

Wacker Chemie AG

**WACKER**

Report on the 2<sup>nd</sup> Quarter of 2009  
April – June 2009

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Q2

- Group sales up 6 percent on Q1 2009 at €926 million, noticeable upturn in demand
- EBITDA increases 8 percent compared to the first quarter to €170 million
- Reorganization-related impairment totaling €121 million prompts loss for the quarter of €75 million
- Polysilicon business continues to show a strong EBITDA margin of over 50 percent in Q2

## WACKER at a Glance

| € million                            | Q2 2009 | Q2 2008 | Change<br>in % | 6M 2009 | 6M 2008 | Change<br>in % |
|--------------------------------------|---------|---------|----------------|---------|---------|----------------|
| Sales                                | 925.5   | 1,123.0 | - 17.6         | 1,798.0 | 2,142.5 | - 16.1         |
| EBITDA <sup>1</sup>                  | 170.1   | 317.9   | - 46.5         | 327.9   | 609.0   | - 46.2         |
| EBITDA margin <sup>2</sup>           | 18.4 %  | 28.3 %  | - 35.1         | 18.2 %  | 28.4 %  | - 35.8         |
| EBIT <sup>3</sup>                    | - 53.7  | 224.9   | n.a.           | 4.5     | 423.6   | - 98.9         |
| EBIT margin <sup>2</sup>             | - 5.8 % | 20.0 %  | n.a.           | 0.3 %   | 19.8 %  | - 98.7         |
| Financial result                     | - 6.3   | - 3.1   | > 100          | - 13.4  | - 3.9   | > 100          |
| Income before taxes                  | - 60.0  | 221.8   | n.a.           | - 8.9   | 419.7   | n.a.           |
| Net income for the period            | - 74.5  | 152.6   | n.a.           | - 69.0  | 283.2   | n.a.           |
| Earnings per share in €              | - 1.47  | 3.08    | n.a.           | - 1.30  | 5.70    | n.a.           |
| Investments (incl. financial assets) | 194.3   | 181.4   | 7.1            | 371.1   | 326.9   | 13.5           |
| Investments in acquisitions          | -       | 2.2     | - 100.0        | -       | - 171.2 | - 100.0        |
| Net cash flow                        | - 110.2 | 104.8   | n.a.           | - 39.3  | 101.5   | n.a.           |

| € million                           | June 30,<br>2009 | June 30,<br>2008 | Dec. 31,<br>2008 |
|-------------------------------------|------------------|------------------|------------------|
| Equity                              | 1,955.6          | 1,906.1          | 2,082.8          |
| Financial liabilities               | 424.1            | 222.2            | 272.4            |
| Provisions for pensions             | 388.5            | 379.2            | 376.1            |
| Net financial debt                  | 81.5             | - 101.6          | - 32.9           |
| Total assets                        | 4,584.0          | 4,225.0          | 4,625.1          |
| Employees (end of reporting period) | 15,721           | 15,769           | 15,922           |

<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 reporting period before interest and other financial result, limited partnership interests, and income taxes.

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# “One-Stop Shop” On Three Continents



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[Segment] The Dispersions business unit is part of the WACKER POLYMERS division, a global leader in polymeric binders and additives. In 2008, WACKER POLYMERS employed 1,579 people worldwide. The division posted sales of €867.9 million and an EBITDA of €108.9 million.



01. 2 – 3 Polymer dispersions form an important part of many adhesives and nonwoven fabrics.

Wacker Chemie AG

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For ten years, WACKER and the US-based company Air Products and Chemicals successfully ran the companies Air Products Polymers and Wacker Polymer Systems as joint ventures for their global polymer business. As of February 1, 2008, WACKER acquired all of the shares in their joint vinyl acetate ethylene activities. Since then, the chemicals group, based in Munich, Germany, has been able to offer the entire supply chain of dispersions and dispersible polymer powders in Asia, Europe, and the USA as a one-stop supplier. These products are mainly used in the construction sector, in adhesives and paints, and in the textile industry.

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[Production sites] Burghausen and Cologne (Germany);  
Calvert City, Kentucky (USA); Nanjing, Wuxi, and Zhangjiagang (China);  
Ulsan (South Korea)



01.4 – 5 New products for the dispersions market are developed at the laboratories in Allentown. Wacker Chemie AG

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Selling parts of a company to new owners can be extremely sensible and beneficial for everyone involved – both economically and entrepreneurially.

In 2006, the US-based company Air Products and Chemicals, Inc., a long-standing joint venture partner of Wacker Chemie AG, decided to dispose of its stakes in the two joint ventures – Air Products Polymers (APP) and Wacker Polymers Systems (WPS) – as part of a strategic realignment. This opened up the opportunity for WACKER to acquire full ownership in the two companies' vinyl acetate ethylene activities and integrate them into its own Group structure.

At a very early stage, WACKER recognized the opportunity this provided to take a further systematic step towards fulfilling its own growth strategy: "In the past, we cooperated successfully with Air Products to develop the market for polymer binders. By making this acquisition, we are gaining two fully integrated production sites in the USA and Asia. Furthermore, we are expanding our portfolio of business operations with the addition of new application areas such as adhesives, textiles, and coatings," says Arno von der Eltz, President of WACKER POLYMERS, in explaining the principal motives behind this strategic step. WACKER originally held 35 percent of the shares in APP and 80 percent of those in WPS.

The transaction was completed with the approval of the relevant antitrust authorities as of February 1, 2008. WACKER acquired all of the vinyl acetate ethylene activities from APP and WPS at the Allentown (PA), Calvert City (KY), and South Brunswick (NJ) sites in the USA; Cologne and Burghausen in Germany; and Ulsan in Korea. In return, Air Products received the Elkton (MD) and Piedmont (SC) production plants in the USA, along with all of their associated activities, plus an equalization payment of some US\$260 million.

APP's business operations were integrated successfully into the WACKER POLYMERS division up to September 2008. As an autonomous "Dispersions" business unit with approximately 450 employees at six sites around the globe, the division is now offering its

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[Polymer site] Allentown, Pennsylvania is the heart of WACKER POLYMERS' business in the USA.





01. 6 Calvert City, Kentucky produces polymer dispersions for the US market.

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customers polymer dispersions on three continents. This already made a substantial contribution to the WACKER Group's sales growth in the fiscal year ended. As a result of this acquisition and despite the global economic downturn, WACKER POLYMERS increased its sales volume in 2008 by just over 37 percent to more than €860 million.

The newly-established business unit is being coordinated from the Allentown site in the US state of Pennsylvania. This is where new company headquarters will be constructed by fall 2009 and then expanded as the linchpin of WACKER POLYMERS business in the USA. This decision was an important signal of appreciation for the employees, believes John Tacca, head of the Dispersions business unit and also responsible for all of WACKER's polymers activities in North America. After all, every acquisition involves uncertainties, not least for the workforce. On the other hand, he adds, it simply takes time for employees to become fully integrated. "People who have been working for another company for many years aren't going to feel part of WACKER overnight," says Tacca. So it follows, that a crucial factor in the acquisition's success was the great importance that was attached right from the start to open communication, direct personal contact with the employees, and professional project work in numerous integration teams. This made it possible to integrate the systems and, therefore, consolidate the processes within six months.

That was why everything went smoothly for the customers as well during the transitional period. Closeness to customers and the strengthening of customer relationships are equally important as strategic focal points in the Group's operations. "We are closer to our customers than ever before," declares John Tacca. "Similar to the setup in Korea and Europe, we can now offer our customers in North America a complete portfolio of downstream products such as exterior insulation and finish systems, paints, adhesives, and coatings."

The latest step toward strengthening the Group's market and competitive position was the uniform naming of many former APP products under the umbrella of the internationally established brands VINNAPAS® and VINNOL® in January of 2009.

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[Products] Dispersible polymer powders and construction dispersions, polymer dispersions, solid resins and varnish resins, polyvinyl acetates, polyvinyl alcohols



01. 7 – 8 WACKER dispersions are crucial to the modern construction and coatings industry.

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All in all, WACKER has significantly enhanced its supply chain in the polymers segment with its reverse integration into dispersion production in the USA and Asia. More value added outside the eurozone will also contribute to making the Group's business less dependent on exchange rate fluctuations. "The sales growth provided by the acquisition, and the expansion of our application spectrum are increasing the balance of our overall portfolio," explains Arno von der Eltz. "In this way, we are living up to the claim that we have expressed in our project slogan: 'WACKER and APP: Joining Forces for Global Leadership.'"

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[Spheres of application] Construction, paints and coatings, pigment preparations, adhesives, nonwovens, composites, paper and ceramics, the chemical industry, textiles, gum base



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Q2

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# Q2

VINNAPAS® polymer dispersions



## Environmentally-Compatible Packaging Adhesives with Superior Cost/Benefit Ratio

...// In adhesives, VINNAPAS® polymer dispersions enable reliable and robust packaging. The correct polymer dispersion is essential for optimal adhesion, high thermal stability, and outstanding processability – thereby providing reliable protection against damp and dirt. Always at the cutting edge, water-based VINNAPAS® dispersions couple cost efficiency with climate protection. These dispersions are thus a time-tested and successful product from WACKER POLYMERS – a global leader in polymer additives and dispersions.

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# Report on the 2<sup>nd</sup> Quarter of 2009

## April to June 2009

### **Dear Shareholders,**

In the second quarter of the 2009 fiscal year, WACKER was once again unable to escape the effects of the global recession. Compared to the previous year, our business activities from April through June 2009 were defined by decreasing demand in almost all markets and product segments. As a consequence, utilization of our production capacities remained unsatisfactory. Polysilicon production alone succeeded in bucking the trend. It should, therefore, come as no surprise that we were unable to match our record-breaking 2008 figures in the current reporting period. However, in comparison to the first quarter of 2009, we are seeing initial signs of stabilization. Demand from some industries important to WACKER has improved somewhat. However, it is still too early to reliably estimate how long this recovery – which is restricted to sales volumes – will last.

This makes it all the more important to maintain our efforts to further improve our cost structures and optimize our processes and resource allocation. The steps we already initiated in the second half of 2008 are now helping us to stabilize our earnings in these difficult times. However, this alone is not enough to safeguard our competitiveness long term. We have, therefore, agreed on further action to improve the profitability of our global integrated production system, especially in the Siltronic and WACKER SILICONES divisions. Unfortunately, this also includes cutting some 800 jobs on a global scale. We will do all we can to achieve these job cuts without involuntary layoffs. The deliberate diversification of our business activities in five divisions and across five continents helps us to deal with the unforeseeable nature of global economic developments. Despite all of the temporary difficulties and challenges, we believe we are well positioned and on the right path.

### **Overall Economic Situation:**

#### **Low Point of the Global Recession in Sight, Growing Hope of Gradual Recovery**

In mid-2009, the world economy remains in the deepest recession of the last 60 years. Following a drastic collapse in the global economic performance in Q1 2009, the downward trend decelerated somewhat in the second quarter. We may now have reached the low point of the downswing. For example, the latest World Economic Outlook published by the International Monetary Fund (IMF) in early July identifies initial indications that the global economy is stabilizing. The IMF experts expect global economic performance to fall by 1.4 percent in 2009 but their forecast for 2010 has improved by 0.5 percent since the last estimate (April 2009) to 2.5 percent.<sup>1</sup> The Organisation for Economic Co-operation and Development (OECD) is also adjusting its economic outlook upwards – for the first time in two years – compared to its earlier projections. However, the OECD emphasizes that the emerging recovery will remain “weak and fragile” and “the economic and social effects of the crisis will be felt for some time to come.”<sup>2</sup>

<sup>1</sup> International Monetary Fund, World Economic Outlook Update, New York, July 8, 2009

<sup>2</sup> OECD, OECD Economic Outlook No. 85 (preliminary edition), Paris/Berlin, June 17/24, 2009

According to the OECD's latest forecast, the US economy is expected to shrink by 2.8 percent overall this year and grow by 0.9 percent in 2010. In the first quarter of 2009, the real gross domestic product in the USA dropped 5.7 percent, followed by 1.4 percent in the second quarter. Zero growth or a slight recovery of 0.5 percent is projected for the third and fourth quarter.<sup>1</sup> This prognosis tallies with the IMF's estimates, which suggest the USA's economic performance will decrease by 2.6 percent in 2009 and grow slightly by 0.8 percent in 2010.<sup>2</sup>

China's economy appears to have turned the corner already, thanks in part to extensive government support. The OECD forecast predicts that the country's gross domestic product will grow by 7.7 percent in 2009 and 9.3 percent in 2010.<sup>1</sup> For Japan's economy, the OECD forecasts a 6.8 percent contraction this year and slight growth of 0.7 percent in 2010. The IMF outlook for Asia as a whole predicts growth of 5.5 percent in 2009 and 7.0 percent in 2010, primarily thanks to positive developments in China and India.<sup>2</sup>

The prospects for the OECD states and the eurozone remain gloomy, with no clear signs of an upswing as of yet. Both the OECD and IMF predict the eurozone to experience a 4.8 percent fall in its gross domestic product in 2009. They estimate -0.3 percent (IMF) and 0.0 percent (OECD) for the following year.

In Germany, the gross domestic product dropped by 3.8 percent in Q1 2009 compared to the previous quarter after adjustments for price increases, working day variations, and seasonal effects.<sup>3</sup> This is a sharper drop than in the fourth quarter of last year, which largely results from a considerable decrease in exports (-2.2 percentage points) and equipment spending. The economic trend in Germany also seems to be stabilizing gradually, although overall economic performance dropped further in Q2. The OECD expects GDP to fall by approximately 6.1 percent for 2009 as a whole - a worse forecast than issued in March this year (-5.3 percent). The current OECD economic outlook predicts a slight recovery of 0.2 percent for 2010.<sup>1</sup> The IMF anticipates a decline in Germany's economic performance of 6.2 percent in 2009 and 0.6 percent in 2010.<sup>2</sup>

The chemical industry in Germany also seems to have bottomed out. However, the industry's key performance indicators reveal the repercussions of the global economic crisis. According to data provided by the German Chemical Industry Association (VCI), chemical production in Germany fell by 15.5 percent in the first half of 2009 compared with the first six months of 2008. This took it roughly to the level seen in 2003. Capacity utilization at the plants reached a new low at 72 percent. Total sales fell by 16.5 percent to €69.7 billion. According to a recent trend survey by the VCI, the majority of its member companies expect the chemical business to improve slightly in the second half of 2009, but on a low level. For the year as a whole, the VCI expects chemical production to fall by 10 percent and total sales to shrink by 12 percent.<sup>4</sup>

<sup>1</sup> OECD, OECD Economic Outlook No. 85 (preliminary edition), Paris/Berlin, June 17/24, 2009

<sup>2</sup> International Monetary Fund, World Economic Outlook Update, New York, July 8, 2009

<sup>3</sup> German Federal Ministry of Economics and Technology, The Economic Situation in the Federal Republic of Germany in July 2009, June 22, 2009

<sup>4</sup> German Chemical Industry Association (VCI), press release on the first half of 2009 and VCI trend survey, Frankfurt, July 8, 2009

Demand for silicon wafers in the semiconductor industry has rallied considerably compared to the first quarter of 2009. Following a decline in demand of around 34 percent in the first three months of this year, the market research institute Gartner Dataquest predicts a clear increase of over 50 percent for Q2. Gartner has also corrected its estimate for 2009 as a whole upwards slightly, from -35.3 percent (March 2009 forecast) to -29.5 percent or 5,916 MSI (million square inches). However, it has also revised its growth prognosis for 2010 from 30.5 percent (March 2009 forecast) to 26.3 percent. The experts at Gartner expect demand for 300 mm wafers to recover fastest and attain the level seen in the past, while the demand for wafers with a diameter of 200 mm or less will remain below that experienced in earlier years for some time to come.<sup>1</sup>

The experts from UBS Investment Research anticipate further growth for the photovoltaic market in the medium term. However, they believe that demand in the current year will remain somewhat behind that seen in 2008. In a study published in mid-June, UBS puts the global demand for solar modules in 2009 at approximately 6 gigawatts, a good 3 percent below the figure a year ago.<sup>2</sup> In 2010, demand is then set to increase by 76 percent to 10.5 gigawatts. According to UBS, this sudden growth will stem from robust demand in Germany and the positive effects of government initiatives in the USA, China, India, and Japan.

#### **WACKER Group's Sales and Earnings Development:**

##### **Global Recession Leads to 18 Percent Drop in Sales, Year-on-Year Business Trend Slightly More Positive Than in Q1**

The effects of the global economic crisis once again weighed noticeably on business developments at the WACKER Group in the second quarter of 2009. In the reporting period from April through June 2009, WACKER recorded sales of €925.5 million (Q2 2008: €1,123.0 million). This represents a drop of almost 18 percent on the same period of the previous year. The WACKER Group generated sales of €1,798.0 million (6M 2008: €2,142.5 million) in the first half of 2009.

As in Q1 2009, negative volume and pricing effects impacted on the current sales trend. All in all, lower sales volumes reduced Q2 Group sales by 11 percent year-on-year, while lower prices also prompted an 11 percent drop. Exchange rate fluctuations made a positive contribution of 4 percent in the Q2 reporting period. WACKER invoiced approximately 30 percent of its Group sales in US dollars in the quarter under review.

Sales improved by 6 percent compared to the first quarter of the current fiscal year (€872.5 million). The slight recovery in demand also led to higher utilization of our production capacities. Utilization is currently between 60 and 80 percent for chemical production, while plant utilization again rose to over 50 percent at Siltronic in Q2 2009.

<sup>1</sup> Gartner Dataquest Market Statistics, Silicon Wafers, Worldwide, 2Q09 Update, June 9, 2009

<sup>2</sup> UBS Investment Research, How to play the second solar demand cycle, June 18, 2009

However, further developments in the WACKER Group's major sales markets remain uncertain. Although there are growing indications of increasing demand, the risks of negative effects on consumer behavior – such as rising unemployment – remain. Many customers are currently highly cautious, ordering smaller quantities or concluding supply contracts for shorter periods of time.

#### **WACKER SILICONES and WACKER POLYSILICON Make the Largest Sales Contributions**

Following a weak start to the current fiscal year, sales by the WACKER SILICONES division improved in the second quarter of 2009 to €304.9 million (Q2 2008: €380.6 million), causing the division to make the largest contribution to sales at the WACKER Group. Although the division was by no means able to match the previous year's figure, the quarterly trend in the current fiscal year shows the positive effects of an upturn in demand, which in some cases – such as the construction industry – is seasonal. In Q1 2009, sales at WACKER SILICONES were just €264.9 million. The cumulative sales volume for the first half of 2009 is, therefore, €569.8 million (6M 2008: €740.9 million).

Thanks to continued high demand for polysilicon, the WACKER POLYSILICON division generated sales of €269.1 million (Q2 2008: €194.2 million) in the second quarter of 2009. This increase was largely attributable to the additional production capacities which became operational in the second half of 2008. Compared to the Q1 2009 figure of €315.0 million, the sales volume was down almost 15 percent in this division. This is the result of falling spot market prices for solar silicon and the seasonal lack of demand for road salt, which was particularly high in the first quarter of this year. Sales at WACKER POLYSILICON totaled €584.1 million (6M 2008: €350.1 million) for the six-month period from January through June 2009.

The WACKER POLYMERS division also benefited from stronger seasonal demand in the construction sector, especially in its sales of exterior insulation and finish systems. The division reported sales totaling €206.5 million (Q2 2008: €244.6 million) in the reporting period from April through June 2009. This was well above the Q1 2009 sales figure (€172.3 million). The division's cumulative sales for the first half of 2009 therefore amounted to €378.8 million (6M 2008: €443.1 million).



Sales at Siltronic also improved in comparison with the first quarter of 2009. Following sales of €126.0 million in the first three months of the fiscal year, the figure rose to €153.1 million (Q2 2008: €351.7 million) in Q2 2009. The cumulative sales volume for the first half also illustrates the sharp year-on-year fall in sales at €279.1 million this year compared to €697.8 million in H1 2008.

The business trend was stable in the first two quarters of the current fiscal year at WACKER FINE CHEMICALS – with €21.6 million in the first quarter of 2009 and €22.1 million (Q2 2008: €24.3 million) in Q2 2009. Overall, the sales volume totaled €43.7 million (6M 2008: €52.0 million) for the first six months of the current fiscal year.

#### **Considerable Drop in Sales in America and Europe**

Asia remained the largest sales market for the WACKER Group in Q2 2009 with a sales volume of €325.1 million (Q2 2008: €367.5 million). The region, therefore, accounted for a 35 percent (Q2 2008: 33 percent) share of total sales. Customer demand has increased significantly in this region since the beginning of the year. In the course of the year, Asia has accounted for a growing percentage of sales, especially in the Siltronic division. In April through June 2009, Siltronic generated some 60 percent of its sales in the Asia-Pacific region, compared to just under 50 percent in Q1 2009. With a sales volume of €592.1 million (6M 2008: €713.1 million) for the first half of 2009, Asia has consolidated its economic significance for WACKER.

The WACKER Group generated some 25 percent (Q2 2008: 24 percent) of its sales in Q2 2009 in the rest of Europe (excluding Germany). This corresponded to €230.2 million (Q2 2008: €266.5 million). In Germany, the WACKER Group's sales amounted to €192.6 million (Q2 2008: €248.4 million) in the three months from April through June 2009 – approximately 21 percent (Q2 2008: 22 percent) of the total sales volume.

In the Americas, the WACKER Group's sales fell 28 percent year-on-year in Q2 2009 to €148.7 million (Q2 2008: €205.5 million). This low sales figure was primarily due to the fall in sales of silicon monocrystals and by-products from the production of semiconductor wafers to the solar industry.

Group sales came in at €28.9 million (Q2 2008: €35.1 million) in the other regions.

## Regional Breakdown of Sales within the WACKER Group:

**Sales Revenue by Region**

| € million      | Q2 2009      | Q2 2008 | Change<br>in % | 6M 2009        | 6M 2008 | Change<br>in % | Group Sales<br>in % |
|----------------|--------------|---------|----------------|----------------|---------|----------------|---------------------|
| Asia           | <b>325.1</b> | 367.5   | - 12           | <b>592.1</b>   | 713.1   | - 17           | 35                  |
| Rest of Europe | <b>230.2</b> | 266.5   | - 14           | <b>432.2</b>   | 527.3   | - 18           | 25                  |
| Germany        | <b>192.6</b> | 248.4   | - 23           | <b>413.4</b>   | 463.7   | - 11           | 21                  |
| Americas       | <b>148.7</b> | 205.5   | - 28           | <b>311.0</b>   | 374.7   | - 17           | 16                  |
| Other regions  | <b>28.9</b>  | 35.1    | - 18           | <b>49.3</b>    | 63.7    | - 23           | 3                   |
| Total sales    | <b>925.5</b> | 1,123.0 | - 18           | <b>1,798.0</b> | 2,142.5 | - 16           | 100                 |

**Strict Cost Management Stabilizes Operating Result**

Cutting personnel and materials expenses in conjunction with lower year-on-year prices for ethylene and methanol helped to stabilize the WACKER Group's income also in Q2 2009. However, low utilization of production capacities in several divisions continued to impact on profitability. While reduction of working hours continued in various divisions, WACKER POLYMERS started up equipment which had been temporarily offline. Here, the seasonal increase in demand for dispersible polymer powders prompted an 80 percent plant utilization rate at the end of the reporting period.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) at the WACKER Group amounted to €170.1 million (Q2 2008: €317.9 million) in the period from April through June 2009. This was 47 percent below the strong benchmark figure from the previous year, but 8 percent higher than EBITDA in Q1 (€157.8 million). Provisions totaling €15.0 million for the upcoming job cuts at Siltronic and WACKER SILICONES are included in the Q2 EBITDA. This one-off effect slowed down income development. The EBITDA margin was 18.4 percent in the second quarter of 2009 (Q2 2008: 28.3 percent), compared to 18.1 percent in Q1 2009. In the six months from January through June 2009, EBITDA came in at €327.9 million (6M 2008: €609.0 million) – this was a 46 percent drop. The EBITDA margin for the first half fell accordingly from 28.4 percent to 18.2 percent.

Earnings before interest and taxes (EBIT) deteriorated from €224.9 million in Q2 2008 to €-53.7 million in the second quarter of 2009. The EBIT margin plummeted in line with this to -5.8 percent (Q2 2008: 20.0 percent). The sharp drop in EBIT was primarily attributable to impairments on fixed assets amounting to €121.3 million. This impairment follows the upcoming concentration of wafer production on lead-sites at Siltronic and also reflects the expected development of the semiconductor market. Adjusted for this one-off expense and the above-mentioned provisions for staff reductions, the Q2 2009 EBIT

would have been €82.6 million. In the first half of 2009 as a whole, EBIT totaled €4.5 million (6M 2008: €423.6).

### **Chemical Divisions and Siltronic Post Quarterly Improvements in EBITDA**

#### **WACKER POLYSILICON Achieves EBITDA Margin of Over 50 Percent**

Although the underlying economic conditions remained difficult, the chemical divisions WACKER SILICONES, WACKER POLYMERS, and WACKER FINE CHEMICALS succeeded in posting quarterly improvements in their earnings before interest, taxes, depreciation, and amortization (EBITDA) in Q2 2009.

WACKER SILICONES posted an EBITDA of €37.2 million (Q2 2008: €60.5 million) in the period from April through June 2009, compared to €27.7 million in Q1 2009. This includes provisions of €6.3 million for the planned job cuts. Cumulative EBITDA for the first half of 2009 reached €64.9 million (6M 2008: €125.3 million). The EBITDA margin, therefore, rose from 10.5 percent in the first three months of 2009 to 12.2 percent (Q2 2008: 15.9 percent) in Q2 2009. It was 11.4 percent (6M 2008: 16.9 percent) for the six-month period from January through June 2009.

The result posted by WACKER POLYMERS developed pleasingly both in the year-on-year comparison and in the course of the current year. The division posted an EBITDA of €42.9 million (Q2 2008: €37.3 million) in Q2 2009, compared to €21.5 million in the first quarter of 2009. In the reporting period, the EBITDA margin came in at 20.8 percent (Q2 2008: 15.2 percent), compared to 12.5 percent in the previous quarter. The first-half EBITDA amounted to €64.4 million (6M 2008: €75.4 million). This corresponds to an EBITDA margin of 17.0 percent (6M 2008: 17.0 percent).

WACKER FINE CHEMICALS recorded an EBITDA of €3.3 million (Q2 2008: €3.3 million) in the Q2 reporting period. This was a vast improvement on the Q1 2009 EBITDA of €1.9 million. In the second quarter, the EBITDA margin improved to 14.9 percent (Q2 2008: 13.6 percent), contrasting with 8.8 percent in Q1 2009. This leads to an EBITDA margin of 11.9 percent (6M 2008: 12.5 percent) for the first six months of 2009.

Despite lower overall sales, WACKER POLYSILICON was able to maintain its high level of profitability in the period from April through June 2009. With an EBITDA of €136.0 million (Q2 2008: €104.8 million) for the second quarter of 2009, the division posted a 30 percent year-on-year improvement. At 50.5 percent (Q2 2008: 54.0 percent), the EBITDA margin was slightly below the previous year's figure. In Q1 2009, the EBITDA was €168.1 million with an EBITDA margin of 53.4 percent for the period from January through March 2009. WACKER POLYSILICON, therefore, recorded an EBITDA of €304.1 million (6M 2008: €176.1 million) for the first half of 2009 as a whole and an EBITDA margin of 52.1 percent (6M 2008: 50.3 percent).

Siltronic's earnings situation remained unsatisfactory with only a mild improvement. The EBITDA loss of €-60.0 million in Q1 2009 decreased slightly in the second quarter to €-58.2 million. This included provisions of €8.7 million for the planned job cuts. In Q2 2008, EBITDA totaled €112.0 million. The losses amounted to an EBITDA of €-118.2 million (6M 2008: €226.0 million) for the six months from January through June 2009.

#### **Negative Earnings per Share of €-1.47 Due to Impairment for Structural Measures**

The above-mentioned impairment on fixed assets at Siltronic of €121.3 million along with the €15.0 million of provisions for the planned job cuts at Siltronic and WACKER SILICONES impacted on the result for the second quarter of 2009. By contrast, the control and profit and loss transfer agreement which now exists between Siltronic AG and Wacker Chemie 3. Venture GmbH significantly reduced the amount of tax payable by the Group and boosted the result for the period by €39.9 million. However, on balance, the Group posted a loss for the period from April through June 2009 of €74.5 (Q2 2008: gain of €152.6 million). This reduced the earnings per share to €-1.47 (Q2 2008: €3.08). The result for the first half of 2009, therefore, came in at €-69.0 million (6M 2008: €283.2 million) amounting to earnings per share of €-1.30 (6M 2008: €5.70).

#### **Strategic Investment Program Ongoing**

Despite the difficult economic environment, WACKER continued to pursue its strategic expansion program in the reporting period. In the second quarter of 2009, the WACKER Group invested a total of €194.3 million (Q2 2008: €181.4 million). At the same time, the net cash flow fell to €-110.2 million (Q2 2008: €104.8 million). Compared to Q1 2009 (€70.9 million), second-quarter net cash flow was impacted not only by continued investment, but also by performance-related salary components of €66.8 million paid in April for fiscal 2008. Importantly, the company did not pay out 2008's performance-related compensation in full, but only half of the major portion. The remainder will be retained until the economic situation has sustainably and substantially improved.

Our investment activities in the reporting period focused on extending the production facilities for hyperpure polycrystalline silicon at the Burghausen (Poly 8) and Nünchritz (Poly 9) sites. The plan is to gradually increase the annual nominal capacity from 15,000 metric tons currently to over 35,000 metric tons in line with demand developments. In May 2009, WACKER received approval from the European Investment Bank (EIB) for a long-term investment loan of €400 million at favorable conditions for the polysilicon production plant under construction at the Nünchritz site. The relevant contractual agreements have since been concluded. WACKER plans to invest a total of approximately €800 million in the site, which is expected to create some 450 new jobs. The loan commitment secures a crucial element of WACKER's financing concept for this strategic growth project.

Other successful steps taken in Q2 2009 toward consolidating the WACKER Group's market presence and competitive position included:

- Expanding the WACKER SILICONES and WACKER POLYMERS divisions' technical centers in Shanghai. The centers' work area has been doubled to 3,400 square meters following investments of approximately €1 million. There are now more than ten laboratories where silicones and polymer products can be tested and further developed with a specific focus on applications. The extension also offers improved customer training and development opportunities plus benefits for sales. As the sales and technical centers are now under the same roof, the regional sales and development teams can liaise more effectively and closely when it comes to customer service.
  
- In the WACKER FINE CHEMICALS division, a plant extension for the production of cyclodextrins came on stream at the Eddyville site in Iowa, USA. The new facility – which was constructed at a cost of US\$21 million – increases WACKER's capacities for alpha and beta cyclodextrins by 50 percent each, while the capacities for gamma cyclodextrins have been doubled. This extension enables WACKER FINE CHEMICALS to manufacture up to 7,500 metric tons of cyclodextrins a year, thus, consolidating its leading position in this high-growth market.

#### **Further Steps to Reduce Personnel Expenses and Optimize Cost Structures**

WACKER still aims to reduce its personnel expenses by some 15 percent in 2009 and, thereby, make a substantial contribution to safeguarding its profitability. To limit the negative effects of the global recession on its results, a whole slew of measures were implemented in the first quarter of 2009. This included introducing reduced working hours at a number of sites in Germany and temporarily shutting down facilities. Only 50 percent of the performance-related pay due to all staff (including the Executive Board) for the 2008 fiscal year has been initially paid out. Staff will receive the remaining 50 percent once the economic situation has improved substantially and sustainably. Regular compensation for the Executive Board and upper management has also been reduced. Employment contracts with temporary staff have not been extended and only some of the employees with limited-term contracts have been permanently hired. As a result of this and the usual staff fluctuations, the number of people employed by the WACKER Group fell to 15,721 at the end of the reporting period on June 30, 2009 (March 31, 2009: 15,851).

In early July 2009, Wacker Chemie AG announced further steps to optimize its global integrated production system and make long-term structural improvements, especially in the WACKER SILICONES and Siltronic divisions.

At Siltronic, the integrated production system is to become more flexible thanks to a new site strategy. In the future, this will mean that the production of silicon wafers with different diameters is concentrated at lead sites. The manufacture of 150 mm wafers will be pooled at the Burghausen site. In the 300 mm wafer segment, the Burghausen site will subsequently focus on research and development tasks. 300 mm wafers will primarily be produced at the sites in Freiberg and Singapore. Singapore will also become the lead site for 200 mm wafers.

This restructuring will be accompanied by further job cuts. 550 jobs have already been shed at Siltronic since mid-2008. In addition to the adjustments at Siltronic, WACKER will also implement structural improvements in the WACKER SILICONES division with the aim of reducing costs, increasing flexibility, and boosting plant utilization. All in all, almost 800 jobs will be eliminated at Siltronic and WACKER SILICONES in the course of these measures between March 31, 2009 and the end of 2010.

The job reduction will be implemented by the end of 2010 with minimum social impact. Our aim is to achieve this without involuntary layoffs utilizing natural fluctuations, part-time work for those approaching retirement, termination agreements, and relocation instead. As we further boost our polysilicon business activities, this will offer particularly good prospects for new employment. When we create new jobs in this field, we will give priority to employees from within the Group.

#### **Annual Shareholders' Meeting Approves Proposal for the Appropriation of Profits for the 2008 Fiscal Year**

At the Annual Shareholders' Meeting for Wacker Chemie AG held on May 8, 2009, a large majority of the company's stockholders ratified the Executive and Supervisory Boards' proposal to distribute a total of €89.4 million (2008: €149.0) of the €576.9 million (2008: €1.09 billion) retained profit posted for the 2008 fiscal year. The dividend per dividend-bearing share for 2008 is, therefore, €1.80 (2008: €2.25). In the previous year, a special bonus of €0.75 per share was also paid out. All of the other resolutions proposed by the management pertaining to the items on the agenda of this year's Annual Shareholders' Meeting were also ratified by a substantial majority.

# Condensed Income Statement

## January 1 through June 30, 2009

Condensed Income Statement ...//

Wacker Chemie AG, Q2/2009

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### Condensed Income Statement

| € million  | Q2 2009       | Q2 2008    | Change<br>in % | 6M 2009        | 6M 2008    | Change<br>in % |
|--|---------------|------------|----------------|----------------|------------|----------------|
| <b>Sales</b>   | <b>925.5</b>  | 1,123.0    | - 17.6         | <b>1,798.0</b> | 2,142.5    | - 16.1         |
| <b>Gross profit from sales</b>                       | <b>222.4</b>  | 346.9      | - 35.9         | <b>438.9</b>   | 665.8      | - 34.1         |
| Selling, R&D, and general<br>administrative expenses | - 120.8       | - 129.9    | - 7.0          | - 236.7        | - 254.0    | - 6.8          |
| Other operating income<br>and expenses               | - 121.3       | 19.5       | n.a.           | - 140.5        | 33.7       | n.a.           |
| <b>Operating result</b>                              | <b>- 19.7</b> | 236.5      | n.a.           | <b>61.7</b>    | 445.5      | - 86.2         |
| Income from investments                              | - 34.0        | - 11.6     | > 100          | - 57.2         | - 21.9     | > 100          |
| <b>EBIT</b>  | <b>- 53.7</b> | 224.9      | n.a.           | <b>4.5</b>     | 423.6      | - 98.9         |
| Financial result                                     | - 6.3         | - 3.1      | > 100          | - 13.4         | - 3.9      | > 100          |
| <b>Income before taxes</b>                           | <b>- 60.0</b> | 221.8      | n.a.           | <b>- 8.9</b>   | 419.7      | n.a.           |
| Income taxes   | - 14.5        | - 69.2     | - 79.0         | - 60.1         | - 136.5    | - 56.0         |
| <b>Net income for the period</b>                     | <b>- 74.5</b> | 152.6      | n.a.           | <b>- 69.0</b>  | 283.2      | n.a.           |
| of which   |               |            |                |                |            |                |
| attributable to Wacker Chemie AG<br>shareholders     | - 72.8        | 152.8      | n.a.           | - 64.5         | 283.4      | n.a.           |
| accounted for by non-controlling<br>interests        | - 1.7         | - 0.2      | > 100          | - 4.5          | - 0.2      | > 100          |
| <b>Earnings per share in €<br/>(basic/diluted)</b>   | <b>- 1.47</b> | 3.08       | n.a.           | <b>- 1.30</b>  | 5.70       | n.a.           |
| Average number of shares<br>outstanding (weighted)   | 49,677,983    | 49,677,983 | -              | 49,677,983     | 49,677,983 | -              |
| <b>Reconciliation to EBITDA</b>                      |               |            |                |                |            |                |
| <b>EBIT</b>  | <b>- 53.7</b> | 224.9      | n.a.           | <b>4.5</b>     | 423.6      | - 98.9         |
| Depreciation and amortization                        | 223.8         | 93.0       | > 100          | 323.4          | 185.4      | 74.4           |
| <b>EBITDA</b>  | <b>170.1</b>  | 317.9      | - 46.5         | <b>327.9</b>   | 609.0      | - 46.2         |

As in the first quarter of 2009, profitability in Q2 2009 was affected by the consequences of the economic crisis. The structural measures initiated in the second quarter of 2009 also had a major effect.



At €197.5 million, the sales decline in the second quarter of 2009 was more pronounced than the reduction of production costs which were only €73.0 million lower than a year ago. The €222.4 million gross profit from sales was, therefore, €124.5 million or 35.9 percent down on the year. Compared to the previous quarter (€216.5 million), however, it improved slightly by €5.9 million. All in all, the operating result for the first half of 2009 was €226.9 million down year-on-year at €438.9 million. The cost of production percentage worsened from 69 percent in the first half of 2008 to 76 percent in the first six months of 2009. This reflects the low capacity utilization rate at the production plants in comparison to the previous year.

Functional costs fell by 6.8 percent in comparison to the first half of 2008 to €-236.7 million. At €77.6 million, R&D expenses remained on a par with the previous year. The balance of other operating income and expenses was down €140.8 million year-on-year in the second quarter of 2009. Other operating expenses include impairments on property, plant, and equipment amounting to €123.3 million and provisions for restructuring costs totaling €15.0 million. As the sales and earnings position in the Siltronic division deteriorated significantly and structural measures were agreed upon, impairment tests were conducted for the fixed assets tied up at the division. This resulted in impairment losses totaling €121.3 million. These related to the cash-generating units as follows: Siltronic AG €74.0 million, Siltronic Japan Corp. €21.1 million, and Siltronic Corp. (USA) €26.2 million. Other operating income and expenses for the first half of 2009 were down €174.2 million on the year. This reflects the above-mentioned impairments and restructuring provisions in addition to changes arising from exchange rate gains and losses. On balance, an exchange rate result of €-29.6 million (6M 2008: a positive €23.6 million) was posted for the first half of 2009.

Income from investments amounted to €-34.0 million in Q2 2009 – a €22.4 million drop on the second quarter of 2008. This led to a loss of €57.2 million (6M 2009: loss of €21.9 million) from investments for the first half of 2009. Losses from joint ventures in Asia and Germany were the main underlying cause. The economical reasons were start-up losses and the unfavorable present market environment.

The financial result deteriorated from €-3.9 million in H1 2008 to €-13.4 million in the first half of 2009. This included €-11.9 million for the interest-bearing components of the Group's pension obligations. €5.4 million was capitalized as borrowing costs during the construction period in accordance with IAS 23. Net interest income was up by the same amount.

A profit and loss transfer agreement was concluded with Siltronic AG retroactively as of January 1, 2009. This allows losses posted by Siltronic AG to be offset against the profits of Wacker Chemie AG. This arrangement had a positive effect on tax in the amount of €39.9 million in the first half of 2009. The Group posted a negative pre-tax result of €-8.9 million for the first half of 2009 along with taxes totaling €60.1 million. The high overall tax ratio recorded as a result is due in part to losses generated by consolidated companies accounted for using the equity method and impairment losses, which were not tax deductible. Deferred tax assets were only stated in part in line with their probable realizability.

# Condensed Balance Sheet

## as of June 30, 2009

Condensed Balance Sheet ...//

Wacker Chemie AG, Q2/2009

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### Assets

| € million  | June 30,<br>2009 | June 30,<br>2008 | Change<br>in % | Dec. 31,<br>2008 | Change<br>in % |
|--|------------------|------------------|----------------|------------------|----------------|
| Intangible assets, property, plant, and equipment, and investment property | 2,724.5          | 2,364.1          | 15.2           | 2,687.9          | 1.4            |
| Investment in associates accounted for using the equity method             | 144.3            | 173.4            | - 16.8         | 191.8            | - 24.8         |
| Other noncurrent assets  | 267.0            | 120.8            | > 100          | 281.3            | - 5.1          |
| <b>Noncurrent assets</b>   | <b>3,135.8</b>   | <b>2,658.3</b>   | <b>18.0</b>    | <b>3,161.0</b>   | <b>- 0.8</b>   |
| Inventories  | 452.4            | 475.4            | - 4.8          | 504.9            | - 10.4         |
| Trade receivables  | 494.4            | 565.5            | - 12.6         | 466.8            | 5.9            |
| Other current assets   | 501.4            | 525.8            | - 4.6          | 492.4            | 1.8            |
| <b>Current assets</b>  | <b>1,448.2</b>   | <b>1,566.7</b>   | <b>- 7.6</b>   | <b>1,464.1</b>   | <b>- 1.1</b>   |
| <b>Total assets</b>  | <b>4,584.0</b>   | <b>4,225.0</b>   | <b>8.5</b>     | <b>4,625.1</b>   | <b>- 0.9</b>   |

### Equity and Liabilities

| € million                                | June 30,<br>2009 | June 30,<br>2008 | Change<br>in % | Dec. 31,<br>2008 | Change<br>in % |
|--|------------------|------------------|----------------|------------------|----------------|
| <b>Equity</b>                            | <b>1,955.6</b>   | <b>1,906.1</b>   | <b>2.6</b>     | <b>2,082.8</b>   | <b>- 6.1</b>   |
| Noncurrent provisions                    | 605.1            | 634.5            | - 4.6          | 637.1            | - 5.0          |
| Financial liabilities                    | 283.2            | 152.9            | 85.2           | 158.7            | 78.4           |
| Other noncurrent liabilities             | 915.6            | 794.7            | 15.2           | 907.1            | 0.9            |
| of which prepayments received            | 791.5            | 707.2            | 11.9           | 761.8            | 3.9            |
| <b>Noncurrent liabilities</b>            | <b>1,803.9</b>   | <b>1,582.1</b>   | <b>14.0</b>    | <b>1,702.9</b>   | <b>5.9</b>     |
| Financial liabilities                    | 140.9            | 69.3             | > 100          | 113.7            | 23.9           |
| Trade liabilities                        | 252.0            | 286.0            | - 11.9         | 296.7            | - 15.1         |
| Other current provisions and liabilities | 431.6            | 381.5            | 13.1           | 429.0            | 0.6            |
| <b>Current liabilities</b>               | <b>824.5</b>     | <b>736.8</b>     | <b>11.9</b>    | <b>839.4</b>     | <b>- 1.8</b>   |
| <b>Liabilities</b>                       | <b>2,628.4</b>   | <b>2,318.9</b>   | <b>13.3</b>    | <b>2,542.3</b>   | <b>3.4</b>     |
| <b>Total equity and liabilities</b>      | <b>4,584.0</b>   | <b>4,225.0</b>   | <b>8.5</b>     | <b>4,625.1</b>   | <b>- 0.9</b>   |

The balance sheet total stood at €4,584.0 million as of June 30, 2009. This represented a minor drop of €41.1 million since December 31, 2008.

Intangible assets, property, plant, and equipment, and investment property were up €36.6 million or 1.4 percent in comparison to December 31, 2008. Asset additions amounted to €366.3 million, and depreciation totaled €323.4 million. This included impairment losses of €123.3 million.

The balance sheet item "Investments in associates accounted for using the equity method" contracted by 24.8 percent or €47.5 million due to the pro rata losses absorbed. These losses arose largely from the joint ventures in Asia and Germany.

Other noncurrent assets decreased by €14.3 million compared to December 31, 2008. This change resulted primarily from lower market values for derivative financial instruments.

Current assets dipped slightly by 1.1 percent to €1,448.2 million compared to December 31, 2008. Inventories were down 10.4 percent or €52.5 million at €452.4 million. This was caused by adjusting production volumes to demand and the downward valuation of commodity inventories. By contrast, trade receivables rose as expected by €27.6 million or 5.9 percent to €494.4 million. Other current assets remained virtually unchanged. Liquidity amounted to €342.6 million, which is almost €40 million above the benchmark figure at the end of 2008.

Equity fell by €127.2 million compared to December 31, 2008. This was due primarily to the €89.4 million dividend payment in May 2009 and the €69.0 million loss for the period. On balance, however, market value changes from hedge accounting boosted equity by €22.6 million. The difference from currency conversion remained virtually unchanged. Non-controlling interests increased due to funds injected into a joint venture in China by the minority shareholder Dow Corning. As a result, the equity ratio fell slightly from 45 percent to 43 percent.

Noncurrent liabilities increased by €101.0 million from €1,702.9 million as of December 31, 2008, to €1,803.9 million on June 30, 2009. This corresponds to a 5.9 percent increase. Noncurrent provisions fell by €32.0 million to €605.1 million. This was largely due to reclassifications of noncurrent tax provisions as current provisions as they are expected to be utilized in the 2010 fiscal year.

Noncurrent financial liabilities rose in the period to June 30, 2009, largely due to the Group committing to a promissory note bond (Schuldschein), of which €155.0 million had been placed on the market by the end of Q2 2009. The partial tranches of the loan reach final maturity in the 2011 and 2013 fiscal years and are largely subject to a floating interest rate.

Other noncurrent liabilities increased by €8.5 million from €907.1 million to €915.6 million. The received prepayments included in this figure went up €29.7 million to €791.5 million. At €9.3 million, the lower market valuation of derivatives as well as other accruals and deferrals had the opposite effect.

Current liabilities fell by €14.9 million or 1.8 percent since December 31, 2008, to €824.5 million. This decrease resulted largely from the €44.7 million or 15.1 percent drop in trade liabilities to €252.0 million. Other current provisions and liabilities remained largely unchanged as a result of reciprocal effects. Current tax provisions increased due to re-classifications from noncurrent provisions. However, this was counteracted as provisions and liabilities fell by almost the same amount due to the payment of performance-related remuneration components for the past fiscal year.

# Condensed Cash Flow Statement

## January 1 through June 30, 2009

Condensed Cash Flow Statement ...//

Wacker Chemie AG, Q2/2009

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### Condensed Cash Flow Statement

| € million  | 6M 2009        | 6M 2008        | Change<br>in % |
|--|----------------|----------------|----------------|
| Net income for the period                                    | - 69.0         | 283.2          | n.a.           |
| Depreciation and amortization                                | 323.4          | 185.4          | 74.4           |
| Changes in inventories                                       | 53.8           | - 51.5         | n.a.           |
| Changes in trade receivables                                 | - 35.2         | - 67.7         | - 48.0         |
| Changes in other assets                                      | 65.0           | - 31.5         | n.a.           |
| Change in advance payments made and received                 | 52.8           | 153.6          | - 66.1         |
| Other non-cash expenses and income                           | - 16.4         | 104.7          | n.a.           |
| <b>Cash flow from operating activities (gross cash flow)</b> | <b>374.4</b>   | <b>576.2</b>   | <b>- 35.0</b>  |
| Investments in acquisitions                                  | -              | - 171.2        | - 100.0        |
| Other payments for investments                               | - 413.7        | - 303.5        | 36.3           |
| <b>Cashflow from noncurrent investment activity</b>          | <b>- 413.7</b> | <b>- 474.7</b> | <b>- 12.9</b>  |
| Disposal of current securities                               | 101.1          | -              | n.a.           |
| <b>Cash flow from investing activities</b>                   | <b>- 312.6</b> | <b>- 474.7</b> | <b>- 34.1</b>  |
| Capital increases  | 11.3           | 2.4            | > 100          |
| Dividends paid on previous year's result                     | - 89.4         | - 149.2        | - 40.1         |
| Changes in financial liabilities                             | 155.5          | 3.6            | > 100          |
| <b>Cash flow from financing activities</b>                   | <b>77.4</b>    | <b>- 143.2</b> | <b>n.a.</b>    |
| Changes due to exchange rate fluctuations                    | - 0.8          | - 1.0          | - 20.0         |
| <b>Changes in cash and cash equivalents</b>                  | <b>138.4</b>   | <b>- 42.7</b>  | <b>n.a.</b>    |
| At the beginning of the year                                 | 204.2          | 366.5          | - 44.3         |
| At the end of the period                                     | 342.6          | 323.8          | 5.8            |
| Additional information:                                      |                |                |                |
| Cash flow from operating activities (gross cash flow)        | 374.4          | 576.2          | - 35.0         |
| Cash flow from noncurrent investing activities               | - 413.7        | - 474.7        | - 12.9         |
| <b>Net cash flow</b>   | <b>- 39.3</b>  | <b>101.5</b>   | <b>n.a.</b>    |

At €374.4 million, the cash flow from operating activities was below the previous year's figure of €576.2 million. This 35.0 percent or €201.8 million drop is primarily attributable to the €352.2 million decrease in net income for the period. Adjusted for depreciation and amortization, the net income for the period fell by €214.2 million from €468.6 million in the first half of 2008 to €254.4 in H1 2009.

Major negative effects from changes in balance sheet items arose from the €100.8 million reduction in advance payments received and from changes in other non-cash expenses and income totaling €-121.1 million. Other non-cash expenses and income were primarily shaped by changes in other liabilities and provisions.

By contrast, the €105.3 million reduction in inventories and the €96.5 million drop in other assets improved the cash flow from operating activities.

At €-413.7 million, the cash flow from noncurrent investment activity was €61.0 million lower than in the first half of 2008. Payments for investments totaled €413.7 million in the first six months of 2009. This is a year-on-year increase of 36.3 percent or €110.2 million, which was partly due to ongoing work to extend the production plants in the WACKER POLYSILICON division.

The price of purchasing the shares acquired in APP and WPS – €171.2 million – was included in the first half of 2008. This was offset against the cash assets acquired when the companies were included for the first time.

All of the German government securities (Bundeswertpapiere) acquired in the fourth quarter of 2008 were sold, which boosted the cash flow from investing activities by €101.1 million.

The net cash flow – the total of the cash flow from operating activities and the cash flow from noncurrent investing activities – therefore, amounted to €-39.3 million in the first half compared to €101.5 million in the previous year.

The cash flow from financing activities was predominantly influenced by the increase in bank loans. All in all, the inflow of capital came to €167.1 million. This primarily stemmed from a promissory note bond (Schuldschein), of which €155.0 million had been placed on the market by the end of Q2 2009. By contrast, financial liabilities due to associated companies were down €11.6 million. Overall, cash and cash equivalents grew by €138.4 million compared to December 31, 2008.

# Division Results

## Q2 2009

Division Results ...//

Wacker Chemie AG, Q2/2009

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### Sales

| € million             | Q2 2009      | Q2 2008        | Change<br>in % | 6M 2009        | 6M 2008        | Change<br>in % |
|-----------------------|--------------|----------------|----------------|----------------|----------------|----------------|
| WACKER SILICONES      | 304.9        | 380.6          | - 19.9         | 569.8          | 740.9          | - 23.1         |
| WACKER POLYMERS       | 206.5        | 244.6          | - 15.6         | 378.8          | 443.1          | - 14.5         |
| WACKER FINE CHEMICALS | 22.1         | 24.3           | - 9.1          | 43.7           | 52.0           | - 16.0         |
| WACKER POLYSILICON    | 269.1        | 194.2          | 38.6           | 584.1          | 350.1          | 66.8           |
| SILTRONIC             | 153.1        | 351.7          | - 56.5         | 279.1          | 697.8          | - 60.0         |
| Other                 | 57.1         | 66.8           | - 14.5         | 110.2          | 135.2          | - 18.5         |
| Consolidation         | - 87.3       | - 139.2        | - 37.3         | - 167.7        | - 276.6        | - 39.4         |
| <b>Group sales</b>    | <b>925.5</b> | <b>1,123.0</b> | <b>- 17.6</b>  | <b>1,798.0</b> | <b>2,142.5</b> | <b>- 16.1</b>  |

### EBIT

| € million             | Q2 2009       | Q2 2008      | Change<br>in % | 6M 2009    | 6M 2008      | Change<br>in % |
|-----------------------|---------------|--------------|----------------|------------|--------------|----------------|
| WACKER SILICONES      | 14.3          | 39.2         | - 63.5         | 19.8       | 84.3         | - 76.5         |
| WACKER POLYMERS       | 33.9          | 26.1         | 29.9           | 46.6       | 49.7         | - 6.2          |
| WACKER FINE CHEMICALS | 2.3           | 2.6          | - 11.5         | 3.3        | 5.0          | - 34.0         |
| WACKER POLYSILICON    | 112.3         | 89.5         | 25.5           | 258.8      | 146.7        | 76.4           |
| SILTRONIC             | - 211.6       | 77.5         | n.a.           | - 306.1    | 157.7        | n.a.           |
| Other                 | - 8.7         | - 6.7        | 29.9           | - 18.6     | - 15.0       | 24.0           |
| Consolidation         | 3.8           | - 3.3        | n.a.           | 0.7        | - 4.8        | n.a.           |
| <b>Group EBIT</b>     | <b>- 53.7</b> | <b>224.9</b> | <b>n.a.</b>    | <b>4.5</b> | <b>423.6</b> | <b>- 98.9</b>  |

### EBITDA

| € million             | Q2 2009      | Q2 2008      | Change<br>in % | 6M 2009      | 6M 2008      | Change<br>in % |
|-----------------------|--------------|--------------|----------------|--------------|--------------|----------------|
| WACKER SILICONES      | 37.2         | 60.5         | - 38.5         | 64.9         | 125.3        | - 48.2         |
| WACKER POLYMERS       | 42.9         | 37.3         | 15.0           | 64.4         | 75.4         | - 14.6         |
| WACKER FINE CHEMICALS | 3.3          | 3.3          | -              | 5.2          | 6.5          | - 20.0         |
| WACKER POLYSILICON    | 136.0        | 104.8        | 29.8           | 304.1        | 176.1        | 72.7           |
| SILTRONIC             | - 58.2       | 112.0        | n.a.           | - 118.2      | 226.0        | n.a.           |
| Other                 | 5.1          | 3.3          | 54.5           | 6.8          | 4.5          | 51.1           |
| Consolidation         | 3.8          | - 3.3        | n.a.           | 0.7          | - 4.8        | n.a.           |
| <b>Group EBITDA</b>   | <b>170.1</b> | <b>317.9</b> | <b>- 46.5</b>  | <b>327.9</b> | <b>609.0</b> | <b>- 46.2</b>  |



# WACKER SILICONES

## Q2 2009

Division Results ...// WACKER SILICONES

Wacker Chemie AG, Q2/2009

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| € million           | Q2 2009          | Q2 2008           | Change<br>in % | 6M 2009          | 6M 2008          | Change<br>in % |
|---------------------|------------------|-------------------|----------------|------------------|------------------|----------------|
| Sales               |                  |                   |                |                  |                  |                |
| External sales      | 300.8            | 363.4             | - 17.2         | 561.2            | 706.3            | - 20.5         |
| Internal sales      | 4.1              | 17.2              | - 76.2         | 8.6              | 34.6             | - 75.1         |
| <b>Total sales</b>  | <b>304.9</b>     | <b>380.6</b>      | <b>- 19.9</b>  | <b>569.8</b>     | <b>740.9</b>     | <b>- 23.1</b>  |
| <b>EBIT</b>         | <b>14.3</b>      | <b>39.2</b>       | <b>- 63.5</b>  | <b>19.8</b>      | <b>84.3</b>      | <b>- 76.5</b>  |
| EBIT margin         | 4.7 %            | 10.3 %            | - 54.5         | 3.5 %            | 11.4 %           | - 69.5         |
| Depreciation        | 22.9             | 21.3              | 7.5            | 45.1             | 41.0             | 10.0           |
| <b>EBITDA</b>       | <b>37.2</b>      | <b>60.5</b>       | <b>- 38.5</b>  | <b>64.9</b>      | <b>125.3</b>     | <b>- 48.2</b>  |
| EBITDA margin       | 12.2 %           | 15.9 %            | - 23.2         | 11.4 %           | 16.9 %           | - 32.7         |
| Investments         | 14.5             | 25.3              | - 42.7         | 27.6             | 42.0             | - 34.3         |
| As of               | June 30,<br>2009 | March 31,<br>2009 |                | June 30,<br>2009 | Dec. 31,<br>2008 |                |
| Number of employees | 3,840            | 3,893             | - 1.4          | 3,840            | 3,927            | - 2.2          |

The WACKER SILICONES division generated total sales of €304.9 million (Q2 2008: €380.6 million) in the second quarter of 2009. This was 20 percent below the Q2 2008 figure. In comparison to the first quarter of 2009 with its sales volume of €264.9 million, however, this represented an increase of 15 percent. Sales totaled €569.8 million (6M 2008: €740.9 million) in the first six months of 2009. While business with elastomers remained slow in the reporting period, silicones for construction applications benefited from the seasonal upturn in demand from the building sector. Sales in the medical technology and power transmission/distribution segments also developed well.

Sales by the WACKER SILICONES division in the regions of Germany and Europe are more than 20 percent below the benchmark figures from the previous year. The decrease was less pronounced in Asia and America.

Lower year-on-year sales volumes and increased price pressure were the primary negative factors which influenced the WACKER SILICONES result in Q2 2009. By contrast, lower operating expenses and favorable exchange rates had a positive effect on the result. All in all, WACKER SILICONES posted earnings before interest, taxes, depreciation, and amortization (EBITDA) of €37.2 million (Q2 2008: €60.5 million) for the period from April through June 2009. This corresponds to an EBITDA margin of 12.2 percent (Q2 2008: 15.9 percent). Although the division was unable to match the previous year's figures, Q2 developed positively in comparison to the first three months of the current fiscal year (EBITDA: €27.7 million, EBITDA margin: 10.5 percent). The cumulative EBITDA for the first

half of 2009 amounted to €64.9 million (6M 2008: €125.3 million), with an EBITDA margin of 11.4 percent (Q2 2008: 16.9 percent). The structural improvements set to take place in the WACKER SILICONES division aim to further reduce costs, increase flexibility, and boost capacity utilization. Provisions of €6.3 million were accumulated in the reporting period for the job cuts planned in connection with these measures.

In June 2009, the division extended its silicone portfolio by adding the new ELASTOSIL® Solar product range. These new products underscore the division's innovativeness and are tailored specifically to the needs of the solar industry. The range includes a UV-active special silicone and new ultra transparent, castable silicone rubbers for molding optical parts employed in high-concentration photovoltaic modules. All ELASTOSIL® Solar products are resistant to weathering, radiation, and high temperatures. This makes them ideal for bonding, sealing, laminating, and encapsulating photovoltaic modules and their electronic components. The newly developed LUMISIL®-brand optical high-performance silicones make it possible to create optical lenses for light-emitting diodes (LED) straight on the LED chip without complex injection molding and shaping processes. This was previously impossible. The process of simultaneously shaping and assembling the LED lens system is highly efficient and, therefore, represents a breakthrough in the cost-effective mass production of LEDs.

Investments by WACKER SILICONES amounted to €14.5 million (Q2 2008: €25.3 million) in the second quarter of 2009. As was previously the case, the investments primarily went toward expanding the Chinese production site Zhangjiagang.

As of June 30, 2009, the WACKER SILICONES division employed 3,840 people (March 31, 2009: 3,893).

# WACKER POLYMERS

## Q2 2009

Division Results ...// WACKER POLYMERS

Wacker Chemie AG, Q2/2009

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| € million           | Q2 2009          | Q2 2008           | Change<br>in % | 6M 2009          | 6M 2008          | Change<br>in % |
|---------------------|------------------|-------------------|----------------|------------------|------------------|----------------|
| <b>Sales</b>        |                  |                   |                |                  |                  |                |
| External sales      | 204.6            | 243.1             | - 15.8         | 375.4            | 438.6            | - 14.4         |
| Internal sales      | 1.9              | 1.5               | 26.7           | 3.4              | 4.5              | - 24.4         |
| <b>Total sales</b>  | <b>206.5</b>     | <b>244.6</b>      | <b>- 15.6</b>  | <b>378.8</b>     | <b>443.1</b>     | <b>- 14.5</b>  |
| <b>EBIT</b>         | <b>33.9</b>      | <b>26.1</b>       | <b>29.9</b>    | <b>46.6</b>      | <b>49.7</b>      | <b>- 6.2</b>   |
| EBIT margin         | 16.4 %           | 10.7 %            | 53.3           | 12.3 %           | 11.2 %           | 9.8            |
| Depreciation        | 9.0              | 11.2              | - 19.6         | 17.8             | 25.7             | - 30.7         |
| <b>EBITDA</b>       | <b>42.9</b>      | <b>37.3</b>       | <b>15.0</b>    | <b>64.4</b>      | <b>75.4</b>      | <b>- 14.6</b>  |
| EBITDA margin       | 20.8 %           | 15.2 %            | 36.8           | 17.0 %           | 17.0 %           | -              |
| Investments         | 15.6             | 14.9              | 4.7            | 26.6             | 27.1             | - 1.8          |
| <b>As of</b>        |                  |                   |                |                  |                  |                |
|                     | June 30,<br>2009 | March 31,<br>2009 |                | June 30,<br>2009 | Dec. 31,<br>2008 |                |
| Number of employees | 1,510            | 1,548             | - 2.5          | 1,510            | 1,579            | - 4.4          |

In the period from April through June 2009, WACKER POLYMERS also profited from a seasonal increase in demand for dispersions and dispersible polymer powders for the construction industry. With total sales of €206.5 million (Q2 2008: €244.6 million), business was nearly 16 percent behind the benchmark figures from Q2 2008. However, it was up almost 20 percent on the first quarter of 2009 (€172.3 million). In the first half of 2009, WACKER POLYMERS generated sales totaling €378.8 million (6M 2008: €443.1 million). In May, following a seasonal increase in demand normal working hours were resumed in the production unit for dispersible polymer powders at the Burghausen site. Capacity utilization rose to over 70 percent, and in some cases, systems which had been temporarily shut down went back online. However, signs of a permanent upturn in demand continue to remain weak – on the whole, customers still prefer to place orders at short notice or order smaller quantities during periods of uncertainty. The price pressure for dispersions has increased, with prices for dispersible polymer powders also below the previous year's level.

The earnings before interest, taxes, depreciation, and amortization (EBITDA) posted by WACKER POLYMERS in the second quarter of 2009 benefited from lower raw material and operating costs along with improved capacity utilization. In the three months from April through June 2009, EBITDA reached €42.9 million (Q2 2008: €37.3 million). EBITDA was, therefore, up on both the previous year and the previous quarter (€21.5 million). In the reporting period, the EBITDA margin improved to 20.8 percent, compared to 15.2 percent in Q2 2008 and 12.5 percent in the first quarter of 2009. For the first six months of 2009,

WACKER POLYMERS recorded an EBITDA of €64.4 million (6M 2008: €75.4 million). This corresponds to an EBITDA margin of 17.0 percent (previous year: 17.0 percent).

WACKER expects the successful extension of the technical center in Shanghai to have a positive effect on the wide-ranging customer relationships in this division. The work area at the technical center has been doubled to 3,400 square meters following an investment of around €1 million. There are now more than ten laboratories where silicones and polymer products can be tested and further developed with a specific focus on potential applications.

Investments at the WACKER POLYMERS division amounted to €15.6 million (Q2 2008: €14.9 million) in the second quarter of 2009. A substantial share of these investments went toward the ongoing expansion of dispersion and dispersible polymer powder production at the Nanjing site in China. Test operation is currently under way at these plants – regular production is expected to begin in the second half of 2009.

On the reporting date of June 30, 2009, WACKER POLYMERS employed 1,510 people (March 31, 2009: 1,548).

# WACKER FINE CHEMICALS

## Q2 2009

Division Results ...// WACKER FINE CHEMICALS

Wacker Chemie AG, Q2/2009

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| € million           | Q2 2009          | Q2 2008           | Change<br>in % | 6M 2009          | 6M 2008          | Change<br>in % |
|---------------------|------------------|-------------------|----------------|------------------|------------------|----------------|
| <b>Sales</b>        |                  |                   |                |                  |                  |                |
| External sales      | 20.2             | 22.5              | -10.2          | 40.8             | 48.4             | -15.7          |
| Internal sales      | 1.9              | 1.8               | 5.6            | 2.9              | 3.6              | -19.4          |
| <b>Total sales</b>  | <b>22.1</b>      | <b>24.3</b>       | <b>-9.1</b>    | <b>43.7</b>      | <b>52.0</b>      | <b>-16.0</b>   |
| <b>EBIT</b>         | <b>2.3</b>       | <b>2.6</b>        | <b>-11.5</b>   | <b>3.3</b>       | <b>5.0</b>       | <b>-34.0</b>   |
| EBIT margin         | 10.4 %           | 10.7 %            | -2.8           | 7.6 %            | 9.6 %            | -20.8          |
| Depreciation        | 1.0              | 0.7               | 42.9           | 1.9              | 1.5              | 26.7           |
| <b>EBITDA</b>       | <b>3.3</b>       | <b>3.3</b>        | <b>-</b>       | <b>5.2</b>       | <b>6.5</b>       | <b>-20.0</b>   |
| EBITDA margin       | 14.9 %           | 13.6 %            | 9.6            | 11.9 %           | 12.5 %           | -4.8           |
| Investments         | 3.1              | 3.0               | 3.3            | 6.6              | 4.9              | 34.7           |
| <b>As of</b>        |                  |                   |                |                  |                  |                |
|                     | June 30,<br>2009 | March 31,<br>2009 |                | June 30,<br>2009 | Dec. 31,<br>2008 |                |
| Number of employees | 259              | 258               | 0.4            | 259              | 259              | -              |

The WACKER FINE CHEMICALS division has stabilized its sales in the current fiscal year, posting €22.1 million (Q2 2008: €24.3 million) in Q2 2009 and €21.6 million in the first quarter of 2009. The division's sales, therefore, amounted to €43.7 million (6M 2008: €52.0 million) for the first half of 2009. Business with bioengineered cysteine and cyclodextrins for the pharmaceutical industry developed positively, and the trend in pharmaceutical proteins (biologics) was also satisfactory. Accordingly, the production plants for cysteine, cyclodextrins, and biologics can report a good rate of capacity utilization. However, demand for the commodity chemical acetylacetone remained low in the second quarter of 2009.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) improved at WACKER FINE CHEMICALS from €1.9 million in Q1 2009 to €3.3 million (Q2 2008: €3.3 million) in the three months between April and June 2009. This boosted the EBITDA margin from 8.8 percent in Q1 to 14.9 percent (Q2 2008: 13.6 percent). In total, H1 2009 EBITDA adds up to €5.2 million (6M 2008: €6.5 million) and the EBITDA margin reached 11.9 percent (6M 2008: 12.5 percent) in the first half of 2009.

In the second quarter, the WACKER FINE CHEMICALS division achieved an important milestone when a production plant extension for cyclodextrins came on stream at the Eddyville site in Iowa, USA. The extended facility – which was constructed at a cost of US\$21 million – increases WACKER's capacities for alpha and beta cyclodextrins by 50 percent each, while the capacities for gamma cyclodextrins have been doubled. This extension enables WACKER FINE CHEMICALS to manufacture up to 7,500 metric tons of

cyclodextrins a year, thus, consolidating its leading position in this high-growth market. In Q2 2009, investments at WACKER FINE CHEMICALS totaled €3.1 million (Q2 2008: €3.0 million).

WACKER FINE CHEMICALS had 259 employees (March 31, 2009: 258) as of June 30, 2009.

# WACKER POLYSILICON

## Q2 2009

Division Results ...// WACKER POLYSILICON

Wacker Chemie AG, Q2/2009

36

| € million           | Q2 2009          | Q2 2008           | Change<br>in % | 6M 2009          | 6M 2008          | Change<br>in % |
|---------------------|------------------|-------------------|----------------|------------------|------------------|----------------|
| <b>Sales</b>        |                  |                   |                |                  |                  |                |
| External sales      | 231.1            | 128.3             | 80.1           | 511.0            | 223.5            | > 100          |
| Internal sales      | 38.0             | 65.9              | - 42.3         | 73.1             | 126.6            | - 42.3         |
| <b>Total sales</b>  | <b>269.1</b>     | <b>194.2</b>      | <b>38.6</b>    | <b>584.1</b>     | <b>350.1</b>     | <b>66.8</b>    |
| <b>EBIT</b>         | <b>112.3</b>     | <b>89.5</b>       | <b>25.5</b>    | <b>258.8</b>     | <b>146.7</b>     | <b>76.4</b>    |
| EBIT margin         | 41.7 %           | 46.1 %            | - 9.4          | 44.3 %           | 41.9 %           | 5.7            |
| Depreciation        | 23.7             | 15.3              | 54.9           | 45.3             | 29.4             | 54.1           |
| <b>EBITDA</b>       | <b>136.0</b>     | <b>104.8</b>      | <b>29.8</b>    | <b>304.1</b>     | <b>176.1</b>     | <b>72.7</b>    |
| EBITDA margin       | 50.5 %           | 54.0 %            | - 6.3          | 52.1 %           | 50.3 %           | 3.5            |
| Investments         | 121.5            | 84.1              | 44.5           | 235.4            | 161.8            | 45.5           |
| <b>As of</b>        |                  |                   |                |                  |                  |                |
|                     | June 30,<br>2009 | March 31,<br>2009 |                | June 30,<br>2009 | Dec. 31,<br>2008 |                |
| Number of employees | 1,443            | 1,377             | 4.8            | 1,443            | 1,289            | 11.9           |

Polysilicon business continued to grow in the Q2 reporting period at WACKER POLYSILICON. The division generated total sales of €269.1 million (Q2 2008: €194.2 million) in the period from April through June 2009. This 39 percent year-on-year increase resulted from additional production capacities at the Burghausen site which became operational in the second half of 2008. However, the division did not match its record figure of €315.0 million from Q1 2009. This was largely due to falling spot market prices for solar silicon and the seasonal lack of demand for road salt. The salt business contributed some €20 million toward the division's sales in the first quarter of this year. The sales volume for the six-month period from January through June 2009 improved by 67 percent year-on-year, taking it to €584.1 million (6M 2008: €350.1 million). Demand for polysilicon for the solar industry remained high. The division was able to sell all of the excess quantities which were not bought by Siltronic as well as the additional polysilicon resulting from increased plant productivity on the spot market. However, customers are increasingly starting to conclude contracts for shorter periods in the light of economic uncertainty. The production plants for polycrystalline silicon continue to run at full capacity.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) at WACKER POLYSILICON totaled €136.0 million (Q2 2008: €104.8 million) in the period from April through June 2009, compared to €168.1 million in Q1 2009. The EBITDA margin declined from 54.0 percent in the second quarter of 2008 to 50.5 percent in Q2 2009. In the first quarter of 2009, the EBITDA margin was 53.4 percent. On the one hand, the Q2 EBITDA includes a one-time revenue of €19.7 million from the amicable termination of a long-term

supply contract. On the other hand, losses of approximately €20 million relating to the joint venture WACKER SCHOTT Solar (WSS) weighed on the EBITDA. Overcapacity and price pressure on the market affected the business trend at WSS. By contrast, both quantity effects and moderate manufacturing and operating costs shored up the result posted by WACKER POLYSILICON in the second quarter of 2009.

In Q2 2009, the WACKER POLYSILICON division invested a total of €121.5 million (Q2 2008: €84.1 million). This went toward the ongoing expansion of production capacities for polysilicon. At the Burghausen site, the facilities in “Expansion Stage 8” with an annual nominal capacity of 10,000 metric tons will soon reach mechanical completion. “Expansion Stage 9” at the Nünchritz site with a planned annual nominal capacity of a further 10,000 metric tons also made good progress in the quarter under review. In mid-May 2009, WACKER received approval from the European Investment Bank (EIB) for a long-term investment loan of €400 million at favorable conditions for this strategic growth project. The relevant contractual agreements have since been concluded. The loan commitment secures a crucial element of WACKER’s project financing. A new plant for the production of granular polysilicon at the Burghausen site with an annual capacity of 650 metric tons came on stream as planned during the reporting period.

WACKER POLYSILICON had a workforce totaling 1,443 (March 31, 2009: 1,377) as of June 30, 2009.



# SILTRONIC

## Q2 2009

Division Results ...// SILTRONIC

Wacker Chemie AG, Q2/2009

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| € million           | Q2 2009          | Q2 2008           | Change<br>in % | 6M 2009          | 6M 2008          | Change<br>in % |
|---------------------|------------------|-------------------|----------------|------------------|------------------|----------------|
| Sales               |                  |                   |                |                  |                  |                |
| External sales      | 152.4            | 350.4             | - 56.5         | 277.8            | 695.5            | - 60.1         |
| Internal sales      | 0.7              | 1.3               | - 46.2         | 1.3              | 2.3              | - 43.5         |
| <b>Total sales</b>  | <b>153.1</b>     | <b>351.7</b>      | <b>- 56.5</b>  | <b>279.1</b>     | <b>697.8</b>     | <b>- 60.0</b>  |
| <b>EBIT</b>         | <b>- 211.6</b>   | <b>77.5</b>       | <b>n.a.</b>    | <b>- 306.1</b>   | <b>157.7</b>     | <b>n.a.</b>    |
| EBIT margin         | - 138.2 %        | 22.0 %            | n.a.           | - 109.7 %        | 22.6 %           | n.a.           |
| Depreciation        | 153.4            | 34.5              | >100           | 187.9            | 68.3             | >100           |
| <b>EBITDA</b>       | <b>- 58.2</b>    | <b>112.0</b>      | <b>n.a.</b>    | <b>- 118.2</b>   | <b>226.0</b>     | <b>n.a.</b>    |
| EBITDA margin       | - 38.0 %         | 31.8 %            | n.a.           | - 42.4 %         | 32.4 %           | n.a.           |
| Investments         | 20.1             | 30.2              | - 33.4         | 40.6             | 49.8             | - 18.5         |
| As of               | June 30,<br>2009 | March 31,<br>2009 |                | June 30,<br>2009 | Dec. 31,<br>2008 |                |
| Number of employees | 5,285            | 5,380             | - 1.8          | 5,285            | 5,469            | - 3.4          |

In the second quarter of 2009, Siltronic's semiconductor business improved somewhat compared to the first three months of the current fiscal year. Siltronic posted total sales of €153.1 million (Q2 2008: €351.7 million) for the reporting period – an increase of 22 percent on the previous quarter's weak figure of €126.0 million. The cumulative sales volume for the first half of 2009 was, therefore, €279.1 million (6M 2008: €697.8 million). This shows that Siltronic is still far away from the record figures it posted prior to the global recession.

Due to increased demand, capacity utilization at the production plants was higher than in the first quarter of 2009. The utilization rate is now above 50 percent again. By contrast, the considerable pressure on prices for all wafer diameters intensified once again. The steps to reduce overall costs – especially personnel expenses – along with favorable exchange rates had a positive effect on the result. However, lower market prices, the unsatisfactory overall rate of capacity utilization, and provisions for the planned job cuts totaling €8.7 million meant that Siltronic posted a negative EBITDA of €58.2 million (Q2 2008: a positive €112.0 million) again in the current reporting period. This puts Siltronic's EBITDA for the whole first half of 2009 at €-118.2 million (6M 2008: €226.0 million).

Back in Q1 2009, Siltronic launched extensive measures to reduce personnel and materials expenses. This included reducing working hours at the sites in Germany and not extending limited-term employment contracts or contracts with temporary external staff. Furthermore, overall costs were trimmed considerably by means of more efficient processes in both production and administration. In early July 2009, the management announced

further measures to optimize production capacities. The production of silicon wafers with different diameters will be concentrated at lead sites which offer the greatest cost-effectiveness in the future. The Burghausen site will oversee production of 150 mm wafers. Manufacturing activities for 300 mm wafers will be pooled at the sites in Freiberg and Singapore. Singapore will also be the lead site for 200 mm wafers. Approximately 450 further jobs will be cut as part of the restructuring. This is due to take place by the end of 2010. Impairment losses totaling €121.3 million were recognized on the relevant companies' fixed assets as a result of the restructuring measures. In addition, a control and profit and loss transfer agreement has been concluded between Siltronic AG and a wholly owned subsidiary of Wacker Chemie AG. This means that profits or losses generated by Siltronic can now be offset against the result posted by Wacker Chemie AG.

Investments at Siltronic amounted to €20.1 million (Q2 2008: €30.2 million) in the second quarter of 2009.

As of June 30, 2009, Siltronic had a total of 5,285 employees (March 31, 2009: 5,380).

### **Other**

The sales posted under "Other" totaled €57.1 million (Q2 2008: €66.8 million) in Q2 2009. EBITDA came in at €5.1 million (Q2 2008: €3.3 million) in the period from April through June 2009.

### **Outlook and Forecast**

#### **Overall Statement on Business Expectations**

WACKER expects the global recession to persist in the second half of the current fiscal year of 2009. The most recent forecasts for the worldwide economic situation are increasingly assuming that economic output will stabilize slowly and that there will be a slight upturn in 2010. The dramatic slump in the development of business at the beginning of the year, however, means that the WACKER Group's sales and operating result for 2009 as a whole will remain well below the levels achieved in 2008.

Increasing unemployment figures caused by possible layoffs in Germany and other countries could have a negative impact on the behavior of private consumers. At present, we are unable to estimate what the consequences of this will be for the future development of the global economy. Raw materials, crude oil, and energy prices are likely to increase slightly, leading to additional cost pressure in the Group's operating activities. In view of the unfavorable general conditions, our customers are still exercising a great deal of care when placing their orders. They are ordering smaller quantities or concluding contracts for short periods. For this reason, forecasting the extent to which the improved level of customer demand in the second quarter of 2009 will persist for the rest of the year remains difficult.

#### **The Global Economic Crisis Demands Dynamic Action**

The steps we took at a very early stage to counter the negative effects of the global financial and economic crisis have taken hold. The most important of these steps are budget savings, reduced working hours, a cautious hiring policy, the relinquishment of remuneration components, modified investment planning, and the safeguarding of sufficient financial leeway for our operating activities. The overall objective of our most recent decisions to optimize our global production network and our processes in the WACKER SILICONES and Siltronic divisions is to achieve an additional and sustainable improvement in our operational performance as well as our competitive position. The cutbacks of around 800 jobs which will accompany the restructuring measures will give further relief to our cost structures.<sup>1</sup>

#### **Investing Strategically in Growth and Expanding Production Capacity**

Parallel to that, we are remaining true to our strategic investment projects. This will keep our levels of investment high. In view of the difficult economic environment, however, they will not meet previous year's figure and will be adjusted in line with the further develop-

<sup>1</sup> For further basic perspectives for and detailed aspects of the WACKER Group's corporate development, see our statements in the risk report and the opportunity and outlook report in the 2008 Annual Report and in the report on the first quarter of 2009.

ment of the economy. In the remainder of the fiscal year 2009, the bulk of our investment funds will again flow into the WACKER POLYSILICON division's growth projects.

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#### Initial start-up of further production facilities

| Site                 | Project / Product                          | New Capacity | Commissioning |
|----------------------|--|--------------|---------------|
| Nanjing (China)      | Dispersible polymer powder                 | 30,000 t/a   | 2009          |
| Burghausen (Germany) | Polysilicon expansion stage 8              | 10,000 t/a   | 2009          |
| Jena (Germany)       | Expansion of biologics production facility | –            | 2009          |
| Zhangjiagang (China) | Siloxane and pyrogenic silica              | 200,000 t/a  | 2010          |
| Nünchritz (Germany)  | Polysilicon expansion stage 9              | 10,000 t/a   | 2011          |

By acquiring a parcel of land measuring some 220 hectares in the US state of Tennessee, we have additionally taken the first step toward setting up a further integrated production site for hyperpure polycrystalline silicon outside of the eurozone. WACKER POLYSILICON's entire expansion program is being developed further in a manner reflecting customers' actual requirements as regards quantity.

Improving the productivity of our existing plants will remain a focal point of our efforts, also in the years to come. In addition to our ongoing "Wacker Operating System" (WOS) program, we expect to see positive productivity effects from Siltronic's new lead site strategy as well as from the measures which have now been adopted in WACKER SILICONES with the aim of further optimizing its organization and adjusting it to probable market developments. In the WACKER POLYSILICON division, we shall continue to work purposefully toward increasing plant productivity, and, thereby, generating higher production volumes at our existing production facilities.

As early as 2008, with a view to safeguarding and strengthening the financing of the Group's operating activities, WACKER prolonged a syndicated credit facility of €300 million by one year to 2013. In addition to that, new three-year credit lines amounting to almost €200 million were concluded in the first quarter of 2009. In May 2009, we received approval for a long-term investment loan of €400 million on favorable terms from the European Investment Bank (EIB) for the construction of our polysilicon production facilities at our site in Nünchritz, Germany. The relevant contractual agreements have been signed in the meantime. In the quarter under review, moreover, a promissory note bond (Schuldschein) was placed on the market successfully. Up to the end of the reporting period, financing in the amount of €155 million was secured. WACKER received another €25 million in July.

In the procurement area, expenditure on raw materials, at €196 million (Q2 2008: €223 million) was 25 percent above its level in the first quarter of 2009 (€157 million). This development was caused primarily by the higher quantities produced. The cost increase was cushioned by the slightly reduced prices, compared with the first quarter of 2009, for silicon metal, methanol, natural gas, and electricity. Ethylene, on the other hand, is slightly more expensive than it was in the first three months of the current fiscal year. For the remainder of the current year, we expect prices for ethylene and methanol to increase again gradually.

As far as research and development is concerned, we will continue to focus on our five research groups catalysis and processes, functional materials, polymers, organic synthesis, and biotechnology in the next two fiscal years. Expenses for research and development are scheduled to remain almost at last year's high level in 2009 and 2010.

In 2009, we will handle the recruitment of new employees and the hiring of temporary staff in line with our requirements. Basically, the recruitment of promising young staff will remain a matter of high priority in the Group. At the present time, we are assuming that the number of employees in the Group at the end of fiscal 2009 will be below the previous year's level. Due to Siltronic's new lead site strategy and the organizational adjustments being made at WACKER SILICONES, it is likely that around 800 jobs will be lost in these two areas by the end of 2010. During the same period, there will be a countervailing effect from the increasing demand for staff in the WACKER POLYSILICON division.

#### **Long-term Opportunities Remain Good**

Irrespective of the difficult circumstances currently prevailing in the global economy, WACKER has strengths which will continue to ensure that the company is successful in the long term. This is why, with the exception of Siltronic's new lead site strategy and the organizational adjustments in the WACKER SILICONES division, no substantial changes to our corporate policy or organizational orientation are foreseen. Our diverse fields of business make it possible for us to balance risks and fluctuations, even in difficult times. We are assuming that our business operations will continue along the path of increased internationalization that they have followed in recent years. We shall continue to expand our production, sales, and service network.

Even though it cannot currently be foreseen when the global recession will come to an end, we are optimistic about the WACKER Group's future. In the long term, we believe that important megatrends which have lasting benefits for us will remain intact. We are taking the future-related themes of energy generation and energy saving into account with a whole array of products. The greatest growth opportunities opening up in those areas can still be found in the production of polysilicon for the solar industry. As far as the future-oriented topic of digitization is concerned, we intend to benefit further from its long-term growth by manufacturing silicon wafers for the semiconductor industry. From a regional

point of view, we can use our significant presence on the fast-growing markets in Asia and newly-industrializing countries in other parts of the world to offer a broad portfolio of products and solutions which are suitable for increasing the wealth of those regions.

All of this makes us confident that WACKER will return to its course of profitable growth as soon as the global economy returns to an upward trajectory.

The Executive Board

Munich, Germany, July 30, 2009

# Condensed Interim Financial Statements

## January 1 through June 30, 2009

Condensed Interim Financial Statements ...//

Wacker Chemie AG, Q2/2009

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### Income Statement

| € million  | Q2 2009      | Q2 2008    | Change<br>in % | 6M 2009        | 6M 2008    | Change<br>in % |
|--|--------------|------------|----------------|----------------|------------|----------------|
| <b>Sales</b>   | <b>925.5</b> | 1,123.0    | -17.6          | <b>1,798.0</b> | 2,142.5    | -16.1          |
| Cost of goods sold                                       | -703.1       | -776.1     | -9.4           | -1,359.1       | -1,476.7   | -8.0           |
| <b>Gross profit from sales</b>                           | <b>222.4</b> | 346.9      | -35.9          | <b>438.9</b>   | 665.8      | -34.1          |
| Selling expenses   | -59.1        | -65.1      | -9.2           | -117.2         | -124.9     | -6.2           |
| R&D expenses   | -39.9        | -39.2      | 1.8            | -77.6          | -77.5      | 0.1            |
| General administrative expenses                          | -21.8        | -25.6      | -14.8          | -41.9          | -51.6      | -18.8          |
| Other operating income                                   | 67.1         | 52.5       | 27.8           | 125.7          | 125.8      | -0.1           |
| Other operating expenses                                 | -188.4       | -33.0      | >100           | -266.2         | -92.1      | >100           |
| <b>Operating result</b>                                  | <b>-19.7</b> | 236.5      | n.a.           | <b>61.7</b>    | 445.5      | -86.2          |
| Income from investments in joint ventures and associates | -34.0        | -11.6      | >100           | -57.2          | -21.9      | >100           |
| <b>EBIT</b>  | <b>-53.7</b> | 224.9      | n.a.           | <b>4.5</b>     | 423.6      | -98.9          |
| Interest result  | 1.7          | -0.8       | n.a.           | 2.2            | 1.5        | 46.7           |
| Other financial result                                   | -8.0         | -2.3       | >100           | -15.6          | -4.5       | >100           |
| Limited partnership results                              | -            | -          | n.a.           | -              | -0.9       | -100.0         |
| <b>Income before taxes</b>                               | <b>-60.0</b> | 221.8      | n.a.           | <b>-8.9</b>    | 419.7      | n.a.           |
| Income taxes   | -14.5        | -69.2      | -79.0          | -60.1          | -136.5     | -56.0          |
| <b>Net income for the period</b>                         | <b>-74.5</b> | 152.6      | n.a.           | <b>-69.0</b>   | 283.2      | n.a.           |
| of which   |              |            |                |                |            |                |
| attributable to Wacker Chemie AG shareholders            | -72.8        | 152.8      | n.a.           | -64.5          | 283.4      | n.a.           |
| accounted for by non-controlling interests               | -1.7         | -0.2       | >100           | -4.5           | -0.2       | >100           |
| <b>Earnings per share in € (basic / diluted)</b>         | <b>-1.47</b> | 3.08       | n.a.           | <b>-1.30</b>   | 5.70       | 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, 2009

Statement of Comprehensive Income ...//

Wacker Chemie AG, Q2/2009

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### January – June

| € million   | Before taxes | Deferred taxes | 2009         | Before taxes | Deferred taxes | 2008         |
|---|--------------|----------------|--------------|--------------|----------------|--------------|
| <b>Net income for the period</b>  |              |                | <b>-69.0</b> |              |                | <b>283.2</b> |
| Change in foreign currency translation adjustments                          | -2.1         | -              | -2.1         | -21.6        | -              | -21.6        |
| Cash flow hedge   | 17.8         | -1.3           | 16.5         | 1.4          | 6.9            | 8.3          |
| of which included in profit and loss  | 23.1         | -1.3           | 21.8         | -28.8        | 6.9            | -21.9        |
| Pro rata cash flow hedge at companies accounted for using the equity method | 6.1          | -              | 6.1          | -0.2         | -              | -0.2         |
| Non-controlling interests   | -0.6         | -              | -0.6         | -0.9         | -              | -0.9         |
| <b>Total income /expenses recognized in equity</b>                          | <b>21.2</b>  | <b>-1.3</b>    | <b>19.9</b>  | <b>-21.3</b> | <b>6.9</b>     | <b>-14.4</b> |
| <b>Total income /expenses</b>   |              |                | <b>-49.1</b> |              |                | <b>268.8</b> |
| of which  |              |                |              |              |                |              |
| attributable to Wacker Chemie AG shareholders                               |              |                | -44.0        |              |                | 269.9        |
| accounted for by non-controlling interests                                  |              |                | -5.1         |              |                | -1.1         |

### April – June

| € million   | Before taxes | Deferred taxes | 2009         | Before taxes | Deferred taxes | 2008         |
|---|--------------|----------------|--------------|--------------|----------------|--------------|
| <b>Net income for the 2nd quarter</b>                                       |              |                | <b>-74.5</b> |              |                | <b>152.6</b> |
| Change in foreign currency translation adjustments                          | -23.2        | -              | -23.2        | 1.4          | -              | 1.4          |
| Cash flow hedge   | 24.8         | -0.1           | 24.7         | -13.6        | 4.1            | -9.5         |
| of which included in profit and loss  | 5.9          | -0.1           | 5.8          | -18.0        | 4.1            | -13.9        |
| Pro rata cash flow hedge at companies accounted for using the equity method | 1.6          | -              | 1.6          | -1.0         | -              | -1.0         |
| Non-controlling interests   | -1.0         | -              | -1.0         | -0.2         | -              | -0.2         |
| <b>Total income /expenses recognized in equity</b>                          | <b>2.2</b>   | <b>-0.1</b>    | <b>2.1</b>   | <b>-13.4</b> | <b>4.1</b>     | <b>-9.3</b>  |
| <b>Total income /expenses</b>   |              |                | <b>-72.4</b> |              |                | <b>143.3</b> |
| of which  |              |                |              |              |                |              |
| attributable to Wacker Chemie AG shareholders                               |              |                | -69.7        |              |                | 143.7        |
| accounted for by non-controlling interests                                  |              |                | -2.7         |              |                | -0.4         |



# Balance Sheet

## as of June 30, 2009

Balance Sheet ...//

Wacker Chemie AG, Q2/2009

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### Assets

| € million   | June 30,<br>2009 | June 30,<br>2008 | Change<br>in % | Dec. 31,<br>2008 | Change<br>in % |
|---|------------------|------------------|----------------|------------------|----------------|
| Intangible assets   | 22.3             | 18.9             | 18.0           | 24.7             | - 9.7          |
| Property, plant, and equipment,<br>and, investment property       | 2,702.2          | 2,345.2          | 15.2           | 2,663.2          | 1.5            |
| Investment in associates accounted<br>for using the equity method | 144.3            | 173.4            | - 16.8         | 191.8            | - 24.8         |
| Financial assets  | 72.8             | 8.6              | > 100          | 72.0             | 1.1            |
| Other assets  | 158.6            | 98.0             | 61.8           | 178.1            | - 10.9         |
| Deferred taxes  | 35.6             | 14.2             | > 100          | 31.2             | 14.1           |
| <b>Noncurrent assets</b>  | <b>3,135.8</b>   | <b>2,658.3</b>   | <b>18.0</b>    | <b>3,161.0</b>   | <b>- 0.8</b>   |
| Inventories   | 452.4            | 475.4            | - 4.8          | 504.9            | - 10.4         |
| Trade receivables   | 494.4            | 565.5            | - 12.6         | 466.8            | 5.9            |
| Other assets  | 158.8            | 202.0            | - 21.4         | 187.1            | - 15.1         |
| Cash and cash equivalents   | 342.6            | 323.8            | 5.8            | 305.3            | 12.2           |
| <b>Current assets</b>   | <b>1,448.2</b>   | <b>1,566.7</b>   | <b>- 7.6</b>   | <b>1,464.1</b>   | <b>- 1.1</b>   |
| <b>Total assets</b>   | <b>4,584.0</b>   | <b>4,225.0</b>   | <b>8.5</b>     | <b>4,625.1</b>   | <b>- 0.9</b>   |

**Equity and Liabilities**

| € million                           | June 30,<br>2009 | June 30,<br>2008 | Change<br>in % | Dec. 31,<br>2008 | Change<br>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                        | 1,561.9          | 1,518.4          | 2.9            | 1,695.3          | – 7.9          |
| Non-controlling interests           | 20.6             | 14.6             | 41.1           | 14.4             | 43.1           |
| <b>Equity</b>                       | <b>1,955.6</b>   | <b>1,906.1</b>   | <b>2.6</b>     | <b>2,082.8</b>   | <b>– 6.1</b>   |
| Provisions for pensions             | 388.5            | 379.2            | 2.5            | 376.1            | 3.3            |
| Other provisions                    | 216.6            | 255.3            | – 15.2         | 261.0            | – 17.0         |
| Deferred taxes                      | 51.2             | 49.8             | 2.8            | 51.5             | – 0.6          |
| Financial liabilities               | 283.2            | 152.9            | 85.2           | 158.7            | 78.4           |
| Other liabilities                   | 864.4            | 744.9            | 16.0           | 855.6            | 1.0            |
| <b>Noncurrent liabilities</b>       | <b>1,803.9</b>   | <b>1,582.1</b>   | <b>14.0</b>    | <b>1,702.9</b>   | <b>5.9</b>     |
| Other provisions                    | 147.0            | 84.6             | 73.8           | 82.4             | 78.4           |
| Financial liabilities               | 140.9            | 69.3             | > 100          | 113.7            | 23.9           |
| Trade liabilities                   | 252.0            | 286.0            | – 11.9         | 296.7            | – 15.1         |
| Other liabilities                   | 284.6            | 296.9            | – 4.1          | 346.6            | – 17.9         |
| <b>Current liabilities</b>          | <b>824.5</b>     | <b>736.8</b>     | <b>11.9</b>    | <b>839.4</b>     | <b>– 1.8</b>   |
| <b>Liabilities</b>                  | <b>2,628.4</b>   | <b>2,318.9</b>   | <b>13.3</b>    | <b>2,542.3</b>   | <b>3.4</b>     |
| <b>Total equity and liabilities</b> | <b>4,584.0</b>   | <b>4,225.0</b>   | <b>8.5</b>     | <b>4,625.1</b>   | <b>– 0.9</b>   |

# Cash Flow Statement

## January 1 through June 30, 2009

Cash Flow Statement ...//

Wacker Chemie AG, Q2/2009

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### Cash Flow Statement

| € millions  | 6M 2009        | 6M 2008        | Change<br>in % |
|---|----------------|----------------|----------------|
| Net income for the period   | - 69.0         | 283.2          | n.a.           |
| Depreciation and amortization   | 323.4          | 185.4          | 74.4           |
| Changes in provisions   | 35.2           | 63.3           | - 44.4         |
| Changes in deferred taxes   | - 11.1         | - 2.5          | > 100          |
| Changes in inventories  | 53.8           | - 51.5         | n.a.           |
| Changes in trade receivables  | - 35.2         | - 67.7         | - 48.0         |
| Changes in other assets   | 65.0           | - 31.5         | n.a.           |
| Change in advance payments made and received                                | 52.8           | 153.6          | - 65.6         |
| Changes in other liabilities  | - 91.3         | 40.6           | n.a.           |
| Other non-cash expenses and income  | 50.8           | 3.3            | > 100          |
| <b>Cash flow from operating activities<br/>(gross cash flow)</b>            | <b>374.4</b>   | <b>576.2</b>   | <b>- 35.0</b>  |
| Payments related to intangibles and property, plant,<br>and equipment       | - 414.9        | - 309.6        | 34.0           |
| Proceeds from disposal of intangibles and property,<br>plant, and equipment | 1.2            | 6.1            | - 80.3         |
| Investments in acquisitions   | -              | - 171.2        | - 100.0        |
| <b>Cash flow from noncurrent investment activity</b>                        | <b>- 413.7</b> | <b>474.7</b>   | <b>- 12.9</b>  |
| Disposal of current securities  | 101.1          | -              | n.a.           |
| <b>Cash flow from investment activity</b>                                   | <b>- 312.6</b> | <b>- 474.7</b> | <b>- 34.1</b>  |
| Capital increases   | 11.3           | 2.4            | > 100          |
| Dividends paid on previous year's result                                    | - 89.4         | - 149.2        | - 40.1         |
| Changes in financial liabilities  | 155.5          | 3.6            | > 100          |
| <b>Cash flow from financing activities</b>                                  | <b>77.4</b>    | <b>- 143.2</b> | <b>n.a.</b>    |
| Changes due to exchange rate fluctuations                                   | - 0.8          | - 1.0          | - 20.0         |
| <b>Changes in cash and cash equivalents</b>                                 | <b>138.4</b>   | <b>- 42.7</b>  | <b>n.a.</b>    |
| At the beginning of the year  | 204.2          | 366.5          | - 44.3         |
| At the end of the period  | 342.6          | 323.8          | 5.8            |
| Additional information:   |                |                |                |
| Cash flow from operating activities (gross cash flow)                       | 374.4          | 576.2          | - 35.0         |
| Cash flow from noncurrent investment activity                               | - 413.7        | - 474.7        | - 12.9         |
| <b>Net cash flow</b>  | <b>- 39.3</b>  | <b>101.5</b>   | <b>n.a.</b>    |

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

## January 1 through June 30, 2009

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

Wacker Chemie AG, Q2/2009

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### Statement of Changes in Equity

| € million                                | Subscribed capital | Capital reserves | Treasury shares | Retained earnings / Net income | Other equity item | Total   | Non-controlling interests | Total          |
|--|--------------------|------------------|-----------------|--------------------------------|-------------------|---------|---------------------------|----------------|
| <b>As of 01/01/2008</b>                  | 260.8              | 157.4            | - 45.1          | 1,541.3                        | - 64.1            | 1,850.3 | 15.3                      | <b>1,865.6</b> |
| Result for the period                    | -                  | -                | -               | 283.4                          | -                 | 283.4   | - 0.2                     | <b>283.2</b>   |
| Income and expenses recognized in equity | -                  | -                | -               | -                              | - 13.5            | - 13.5  | - 0.9                     | <b>- 14.4</b>  |
| Total                                    | -                  | -                | -               | 283.4                          | - 13.5            | 269.9   | - 1.1                     | <b>268.8</b>   |
| Dividends paid                           | -                  | -                | -               | - 149.0                        | -                 | - 149.0 | - 0.2                     | <b>- 149.2</b> |
| Capital contributions                    | -                  | -                | -               | -                              | -                 | -       | 2.4                       | <b>2.4</b>     |
| Scope of consolidation / other           | -                  | -                | -               | - 79.7                         | -                 | - 79.7  | - 1.8                     | <b>- 81.5</b>  |
| <b>As of 06/30/2008</b>                  | 260.8              | 157.4            | - 45.1          | 1,596.0                        | - 77.6            | 1,891.5 | 14.6                      | <b>1,906.1</b> |
| <b>As of 01/01/2009</b>                  | 260.8              | 157.4            | - 45.1          | 1,751.9                        | - 56.6            | 2,068.4 | 14.4                      | <b>2,082.8</b> |
| Result 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>As of 06/30/2009</b>                  | 260.8              | 157.4            | - 45.1          | 1,598.0                        | - 36.1            | 1,935.0 | 20.6                      | <b>1,955.6</b> |

### Reconciliation of Other Equity Items

| € million               | Change in the fair value of securities available for sale | Change in foreign currency translation adjustments | Cash flow hedge | Total         |
|-------------------------|---|--|-----------------|---------------|
| <b>As of 01/01/2008</b> | -   | - 93.7   | 29.6            | <b>- 64.1</b> |
| Changes                 | -   | - 21.6   | 8.1             | <b>- 13.5</b> |
| <b>As of 06/30/2008</b> | -   | - 115.3  | 37.7            | <b>- 77.6</b> |
| <b>As of 01/01/2009</b> | 0.6   | - 44.1   | - 13.1          | <b>- 56.6</b> |
| Changes                 | -   | - 2.1  | 22.6            | <b>20.5</b>   |
| <b>As of 06/30/2009</b> | 0.6   | - 46.2   | 9.5             | <b>- 36.1</b> |

### **Accounting and Valuation Methods**

The Group interim financial statements of Wacker Chemie AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union. The same standards were used for the Group's most recent annual financial statements, apart from the exception stated below.

In Q1 2009, the revised version of IAS 23: "Borrowing Costs" was applied for the first time. The revised standard prescribes the capitalization of borrowing costs in conjunction with the accrual of certain asset additions. IAS 23 does not provide for retroactive application, therefore, no interest was capitalized for the previous year nor was the previous year adjusted for accruals of the affected "qualifying" assets. The interest expense will be lower in the future due to the change of valuation methods. Conversely, depreciation is increased for the period of use of the affected assets, thereby impacting EBIT.

IFRS 8 "Operating segments" was applied for the first time in the 2009 fiscal year. It had relatively little effect on the financial statements for Wacker Chemie AG.

### **Changes in WACKER Group's Scope of Consolidation**

Two new companies were established – Wacker Polysilicon GmbH & Co. KG, Nünchritz (Germany), and the general partner Wacker Polysilicon Geschäftsführungs GmbH, Nünchritz (Germany). The companies are set to pool the production and marketing activities for polysilicon at the Nünchritz site. A further company was also established, Wacker Polysilicon North America LLC, Tennessee (USA), which is to conduct production and marketing activities for polysilicon in the USA in the future.

Amalgamations with Wacker Chemical Corp., Adrian (Michigan) reduced the consolidated by eliminating Wacker Polymer Systems L.P., Allentown (Pennsylvania) and WPS General Partners Inc., Adrian (Michigan).

### **Segment Reporting**

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

### Exchange Rates

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

#### Exchange Rates

| € million | Rate on reporting date |            | Average rate |         |
|-----------|------------------------|------------|--------------|---------|
|           | 06/30/2009             | 06/30/2008 | Q2 2009      | Q2 2008 |
| USD       | 1.41                   | 1.58       | 1.36         | 1.56    |

### Major Events During the Reporting Period

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

Impairment tests conducted on property, plant, and equipment at the Siltronic segment compared the present value of the estimated future cash flow from use of the assets with their fair value. The different companies included within the Siltronic division are defined as the cash-generating units. An average interest rate before tax of 12 percent (Q1 2009: 12 percent) was used. The resulting impairments were reported under other operating expenses.

### Events after the Balance Sheet Date

There were no material events after the balance sheet date.

### Responsibility Statement

We hereby affirm, to the best of our knowledge and in accordance with the applicable reporting principles for interim reporting, that the interim consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position, and profit or loss. We also affirm that the Group's interim management report presents a true and fair view of the development and performance of the Group's business and position, and also describes the principal opportunities and risks associated with the Group's expected performance in the remainder of the fiscal year.

Munich, Germany, July 30, 2009

Wacker Chemie AG

Rudolf Staudigl

Wilhelm Sittenthaler

Joachim Rauhut

Auguste Willems

### **Review Report To Wacker Chemie AG**

We have reviewed the condensed interim consolidated financial statements of the 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 the Wacker Chemie AG, for the period from January 1 to June 30, 2009 that are part of the semi annual financial report according to § 37 w WpHG (“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 WpHG 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 WpHG 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 WpHG applicable to interim group management reports.

Munich, July 30, 2009

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Kozikowski

Dr. Grottel

Wirtschaftsprüfer

Wirtschaftsprüfer

## **Upcoming Dates**

Capital Market Day

on September 17, 2009, London

The 3rd Quarterly Report for 2009 is scheduled for publication on November 5, 2009.

## **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.



