany). The facility has now reached its full nominal capacity of 10,000 metric tons per year. Construction of the new Poly 9 facility at Nünchritz (Germany) – also with a nominal capacity of 10,000 metric tons per year – is progressing according to plan. The facility is scheduled to come on stream before the end of next year.

At Zhangjiagang (China), the second expansion stage for pyrogenic silica is advancing well, too. Moreover, the official start-up of Zhangjiagang's siloxane facility is scheduled for this year. As a result, Zhangjiagang will be the world's largest and most modern (fully integrated) silicone production site.

On July 1, 2010 (after the quarter under review had ended), WACKER acquired a silicon-metal production site in Holla (near Trondheim) from Norway's FESIL Group. This move increases WACKER's supply security during peak-demand periods and makes the company more independent of raw-material price fluctuations. WACKER has taken over all of FESIL's production facilities in Holla (including the related real estate and working capital) for a purchase price of €66.2 million. The site has a capacity of around 50,000 metric tons of silicon metal per year. Through this strategic acquisition, WACKER is able to cover about a third of its current annual demand for silicon metal, which it needs to manufacture silicones and hyperpure polysilicon.

#### **Broadening the Transfer of Expertise to Customers and Partners**

In April 2010, WACKER expanded its global network of training and competence centers by opening two new WACKER ACADEMY branches, one in São Paulo (Brazil) and the other in Singapore. The purpose of such training centers is to promote the transfer of sector-specific knowledge to local customers and business partners. At both new sites, the

WACKER ACADEMY facilities are located on the premises of existing WACKER technical centers. WACKER set up the WACKER ACADEMY to offer its customers practical knowledge based on its many years of expertise in research and in product and application development. The WACKER ACADEMY now has seven sites worldwide, with São Paulo and Singapore joining Burghausen (Germany), Moscow (Russia), Beijing (China), Mumbai (India) and Dubai (UAE).

#### **Annual Shareholders' Meeting Approves Proposal on Appropriation of 2009's Profits**

At Wacker Chemie AG's Annual Shareholders' Meeting on May 21, 2010, a large majority of shareholders adopted the Executive and Supervisory Boards' dividend proposal to distribute a total of €59.6 million (2009: €89.4 million) from 2009's retained profit of €533.4 million (2009: €576.9 million). The dividend per dividend-bearing share was €1.20 (2009: €1.80). The remainder was to be treated as profit carried forward. The Executive and Supervisory Boards' other proposals were also adopted by large majorities.

# Condensed Statement of Income

January 1 through June 30, 2010

Condensed Statement of Income						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
Sales	1,202.0	925.5	29.9	2,269.0	1,798.0	26.2
Gross profit from sales	353.8	222.4	59.1	643.1	438.9	46.5
Selling, R&D and general administrative expenses	-137.9	-120.8	14.2	-266.6	-236.7	12.6
Other operating income and expenses	2.8	-121.3	n. a.	7.5	-140.5	n. a.
Operating result	218.7	-19.7	n. a.	384.0	61.7	>100
Result from investments in joint ventures and associates	-14.0	-34.0	-58.8	-25.6	-57.2	-55.2
EBIT	204.7	-53.7	n. a.	358.4	4.5	>100
Financial result	-9.0	-6.3	42.9	-12.3	-13.4	-8.2
Income before taxes	195.7	-60.0	n. a.	346.1	-8.9	n. a.
Income taxes	-60.3	-14.5	>100	-104.8	-60.1	74.4
Net income for the period	135.4	-74.5	n. a.	241.3	-69.0	n. a.
Of which						
Attributable to Wacker Chemie AG shareholders	134.5	-72.8	n. a.	241.1	-64.5	n. a.
Attributable to non-controlling interests	0.9	-1.7	n. a.	0.2	-4.5	n. a.
Earnings per share (€) (basic/diluted)	2.71	-1.47	n. a.	4.85	-1.30	n. a.
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-	49,677,983	49,677,983	-
Reconciliation to EBITDA						
EBIT	204.7	-53.7	n. a.	358.4	4.5	>100
Amortization of noncurrent assets	103.9	223.8	-53.6	203.9	323.4	-37.0
EBITDA	308.6	170.1	81.4	562.3	327.9	71.5

In Q2 2010, Group earnings reflected the global economy's rebound, which began in the first quarter of the year. In particular, high demand for WACKER products in all divisions greatly benefited the second quarter's figures. By contrast, Q2 2009 had been dominated by the impact of the economic crisis and the structural measures taken. The same effects are also apparent when comparing the first-half results.

Sales increased by €276.5 million to €1,202.0 million in Q2 2010, up 30 percent (Q2 2009: €925.5 million) with growth being fed by stronger demand across all divisions. At the same time, the cost of goods sold compared with Q2 2009 rose by only €145.1 million or 21 percent. The cost-of-sales ratio in the quarter under review consequently improved to 71 percent (Q2 2009: 76 percent). In the first quarter of 2010, this ratio had been 73 percent. Plant utilization this year is appreciably higher than in the first half of 2009. The increased utilization rate covers fixed costs to a greater degree and therefore benefits the specific cost of goods sold. Gross profit from sales reached €353.8 million in the second quarter of 2010, up €131.4 million or 59 percent on the Q2 2009 figure (€222.4 million). Compared with the preceding quarter (Q1 2010: €289.3 million), gross profit from sales rose by €64.5 million – an increase of 22 percent. For the first half

of 2010, gross profit from sales was €643.1 million (6M 2009: €438.9 million), up €204.2 million or 47 percent on the prior-year figure. The gross margin rose to 29 percent in the second quarter of 2010 (Q2 2009: 24 percent), and to 28 percent in the first half of 2010 (6M 2009: 24 percent).

Other functional costs increased by 14 percent to €137.9 million in the second quarter of 2010, from €120.8 million in Q2 2009. The rise is chiefly attributable to higher selling and general administrative expenses. Research and development expenses climbed 5 percent compared with Q2 2009. Research and development costs for the first half of 2010 amounted to €82.1 million, up 6 percent on the previous year.

In Q2 2010, other operating income and expenses amounted to €2.8 million (Q2 2009: €-121.3 million). The pattern was similar for the first half of 2010. Aggregate other operating income and expenses for January through June 2010 were €7.5 million (6M 2009: €-140.5 million). Non-recurring effects totaling €136.3 million had been reported under other operating expenses in Q2 2009. These effects comprised impairments on Siltronic property, plant and equipment amounting to €121.3 million, as well as provisions for structural measures totaling €15.0 million. The net foreign currency loss improved to €-1.0 million in the first half of 2010 (6M 2009: €-29.6 million). Exchange-rate gains for the first six months amounted to €90.0 million (6M 2009: €76.6 million), while exchange-rate losses came in at €91.0 million (6M 2009: €106.2 million).

The investment result for 2010's second quarter was €-14.0 million (Q2 2009: €-34.0 million). In Q2 2009, the investment result had absorbed losses of €19.6 million from the former WACKER SCHOTT Solar joint venture, which was then sold in Q3 2009. An investment loss of €25.6 million has been recognized for the first half of 2010 (6M 2009: €57.2 million). It stems mainly from losses involving joint ventures in Asia. These losses are partially related to start-up processes.

The financial result for Q2 2010 was €-9.0 million, as against €-6.3 million in Q2 2009. For the first half of 2010, this item amounted to €-12.3 million (6M 2009: €-13.4 million), including €-11.5 million (6M 2009: €-11.9 million) for the interest-bearing elements of pension obligations. In January through June 2010, €6.9 million was capitalized as construction-related borrowing costs compared with €5.4 million in the year-earlier period. Marginally higher exchange-rate losses from financial assets also diminished the other financial result.

The tax rate in the first half of 2010 was 30.3 percent. A year earlier, it had been over 100 percent due to non-offsettable losses incurred by some Group subsidiaries. Income taxes mostly reflect current taxes on the positive first-half result. WACKER posted a pre-tax result of €346.1 million for the first half of 2010 (6M 2009: €-8.9 million).



# Condensed Statement of Financial Position

As of June 30, 2010

<b>Assets</b>						
€ million	June 30, 2010	June 30, 2009	Change in %	Dec. 31, 2009	Change in %	
Intangible assets, property, plant and equipment, and investment property	2,901.9	2,724.5	6.5	2,802.2	3.6	
Investment in associates accounted for using the equity method	132.1	144.3	-8.5	140.2	-5.8	
Other noncurrent assets	200.6	267.0	-24.9	177.8	12.8	
<b>Noncurrent assets</b>	<b>3,234.6</b>	<b>3,135.8</b>	<b>3.2</b>	<b>3,120.2</b>	<b>3.7</b>	
Inventories	492.1	452.4	8.8	441.2	11.5	
Trade receivables	649.5	494.4	31.4	466.8	39.1	
Other current assets	586.4	501.4	17.0	513.7	14.2	
<b>Current assets</b>	<b>1,728.0</b>	<b>1,448.2</b>	<b>19.3</b>	<b>1,421.7</b>	<b>21.5</b>	
<b>Total assets</b>	<b>4,962.6</b>	<b>4,584.0</b>	<b>8.3</b>	<b>4,541.9</b>	<b>9.3</b>	

  

<b>Equity and Liabilities</b>						
€ million	June 30, 2010	June 30, 2009	Change in %	Dec. 31, 2009	Change in %	
<b>Equity</b>	<b>2,169.0</b>	<b>1,955.6</b>	<b>10.9</b>	<b>1,942.4</b>	<b>11.7</b>	
Noncurrent provisions	753.2	605.1	24.5	727.0	3.6	
Financial liabilities	352.8	283.2	24.6	363.8	-3.0	
Other noncurrent liabilities	765.2	915.6	-16.4	776.6	-1.5	
Of which advance payments received	737.9	791.5	-6.8	761.8	-3.1	
<b>Noncurrent liabilities</b>	<b>1,871.2</b>	<b>1,803.9</b>	<b>3.7</b>	<b>1,867.4</b>	<b>0.2</b>	
Financial liabilities	146.3	140.9	3.8	75.9	92.8	
Trade payables	259.3	252.0	2.9	217.9	19.0	
Other current provisions and liabilities	516.8	431.6	19.7	438.3	17.9	
<b>Current liabilities</b>	<b>922.4</b>	<b>824.5</b>	<b>11.9</b>	<b>732.1</b>	<b>26.0</b>	
<b>Liabilities</b>	<b>2,793.6</b>	<b>2,628.4</b>	<b>6.3</b>	<b>2,599.5</b>	<b>7.5</b>	
<b>Total equity and liabilities</b>	<b>4,962.6</b>	<b>4,584.0</b>	<b>8.3</b>	<b>4,541.9</b>	<b>9.3</b>	

Total assets as of June 30, 2010 increased to €4.96 billion, up from €4.54 billion on December 31, 2009 – a 9-percent rise. Compared to June 30, 2009, total assets were 8 percent higher.

Noncurrent assets grew from €3,120.2 million (Dec. 31, 2009) to €3,234.6 million (June 30, 2010) as a result of the Group's investment activities and exchange-rate effects. This was €114.4 million or 4 percent more than at the end of 2009. Intangible assets, property, plant and equipment, and investment property increased by €239.2 million as a result of new investment. Depreciation produced an opposite effect of €203.9 million.

Exchange-rate trends increased fixed assets by €90.2 million due to a weaker euro on the reporting date, December 31, 2009.

In comparison to year-end 2009, the carrying amount of associates accounted for using the equity method fell by €25.6 million, due to ongoing losses by these companies. The losses were incurred mainly by Asian joint ventures. In contrast, exchange-rate effects increased the carrying amount by €23.4 million. Overall, the carrying amount of investments in associates accounted for using the equity method decreased by €8.1 million compared to December 31, 2009.

Other noncurrent assets amounted to €200.6 million, rising €22.8 million from year-end 2009. The noncurrent loans to associates accounted for using the equity method within this figure increased from €62.9 million to €75.6 million. Exchange-rate effects lay behind this change. Additionally, deferred tax assets increased by €6.6 million.

Total asset growth was caused mainly by higher working capital. In comparison to year-end 2009, the trade receivables within current assets increased by €182.7 million to €649.5 million. Greatly expanded sales in the first half of 2010 spurred this development. Inventories grew by €50.9 million to €492.1 million. Overall, inventories and trade receivables climbed 26 percent compared with December 31, 2009.

Other current assets increased from €513.7 million (Dec. 31, 2009) to €586.4 million. The higher liquidity of €441.0 million (Dec. 31, 2009: €363.6 million) was the main factor behind this rise. €42.2 million of that amount is invested in current securities and fixed-term deposits with a maturity of over three months. As expected, additional factors in the first half of 2010 were higher deferred income and much lower financial derivatives.

On June 30, 2010, equity was up €226.6 million to €2.17 billion (Dec. 31, 2009: €1.94 billion), due to first-half net income of €241.3 million. The €59.6 million dividend payout for 2009 lowered the retained profit in equity. Exchange-rate effects from consolidation measures had a positive effect on other equity of €84.9 million. At the same time, other equity fell by €43.0 million because of market-value changes to derivative financial instruments from hedge accounting. Overall, the equity ratio rose to 43.7 percent (Dec. 31, 2009: 42.8 percent).

Noncurrent liabilities increased only slightly from December 31, 2009, climbing €3.8 million to €1.87 billion. A sum of €20.1 million was added to pension obligations, which now amount to €465.2 million. Personnel provisions rose likewise, reaching €187.8 million. They grew €9.4 million through additions to provisions for phased early retirement and working-life accounts. Advance payments received fell by €23.9 million to €737.9 million. The carrying amount of other noncurrent liabilities was thus lower. The change in noncurrent financial liabilities was due to two factors. First, new longterm loans were raised in Asia during the period under review. Second, loans originally taken out on a long-term basis were reclassified as short term.

Current liabilities climbed 26 percent to €922.4 million as of June 30, 2010 (Dec. 31, 2009: €732.1 million). Since business volume was higher, trade liabilities grew – up €41.4 million to €259.3 million (Dec. 31, 2009: €217.9 million). On balance, current provisions and liabilities rose €78.5 million to €516.8 million. Current provisions increased by €25.4 million, primarily due to higher current tax expenses. Other current liabilities grew on balance by €53.1 million to €350.6 million (Dec. 31, 2009: €297.5 million). This was the net effect of three different factors: the obligations relating to unused vacation leave and flextime accounts increased. At the same time, derivative financial instruments added €34.7 million to other current liabilities. In contrast, the payout of performance-related compensation reduced other current liabilities.

Current financial liabilities rose to €146.3 million (Dec. 31, 2009: €75.9 million). The main factor in this change was that Wacker Chemie AG's promissory notes (Schuldscheine) classified as noncurrent effective December 31, 2009 were reclassified as current in view of their maturity date. Overall, financial liabilities grew to €499.1 million (Dec. 31, 2009: €439.7 million). Nevertheless, the rise in liquidity to €441.0 million (Dec. 31, 2009: €363.6 million) meant that net financial liabilities fell. This item totaled €58.1 million on the reporting date, down €18.0 million (Dec. 31, 2009: €76.1 million).

# Condensed Statement of Cash Flows

January 1 through June 30, 2010

## Condensed Statement of Cash Flows

€ million	6M 2010	6M 2009	Change in %
Net income for the period	241.3	-69.0	n. a.
Amortization of noncurrent assets	203.9	323.4	-37.0
Changes in inventories	-15.4	53.8	n. a.
Changes in trade receivables	-148.8	-35.2	>100
Changes in other assets	-10.6	65.0	n. a.
Change in advance payments made and received	-31.2	52.8	n. a.
Non-cash changes from equity accounting	26.0	51.9	-49.9
Other non-cash expenses and income	74.7	-68.3	n. a.
<b>Cash flow from operating activities (gross cash flow)</b>	<b>339.9</b>	<b>374.4</b>	<b>-9.2</b>
Payments for investments	-229.8	-413.7	-44.5
<b>Cash flow from noncurrent investment activities</b>	<b>-229.8</b>	<b>-413.7</b>	<b>-44.5</b>
Acquisition/disposal of current securities	-42.2	101.1	n. a.
<b>Cash flow from investment activities</b>	<b>-272.0</b>	<b>-312.6</b>	<b>-13.0</b>
Capital increases	-	11.3	n. a.
Distribution of profit from prior-year net income	-59.6	-89.4	-33.3
Changes in financial liabilities	18.8	155.5	-87.9
<b>Cash flow from financing activities</b>	<b>-40.8</b>	<b>77.4</b>	<b>n. a.</b>
Changes due to exchange-rate fluctuations	8.1	-0.8	n. a.
<b>Changes in cash and cash equivalents</b>	<b>35.2</b>	<b>138.4</b>	<b>-74.6</b>
At the beginning of the year	363.6	204.2	78.1
At the end of the period	398.8	342.6	16.4
<b>Additional information</b>			
Cash flow from operating activities (gross cash flow)	339.9	374.4	-9.2
Cash flow from noncurrent investment activities	-229.8	-413.7	-44.5
<b>Net cash flow</b>	<b>110.1</b>	<b>-39.3</b>	<b>n. a.</b>

In the first half of 2010, cash flow from operating activities was €339.9 million, lower than a year ago (6M 2009: €374.4 million). The first half's high net income of €241.3 million (6M 2009: €-69.0 million) contrasted with much lower amortization of €203.9 million (6M 2009: €323.4 million). Amortization in the prior-year period had included the non-recurring effect of fixed-asset impairments at Siltronic amounting to €121.3 million.

Changes in inventories as of June 30, 2010 had a negative impact (€-15.4 million) on gross cash flow. Over the same period, trade receivables reduced gross cash flow by €148.8 million. This build-up of inventories and outstanding accounts was due to high customer demand. In the first half of 2009, by contrast, inventories (€53.8 million) had declined markedly, since capacity utilization had been matched to demand. A year ago, trade receivables (€-35.2 million) had increased much less than in the first half of 2010. The drop in advance payments compared to year-end 2009 also lowered gross cash flow by €31.2 million. In the prior-year period, additions to advance payments received had added €52.8 million to gross cash flow.

Since the end of 2009, in contrast, trade liabilities have risen, as have provisions and personnel liabilities. Both effects, which are recognized under other non-cash expenses and income, positively impacted gross cash flow. Compared to the first half of 2009, the build-up of liabilities improved gross cash flow by €147.9 million.

2010's first-half cash flow from noncurrent investment activities amounted to €-229.8 million, 45 percent down against the year-earlier period (6M 2009: €-413.7 million). This was primarily due to lower investment spending during the first six months of 2010, since ongoing investment projects were at less intensive expenditure stages. The focus of first-half investment spending was new polysilicon production facilities.

In January through June 2010, current commercial papers and fixed-term deposits with a maturity of over three months were acquired as financial assets valued at €42.2 million. This reduced cash flow from current investment activities. In the year-earlier period, €101.1 million of German government securities (Bundeswertpapiere) had been sold.

Net cash flow as the sum of cash flow from operating activities and noncurrent investment activities totaled €110.1 million in the first half of 2010 (6M 2009: €-39.3 million).

Cash flow from financing activities was characterized by an increase in bank loans. The company posted an inflow of €18.8 million in the first half of 2010. A promissory note (Schuldschein) for €155.0 million had been raised in Q2 2009. The dividend payment for 2009 reduced cash flow from financing activities by €59.6 million.

Cash and cash equivalents grew by €35.2 million from December 31, 2009.



# Division Results

January 1 through June 30, 2010

## Sales

€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
WACKER SILICONES .....	406.5	304.9	33.3	773.5	569.8	35.7
WACKER POLYMERS .....	224.6	206.5	8.7	395.4	378.8	4.4
WACKER BIOSOLUTIONS .....	38.3	22.1	73.4	72.7	43.7	66.3
WACKER POLYSILICON .....	321.5	269.1	19.5	645.4	584.1	10.5
SILTRONIC .....	255.8	153.1	67.1	474.9	279.1	70.2
Corporate functions/Other .....	35.1	57.1	-38.5	69.4	110.2	-37.0
Consolidation .....	-79.8	-87.3	-8.6	-162.2	-167.7	-3.3
<b>Group sales</b> .....	<b>1,202.0</b>	<b>925.5</b>	<b>29.9</b>	<b>2,269.0</b>	<b>1,798.0</b>	<b>26.2</b>

## EBIT

€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
WACKER SILICONES .....	55.8	14.3	>100	100.7	19.8	>100
WACKER POLYMERS .....	28.6	33.9	-15.6	39.7	46.6	-14.8
WACKER BIOSOLUTIONS .....	5.9	2.3	>100	9.1	3.3	>100
WACKER POLYSILICON .....	138.1	112.3	23.0	261.1	258.8	0.9
SILTRONIC .....	-5.1	-211.6	-97.6	-25.6	-306.1	-91.6
Corporate functions/Other .....	-17.0	-8.7	95.4	-24.3	-18.6	30.6
Consolidation .....	-1.6	3.8	n. a.	-2.3	0.7	n. a.
<b>Group EBIT</b> .....	<b>204.7</b>	<b>-53.7</b>	<b>n. a.</b>	<b>358.4</b>	<b>4.5</b>	<b>&gt;100</b>

## EBITDA

€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
WACKER SILICONES .....	73.3	37.2	97.0	135.4	64.9	>100
WACKER POLYMERS .....	37.8	42.9	-11.9	57.9	64.4	-10.1
WACKER BIOSOLUTIONS .....	7.8	3.3	>100	12.6	5.2	>100
WACKER POLYSILICON .....	174.6	136.0	28.4	332.1	304.1	9.2
SILTRONIC .....	18.0	-58.2	n. a.	19.2	-118.2	n. a.
Corporate functions/Other .....	-1.3	5.1	n. a.	7.4	6.8	8.8
Consolidation .....	-1.6	3.8	n. a.	-2.3	0.7	n. a.
<b>Group EBITDA</b> .....	<b>308.6</b>	<b>170.1</b>	<b>81.4</b>	<b>562.3</b>	<b>327.9</b>	<b>71.5</b>

## Reconciliation with Segment Results

€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
Operating result of reporting segments .....	223.3	-48.8	n. a.	385.0	22.4	>100
Corporate functions/Other .....	-17.0	-8.7	95.4	-24.3	-18.6	30.6
Consolidation .....	-1.6	3.8	n. a.	-2.3	0.7	n. a.
<b>Group EBIT</b> .....	<b>204.7</b>	<b>-53.7</b>	<b>n. a.</b>	<b>358.4</b>	<b>4.5</b>	<b>&gt;100</b>
Financial result .....	-9.0	-6.3	42.9	-12.3	-13.4	-8.2
<b>Income before taxes</b> .....	<b>195.7</b>	<b>-60.0</b>	<b>n. a.</b>	<b>346.1</b>	<b>-8.9</b>	<b>n. a.</b>

## WACKER SILICONES

WACKER SILICONES						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
<b>Sales</b>						
External sales .....	402.3	300.8	33.7	765.1	561.2	36.3
Internal sales .....	4.2	4.1	2.4	8.4	8.6	-2.3
<b>Total sales</b> .....	<b>406.5</b>	<b>304.9</b>	<b>33.3</b>	<b>773.5</b>	<b>569.8</b>	<b>35.7</b>
<b>EBIT</b> .....	<b>55.8</b>	<b>14.3</b>	<b>&gt;100</b>	<b>100.7</b>	<b>19.8</b>	<b>&gt;100</b>
EBIT margin (%) .....	13.7	4.7	>100	13.0	3.5	>100
Depreciation .....	17.5	22.9	-23.6	34.7	45.1	-23.1
<b>EBITDA</b> .....	<b>73.3</b>	<b>37.2</b>	<b>97.0</b>	<b>135.4</b>	<b>64.9</b>	<b>&gt;100</b>
EBITDA margin (%) .....	18.0	12.2	47.8	17.5	11.4	53.7
Investments .....	24.1	14.5	66.2	42.7	27.6	54.7
As of	June 30, 2010	March 31, 2010		June 30, 2010	Dec. 31, 2009	
Number of employees .....	3,650	3,559	2.6	3,650	3,873	-5.8

WACKER SILICONES boosted total sales in Q2 2010 to €406.5 million (Q2 2009: €304.9 million) thanks not only to dynamically growing silicone demand for construction, electronics and automotive applications, but also to new record silicone sales for paper-coating and personal-care products. This result is the highest the division has ever generated. Sales increased 33 percent compared to the prior-year period and were up some 11 percent on Q1 2010 (€367.0 million). In the six-month period from January through June 2010, WACKER SILICONES posted sales of €773.5 million (6M 2009: €569.8 million) – some 36 percent more than in the first half of 2009. Volume gains raised production capacity utilization to 90 percent and above in the second quarter. Some facilities were operating at maximum capacity. The division's order books also showed on-going gains in Q2 2010.

Strong customer demand supported sales growth worldwide. Year-over-year demand was up 25 to over 40 percent depending on the region. The business trend was particularly dynamic in Asia.

Primarily volume and product-mix effects, plus the stronger us dollar, enabled WACKER SILICONES to roughly double its Q2 earnings before interest, taxes, depreciation and amortization over the year-earlier period. Divisional EBITDA climbed to €73.3 million (Q2 2009: €37.2 million). This corresponds to an EBITDA margin of 18.0 percent (Q2 2009: 12.2 percent). In Q1 2010, EBITDA had been €62.1 million and the EBITDA margin 16.9 percent. For the first half of 2010, WACKER SILICONES generated EBITDA of €135.4 million (6M 2009: €64.9 million). The EBITDA margin improved in January through June 2010 to 17.5 percent (6M 2009: 11.4 percent).

By optimizing its organizational structure, WACKER SILICONES has laid the groundwork for enhancing its flexibility to develop markets and customer relationships, so that it can continue its profitable growth. The division now sells standard and specialty products via different business models specifically tailored to customer needs. Regional organizations now have more responsibility for local operational aspects.

WACKER SILICONES' investments totaled €24.1 million (Q2 2009: €14.5 million). Continued expansion of pyrogenic-silica capacities at Zhangjiagang (China) remained at the center of investment activities in Q2 2010.

After the reporting period had ended, WACKER acquired the Norwegian FESIL Group's silicon-metal production site in Holla (near Trondheim) on July 1, 2010 for €66.2 million. The Holla site is now being integrated into WACKER SILICONES, which needs silicon metal to produce siloxane and silanes. These, in turn, are used to manufacture silicones and pyrogenic silica.

As of June 30, 2010, WACKER SILICONES had 3,650 employees (March 31, 2010: 3,559).

## WACKER POLYMERS

WACKER POLYMERS						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
<b>Sales</b>						
External sales	219.1	204.6	7.1	384.9	375.4	2.5
Internal sales	5.5	1.9	>100	10.5	3.4	>100
<b>Total sales</b>	<b>224.6</b>	<b>206.5</b>	<b>8.7</b>	<b>395.4</b>	<b>378.8</b>	<b>4.4</b>
<b>EBIT</b>	<b>28.6</b>	<b>33.9</b>	<b>-15.6</b>	<b>39.7</b>	<b>46.6</b>	<b>-14.8</b>
EBIT margin (%)	12.7	16.4	-22.4	10.0	12.3	-18.4
Depreciation	9.2	9.0	2.2	18.2	17.8	2.2
<b>EBITDA</b>	<b>37.8</b>	<b>42.9</b>	<b>-11.9</b>	<b>57.9</b>	<b>64.4</b>	<b>-10.1</b>
EBITDA margin (%)	16.8	20.8	-19.0	14.6	17.0	-13.9
Investments	2.4	15.6	-84.6	5.0	26.6	-81.2
As of	June 30, 2010	March 31, 2010		June 30, 2010	Dec. 31, 2009	
Number of employees	1,361	1,365	-0.3	1,361	1,362	-0.1

In Q2 2010, WACKER POLYMERS profited from a seasonal increase in demand for dispersions and dispersible polymer powders for the construction industry. Volume gains led to total quarterly sales of €224.6 million – up nearly 9 percent over the prior year (Q2 2009: €206.5 million) and 31 percent over Q1 2010 (€170.8 million). The sales trend was held back to some extent by continued price pressure on the market. Aggregate sales for the first half of 2010 amounted to €395.4 million – 4 percent higher than a year ago (6M 2009: €378.8 million). Thanks to strong demand and sales-volume gains, WACKER POLYMERS had a plant-capacity utilization of above 80 percent for dispersible polymer powders in Q2 2010.

Lower market prices for dispersions and dispersible polymer powders, as well as higher ethylene prices, weighed on the division's Q2 2010 earnings. With EBITDA of €37.8 million (Q2 2009: €42.9 million), WACKER POLYMERS remained 12 percent below the prior-year level. Compared to Q1 2010 (€20.1 million), the division's performance nevertheless improved by 88 percent, primarily due to higher sales volumes, since construction-industry demand showed strong seasonal growth. The EBITDA margin was 16.8 percent in Q2 2010 (Q2 2009: 20.8 percent). In Q1 2010, the EBITDA margin had reached 11.8 percent. In the six-month period from January through June 2010, WACKER POLYMERS generated EBITDA of €57.9 million (6M 2009: €64.4 million) and an EBITDA margin of 14.6 percent (6M 2009: 17.0 percent).

Investments at WACKER POLYMERS amounted to €2.4 million in Q2 2010 (Q2 2009: €15.6 million).

As of June 30, 2010, WACKER POLYMERS had 1,361 employees (March 31, 2010: 1,365).

## WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
<b>Sales</b>						
External sales	37.3	20.2	84.6	70.5	40.8	72.9
Internal sales	1.0	1.9	-47.4	2.2	2.9	-24.1
<b>Total sales</b>	<b>38.3</b>	<b>22.1</b>	<b>73.4</b>	<b>72.7</b>	<b>43.7</b>	<b>66.3</b>
<b>EBIT</b>	<b>5.9</b>	<b>2.3</b>	<b>&gt;100</b>	<b>9.1</b>	<b>3.3</b>	<b>&gt;100</b>
EBIT margin (%)	15.4	10.4	47.9	12.5	7.6	65.8
Depreciation	1.9	1.0	90.0	3.5	1.9	84.2
<b>EBITDA</b>	<b>7.8</b>	<b>3.3</b>	<b>&gt;100</b>	<b>12.6</b>	<b>5.2</b>	<b>&gt;100</b>
EBITDA margin (%)	20.4	14.9	36.3	17.3	11.9	45.7
Investments	1.9	3.1	-38.7	3.9	6.6	-40.9
As of	June 30, 2010	March 31, 2010		June 30, 2010	Dec. 31, 2009	
Number of employees	355	346	2.6	355	344	3.2

WACKER BIOSOLUTIONS reported total sales of €38.3 million for April through June 2010 (Q2 2009: €22.1 million), a gain of 73 percent. Gumbase-business reallocation was a major reason for this sharp increase. Since Q3 2009, gumbase has belonged to this division instead of WACKER POLYMERS. Compared to Q1 2010 (€34.4 million), WACKER BIOSOLUTIONS boosted sales by over 11 percent. Sales reached €72.7 million during the first half of 2010 (6M 2009: €43.7 million).

In Q2 2010, WACKER BIOSOLUTIONS reported robust demand for acetylacetone and sales growth for cysteine and cyclodextrins. Gumbase had sales gains and pharmaceutical proteins developed positively, too. Key customer projects to enhance processes and to manufacture biopharmaceutical actives made good progress during the quarter. Several contracts are about to be concluded with pharmaceutical customers.

WACKER BIOSOLUTIONS more than doubled its earnings before interest, taxes, depreciation and amortization (EBITDA) to €7.8 million in Q2 2010 compared to a year ago (Q2 2009: €3.3 million). A key reason for the strong earnings gain was the reallocation of the gumbase business, which had still been part of WACKER POLYMERS back in Q2 2009. EBITDA rose 62 percent compared to the preceding quarter (Q1 2010: €4.8 million) amid higher sales volumes. The EBITDA margin improved in April through June 2010 to 20.4 percent, clearly above both Q2 2009 (14.9 percent) and Q1 2010 (14.0 percent). In the first half of 2010, the division generated aggregate EBITDA of €12.6 million (6M 2009: €5.2 million) and an EBITDA margin of 17.3 percent (6M 2009: 11.9 percent).

In Q2 2010, the division invested €1.9 million (Q2 2009: €3.1 million).

As of June 30, 2010, WACKER BIOSOLUTIONS had 355 employees (March 31, 2010: 346).



## WACKER POLYSILICON

WACKER POLYSILICON						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
<b>Sales</b>						
External sales	275.5	231.1	19.2	548.7	511.0	7.4
Internal sales	46.0	38.0	21.0	96.7	73.1	32.2
<b>Total sales</b>	<b>321.5</b>	<b>269.1</b>	<b>19.5</b>	<b>645.4</b>	<b>584.1</b>	<b>10.5</b>
<b>EBIT</b>	<b>138.1</b>	<b>112.3</b>	<b>23.0</b>	<b>261.1</b>	<b>258.8</b>	<b>0.9</b>
EBIT margin (%)	43.0	41.7	2.9	40.5	44.3	-8.7
Depreciation	36.5	23.7	54.0	71.0	45.3	56.7
<b>EBITDA</b>	<b>174.6</b>	<b>136.0</b>	<b>28.4</b>	<b>332.1</b>	<b>304.1</b>	<b>9.2</b>
EBITDA margin (%)	54.3	50.5	7.5	51.5	52.1	-1.2
Investments	71.8	121.5	-40.9	124.0	235.4	-47.3
As of	June 30, 2010	March 31, 2010		June 30, 2010	Dec. 31, 2009	
Number of employees	1,698	1,631	4.1	1,698	1,600	6.1

WACKER POLYSILICON's production and sales once again reached record levels in Q2 2010. The Poly 8 expansion stage at Burghausen has meanwhile reached its full nominal capacity of 10,000 metric tons per year. All production facilities are still running at maximum capacity.

WACKER POLYSILICON generated total sales of €321.5 million in the April-through-June quarter (Q2 2009: €269.1 million). Sales were up almost 20 percent against Q2 2009, primarily due to additional volumes from the new Poly 8 facility. And the record figure from Q1 2010 (€323.9 million) was nearly met. For the first six months of the year, sales amounted to €645.4 million (6M 2009: €584.1 million) – almost 11 percent above the first half of 2009.

In Q2 2010, the photovoltaics market continued to develop very encouragingly and the semiconductor market also grew more quickly than expected. In this market environment, WACKER POLYSILICON was able to sign new multi-year agreements with solar-sector customers that also include advance payments. A series of additional agreements are being negotiated. Order books for 2010 continued to expand in Q2 2010 and the entire production quantity planned for the current year has already been sold.

Thanks to higher sales volumes and its outstanding technology and cost positions, WACKER POLYSILICON made further EBITDA gains in the second quarter. With EBITDA of €174.6 million, the division outperformed not only the year-earlier period (Q2 2009: €136.0 million), but also the preceding quarter (Q1 2010: €157.5 million). 2010's April–June EBITDA included a retained customer prepayment of some €9 million. Since this customer no longer needed the polysilicon ordered, the existing agreement was terminated. Amid stable prices and continued low manufacturing costs, the EBITDA margin exceeded the 50-percent mark once again at 54.3 percent in Q2 2010 (Q2 2009: 50.5 percent). In Q1 2010, the EBITDA margin had been 48.6 percent. For the entire first half, WACKER POLYSILICON generated EBITDA of €332.1 million (6M 2009: €304.1 million), even

though average sales prices were clearly lower than a year earlier. The EBITDA margin for January through June 2010 amounted to 51.5 percent (6M 2009: 52.1 percent).

In Q2 2010, WACKER POLYSILICON invested a total of €71.8 million (Q2 2009: €121.5 million). This shows that hyperepure-polysilicon capacity expansion remains a key strategic growth project within the WACKER Group. Construction of the new Poly 9 facility at Nünchritz, with a nominal capacity of 10,000 metric tons per year, is progressing according to plan. It is set to come on stream before the end of next year.

As of June 30, 2010, WACKER POLYSILICON had 1,698 employees (March 31, 2010: 1,631).

## SILTRONIC

SILTRONIC						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
<b>Sales</b>						
External sales	254.3	152.4	66.9	472.4	277.8	70.1
Internal sales	1.5	0.7	>100	2.5	1.3	92.3
<b>Total sales</b>	<b>255.8</b>	<b>153.1</b>	<b>67.1</b>	<b>474.9</b>	<b>279.1</b>	<b>70.2</b>
<b>EBIT</b>	<b>-5.1</b>	<b>-211.6</b>	<b>-97.6</b>	<b>-25.6</b>	<b>-306.1</b>	<b>-91.6</b>
EBIT margin (%)	-2.0	-138.2	-98.6	-5.4	-109.7	-95.1
Depreciation	23.1	153.4	-84.9	44.8	187.9	-76.2
<b>EBITDA</b>	<b>18.0</b>	<b>-58.2</b>	<b>n. a.</b>	<b>19.2</b>	<b>-118.2</b>	<b>n. a.</b>
EBITDA margin (%)	7.0	-38.0	n. a.	4.0	-42.4	n. a.
Investments	13.6	20.1	-32.3	23.8	40.6	-41.4
As of	June 30, 2010	March 31, 2010		June 30, 2010	Dec. 31, 2009	
Number of employees	5,026	5,058	-0.6	5,026	5,096	-1.4

Siltronic posted significant sales gains in all regions in Q2 2010. Business in Asia was particularly strong. From April through June 2010, Siltronic generated total sales of €255.8 million – a 67 percent rise year over year (Q2 2009: €153.1 million) and an increase of about 17 percent against Q1 2010 (€219.1 million). Growth primarily stemmed from volume gains. Sales volumes by surface area sold rose some 60 percent in Q2 2010 compared to a year ago. Moreover, average prices rose year over year for wafers with a diameter of 200 mm or less. The stronger us dollar also supported the sales trend. Siltronic's sales rose to €474.9 million during the first half of 2010 (6M 2009: €279.1 million).

Following the earnings slump last year, Siltronic was able to stabilize and extend this year's positive Q1 EBITDA contribution into Q2 – with EBITDA of €18.0 million (Q2 2009: €-58.2 million). In the year-earlier quarter, provisions for structural measures had lowered EBITDA by €8.7 million. In Q1 2010, Siltronic was in positive territory again on EBITDA of €1.2 million. Nevertheless, its EBITDA margin of 7.0 percent in Q2 2010 (Q2 2009: -38.0 percent) was unsatisfactory. In the first six months of 2010, Siltronic generated EBITDA of €19.2 million (6M 2009: €-118.2 million) and an EBITDA margin of 4.0 percent (6M 2009: -42.4 percent).

The division will continue measures to optimize cost structures so that it can further enhance productivity and profitability in the semiconductor business. Customer qualification of wafers from select Siltronic lead sites is progressing well.

Siltronic's April–June investments amounted to €13.6 million (Q2 2009: €20.1 million).

As of June 30, 2010, Siltronic had 5,026 employees (March 31, 2010: 5,058).

## Other

In Q2 2010, sales posted under “Other” totaled €35.1 million (Q2 2009: €57.1 million).  
“Other” EBITDA amounted to €-1.3 million (Q2 2009: €5.1 million).

## Risks and Opportunities

### **WACKER Has Improved its Structures Sustainably and Plans Further Productivity Gains**

WACKER and its five business divisions weathered the sometimes dramatic drop in demand of late 2008 and early 2009 relatively well. The measures taken have not only limited the economic crisis' impact on the Group, but also optimized its structures and processes. The bundling of production capacities at select sites (as exemplified by both ongoing and implemented measures at WACKER SILICONES and Siltronic) makes for a lasting improvement of the company's cost structures and enhances its flexibility to counter future market fluctuations.

The economic recovery and increasing demand for WACKER products during Q2 led to significantly better production-capacity utilization in many corporate sectors. Specific production costs there were markedly lower as a result. Nevertheless, WACKER intends to closely follow customer-demand developments in all relevant regions and segments and keep a sharp eye on macroeconomic trends and uncertainties. Points of concern include exchange-rate changes and the economic impact of political efforts to reduce sovereign debt.

Even in times of crisis, WACKER has continued its investment projects, allocating funds to the expansion of production facilities and the development of new products. Now that customer demand is turning up, the company is profiting from this strategy.

By acquiring a silicon-metal site from Norway's FESIL Group on July 1, 2010, WACKER is able to increase both price stability and supply security for one of its key raw materials. The production capacity of the site in Holla is around 50,000 metric tons per year – covering about a third of WACKER's annual silicon-metal needs.

When the opportunity arises, WACKER intends to raise its prices in line with the market situation. This applies to both its chemical segments and semiconductor business.

The specific risks facing individual divisions, market segments and sales regions – and WACKER's measures to counter these risks – are described in detail on pages 113 to 123 of its current Annual Report for 2009.

The Executive Board has not detected any individual or aggregate risk that could substantially endanger the Group as a going concern. WACKER considers itself to be strategically and financially well-positioned to seize any opportunities that arise.

## Outlook and Forecast

### Growth Drivers Expected to Be Stable

Following the strong growth momentum early in the year, the global economic upturn will stabilize and solidify over the next 18 months according to the International Monetary Fund (IMF). The IMF expects global growth of 4.6 percent this year and 4.3 percent next year.<sup>1</sup> The stability of the economic development hinges decisively on to what degree governments are able to restore trust in financial markets and to consolidate their budgets.

Whereas growth momentum in the emerging countries of Asia and the Americas will continue at a high level, the upturn in most of the advanced economies will remain more moderate. Thus, according to current IMF forecasts, the Chinese economy will grow 10.5 percent this year (2011: 9.6 percent) and India by 9.4 percent (2011: 8.4 percent). In the USA, the IMF expects growth of 2.9 percent for 2011, following 3.3 percent this year. Japan is set to grow 2.4 percent in 2010 and 1.8 percent in 2011. The Organization for Economic Co-operation and Development (OECD) is somewhat more optimistic about the future. It is forecasting OECD-wide growth of 2.7 percent for 2010 and 2.8 percent for 2011. At 1.2 percent (2010) and 1.8 percent (2011), growth in the eurozone will be somewhat more subdued than the OECD-wide average.<sup>2</sup>

Turning to Germany, the OECD expects real GDP to grow by an average of 2.1 percent in 2011. For the current year, the forecast is 1.9 percent.<sup>2</sup> The Munich-based Ifo Institute for Economic Research foresees German domestic demand strengthening next year, leading to an overall industrial production increase here of 1.5 percent.<sup>3</sup>

The German Chemical Industry Association expects significant domestic sector growth this year. Its full-year 2010 estimate is an increase of 8.5 percent for chemical output and 10 percent for sales.<sup>4</sup>

Although the Gartner Group currently has a generally optimistic outlook for the semiconductor sector in 2010 (with sales by surface area sold growing by 34.3 percent), it predicts a slight consolidation phase in Q4 2010. In 2011, global sales of silicon wafers are set to rise 4.6 percent according to the current study. The 300 mm wafer segment's share of total sales is set to cross the 50-percent mark for the first time ever.<sup>5</sup>

The global photovoltaics market will continue to grow over the next three years according to the European Photovoltaic Industry Association (EPIA). Conservative estimates foresee an average annual increase of up to 13.7 gigawatts for newly installed

<sup>1</sup> International Monetary Fund, World Economic Outlook Update, Washington, July 7, 2010

<sup>2</sup> OECD, OECD Economic Outlook No. 87 (preliminary edition), Paris/Berlin, May 26, 2010

<sup>3</sup> Ifo Institute for Economic Research, Euro-zone Economic Outlook, Munich, July 7, 2010

<sup>4</sup> VCI (German Chemical Industry Association), press release: "Chemische Industrie steht wieder unter Dampf," Frankfurt, July 7, 2010

<sup>5</sup> Gartner Dataquest Market Statistics, Semiconductor Silicon Wafers, Worldwide, 2Q10 Update 2010, June 2010

capacity worldwide. In the most optimistic case, total installed global capacity could rise to 30 gigawatts by 2014. Growth in Europe will be somewhat weaker with newly installed capacity of 6 gigawatts in 2010 and up to 8 gigawatts in 2014, although optimistic scenarios see potential for an increase of up to 13.5 gigawatts in 2014.<sup>1</sup>

### **Strong Sustained Demand and Sales Growth Anticipated**

Given the overall economic situation, all WACKER divisions expect strong and sustained customer demand and sales growth until the end of the year. This projection is underscored by expanding order books and Q2's highly promising contract negotiations with customers. Plant-capacity utilization, in turn, is predicted to remain at a high level, which would have a positive effect on specific production costs.

WACKER is confident it can sell additional volumes stemming from capacity increases (particularly at WACKER POLYSILICON) at attractive prices on the market. Hyperpure polysilicon output will reach over 24,000 metric tons in full-year 2010 (2009: 18,100 metric tons). The exact output will depend on technical modifications and process optimization.

Importantly, we have numerous ongoing measures and activities aimed at:

- / Enhancing customer proximity and strengthening customer relationships
- / Optimizing the efficiency and productivity of our processes and structures
- / Strengthening our flexibility and market orientation.

At Siltronic, in particular, we are working on improving the division's currently unsatisfactory profitability. Qualification of wafers from select lead sites is progressing well among customers. Further optimization of our cost structures remains a key task. Siltronic is currently reviewing various options for measures, with the main focus on boosting production flexibility.

In general, international business will gain even more importance at every division. Consequently, WACKER will continue to focus on investments and innovations, and on strengthening its market presence, especially in strong-growth regions, and in highly promising product and market segments.

As for raw-material and energy costs, we do not expect any significant changes to current price levels during the second half of 2010. The average us dollar/euro rate was 1.27 in Q2 2010. WACKER expects that this rate will remain roughly the same for the remainder of the year.

<sup>1</sup> European Photovoltaic Industry Association, Global Market Outlook for Photovoltaics Until 2014, May 2010 Update, Brussels, May 2010



After acquiring the silicon-metal site in Holla from Norway's FESIL Group on July 1, 2010 for €66.2 million, we now expect that investments in property, plant, equipment and financial assets will be in the range of €750 million for full-year 2010. Up until recently, WACKER had predicted a total investment volume of between €600 and €700 million for 2010.

Our hiring policy will continue to be demand-driven during the course of 2010. Our workforce will primarily increase due to production-capacity expansion, particularly at WACKER POLYSILICON. WACKER SILICONES' headcount rises by 129 due to our acquisition of the silicon-metal production site in Holla, Norway. Should the positive business trend in China continue, the number of employees will rise there, too.

We do not envisage any further major changes in the business policies and organizational orientation of the WACKER Group at the moment.

For individual aspects of the company's further development, such as research and development, purchasing and logistics, sales, process control and sustainability, please refer to the detailed notes in Wacker Chemie AG's Annual Report 2009 (Outlook, page 127 et. seq.) and in Q1 2010 (page 35 et. seq.).

#### **Overall Corporate Performance Expectations**

For the remainder of the year, we expect continued dynamic growth on international markets. Provided no major economic setbacks occur in Q4 2010 and current exchange rates remain roughly unchanged, we anticipate Group sales of about €4.5 billion for full-year 2010. Earnings before interest, taxes, depreciation and amortization (EBITDA) in the current fiscal year are expected to exceed 2008's record level of €1.06 billion. As a result, higher investments of some €750 million can be financed out of our own cash flow.

#### **Events after the Balance Sheet Date**

After the reporting period had ended, and in line with an announcement made in early June, Wacker Chemie AG successfully completed its acquisition of the Norwegian FESIL Group's silicon-metal site in Holla on July 1, 2010. Furthermore, a new syndicated credit facility was concluded and another one returned in July. Details on these two topics can be found in the notes to the interim financial statements on page 45.

Munich, July 30, 2010

The Executive Board

# Condensed Interim Financial Statements

January 1 through June 30, 2010

Statement of Income						
€ million	Q2 2010	Q2 2009	Change in %	6M 2010	6M 2009	Change in %
<b>Sales</b>	<b>1,202.0</b>	925.5	29.9	<b>2,269.0</b>	1,798.0	26.2
Cost of goods sold	-848.2	-703.1	20.6	-1,625.9	-1,359.1	19.6
<b>Gross profit from sales</b>	<b>353.8</b>	222.4	59.1	<b>643.1</b>	438.9	46.5
Selling expenses	-69.0	-59.1	16.8	-132.3	-117.2	12.9
R&D expenses	-41.8	-39.9	4.8	-82.1	-77.6	5.8
General administrative expenses	-27.1	-21.8	24.3	-52.2	-41.9	24.6
Other operating income	77.9	67.1	16.1	121.0	125.7	-3.7
Other operating expenses	-75.1	-188.4	-60.1	-113.5	-266.2	-57.4
<b>Operating result</b>	<b>218.7</b>	-19.7	n. a.	<b>384.0</b>	61.7	>100
Result from investments in joint ventures and associates	-14.0	-34.0	-58.8	-25.6	-57.2	-55.2
<b>EBIT (earnings before interest and taxes)</b>	<b>204.7</b>	-53.7	n. a.	<b>358.4</b>	4.5	>100
Net interest income	0.9	1.7	-47.1	1.0	2.2	-54.5
Other financial result	-9.9	-8.0	23.8	-13.3	-15.6	-14.7
<b>Income before taxes</b>	<b>195.7</b>	-60.0	n. a.	<b>346.1</b>	-8.9	n. a.
Income taxes	-60.3	-14.5	>100	-104.8	-60.1	74.4
<b>Net income for the period</b>	<b>135.4</b>	-74.5	n. a.	<b>241.3</b>	-69.0	n. a.
Of which						
Attributable to Wacker Chemie AG shareholders	134.5	-72.8	n. a.	241.1	-64.5	n. a.
Attributable to non-controlling interests	0.9	-1.7	n. a.	0.2	-4.5	n. a.
<b>Earnings per share in € (basic/diluted)</b>	<b>2.71</b>	-1.47	n. a.	<b>4.85</b>	-1.30	n. a.
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-	49,677,983	49,677,983	-

# Statement of Comprehensive Income

January 1 through June 30, 2010

## January–June

€ million	2010		2009	
	Before taxes	Deferred taxes	Before taxes	Deferred taxes
<b>Net income for the period</b>		<b>241.3</b>		<b>-69.0</b>
Changes in foreign currency translation adjustments	84.9	-	-2.1	-
Cash flow hedge	-52.6	14.8	22.9	-6.4
Of which included in profit and loss	5.7	-1.6	23.1	-6.6
Pro rata cash flow hedge at companies accounted for using the equity method	-5.2	-	6.1	-
Non-controlling interests	3.0	-	-0.6	-
<b>Income and expenses recognized in equity</b>	<b>30.1</b>	<b>14.8</b>	<b>26.3</b>	<b>-6.4</b>
<b>Total income and expenses reported</b>		<b>286.2</b>		<b>-49.1</b>
Of which				
Attributable to Wacker Chemie AG shareholders		<b>283.0</b>		<b>-44.0</b>
Attributable to non-controlling interests		<b>3.2</b>		<b>-5.1</b>

## April–June

€ million	2010		2009	
	Before taxes	Deferred taxes	Before taxes	Deferred taxes
<b>Net income for the period</b>		<b>135.4</b>		<b>-74.5</b>
Changes in market values of the securities available for sale	0.1	-	-	-
Changes in foreign currency translation adjustments	47.5	-	-23.2	-
Cash flow hedge	-34.1	9.5	34.3	-9.6
Of which included in profit and loss	5.4	-1.5	5.9	-1.8
Pro rata cash flow hedge at companies accounted for using the equity method	-4.5	-	1.6	-
Non-controlling interests	1.5	-	-1.0	-
<b>Income and expenses recognized in equity</b>	<b>10.5</b>	<b>9.5</b>	<b>11.7</b>	<b>-9.6</b>
<b>Total income and expenses reported</b>		<b>155.4</b>		<b>-72.4</b>
Of which				
Attributable to Wacker Chemie AG shareholders		<b>153.0</b>		<b>-69.7</b>
Attributable to non-controlling interests		<b>2.4</b>		<b>-2.7</b>

# Statement of Financial Position

As of June 30, 2010

<b>Assets</b>					
€ million	June 30, 2010	June 30, 2009	Change in %	Dec. 31, 2009	Change in %
Intangible assets	21.1	22.3	-5.4	22.0	-4.1
Property, plant and equipment, and investment property	2,880.8	2,702.2	6.6	2,780.2	3.6
Investment in associates accounted for using the equity method	132.1	144.3	-8.5	140.2	-5.8
Financial assets	88.6	72.8	21.7	75.1	18.0
Other assets	96.2	158.6	-39.3	93.5	2.9
Deferred tax assets	15.8	35.6	-55.6	9.2	71.7
<b>Noncurrent assets</b>	<b>3,234.6</b>	<b>3,135.8</b>	<b>3.2</b>	<b>3,120.2</b>	<b>3.7</b>
Inventories	492.1	452.4	8.8	441.2	11.5
Trade receivables	649.5	494.4	31.4	466.8	39.1
Other assets	145.4	158.8	-8.4	150.1	-3.1
Liquidity	441.0	342.6	28.7	363.6	21.3
<b>Current assets</b>	<b>1,728.0</b>	<b>1,448.2</b>	<b>19.3</b>	<b>1,421.7</b>	<b>21.5</b>
<b>Total assets</b>	<b>4,962.6</b>	<b>4,584.0</b>	<b>8.3</b>	<b>4,541.9</b>	<b>9.3</b>

<b>Equity and Liabilities</b>					
€ million	June 30, 2010	June 30, 2009	Change in %	Dec. 31, 2009	Change in %
Subscribed capital	260.8	260.8	-	260.8	-
Capital reserves	157.4	157.4	-	157.4	-
Treasury shares	-45.1	-45.1	-	-45.1	-
Other equity items	1,775.8	1,561.9	13.7	1,552.4	14.4
<b>Equity attributable to Wacker Chemie AG shareholders</b>	<b>2,148.9</b>	<b>1,935.0</b>	<b>11.1</b>	<b>1,925.5</b>	<b>11.6</b>
Non-controlling interests	20.1	20.6	-2.4	16.9	18.9
<b>Equity</b>	<b>2,169.0</b>	<b>1,955.6</b>	<b>10.9</b>	<b>1,942.4</b>	<b>11.7</b>
Provisions for pensions	465.2	388.5	19.7	445.1	4.5
Other provisions	288.0	216.6	33.0	281.9	2.2
Deferred tax liabilities	12.9	51.2	-74.8	13.6	-5.1
Financial liabilities	352.8	283.2	24.6	363.8	-3.0
Other liabilities	752.3	864.4	-13.0	763.0	-1.4
<b>Noncurrent liabilities</b>	<b>1,871.2</b>	<b>1,803.9</b>	<b>3.7</b>	<b>1,867.4</b>	<b>0.2</b>
Other provisions	166.2	147.0	13.1	140.8	18.0
Financial liabilities	146.3	140.9	3.8	75.9	92.8
Trade payables	259.3	252.0	2.9	217.9	19.0
Other liabilities	350.6	284.6	23.2	297.5	17.8
<b>Current liabilities</b>	<b>922.4</b>	<b>824.5</b>	<b>11.9</b>	<b>732.1</b>	<b>26.0</b>
<b>Liabilities</b>	<b>2,793.6</b>	<b>2,628.4</b>	<b>6.3</b>	<b>2,599.5</b>	<b>7.5</b>
<b>Total equity and liabilities</b>	<b>4,962.6</b>	<b>4,584.0</b>	<b>8.3</b>	<b>4,541.9</b>	<b>9.3</b>

# Statement of Cash Flows

January 1 through June 30, 2010

## Statement of Cash Flows

€ million	6M 2010	6M 2009	Change in %
Net income for the period	241.3	-69.0	n. a.
Amortization of noncurrent assets	203.9	323.4	-37.0
Changes in provisions	46.2	35.2	31.2
Changes in deferred taxes	9.1	-11.1	n. a.
Changes in inventories	-15.4	53.8	n. a.
Changes in trade receivables	-148.8	-35.2	>100
Changes in other assets	-10.6	65.0	n. a.
Change in advance payments made and received	-31.2	52.8	n. a.
Changes in liabilities	56.6	-91.3	n. a.
Non-cash changes from equity accounting	26.0	51.9	-49.9
Other non-cash expenses and income	-37.2	-1.1	>100
<b>Cash flow from operating activities (gross cash flow)</b>	<b>339.9</b>	<b>374.4</b>	<b>-9.2</b>
Investment in noncurrent assets	-231.7	-414.9	-44.2
Proceeds from the disposal of noncurrent assets	1.9	1.2	58.3
<b>Cash flow from noncurrent investment activities</b>	<b>-229.8</b>	<b>-413.7</b>	<b>-44.5</b>
Acquisition/disposal of current securities	-42.2	101.1	n. a.
<b>Cash flow from investment activities</b>	<b>-272.0</b>	<b>-312.6</b>	<b>-13.0</b>
Capital increases	-	11.3	n. a.
Distribution of profit from prior-year net income	-59.6	-89.4	-33.3
Change in financial liabilities	18.8	155.5	-87.9
<b>Cash flow from financing activities</b>	<b>-40.8</b>	<b>77.4</b>	<b>n. a.</b>
Changes due to exchange-rate fluctuations	8.1	-0.8	n. a.
<b>Changes in cash and cash equivalents</b>	<b>35.2</b>	<b>138.4</b>	<b>-74.6</b>
At the beginning of the year	363.6	204.2	78.1
At the end of the period	398.8	342.6	16.4
<b>Additional information</b>			
Cash flow from operating activities (gross cash flow)	339.9	374.4	-9.2
Cash flow from noncurrent investment activities	-229.8	-413.7	-44.5
<b>Net cash flow</b>	<b>110.1</b>	<b>-39.3</b>	<b>n. a.</b>

# Statement of Changes in Equity/Reconciliation of Other Equity Items

January 1 through June 30, 2010

## Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
<b>Jan. 1, 2009</b>	260.8	157.4	-45.1	1,751.9	-56.6	2,068.4	14.4	<b>2,082.8</b>
Net income for the period	-	-	-	-64.5	-	-64.5	-4.5	<b>-69.0</b>
Income and expenses recognized in equity	-	-	-	-	20.5	20.5	-0.6	<b>19.9</b>
Total	-	-	-	-64.5	20.5	-44.0	-5.1	<b>-49.1</b>
Dividends paid	-	-	-	-89.4	-	-89.4	-	<b>-89.4</b>
Capital contributions	-	-	-	-	-	-	11.3	<b>11.3</b>
<b>June 30, 2009</b>	260.8	157.4	-45.1	1,598.0	-36.1	1,935.0	20.6	<b>1,955.6</b>
<b>Jan. 1, 2010</b>	260.8	157.4	-45.1	1,591.7	-39.3	1,925.5	16.9	<b>1,942.4</b>
Net income for the period	-	-	-	241.1	-	241.1	0.2	<b>241.3</b>
Income and expenses recognized in equity	-	-	-	-	41.9	41.9	3.0	<b>44.9</b>
Total	-	-	-	241.1	41.9	283.0	3.2	<b>286.2</b>
Dividends paid	-	-	-	-59.6	-	-59.6	-	<b>-59.6</b>
<b>June 30, 2010</b>	260.8	157.4	-45.1	1,773.2	2.6	2,148.9	20.1	<b>2,169.0</b>

## Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Foreign currency translation adjustments	Cash flow hedge	Total (excl. non-controlling interests)
<b>Jan. 1, 2009</b>	0.4	-44.1	-12.9	<b>-56.6</b>
Changes	-	-2.1	22.6	<b>20.5</b>
<b>June 30, 2009</b>	0.4	-46.2	9.7	<b>-36.1</b>
<b>Jan. 1, 2010</b>	0.6	-50.9	11.0	<b>-39.3</b>
Changes	-	84.9	-43.0	<b>41.9</b>
<b>June 30, 2010</b>	0.6	34.0	-32.0	<b>2.6</b>

# Notes

Q2 2010

## Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of June 30, 2010 have, pursuant to Section 37 w wPnG ("Wertpapierhandelsgesetz": "German Securities Trading Act") been prepared 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 2009.

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.

Please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2009 for further information on the individual accounting and valuation methods applied.

The condensed interim consolidated financial statements were reviewed by KPMG AG Wirtschaftsprüfungsgesellschaft.

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.

## New Accounting Standards

The following standards and interpretations of the IASB are applied for the first time in the first half of 2010:

Standard/interpretation	Mandatory from	Endorsed by EU	Impact on WACKER
IFRS 1 ... Additional Exemptions for First-time Adopters	Jan. 1, 2010	Yes .....	None .....
IFRS 1 ... First-Time Adoption of the International Financial Reporting Standards	Jan. 1, 2010	Yes .....	None .....
IFRS 2 ... Share-Based Payment: Group Cash-Settled Share-Based Payment Transactions	Jan. 1, 2010	Yes .....	None .....
IFRS 3/ ... Business Combinations/Consolidated and IAS 27 Separate Financial Statements	Jan. 1, 2010	Yes .....	Fundamentally significant: changed accounting for business combinations
IAS 39 ... Exposures Qualifying for Hedge Accounting	Jan. 1, 2010	Yes .....	None .....
Improvements to IFRSs	Jan. 1, 2010	Yes .....	Insignificant .....
IFRIC 17 .. Distributions of Non-Cash Assets to Owners	Jan. 1, 2010	Yes .....	None .....
IFRIC 18 .. Transfers of Assets from Customers	Jan. 1, 2010	Yes .....	None .....

The following standards were approved by the IASB in the first half of 2010 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
IFRS 1 --- Exemption from Comparative IFRS 7 Disclosures	Jan. 28, 2010	Jan. 1, 2011	Open ----	None -----
Improvements to IFRSs 2008–2010	May 6, 2010	Jan. 1, 2011	Open ----	Insignificant -----

#### Changes in the Scope of Consolidation

Wacker Silicones Technology (Shanghai) Co. Ltd., Shanghai, was wound up on March 31, 2010. The company had not been active since July 2008.

A Norwegian shell company was acquired by Wacker Chemicals Finance B.V. (Netherlands) on June 4, 2010. This company was renamed Wacker Chemicals Norway AS. The activities of the silicon-metal production site in Holla will be managed by this company in the future. First-time consolidation of the company is as of June 30, 2010.

#### Segment Reporting

Please refer to the interim management report for information on segment reporting. Following its shift in focus towards biochemistry, the division formerly operating as WACKER FINE CHEMICALS changed its name to WACKER BIOSOLUTIONS as of January 1, 2010. In the context of this repositioning, the polyvinyl acetate solid resins business (for gumbase) has been reported within the WACKER BIOSOLUTIONS segment since the start of Q3 2009. The changes to internal management and reporting included separating the gumbase business from WACKER POLYMERS. In the first half of 2010, the gumbase sales posted by WACKER BIOSOLUTIONS reached €24.7 million, making a positive contribution to earnings.

#### 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 major shareholders and its 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 Board 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.

In addition, trade is conducted between some Group companies and associated companies/joint ventures in the normal course of business. Business transactions are conducted at arm's length. The sales from these transactions are of no material significance in WACKER's opinion. The WACKER Group was not involved in any atypical transactions of material significance for itself or for related parties. The scope of financial receivables and liabilities in respect of related parties is insignificant.

Please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2009 for further information.

### Exchange Rates

For 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 of which the functional currency is the us dollar:

	Exchange rate as of		Average exchange rate	
	June 30, 2010	June 30, 2009	Q2 2010	Q2 2009
USD .....	1.22	1.41	1.27	1.36

### Major Events during the Reporting Period

Events during the reporting period that are considered significant in terms of impact, nature and frequency are described in the interim management report.

Given the strong sales gains in the reporting period, WACKER increased its strategic currency hedging of future USD sales in Q2 2010. The time horizon for strategic hedging was extended to 2012 in view of the favorable USD exchange rate during the second quarter. The hedging volume has consequently more than doubled since the end of 2009.

### Events after the Balance Sheet Date

On July 1, 2010, Wacker Chemie AG concluded its acquisition of the Norwegian FESIL Group's silicon-metal production site in Holla, near Trondheim (Norway). The agreement had already been signed by both companies on June 4, 2010, but needed to be cleared by the relevant antitrust authorities and the supervisory bodies of both companies. This strategic investment secures WACKER's long-term supply of silicon metal and makes it more independent of fluctuating raw-material prices. Holla Metall's annual production capacity is around 50,000 metric tons of silicon metal, corresponding to about one third of WACKER's current annual needs.

For a preliminary purchase price of €66.2 million paid in cash, WACKER takes over all of FESIL's production facilities in Holla, including the related real estate and working capital, by way of an asset deal as of July 1, 2010. The purchase price allocation will largely comprise the acquired machinery and real estate, along with the manufacturing technology and a goodwill component. The goodwill mainly symbolizes synergies and the workforce, which are not separable intangible assets as defined by IAS 38.

A Norwegian subsidiary – Wacker Chemicals Norway AS – was established so that the purchase agreement could be assigned to it. As a result, the Holla-based production activities, together with the assets and debts, will be held by a WACKER subsidiary from July 1, 2010. WACKER is taking on 129 employees at Holla, who will now be working for Wacker Chemicals Norway AS. Details of the amounts to be recognized in Q3 2010 with regard to the assets and debts acquired currently cannot be disclosed because the measurement process has not yet been completed. We will look closely at these aspects in our report on the third quarter of 2010.

On July 22, 2010, WACKER prematurely canceled a syndicated credit line of €150 million and with an original maturity of three years. It was replaced by a new syndicated credit line concluded at normal commercial conditions. This new committed credit line is for €200 million and will run for five years.

### 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 assets, liabilities, financial position and profit or loss, and the Group's interim management report includes a fair review of the development and performance of the Group's business and 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, July 30, 2010  
Wacker Chemie AG

Rudolf Staudigl            Wilhelm Sittenthaler

Joachim Rauhut            Auguste Willems

## Review Report

### To Wacker Chemie AG, Munich

We have reviewed the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the condensed balance sheet, the condensed income statement, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, for the period from January 1 to June 30, 2010 that are part of the semi annual financial report according to § 37 w wPnG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the wPnG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the wPnG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the wPnG applicable to interim group management reports.

Munich, July 30, 2010  
KPMG AG Wirtschaftsprüfungsgesellschaft

Kozikowski                      Dr. Grottel  
Wirtschaftsprüfer              Wirtschaftsprüfer

## Upcoming Dates/ Investor Relations

### Upcoming Dates

#### November 4, 2010

Publication of the  
3rd Quarterly Report for 2010

### Investor Relations

#### Head of Investor Relations

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This report contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update the forward-looking statements, nor does it assume the obligation to do so.



**Wacker Chemie AG**

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