WACKER

REPORT ON THE 3RD QUARTER 2006

JULY – SEPTEMBER 2006

CREATING TOMORROW'S SOLUTIONS

WACKER AT A GLANCE

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales	857.3	714.8	20	2,486.2	2,024.5	23
EBITDA[1]	217.9	181.7	20	597.2	456.4	31
EBITDA margin[2]	25.4 %	25.4 %	0	24.0 %	22.5 %	7
EBIT[3]	139.5	96.9	44	357.0	193.1	85
EBIT margin[2]	16.3 %	13.6 %	20	14.4 %	9.5 %	51
Financial result	– 7.4	– 15.4	– 52	– 36.3	– 45.8	– 21
Income before taxes	132.1	81.5	62	320.7	147.3	> 100
Net income	95.1	54.8	74	227.8	65.4	> 100
Earnings per share in €	1.91	1.12	72	4.77	1.28	> 100
Investment in intangibles and property, plant, and equipment	103.2	64.3	60	274.3	197.2	39
Net cash flow	134.8	105.4	28	172.5	35.3	> 100

€ million	Sep. 30, 2006	Sep. 30, 2005	Dec. 31, 2005
Equity	1,503.0	850.2	934.4
Financial liabilities	437.0	1,047.7	946.2
Provisions for pensions	362.6	350.0	352.1
Net financial debt	382.4	1,021.7	911.5
Total assets	3,110.4	2,916.1	2,922.9
Employees (number at end of period)	14,654	14,433	14,434

1 EBITDA is EBIT before depreciation and amortization.
2 Margins are calculated based on sales.
3 EBIT is the result from continuing operations for the period before interest and other financial results, limited partnership interests, and income taxes.

REPORT ON THE 3RD QUARTER 2006

- **Q3 Group sales jump 20% to €857.3 million**
- **EBITDA climbs 20% to €217.9 million, EBITDA margin at 25%**
- **Earnings per share rise to €1.91**
- **2006 sales and earnings forecast confirmed**

Dear Shareholders,

In Q3 2006, the upward trend continued in the world's major economies. Chemical and semiconductor markets were both robust, and Wacker Chemie AG again posted substantial year-on-year sales and earnings growth. Benefiting from sales volume gains and price increases, the Group more than offset markedly higher raw material and energy costs, as well as the negative exchange rate effects of a weaker US dollar.

Economic Growth Continues

The global economy and WACKER's main markets experienced further growth from July to September 2006 compared to the previous quarter. The latest OECD[1] interim report estimates that GDP growth in the G7 economies was up 0.7% in Q3 2006. Germany's IFO-Institute[2] forecasts a 0.7% rise for eurozone GDP during the same period. According to the VCI (German chemical industry association)[3], the country's chemical sector sales grew 3.0% in Q3 2006. The SEMI Silicon Manufacturers Group (SMG) reports that silicon wafer volumes were up 5.5% in terms of surface area sold.

Year-on-Year Sales Rise 20%

With the positive economic trend continuing into Q3, WACKER generated sales of €857.3 million from July to September 2006, a rise of 20% (Q3 2005: €714.8 million). Here, strong volume gains and product mix effects accounted for 18%. The benefit of price increases (+5%) was partly offset by exchange rate movements (–3%) caused by the US dollar's marked year-on-year weakness. In the first nine months of 2006, the Group generated €2.49 billion in sales (2005: €2.02 billion), a 23% increase.

The main growth driver was the semiconductor business. Siltronic's July–September sales rose 30% year-on-year to €330.7 million (Q3 2005: €254.7 million). WACKER SILICONES and WACKER POLYMERS posted year-on-year sales gains of 13% and 17%, respectively. WACKER FINE CHEMICALS achieved sales of €26.3 million, matching the prior-year level. WACKER POLYSILICON increased its sales by 19%.

Regionally, growth was particularly strong in Asia. In the "Asia/Other Countries" region, sales rose 43% year-on-year to €279.8 million (Q3 2005: €195.8 million). China again played a key role, with above-average growth of 53%. At €163.5 million, sales in the Americas reached the level of the prior-year period (Q3 2005: €162.7 million), despite the US dollar's weakness compared to a year ago. In European markets (excluding Germany), WACKER posted sales of €240.7 million for Q3 2006 (Q3 2005: €215.3 million), a year-on-year increase of over 12%. In Germany, the Group reported sales of €173.3 million for July to September, up 23% (Q3 2005: €141.0 million).

Group Earnings Up 20%

In Q3 2006, Group EBITDA climbed 20% to €217.9 million (Q3 2005: €181.7 million), reflecting an EBITDA margin of 25%. Third-quarter EBIT surged 44%, reaching €139.5 million (Q3 2005: €96.9 million). In the first nine months of 2006, EBITDA rose 31% to €597.2 million (2005: €456.4 million). Adjusted for special items of €47 million, mainly from Q2 2005, EBITDA growth was even higher at 46%.

Semiconductor business remained vibrant, again contributing strongly to the rise in consolidated earnings.
In Q3, Siltronic generated an EBITDA of €98.2 million (Q3 2005: €55.6 million), up 77% despite rising raw material costs and negative exchange rate effects due to the weaker US dollar. In Q3, WACKER's chemical divisions did not quite reach their prior-year earnings levels because of the sharp rise in raw material and energy costs. WACKER POLYSILICON, however, posted substantial earnings gains, mainly driven by price increases. Its Q3 EBITDA amounted to €32.2 million (Q3 2005: €21.7 million), a year-on-year increase of 48%.

Net Cash Flow High

In Q3 2006, net cash flow rose 28% to €134.8 million (Q3 2005: €105.4 million) due to the strength of cash inflow from operating activities. Contributory factors included prepayments received for polysilicon deliveries scheduled from facilities under construction. In sum, cash flow from investing activities was more than offset, even though spending increased in the period under review.

Capital Expenditures Significantly Higher

From July to September 2006, investments in intangibles and property, plant, and equipment amounted to €103.2 million, 60% higher than the prior-year period (Q3 2005: €64.3 million). The rise was largely due to ongoing investments in strategic growth projects. During Q3 2006, WACKER proceeded on schedule with expansion of polycrystalline silicon capacity at its production site in Burghausen (Germany). WACKER also increased 300-mm silicon wafer capacity at Freiberg (Germany) and Burghausen, and expanded its silicone facilities in Nünchritz (Germany) and Zhangjiagang (China).

Investment in "Ethylen-Pipeline Süd" (EPS)

WACKER joins in the projected "Ethylen-Pipeline Süd" with a 10% share, reflecting a financial investment of about €11 million. Construction of the pipeline will begin next year, and initial operation is scheduled for Q3 2008.

Employee Numbers Rose Slightly

On September 30, 2006, WACKER had 14,654 employees worldwide (June 30, 2006: 14,555), again a slight increase due mainly to strategic projects to expand polysilicon production capacity as well as operations in China.

Joint Ventures with Air Products

WACKER's joint-venture partner Air Products Chemicals Inc. has given notification of its withdrawal from the joint ventures (Air Products Polymers and Wacker Polymer Systems) in March 2006 and has since begun the divestiture process. WACKER does not expect any business impact due to the contractual situation.

Earnings per Share €1.91 in Q3

At €95.1 million, year-on-year Group net income rose 74% in Q3 2006 (Q3 2005: €54.8 million), resulting in earnings per share of €1.91 (2005: €1.12). The increase for the first nine months was even greater, with Group net profit reaching €227.8 million for the January–September period (Q3 2005: €65.4 million).

1 What is the economic outlook for OECD countries? An interim assessment. Paris, September 05, 2006.
2 Euro-zone economic outlook. Munich/Paris/Rome, October 11, 2006.
3 Bericht zur wirtschaftlichen Lage der deutschen chemischen Industrie im 3. Quartal 2006. Frankfurt, November 03, 2006.

CONSOLIDATED INCOME STATEMENT

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales	**857.3**	**714.8**	**20**	**2,486.2**	**2,024.5**	**23**
Costs of goods sold	– 606.1	– 525.5	15	– 1,774.3	– 1,535.1	16
Gross profit from sales	**251.2**	**189.3**	**33**	**711.9**	**489.4**	**45**
Selling expenses	– 55.1	– 52.5	5	– 165.5	– 166.6	– 1
Research and development expenses	– 35.9	– 36.1	– 1	– 109.4	– 117.0	– 6
General administration expenses	– 22.0	– 20.6	7	– 67.2	– 65.1	3
Other operating income	18.2	36.6	– 50	54.6	138.3	– 61
Other operating expenses	– 13.2	– 20.0	– 34	– 72.7	– 94.7	– 23
Operating result	**143.2**	**96.7**	**48**	**351.7**	**184.3**	**91**
Equity result	– 3.7	0.2	n. m.	– 2.3	0.5	n. m.
Other investment result	0.0	0.0	n. m.	7.6	8.3	– 8
EBIT	**139.5**	**96.9**	**44**	**357.0**	**193.1**	**85**
Interest result	– 3.4	– 9.0	– 62	– 22.1	– 28.9	– 24
Other financial result	0.3	– 2.4	n. m.	– 3.4	– 7.5	– 55
Limited partnership interests	– 4.3	– 4.0	8	– 10.8	– 9.4	15
Income before taxes	**132.1**	**81.5**	**62**	**320.7**	**147.3**	**> 100**
Income tax	– 36.7	– 26.5	38	– 92.3	– 81.4	13
Net income	**95.4**	**55.0**	**73**	**228.4**	**65.9**	**> 100**
Minority interests	– 0.3	– 0.2	50	– 0.6	– 0.5	20
Group net income	**95.1**	**54.8**	**74**	**227.8**	**65.4**	**> 100**

Earnings per share in €	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Earnings per share	1.91	1.12	72	4.77	1.28	> 100
Average number of shares outstanding (weighted)	49,677,983	49,110,322	1	47,716,909	51,138,507	– 7

Reconciliation to EBITDA in € million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
EBIT	139.5	96.9	44	357.0	193.1	85
Depreciation/amortization	78.4	84.8	– 8	240.2	263.3	– 9
EBITDA	**217.9**	**181.7**	**20**	**597.2**	**456.4**	**31**

In Q3 2006, year-on-year gross profit rose significantly from €189.3 million to €251.2 million – a 33% gain. At €857.3 million, sales for the quarter established a record for 2006, with the trend much more balanced than in the prior-year period. Last year, Q3 sales were 6% above the first three quarters' average, whereas this year they are only 3% above this year's average.

Selling, research and development, and general administration expenses were kept in check during Q3 – as was the case in preceding quarters, too.

"Other operating income" remained at about the prior quarter's level, though it halved compared to the prior-year figure. Larger capital gains contributed toward last year's significantly higher "other operating income."

"Other operating expenses" in Q3 2006 fell markedly compared to the previous quarter. Contributing factors were lower currency losses and the impact of asset impairments in Q2 2006.

Start-up costs from the WACKER/Dow Corning joint venture were accounted for at equity and impacted the at-equity result.

Q3's interest result clearly shows the reduction in financial liabilities. Year-on-year, interest payments dropped by €5.6 million to €–3.4 million.

The Group's tax rate was 28% in Q3 and 29% in the first nine months of this year, both rates being influenced by deferred taxes. Without these effects, the tax rate would have been 29% for the quarter and 31% for the first nine months, respectively. The prior-year's Q3 tax rate amounted to 33%. The figure for the first nine months of 2005 is atypical due to two effects: Positive earnings from some of the affiliated corporations resulted in net tax payments, whereas higher losses at other affiliates, particularly Siltronic, could not be offset by deferred tax assets.

CONSOLIDATED BALANCE SHEET

Assets in € million	Sep. 30, 2006	Sep. 30, 2005	Change in %	Dec. 31, 2005	Change in %
Intangible assets, property, plant, and equipment	1,880.2	1,863.0	1	1,875.2	0
Investments in associates	15.3	12.1	26	14.0	9
Financial assets	66.0	64.8	2	64.8	2
Other assets	13.8	0.0	n. m.	1.7	> 100
Deferred taxes	26.5	6.1	> 100	20.4	30
Long-term assets	**2,001.8**	**1,946.0**	**3**	**1,976.1**	**1**
Inventories	386.6	370.1	4	382.0	1
Trade receivables	509.7	442.3	15	420.2	21
Other assets	157.7	131.7	20	109.9	43
Cash and cash equivalents	54.6	26.0	> 100	34.7	57
Current assets	**1,108.6**	**970.1**	**14**	**946.8**	**17**
Total assets	**3,110.4**	**2,916.1**	**7**	**2,922.9**	**6**

Liabilities in € million	Sep. 30, 2006	Sep. 30, 2005	Change in %	Dec. 31, 2005	Change in %
Subscribed capital	260.8	260.8	0	260.8	0
Capital reserves	157.4	59.9	> 100	59.9	> 100
Treasury shares	– 45.1	– 142.6	– 68	– 142.6	– 68
Other equity	1,113.6	668.1	67	753.0	48
Minority interests	16.3	4.0	> 100	3.3	> 100
Equity	**1,503.0**	**850.2**	**77**	**934.4**	**61**
Minority interests in limited partnership capital	28.8	27.4	5	29.6	– 3
Provisions for pensions	362.6	350.0	4	352.1	3
Other provisions	198.4	224.4	– 12	177.9	12
Deferred taxes	19.6	44.1	– 56	17.3	13
Financial liabilities	377.8	874.0	– 57	890.2	– 58
Trade liabilities	1.7	4.6	– 63	4.3	– 60
Other liabilities	113.8	12.1	> 100	19.2	> 100
Long-term liabilities	**1,102.7**	**1,536.6**	**– 28**	**1,490.6**	**– 26**
Other provisions	50.8	47.3	7	69.5	– 27
Financial liabilities	59.2	173.7	– 66	56.0	6
Trade liabilities	206.4	141.4	46	216.4	– 5
Other liabilities	188.3	166.9	13	156.0	21
Short-term liabilities	**504.7**	**529.3**	**– 5**	**497.9**	**1**
Liabilities	**1,607.4**	**2,065.9**	**– 22**	**1,988.5**	**– 19**
Total liabilities and equity	**3,110.4**	**2,916.1**	**7**	**2,922.9**	**6**

Total assets rose almost €200 million due to several effects that partially offset each other. In terms of current assets, higher business volumes led to increased trade receivables – whereas the rise in inventories was less pronounced.

Long-term assets rose as a result of increased investments and higher deferred tax assets.

The IPO radically changed financing compared to the prior year. Equity rose more than €650 million to over €1.5 billion by the sale of treasury shares as part of the IPO, as well as the positive business development. As a result, the equity ratio climbed year-on-year from 29% to 48%, reflecting the Group's reduction of long and short-term financial liabilities by over €600 million compared to the prior-year period. Net financial liabilities declined by €639.3 million year-on-year and by €529.1 million compared to the beginning of the current fiscal year.

Liabilities from prepayments for the polysilicon capacity additions as well as trade liabilities – due to higher business volumes – rose significantly from Q3 2005 to Q3 2006. The year-on-year increase in liabilities from prepayments amounted to €122.9 million. In Q3 2006 alone, these liabilities grew by €36.7 million for the so-called "Poly 7" polysilicon capacity addition.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	9M 2006	9M 2005	Change in %
Net income	228.4	65.9	> 100
Depreciation/reversals of depreciation of fixed assets	240.2	263.3	– 9
Changes in provisions and accruals	16.6	6.1	> 100
Changes in deferred taxes	– 7.1	2.4	n. m.
Changes in inventories	– 12.3	– 0.6	> 100
Changes in trade receivables	– 101.4	– 110.3	– 8
Changes in other receivables, other assets	– 22.7	49.4	n. m.
Changes in liabilities	134.3	19.3	> 100
Other non-cash expenses and income	16.6	– 12.3	n. m.
Cash flow from operating activities (gross cash flow)	**492.6**	**283.2**	**74**
Investment in intangibles and property, plant, and equipment	– 317.2	– 257.2	23
Funds for loan to joint venture	– 7.6	0.0	n. m.
Proceeds from disposal of intangibles and property, plant, and equipment	4.7	8.8	– 47
Net cash effects from acquisitions/divestitures	0.0	0.5	– 100
Cash flow from investing activities	**– 320.1**	**– 247.9**	**29**
Net cash flow	**172.5**	**35.3**	**> 100**
Increase in partner's shares	12.6	0.3	> 100
Dividends paid on prior year's result	– 71.0	– 0.2	> 100
Purchase/sale of treasury shares	408.7	– 142.6	n. m.
Redemption of limited partnership capital	– 11.6	– 10.2	14
Change in bank liabilities and other borrowings	– 490.3	118.3	n. m.
Cash flow from financing activities	**– 151.6**	**– 34.4**	**> 100**
Changes in cash flow due to exchange rate fluctuations and changes in the scope of consolidation	– 1.0	0.4	n. m.
Change in cash and cash equivalents	**19.9**	**1.3**	**> 100**
Cash at beginning of year	34.7	24.7	40
Cash at period end	54.6	26.0	> 100

Cash flow from operating activities rose more than €200 million year-on-year, due to both the markedly higher 9-month result and cash inflows from the strong rise in liabilities relating to prepayments.

Contrary effects resulted from increased trade receivables and the somewhat lower rise in other assets on the closing day as compared to the beginning of the fiscal year.

Year-on-year investments rose by €60.0 million to €317.2 million, primarily involving capital expenditures for intangibles and property, plant, and equipment. The Group invested €6.2 million in financial assets. Moreover, funds were provided as a loan to the newly established joint venture with Samsung.

Year-on-year net cash flow rose markedly by €137.2 million.

Cash flow from financing activities was mostly affected via a further reduction in financial liabilities in Q3. Additional capital was contributed by minority shareholders to Wacker-Chemie Fumed Silica Holding and another joint venture, boosting cash flow by €12.6 million since the beginning of the fiscal year.

DEVELOPMENT OF CONSOLIDATED EQUITY

€ million	Subscribed capital	Capital reserves	Equity	Retained earnings/ Group net income	Translation adjustment	Other reserves	Minority interests	Total
Dec. 31, 2004, as previously reported	**260.8**	**202.5**	**0.0**	**504.4**	**– 65.6**	**7.1**	**2.9**	**912.1**
Effect of implementation of new accounting standards				– 1.3				– 1.3
Jan. 1, 2005	**260.8**	**202.5**	**0.0**	**503.1**	**– 65.6**	**7.1**	**2.9**	**910.8**
Result for the period				65.4			0.5	65.9
Derivatives						– 8.9		– 8.9
				65.4		**– 8.9**	**0.5**	**57.0**
Dividends paid							– 0.2	– 0.2
Increase in partner's shares							0.3	0.3
Purchase of treasury shares		– 142.6	– 142.6	142.6				– 142.6
Exchange rate differences					24.4		0.5	24.9
Sep. 30, 2005	**260.8**	**59.9**	**– 142.6**	**711.1**	**– 41.2**	**– 1.8**	**4.0**	**850.2**
Dec. 31, 2005, as previously reported	**260.8**	**59.9**	**– 142.6**	**791.2**	**– 35.1**	**– 1.3**	**3.3**	**936.2**
Effect of implementation of new accounting standards				– 1.8				– 1.8
Jan. 1, 2006	**260.8**	**59.9**	**– 142.6**	**789.4**	**– 35.1**	**– 1.3**	**3.3**	**934.4**
Result for the period				227.8			0.6	228.4
Derivatives						4.4		4.4
				227.8		**4.4**	**0.6**	**232.8**
Dividends paid				– 70.9			– 0.1	– 71.0
Increase in partner's shares							12.6	12.6
Sale of treasury shares		97.5	97.5	213.7				408.7
Exchange rate differences					– 14.4		– 0.1	– 14.5
Sep. 30, 2006	**260.8**	**157.4**	**– 45.1**	**1,160.0**	**– 49.5**	**3.1**	**16.3**	**1,503.0**

The amount of Wacker Chemie AG's treasury shares remained unchanged at 4.74%.

BUSINESS DIVISION RESULTS

Sales in € million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
WACKER SILICONES	321.2	284.6	13	971.5	846.3	15
WACKER POLYMERS	152.8	130.7	17	421.6	360.7	17
WACKER FINE CHEMICALS	26.3	26.4	0	87.8	80.8	9
WACKER POLYSILICON	80.4	67.3	19	243.8	215.5	13
Siltronic	330.7	254.7	30	917.4	643.2	43
Corporate Functions/Other	49.7	32.7	52	154.7	125.1	24
Consolidation	– 103.8	– 81.6	27	– 310.6	– 247.1	26
Group sales	**857.3**	**714.8**	**20**	**2,486.2**	**2,024.5**	**23**

EBIT in € million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
WACKER SILICONES	42.1	46.0	– 8	132.0	102.7	29
WACKER POLYMERS	26.7	31.0	– 14	70.7	70.3	1
WACKER FINE CHEMICALS	– 1.8	2.2	n. m.	1.3	7.4	– 82
WACKER POLYSILICON	24.4	15.4	58	65.4	49.3	33
Siltronic	63.1	16.3	> 100	134.0	– 33.1	n. m.
Corporate Functions/Other	– 15.5	– 14.0	11	– 45.5	– 3.5	> 100
Consolidation	0.5	0.0	n. m.	– 0.9	0.0	n. m.
Group EBIT	**139.5**	**96.9**	**44**	**357.0**	**193.1**	**85**

EBITDA in € million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
WACKER SILICONES	63.2	68.4	– 8	195.0	172.7	13
WACKER POLYMERS	31.0	35.8	– 13	84.1	85.3	– 1
WACKER FINE CHEMICALS	– 0.2	4.0	n. m.	8.7	12.9	– 33
WACKER POLYSILICON	32.2	21.7	48	86.1	68.2	26
Siltronic	98.2	55.6	77	240.5	90.6	> 100
Corporate Functions/Other	– 7.0	– 3.5	100	– 16.3	27.4	n. m.
Consolidation	0.5	– 0.3	n. m.	– 0.9	– 0.7	29
Group EBITDA	**217.9**	**181.7**	**20**	**597.2**	**456.4**	**31**

WACKER SILICONES

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales						
External sales	311.5	275.1	13	940.2	818.2	15
Internal sales	9.7	9.5	2	31.3	28.1	11
Total sales	**321.2**	**284.6**	**13**	**971.5**	**846.3**	**15**
EBIT	**42.1**	**46.0**	**– 8**	**132.0**	**102.7**	**29**
EBIT margin	13.1 %	16.2 %	– 19	13.6 %	12.1 %	12
Depreciation	21.1	22.4	– 6	63.0	70.0	– 10
EBITDA	**63.2**	**68.4**	**– 8**	**195.0**	**172.7**	**13**
EBITDA margin	19.7 %	24.0 %	– 18	20.1 %	20.4 %	– 2
Capital expenditures	19.9	23.4	– 15	70.2	64.2	9
	Sep. 30, 2006	**Jun. 30, 2006**		**Sep. 30, 2006**	**Dec. 31, 2005**	
Number of employees	3,736	3,702	1	3,736	3,596	4

Sales at WACKER SILICONES rose 13% to €321.2 million in Q3 2006 (Q3 2005: €284.6 million).
This growth was primarily driven by significantly higher sales volumes. All regions contributed toward sales growth – with Asia showing the strongest percentage gain.

EBITDA totaled €63.2 million from July to September 2006 (Q3 2005: €68.4 million) – around 8% below the prior-year period. Firstly, this was due to much higher raw material and energy costs as well as the initial operation of siloxane capacities in Nünchritz, Germany. Secondly, the effects of the weaker US dollar (compared to the prior-year period) also had an impact. Furthermore, non-recurring preliminary planning costs were incurred in the quarter under review for the new siloxane facility in Zhangjiagang, China.

From July to September 2006, WACKER SILICONES invested €19.9 million (Q3 2005: €23.4 million). For project-related reasons, this was 15% less than in Q3 2005. The division achieved a breakthrough in the expansion project at the Zhangjiagang site in China. In early August, the WACKER/Dow Corning joint venture received Chinese government approval to build a production facility for siloxane – the key precursor for manufacturing silicones. The groundbreaking ceremony took place on September 8. With a planned annual capacity of 200,000 metric tons siloxane, available by the end of the decade, the new facility will be the largest of its kind in China and one of the largest in the world. At the same time, plant construction for pyrogenic silica and downstream silicone products is progressing rapidly. In the quarter under review, work on completion of the monomer plant in Nünchritz, Germany, continued. The facility will come onstream in Q4 2006. This second expansion phase increased the company's siloxane capacity to a total of 200,000 metric tons annually.

The division had 3,736 employees on September 30, 2006 (June 30, 2006: 3,702).

WACKER POLYMERS

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales						
External sales	150.0	130.5	15	413.7	360.2	15
Internal sales	2.8	0.2	> 100	7.9	0.5	> 100
Total sales	**152.8**	**130.7**	**17**	**421.6**	**360.7**	**17**
EBIT	**26.7**	**31.0**	**– 14**	**70.7**	**70.3**	**1**
EBIT margin	17.5 %	23.7 %	– 26	16.8 %	19.5 %	– 14
Depreciation	4.3	4.8	– 10	13.4	15.0	– 11
EBITDA	**31.0**	**35.8**	**– 13**	**84.1**	**85.3**	**– 1**
EBITDA margin	20.3 %	27.4 %	– 26	19.9 %	23.6 %	– 16
Capital expenditures	4.5	6.1	– 26	11.5	12.4	– 7
	Sep. 30, 2006	**Jun. 30, 2006**		**Sep. 30, 2006**	**Dec. 31, 2005**	
Number of employees	1,034	1,048	– 1	1,034	1,000	3

WACKER POLYMERS generated sales of €152.8 million from July to September 2006 (Q3 2005: €130.7 million), a 17% rise compared to the prior-year period.
Key drivers were significant volume gains and product mix effects, particularly for dispersible polymer powders. Production facilities were running at full capacity. Price increases did not yet make a major contribution in the quarter under review. All regions saw increased sales. Asia, the Middle East, and central and eastern Europe saw the strongest percentage growth.

As for earnings, WACKER POLYMERS generated EBITDA of €31.0 million in Q3 2006 (Q3 2005: €35.8 million). This 13%-decline was primarily due to strong rises in raw material costs, especially for ethylene, as well as rising energy costs. Price increases for quantities not under contract are counteracting this development, though the increases did not yet impact earnings in the quarter under review.

From July to September 2006, the division's investments totaled €4.5 million (Q3 2005: €6.1 million). These funds were primarily for selected debottlenecking measures to further increase production capacity.

WACKER POLYMERS had 1,034 employees on September 30, 2006 (June 30, 2006: 1,048).

WACKER FINE CHEMICALS

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales						
External sales	23.3	24.6	– 5	79.1	75.7	4
Internal sales	3.0	1.8	67	8.7	5.1	71
Total sales	**26.3**	**26.4**	**0**	**87.8**	**80.8**	**9**
EBIT	**– 1.8**	**2.2**	**n. m.**	**1.3**	**7.4**	**– 82**
EBIT margin	– 6.8 %	8.3 %	n. m.	1.5 %	9.2 %	– 84
Depreciation	1.6	1.8	– 11	7.4	5.5	35
EBITDA	**– 0.2**	**4.0**	**n. m.**	**8.7**	**12.9**	**– 33**
EBITDA margin	– 0.8 %	15.2 %	n. m.	9.9 %	16.0 %	– 38
Capital expenditures	1.5	3.1	– 52	3.5	10.5	– 67
	Sep. 30, 2006	**Jun. 30, 2006**		**Sep. 30, 2006**	**Dec. 31, 2005**	
Number of employees	315	327	– 4	315	321	– 2

WACKER FINE CHEMICALS' sales from July to September 2006 reached €26.3 million, matching the prior-year level (Q3 2005: €26.4 million). The division's biotech pharmaceutical proteins business performed well. On October 12 (after the current reporting period), the division announced an agreement with the Evolutec Group, a pharmaceutical company. Evolutec contracted Wacker Biotech GmbH to develop processes and produce a candidate active ingredient for clinical studies. Strong demand for cyclodextrines and cysteine continued in the period under review. However, custom synthesis posted a sales decline.

WACKER FINE CHEMICALS' Q3 EBITDA fell to €–0.2 million (Q3 2005: €4.0 million), due to increasing price pressure for custom synthesis and a related drop in inventory value. Also impacting results were higher raw material costs, which could not be fully offset by the good profitability of biotech products. The previously announced reorganization of the Exclusive Synthesis Business Team is intended to mitigate these effects.

The division made no major investments in the period under review.

WACKER FINE CHEMICALS had 315 employees on September 30, 2006 (June 30, 2005: 327).

WACKER POLYSILICON

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales						
External sales	31.0	27.8	12	102.5	100.9	2
Internal sales	49.4	39.5	25	141.3	114.6	23
Total sales	**80.4**	**67.3**	**19**	**243.8**	**215.5**	**13**
EBIT	**24.4**	**15.4**	**58**	**65.4**	**49.3**	**33**
EBIT margin	30.3 %	22.9 %	33	26.8 %	22.9 %	17
Depreciation	7.8	6.3	24	20.7	18.9	10
EBITDA	**32.2**	**21.7**	**48**	**86.1**	**68.2**	**26**
EBITDA margin	40.0 %	32.2 %	24	35.3 %	31.6 %	12
Capital expenditures	44.4	14.5	> 100	100.0	35.1	> 100
	Sep. 30, 2006	**Jun. 30, 2006**		**Sep. 30, 2006**	**Dec. 31, 2005**	
Number of employees	872	868	0	872	832	5

With continued strong demand, WACKER POLYSILICON increased Q3 sales by 19% to €80.4 million (Q3 2005: €67.3 million). Boosted average revenues and measures to enhance process yields greatly contributed to this rise.

Earnings grew even faster than sales. WACKER POLYSILICON's July to September EBITDA reached €32.2 million (Q3 2005: €21.7 million) – a year-on-year rise of 48%. In addition to volume gains, the division also benefited from price increases.

In Q3 2006, the division's investments rose to €44.4 million (Q3 2005: €14.5 million), a nearly three-fold increase compared to the prior-year period. The rise is due to the division's strategic expansion projects for production of polycrystalline hyperpure silicon. Accordingly, nominal capacity will increase in several stages, reaching 14,500 metric tons by late 2009 – thereby almost tripling. Polysilicon capacity expansion is progressing on schedule. For these expansions, customer contracts for several years covering more than 50% of the planned capacity were signed in Q3 and prepayments for deliveries were collected.

WACKER POLYSILICON had 872 employees on September 30, 2006 (June 30, 2006: 868).

SILTRONIC

€ million	Q3 2006	Q3 2005	Change in %	9M 2006	9M 2005	Change in %
Sales						
External sales	329.5	252.4	31	913.0	633.7	44
Internal sales	1.2	2.3	– 48	4.4	9.5	– 54
Total sales	**330.7**	**254.7**	**30**	**917.4**	**643.2**	**43**
EBIT	**63.1**	**16.3**	**> 100**	**134.0**	**– 33.1**	**n. m.**
EBIT margin	19.1 %	6.4 %	> 100	14.6 %	– 5.1 %	n. m.
Depreciation	35.1	39.3	– 11	106.5	123.7	– 14
EBITDA	**98.2**	**55.6**	**77**	**240.5**	**90.6**	**> 100**
EBITDA margin	29.7 %	21.8 %	36	26.2 %	14.1 %	86
Capital expenditures	22.6	12.3	84	62.9	56.3	12
	Sep. 30, 2006	**Jun. 30, 2006**		**Sep. 30, 2006**	**Dec. 31, 2005**	
Number of employees	5,590	5,565	0	5,590	5,631	– 1

In Q3 2006, Siltronic once again generated year-on-year sales growth and even stronger earnings.
Siltronic's July–September sales jumped 30% to €330.7 million (Q3 2005: €254.7 million) – a rise fueled by higher sales volumes, product mix shifts and increased average revenues. These more than compensated exchange rate effects from the weaker US dollar. All wafer diameters contributed to sales growth – with the 300-mm segment posting the largest gains. Asia (including Japan) showed the strongest rise from July to September – compared to both the preceding quarter and the prior-year period. The region once again generated over half of Siltronic sales.

Siltronic further strengthened its profitability in the period under review. Q3 EBITDA reached €98.2 million (Q3 2005: €55.6 million) – up 77%. EBIT grew from €46.8 million to €63.1 million year-on-year. The EBITDA margin of 30% is a significant profitability increase – compared to both the preceding quarter and the prior-year period. Higher average revenues and volume gains, alongside continued high capacity utilization and efficient cost control measures, were among the contributors to this positive development.

In the period under review, the division's investments rose to €22.6 million (Q3 2005: €12.3 million), a nearly two-fold increase. These funds were primarily allocated to the ongoing expansion of 300-mm wafer production facilities at the Burghausen and Freiberg sites. Following the conclusion of a joint venture agreement between Siltronic and Samsung on July 19, construction work has already commenced on the joint 300-mm production facility at the Singapore site. The cornerstone ceremony took place on October 10, after the current reporting period.

Siltronic had 5,590 employees on September 30, 2006 (June 30, 2006: 5,565).

CORPORATE FUNCTIONS/OTHER AND OUTLOOK

Corporate Functions/Other
Sales for Corporate Functions/Other were €49.7 million in the quarter under review (Q3 2005: €32.7 million). This 52% rise is primarily due to increased procurement of in-house corporate services and passing on of higher energy costs to Group affiliates. Q3 EBITDA amounted to €–7.0 million (Q3 2005: €–3.5 million).

Outlook
WACKER is expecting good business conditions to continue through the remainder of 2006. In Q4, the Group's chemical divisions will likely experience the normal seasonal slowdown, with higher methanol prices and maintenance activities also affecting results. For all of fiscal 2006, the Group expects to slightly beat its EBITDA target of €750 million and generate sales of €3.3 billion.

For 2007 WACKER is expecting further growth in sales and EBITDA.

The Executive Board
Munich, November 10, 2006

NOTES TO THE QUARTERLY FINANCIAL STATEMENT PER SEPTEMBER 30, 2006

Accounting and Valuation Methods

The consolidated financial statements of Wacker Chemie AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) valid in the European Union on September 30, 2006. Consolidated financial statements for 2005 were essentially based on the same standards.

On September 8, 2006, the EU published IFRIC 8 “Scope of IFRS 2” and IFRIC 9 “Reassessment of Embedded Derivatives” in its official journal. The application of both interpretations is mandatory for fiscal years beginning on or after May 1, 2006. Neither of these interpretations is expected to impact Wacker Chemie AG’s consolidated financial statements.

Exchange rates

The following exchange rates were used in the reporting period and in the previous year’s period to convert foreign currency positions, as well as for the accounts of Group companies with the US dollar as a functional currency:

Exchange rates (1 EUR)	Sep. 30, 2006 [1]	Sep. 30, 2005 [1]	Q3 2006 [2]	Q3 2005 [2]
US dollar	1.27	1.21	1.27	1.22

1 Due date rate. 2 Average rate.

Other financial liabilities

Payments in the share capital amounting apprxm. €200 million arise from the newly signed joint ventures with Dow Corning Corp. and Samsung Electronics Co., Ltd.

CORPORATE GOVERNANCE, UPCOMING DATES AND INVESTOR RELATIONS

Corporate Governance
The first declaration of conformity for the current year will be submitted by the end of the current fiscal year. It will be publicly posted on Wacker Chemie AG's website (www.wacker.com).

Upcoming Dates
The 2006 annual report is scheduled for publication on March 22, 2007.

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