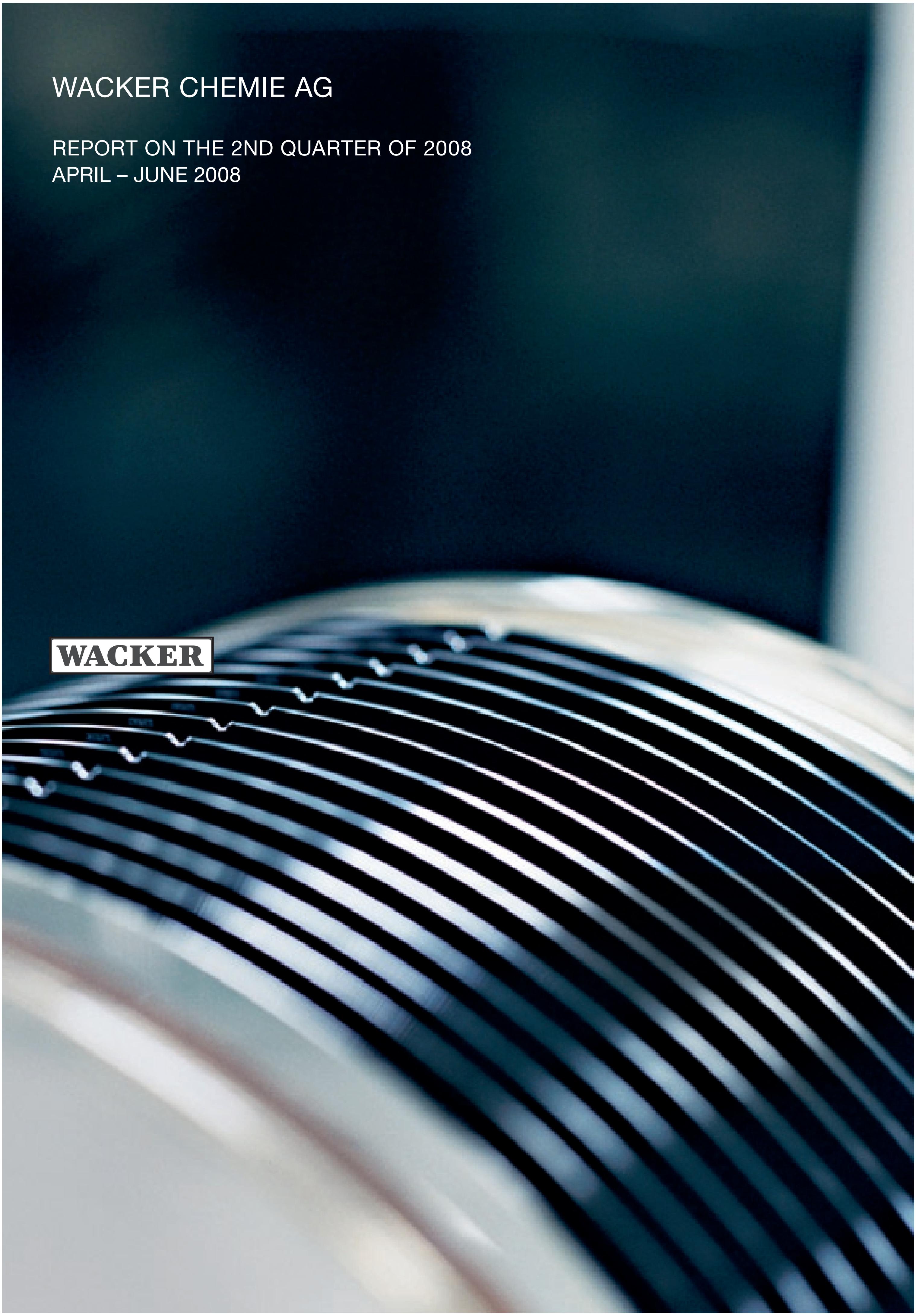
WACKER CHEMIE AG

REPORT ON THE 2ND QUARTER OF 2008
APRIL – JUNE 2008



WACKER AT A GLANCE

- GROUP SALES INCREASED BY 17 PERCENT IN Q2 2008 TO €1.12 BILLION
- EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA) ROSE BY 22 PERCENT TO €318 MILLION DURING REPORTING PERIOD; EBITDA MARGIN UP TO 28.3 PERCENT
- EARNINGS PER SHARE FROM APRIL TO JUNE 2008 AMOUNTED TO €3.08, AN INCREASE OF 18 PERCENT YEAR-ON-YEAR
- SALES GROWTH IS EXPECTED TO BE CLEARLY ABOVE 10 PERCENT IN 2008; FURTHER INCREASE IN EBITDA; INVESTMENTS OF APPROX. €1 BILLION

KEY FIGURES

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales	1,123.0	959.0	17	2,142.5	1,902.7	13
EBITDA[1]	317.9	260.8	22	609.0	526.3	16
EBITDA margin[2]	28.3 %	27.2 %	4	28.4 %	27.7 %	3
EBIT[3]	224.9	178.2	26	423.6	366.1	16
EBIT margin[2]	20.0 %	18.6 %	8	19.8 %	19.2 %	3
Financial result	– 3.1	– 6.2	– 50	– 3.9	– 11.6	– 66
Income before taxes	221.8	172.0	29	419.7	354.5	18
Net income	152.8	130.0	18	283.4	244.5	16
Earnings per share in €	3.08	2.62	18	5.70	4.92	16
Investments (incl. financial assets)	181.4	180.7	0	326.9	271.7	20
Investments in acquisitions	2.2	0.0	n.a.	– 171.2	0.0	n.a.
Net cash flow	104.8	122.1	– 14	101.5	346.3	– 71

€ million	30.06.2008	30.06.2007	31.12.2007
Equity	1,906.1	1,695.2	1,865.6
Financial liabilities	222.2	291.0	217.8
Provisions for pensions	379.2	362.5	369.2
Net financial debt	– 101.6	144.3	– 148.7
Total assets	4,225.0	3,588.3	3,918.1
Employees (number at end of period)	15,769	14,892	15,044

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

CUSTOMER FOCUS:
SUBJECT: PERFECTION AND SPEED

300 mm high-performance wafers form the basis for micro- and nanoelectronics (cover).

Top end of a 300 mm single crystal during crystal dismounting (this page).

CUSTOMER RELATIONSHIPS DRIVEN BY PERFECTION

SILTRONIC SAMSUNG WAFER PTE. LTD., SINGAPORE

PHILOSOPHY: KEEP ON IMPROVING AND NEVER STAND STILL

Wafers of hyperpure, monocrystalline silicon are the foundation for semiconductor devices and microchips. As such, silicon wafers are the basis for the entire field of micro- and nanoelectronics. The latest generation – 300 mm wafers – are in particularly strong demand. They are the focus of Siltronic AG's investment activities. In addition to its existing 300 mm production operations, Siltronic has joined forces with a strong partner – Samsung Electronics – to push ahead with expansion in exactly this diameter range. Together, the partners have built a new 300 mm fab in Singapore. The two semiconductor technology leaders have consolidated their expertise in their Siltronic Samsung Wafer joint venture to create added value for customers. They chose Singapore as the fab's site because three quarters of the silicon wafers produced worldwide now go to customers in Asia and Japan – and the trend is growing.

The new 300 mm fab was inaugurated on June 19, 2008, in the Asian metropolis of Singapore by Wilhelm Sittenthaler, Siltronic AG's CEO, Oh Hyun Kwon, Samsung Electronic's Semiconductor Business president, and Lee Hsien Loong, Singapore's prime minister. Working in record time, our new joint venture's employees had shown that perfection and speed drive success in the global semiconductor sector. They only needed 18 months to build the wafer plant. Siltronic Samsung Wafer Pte. Ltd. – Siltronic's 50:50 joint venture with Samsung Electronics – is investing about one billion US dollars in the project, one of Singapore's biggest industrial undertakings. By 2010, the plant should reach a monthly capacity of 300,000 wafers and provide over 800 jobs. A joint venture on this scale will enhance Singapore's status as an industrial location and attract further investments from the chip sector. Lee Hsien Loong predicts that the new plant will be a key addition to the Asian city state's vibrant electronics and semiconductor landscape.

The World of Microchips Is Built on a Wafer

The market for semiconductor devices has experienced years of steady growth. Analysts estimate that global volumes will exceed US$275 billion this year. A sales shift is fueling growth.

Dr. Wilhelm Sittenthaler (President & CEO, Siltronic AG) presents a 300 mm wafer to Lee Hsien Loong (Singapore's Prime Minister, right) at the inauguration ceremony of Siltronic Samsung Wafer Pte. Ltd.

The new production facility was erected in a record time of just 18 months. Production employee next to a wire saw (above).

Whereas over 60 percent of the devices went into PCs only a few years ago, less than 40 percent do today. The range of applications has exploded. Semiconductors have become indispensable in countless areas of everyday life. Without them, we wouldn't have cellphones, laptops, MP3 players or flatscreen displays. Now, they are vital not only for PC manufacturers but also auto and aircraft builders. Above all, microchips are getting more and more powerful. This surge in performance was not entirely unexpected. Back in 1965, Gordon Moore, cofounder of US chipmaker Intel, had formulated Moore's Law, which states that the number of components on a chip will double roughly every two years.

The success of semiconductors owes a lot to wafers made of silicon monocrystals – a technology where WACKER, the Munich-based chemicals company, ranks among the pioneers. Siltronic, a 100 percent WACKER subsidiary, has developed and produced hyperpure silicon wafers for over 50 years. In the early 1980s, high-performance wafers were 76 mm in diameter. Today, 300 mm is the world's leading standard. That's a huge leap ahead on the efficiency and productivity front, catapulting business prospects into a completely new dimension. Siltronic produces silicon wafers through a supply chain comprising five state-of-the-art sites on three continents. Not surprisingly, its growth strategy focuses on the 300 mm wafer sector. Over the last couple of years, Siltronic has expanded its 300 mm wafer capacity at its two German production sites, Freiberg and Burghausen. Each month it makes 345,000 of these large-diameter wafers. Soon, its Singapore plant will add another 300,000 to the monthly total. Growing fast, Siltronic is one of the world's biggest suppliers of silicon wafers and a major engine for developing tomorrow's wafer technology. Its customer base includes every major chipmaker.

Siltronic and Samsung Electronics enjoy a very special, trust-based working relationship. Each partner gains substantial benefits from their new Singapore joint venture. Samsung Electronics, a leader in advanced semiconductor technology, gains a reliable supply of extremely high-quality 300 mm wafers. Siltronic, for its part, strengthens its global presence with a production facility right at the heart of Asia's growth market. Together, Siltronic and Samsung Electronics are setting new benchmarks for innovation, perfection and speed – to the benefit of their customers.

THE WACKER GROUP CONTINUED ITS UPWARD MOMENTUM IN APRIL – JUNE 2008. DESPITE A CHALLENGING ECONOMY, THE COMPANY AGAIN ACHIEVED YEAR-ON-YEAR SALES AND EARNINGS GAINS. IN THIS Q2 REPORT, WE GIVE YOU DETAILS OF WACKER CHEMIE AG'S BUSINESS PERFORMANCE AND EXPECTATIONS FOR THE FULL YEAR.

REPORT ON THE 2ND QUARTER

REPORT ON THE 2ND QUARTER 2008

DEAR SHAREHOLDERS,

Between April and June 2008, the Group further increased sales and profit compared to the same period last year. Organic growth, the acquisition of the former partner company Air Products Polymers (APP), strategic investments and strong demand from the solar industry all contributed to this increase. At the same time, the global economy's growth has slowed substantially over the past three months. Most challenging are the weak global construction industry and uncertainties in the semiconductor market. The opening and commissioning of three new plants/production facilities in the 2nd quarter of 2008 significantly expanded our production capacity for strategically important sectors and regions and strengthened our market position in important products. Our five divisions place us in a good position to take advantage of market opportunities even in unfavorable macroeconomic conditions and to compensate for possible economic fluctuations in individual industries or regions.

INTERIM MANAGEMENT REPORT: ECONOMIC GROWTH LOSING STEAM

The economic outlook in the major industrialized countries and regions of the world has deteriorated significantly over the recent weeks and months. High prices for energy and oil and the ongoing turbulence in international financial markets are resulting in a global slow-down in economic activity. The effects of the U.S. housing crisis are reducing demand in the construction sector, especially in the USA and Western Europe. Also worrisome are high inflation rates that are dampening consumption in many countries, as well as the continuing strength of the euro against the dollar. This puts particular pressure on companies exporting from the Eurozone.

The International Monetary Fund predicts global growth will fall to 3.7 percent in this year.[1] In its current forecast for 2008, the Organization for Economic Co-operation and Development (OECD) expects 2008 real GDP growth of only 1.2 percent in the USA, 1.7 percent in the Eurozone and 1.7 percent in Japan.[2] The ifo Institute for Economic Research in Munich expects inflation for the current year of 3.5 percent in the USA and 2.9 percent in Western Europe, both significantly above the values for the previous year.[3] ifo Institute experts also forecast a moderate long-term reduction in economic expansion in Asian countries due to difficult economic conditions.[4]

The German economy started 2008 with strong growth. Compared to the previous year, the gross domestic product grew by 1.8 percent in inflation-adjusted terms or 2.6 percent in calendar-adjusted figures. This growth was, however, supported by special factors such as the mild weather.[1] German economic growth should remain robust for 2008 as a whole. The OECD recently increased its growth forecast for Germany from 2.1 percent to 2.3 percent.[2]

According to the German chemical industry association (VCI), the chemical industry in Germany posted 3 percent growth in chemical production in the first half of 2008. Prices for chemicals were 3.5 percent higher in the first half of the year than the same period last year. The growth rate in our industry did, however, also fall from the rate for the same period last year (+8 percent). For 2008 as a whole, the VCI forecasts production increases of 2.5 percent, with increased sales of 5.5 percent.[5]

[1] Federal Ministry of Economics and Technology-, Schlaglichter der Wirtschaftspolitik, Monthly Report 07/2008, Berlin, June 20, 2008
[2] OECD, Economic Outlook No. 83, Paris, June 4, 2008
[3] ifo Institute for Economic Research, ifo Weltwirtschaftsklima, Results of ifo World Economic Survey, 2nd Quarter 2008, München/Paris, May 20, 2008
[4] ifo Institut for Economic Research, ifo Economic Forecast 2008/2009, Upswing comes to a Halt, Munich, June 24, 2008
[5] German Chemical Industry Association (VCI), Press Release, Frankfurt, July 3, 2008

The total global market for silicon wafers grew further in the 2nd quarter of 2008. According to estimates by the Gartner Group, sales by surface area grew by 4.5 percent compared to Q2 2007.[6] Growth from the 1st quarter of 2008 was 6.2 percent. Gartner stated that the 300 mm wafer segment was once again the main driver of growth. Gartner expects whole-year sales growth in terms of area to rise by 5.8 percent from the previous year.

TRENDS IN SALES AND EARNINGS: STRATEGIC INVESTMENTS BEAR FRUIT: SALES RISE 17%

The WACKER Group recorded sales of €1,123.0 million (Q2 2007: €959.0 million) in the period under review, April to June 2008, which amounted to a 17 percent increase over the same period in the previous year. Group sales improved 10 percent over Q1 2008 (€1,019.5 million). Cumulative sales over the entire first half year of 2008 were €2,142.5 million, which is 13 percent above the prior-year figure. This dynamic development was chiefly driven by volume increases resulting from new production capacities that came online at various sites during the previous 12 months. Further, productivity improvements and price increases as well as the complete acquisition of our former partner companies Air Products Polymers (APP) also contributed positively to the sales figures. However, in recent months it has become increasingly difficult to pass on cost increases in raw materials and energy to customers in the construction sector. Altogether, volume and product mix effects had a positive effect of 18 percent and price changes had a positive effect of 6 percent on sales in comparison to the previous year. WACKER invoiced approximately one-third of its Group sales in Q2 2008 in US dollars. Negative currency effects had a –7 percent effect on sales, particularly those of Siltronic and WACKER SILICONES.

WACKER SILICONES AND SILTRONIC REMAIN THE MOST IMPORTANT REVENUE DRIVERS

The WACKER SILICONES division and the 100 percent subsidiary Siltronic were again the most important revenue drivers in the 2nd quarter of 2008.

WACKER SILICONES set a new sales record in the 2nd quarter of 2008 at €380.6 million (Q2 2007: €353.6 million), an increase of 8 percent year-on-year. Sales for the first six months of 2008 with cumulative sales of €740.9 million (6M 2007: €701.6 million) are 6 percent above the same period last year.

From April to June 2008, Siltronic generated sales of €351.7 million (Q2 2007: €370.9 million). As expected, Siltronic was thus able to almost achieve the high level of Q2 2007. Sales (€346.1 million) rose 2 percent compared to Q1 2008. Sales for the first six months of 2008 came in at €697.8 million (6M 2007: €748.2 million).

[6] Gartner Dataquest, Forecast: Silicon Wafers, Worldwide, 3Q08 Update, Stamford, July 10, 2008

NEW SALES RECORD FOR WACKER POLYSILICON

The largest increase in sales during the 2nd quarter of 2008 was recorded by WACKER POLYSILICON benefiting in particular from high demand from the solar industry. WACKER POLYSILICON almost doubled its sales year-on-year in the three months from April to June 2008 to €194.2 million (Q2 2007: €97.9 million). Sales rose once again, up by more than 24 percent from €155.9 million in Q1 2008. For the six months from January to June 2008, WACKER POLYSILICON sales came in at €350.1 million (6M 2007: €190.1 million), an 84 percent rise from the same period in 2007.

WACKER POLYMERS showed above-average increases in sales. WACKER POLYMERS achieved 2nd quarter 2008 sales of €244.6 million (Q2 2007: €167.7 million), an improvement of 46 percent over Q2 2007. The main factor in this increase is that the previous partner companies APP were fully consolidated over a whole quarter for the first-time. Excluding this factor, sales rose by 3 percent. Sales for the entire first half of 2008 were up 40 percent year-on-year at €443.4 million (6M 2007: €316.4 million).

Sales in WACKER FINE CHEMICALS during the reporting period from April to June 2008 were €24.3 million (Q2 2007: €27.6 million), 12 percent below Q2 2007 due to reorganization of the division. WACKER FINE CHEMICALS sales for the entire first six months were €52.0 million (6M 2007: €62.6 million).

EXPANDING OUR MARKET POSITION IN ASIA. STRONGEST SALES GROWTH IN GERMANY

The WACKER Group further increased its sales in the high-growth market Asia during the 2nd quarter of 2008. Sales amounted to €367.5 million (Q2 2007: €328.7 million) for the three-month period. Asia contributed 33 percent of total sales of the WACKER Group in the second quarter of 2008. In the first six months of 2008, the region strengthened its significance as WACKER's most important regional market with a 15 percent increase in sales to €713.1 million (6M 2007: €620.4 million). Sales volume in Germany increased by 48 percent to €248.4 million (Q2 2007: €168.4 million) during the reporting period from April to June 2008. The strong sales growth resulted from the now fully consolidated former partner companies APP and strong increases in polysilicon sales to the solar industry. The WACKER Group recorded 22 percent of its sales volume during the 2nd quarter of 2008 in Germany.

Group sales in the Americas rose 28 percent from the same period last year despite weak domestic demand resulting from the U.S. housing crisis. During the reporting period from April to June 2008, WACKER posted sales in the Americas of €205.5 million (Q2 2007: €160.9 million). Main reason for this strong growth was the full consolidation of APP.

REGIONAL DISTRIBUTION OF SALES REVENUE IN THE WACKER GROUP

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %	Group sales in Q2 2008 in %
Asia	367.5	328.7	12	713.1	620.4	15	33
Europe (excl. Germany)	266.5	271.5	–2	527.3	537.3	–2	24
Germany	248.4	168.4	48	463.7	348.6	33	22
Americas	205.5	160.9	28	374.7	337.4	11	18
Other regions	35.1	29.5	19	63.7	59.0	8	3
Total Sales	1,123.0	959.0	17	2,142.5	1,902.7	13	100

GROUP EBITDA RISES 22 PERCENT FROM PREVIOUS YEAR DESPITE DIFFICULT MARKET CONDITIONS; EBITDA MARGIN INCREASES SLIGHTLY

Earnings growth in the WACKER Group was hit by significant increases in costs for raw materials, freight and packaging, as well as by regional weakness in demand growth in the U.S. and Western European construction industries in the 2nd quarter. However, WACKER increased its earnings before interest, taxes, depreciation and amortization (EBITDA) by 22 percent to €317.9 million (Q2 2007: €260.8 million) compared to the same period in the previous year.

The EBITDA margin for the three-month period from April to June 2008 was 28.3 percent (Q2 2007: 27.2 percent). The EBITDA for the first six months of 2008 amounts to €609.0 million (6M 2007: €526.3 million). This is an increase of 16 percent. The EBITDA margin for the six-month period from January to June 2008 is 28.4 percent, which lies above the prior-year figure (27.7 percent). Compared to the first half of 2007 WACKER absorbed approximately €65 million in cost increases for silicon metal, methanol, platinum and energy.

Growth in earnings before interest and taxes (EBIT) was similar. The EBIT in the 2nd quarter of 2008 improved 26 percent over the previous year to €224.9 million (Q2 2007: €178.2 million). The WACKER Group thus achieved an EBIT margin of 20.0 percent during the reporting period, compared to 18.6 percent in the same quarter last year. The EBIT for the first six months of 2008 is €423.6 million (6M 2007: €366.1 million). This is an increase of 16 percent. This yields an EBIT margin of 19.8 percent (6M 2007: 19.2 percent) for the first half of 2008.

WACKER POLYSILICON AND SILTRONIC REMAIN EARNINGS LEADERS

WACKER POLYSILICON and Siltronic remained the largest contributors to WACKER Group earnings in the 2nd quarter of 2008.

WACKER POLYSILICON more than tripled its EBITDA in the reporting period to €104.8 million (Q2 2007: €34.8 million). The EBITDA margin improved from the already strong Q1 2008 and exceeded the 50 percent mark. The EBITDA margin for the three-month period from April to June 2008 is 54.0 percent, which lies significantly above the prior-year figure (35.5 percent). In the six-month period from January to June 2008, the EBITDA for WACKER POLYSILICON amounted to €176.1 million (6M 2007: €68.3 million). This corresponds to an EBITDA margin of 50.3 percent (6M 2007: 35.9 percent).

Siltronic EBITDA in the 2nd quarter of 2008 of €112.0 million (Q2 2007: €122.8 million) contributed more than one-third of WACKER Group's total earnings, and the EBITDA margin of 31.8 percent (Q2 2007: 33.1 percent) stayed at the level of the prior year. Siltronic's cumulative EBITDA for the first half-year was €226.0 million (6M 2007: €253.2 million). This corresponds to an EBITDA margin of 32.4 percent (6M 2007: 33.8 percent).

WACKER SILICONES was able to partially compensate for high increases in raw material and energy costs in the 2nd quarter of 2008, but did not match the earnings level achieved in the same period last year. WACKER SILICONES' EBITDA was €60.5 million (Q2 2007: €68.0 million) for the reporting period. This is almost 11 percent lower than in the previous year. The EBITDA margin was 15.9 percent, compared to 19.2 percent in the 2nd quarter of 2007. The division reported an EBITDA of €125.3 million (6M 2008: €132.3 million) for the first half of 2008. This corresponds to an EBITDA margin of 16.9 percent (6M 2007: 18.9 percent).

Cost increases for raw materials and energy had a significant impact on the performance of WACKER POLYMERS. Including the acquired APP businesses, the EBITDA of WACKER POLYMERS in the 2nd quarter of 2008 rose 8 percent to €37.3 million (Q2 2007: €34.5 million) and the EBITDA margin fell to 15.2 percent (Q2 2007: 20.6 percent). The weaker economic climate and the effects of the sub-prime crisis on the construction industry further dampened the division's profitability. In the six-month period from January to June 2008, the division reported an EBITDA of €75.4 million (6M 2007: €68.7 million). This corresponds to an EBITDA margin of 17.0 percent (6M 2007: 21.7 percent).

WACKER FINE CHEMICALS successful reorganization is evident in its earnings growth. WACKER FINE CHEMICALS achieved an EBITDA of €3.3 million (Q2 2007: €3.8 million) during the reporting period, corresponding to a margin of 13.6 percent (Q2 2007: 13.8 percent). Comparing half-year results, the EBITDA margin increased slightly from 11.8 percent in the first half of 2007 to 12.5 percent in the first half of 2008.

EARNINGS PER SHARE RISE TO €3.08

In the 2nd quarter of 2008, WACKER generated net income of €152.8 million (Q2 2007: €130.0 million). This is 18 percent more than in the same period last year. Earnings per share rose to €3.08 (Q2 2007: €2.62) during the reporting period.

NET CASH FLOW UP BY HIGH DOUBLE DIGITS DESPITE SIGNIFICANTLY INCREASED INVESTMENT EXPENDITURES

In the reporting period from April to June 2008, the WACKER Group generated net cash flow of €104.8 million (Q2 2007: €122.1 million), despite the fact that investments in ongoing expansion projects again exceeded the already high level of the previous year. The decisive factor here was the strong business performance. Further, prepayments received from customers for future polysilicon deliveries had a positive cash flow effect of €30.8 million in the 2nd quarter of 2008. The WACKER Group spent €181.4 million (Q2 2007: €180.7 million) in the 2nd quarter of 2008 on strategic growth projects and further investments in property, plant and equipment, intangible assets and financial assets. The majority of this, total €84.1, million was spent by the WACKER POLYSILICON division for the ongoing expansion of production capacities for hyper-pure polycrystalline silicon at the site in Burghausen, Germany, which is proceeding according to plan.

CONTINUED EXPANSION OF PRODUCTION CAPACITY

The WACKER Group has continued to expand its capacity for strategically important products in future industries and high-growth regions by commissioning three new plants/production facilities during the 2nd quarter of 2008.

□ At the beginning of April and after only six months of construction, the new WACKER SCHOTT Solar GmbH plant in Jena officially started the production of multicristalline polysilicon wafers for the solar industry. €50 million were invested and 140 jobs created at the site. By fall 2008, the nominal capacity for the new plant should reach 50 megawatts per year. This will increase the total capacity of WACKER SCHOTT Solar, a joint venture of Wacker Chemie AG and SCHOTT Solar GmbH, to 120 MW per year. The aim is to expand production capacity in Jena to 1 gigawatt per year by 2012 in order to provide production capacity to meet high demand for high-efficiency solar installations. Total investments of €370 million are planned.

□ At the end of April, WACKER DYMATIC, a joint venture of Wacker Chemie AG and DYMATIC Inc., opened a new facility for silicone emulsions at the site in Zhangjiagang, China. The new facility will produce approximately 30,000 metric tons annually of silicone emulsions and additives for the Chinese textile, leather and fiber industries.

□ In the middle of June, the new Siltronic Samsung Wafer Pte. Ltd. fab in Singapore began production of 300 mm silicon wafers for the electronics industry. This joint venture between Samsung Electronics and Siltronic intends to invest approximately 1 billion USD in the new plant, which by 2010 will manufacture approximately 300,000 wafers a month and will have more than 800 employees.

NUMBER OF EMPLOYEES REMAINS CONSTANT

The number of employees in the WACKER Group remained almost constant during the 2nd quarter of 2008. The workforce was 15,769 strong on June 30, 2008, compared to 15,660 on March 31, 2008. Compared to the same time in the 2nd quarter of 2007, the workforce expanded by slightly over 6 percent. At the end of the reporting period, 12,023 employees (March 31, 2008: 11,935) worked at WACKER Group sites in Germany. Outside Germany, WACKER employed 3,746 people (March 31, 2008: 3,725) at the end of the 2nd quarter of 2008.

2008 ANNUAL SHAREHOLDER MEETING CONFIRMS KEY PERSONNEL CHANGES IN COMPANY MANAGEMENT

At this year’s Annual Shareholder Meeting of Wacker Chemie AG on May 8, 2008 in Munich, an overwhelming majority of the company’s shareholders voted to accept the proposed changes to key personnel in company management, as well as all other management proposals.

Thereafter, the new Supervisory Board of Wacker Chemie AG at its constituent meeting unanimously elected former president & CEO Dr. Peter-Alexander Wacker as its new chairman. Upon conclusion of the Annual Shareholder Meeting, Dr. Rudolf Staudigl assumed the position of president & CEO of Wacker Chemie AG as previously announced. At the conclusion of the Annual Shareholder Meeting, Dr. Wilhelm Sittenthaler, president & CEO of Siltronic AG, was newly appointed to the WACKER Group’s Executive Board.

The shareholders approved the management proposal of a dividend payment (including a special bonus) of €3.00 per share for 2007. Shareholders received dividends totaling €149.0 million (2006: €124.2 million). €617.0 million were set aside as retained earnings and €326.9 million carried forward.

CONDENSED INCOME STATEMENT
Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales	1,123.0	959.0	17	2,142.5	1,902.7	13
Gross profit from sales	346.9	307.0	13	665.8	612.1	9
Selling, R&D and general administrative expenses	– 129.9	– 120.3	8	– 254.0	– 232.0	9
Other operating income and expenses	19.5	– 13.3	n.a.	33.7	– 18.4	n.a.
Operating result	236.5	173.4	36	445.5	361.7	23
Income from investments	– 11.6	4.8	n.a.	– 21.9	4.4	n.a.
EBIT (Earnings before interest and taxes)	224.9	178.2	26	423.6	366.1	16
Financial result	– 3.1	– 6.2	– 50	– 3.9	– 11.6	– 66
Income before taxes	221.8	172.0	29	419.7	354.5	18
Income taxes	– 69.2	– 41.5	67	– 136.5	– 109.3	25
Net income before minority interests	152.6	130.5	17	283.2	245.2	15
Minority interests	0.2	– 0.5	n.a.	0.2	– 0.7	n.a.
Net income	152.8	130.0	18	283.4	244.5	16
Earnings per share in €	3.08	2.62	18	5.70	4.92	16
Average number of shares outstanding (weighted)	49,677,983	49,677,983	0	49,677,983	49,677,983	0
Reconciliation to EBITDA in € million						
EBIT	224.9	178.2	26	423.6	366.1	16
Depreciation and amortization	93.0	82.6	13	185.4	160.2	16
EBITDA	317.9	260.8	22	609.0	526.3	16

As in the first quarter of 2008, earnings in the first half of the year, compared to the previous year, were affected by the first-time consolidation of the former partner companies APP starting February 1, 2008, in the WACKER POLYMERS division. Consolidation of these companies increased Group sales by €112.6 million in the first half of the year. The effect on cost of goods sold amounted to €102.1 million, gross profit rose by €10.5 million.

Overall, sales during the first half of 2008 rose by €239.8 million which is an increase of 13 percent. The cost of goods sold increased 14 percent or €186.1 million. This increase resulted in a gross profit of €665.8 million, a 9 percent increase in comparison to the same period last year. The already mentioned higher raw material and energy costs and negative currency effects are reflected in this result.

The 9 percent increase in SG&A is predominantely related to the first-time consolidation of the acquired companies. Without this effect, SG&A would have increased by 5 percent.

Other operating income and expenses are – as in the previous quarter – mainly affected by the result of foreign exchange gains and losses and effects related to the newly acquired companies.

In the first half of 2008, foreign exchange gains of €94.7 million exceeded foreign exchange losses (€71.1 million) by €23.6 million. This was an increase of €26.2 million in comparison to last year's level of –€2.6 million.

Other operating income includes badwill of €14.8 million from the first-time consolidation of Wacker Polymers Holdings L.P. and Wacker Chemicals Korea, Inc. (former Air Products Korea, Inc.). In contrast, other operating expenses also include €5.8 million in impairments and €3.3 million in restructuring provisions, which are related to the shut down of the South Brunswick site in New Jersey (USA). In the first quarter of 2008 the badwill amounted to €9.7 million, which was to a large part compensated by impairment charges of €5.5 million.

Income from investments in joint ventures and associates includes –€21.9 million due to start-up costs of Siltronic Samsung Wafer Pte. Ltd., Singapore, and to Dow Corning (ZJG) Co. Ltd., Zhangjiagang. Last year, this position showed a positive net amount of €4.4 million and included income from the APP partner companies, formerly shown as financial assets.

The financial result grew up €7.7 million from –€11.6 million to –€3.9 million due to the increase in ownership of the WPS companies to 100 percent. In compliance with IFRS, profit attributable to minority interests had to be reported under the financial result. The reporting period was therefore negatively impacted only by the pro rata result from January.

At 32.5 percent the tax rate for the reporting period was 1.7 percent higher than the same period last year. On the one hand, the statutory tax rate for domestic earnings decreased while on the other hand Siltronic enjoyed lower deferred taxes in the second quarter of last year, which resulted in a relatively low overall taxation.

CONDENSED BALANCE SHEET Q2 2008

ASSETS

€ million	June 30, 2008	June 30, 2007	Change in %	Dec. 31, 2007	Change in %
Intangible assets, property, plant and equipment and investment property	2,364.1	1,992.0	19	2,135.0	11
Investments in associates	173.4	131.8	32	196.2	– 12
Other non-current assets	120.8	148.6	– 19	159.4	– 24
Non-current assets	2,658.3	2,272.4	17	2,490.6	7
Inventories	475.4	427.1	11	403.5	18
Trade receivables	565.5	572.0	– 1	460.6	23
Other current assets	525.8	316.8	66	563.4	– 7
Current assets	1,566.7	1,315.9	19	1,427.5	10
Total assets	4,225.0	3,588.3	18	3,918.1	8

LIABILITIES AND EQUITY

€ million	June 30, 2008	June 30, 2007	Change in %	Dec. 31, 2007	Change in %
Equity	1,906.1	1,695.2	12	1,865.6	2
Minority interests in limited partnership capital	0.0	40.8	– 100	32.6	– 100
Provisions	634.5	584.8	8	614.2	3
Financial liabilities	152.9	236.4	– 35	164.2	– 7
Other liabilities	794.7	477.7	66	649.9	22
thereof payments received	707.2	444.3	59	604.7	17
Non-current liabilities	1,582.1	1,339.7	18	1,460.9	8
Financial liabilities	69.3	54.6	27	53.6	29
Trade liabilities	286.0	214.0	34	241.8	18
Other current provisions and liabilities	381.5	284.8	34	296.2	29
Current liabilities	736.8	553.4	33	591.6	25
Liabilities	2,318.9	1,893.1	22	2,052.5	13
Total liabilities and equity	4,225.0	3,588.3	18	3,918.1	8

The balance sheet total rose by €306.9 million from €3,918.1 million on December 31, 2007 to €4,225 million. This increase was mainly driven by first-time consolidation of the acquired former APP partner companies on February 1, 2008. By June 30, 2008, these companies contributed €211.3 million to total assets.

Long- and short-term assets were affected by the APP consolidation. In the non-current assets category, mainly intangible and fixed assets increased by €229.1 million to €2,364.1 million. The aforementioned consolidation of the acquired companies played a role not only here, but also in the investment activity of other subsidiaries, especially at Wacker Chemie AG. At-equity consolidated joint ventures and associated companies decreased by €22.8 million from €196.2 million to €173.4 million. This was primarily due to the consolidation of pro rata results for the period. The disposal of previous shareholdings in former APP companies caused the decline in other non-current assets by €38.6m from €159.4 million to €120.8 million. Activated VAT had a reverse impact on received payments from domestic customers as well as on long-term prepayments. The increase of current assets by €139.2m from €1,427.5 million to €1,566.7 million especially affected trade receivables and inventories. Receivables rose by 23 percent or €104.9 million, while inventories increased by 18 percent or €71.9 million. The former APP partner companies contributed €42.2 million to trade receivables. By June 30, 2008, inventories of the former APP partner companies were €27.4 million. Taking consolidation effects into account, the rise in receivables would have been smaller by €34.6 million without the first-time consolidation of the former companies and would have amounted to 15 percent. Without the consolidation of the former APP companies, inventories would have risen by €44.5 million, equivalent to a growth rate of 11 percent.

Other current assets declined by 7 percent or €37.6 million. This was essentially due to the decrease in liquidity, which will be commented on in the section describing cash flow.

Equity rose by €40.5 million since December 31, 2007 to €1,906.1 million. Three effects were crucial in this development: While results from the first half of 2008 increased equity by €283.4 million, the dividend payouts to shareholders of Wacker Chemie AG reduced equity by €149.0 million, and the increased stakes in WPS companies reduced equity by €79.7 million. Furthermore, currency translation effects and equity-affecting market value changes from hedge accounting nearly offset one another, leaving a difference of –€14.2 million in equity.

Non-current liabilities rose by €121.2 million since the financial year end to €1,582.1 million. This is equivalent to an 8 percent increase. The rise primarily resulted from additional prepayments received, which rose by €102.5 million since the financial year end to €707.2 million. Non-current financial liabilities fell by €11.3 million to €152.9 million, and minority interests in limited partnership capital – so far shown under liabilities – decreased by €32.6 million, due to the complete acquisition of WPS shares.

Current liabilities increased by €145.2 million to a total of €736.8 million and include €41.9 million from the newly consolidated companies. Without these companies, the increase would have been €103.3 million or 17 percent. The increase was driven primarily by higher trade liabilities, which rose by €44.2 million or 18 percent to a total of €286.0 million. For the first-time, the newly consolidated companies affected this figure with €24.0 million. Furthermore, short-term provisions rose, particularly due to an increase in tax provisions by €47.2 million from €37.4 million to €84.6 million. The newly consolidated companies contributed €8.3 million to this increase.

Current financial liabilities rose by €15.7 million to €69.3 million. Financial liabilities (current and non-current) amounted to €222.2 million by June 30, 2008, up €4.4 million from December 31, 2007. Netting this total against cash and cash equivalents results in a net surplus of €101.6 million. This is €47.1 million less than at the end of fiscal year 2007.

CONDENSED STATEMENT OF CASH FLOWS Q2 2008

€ million	6M 2008	6M 2007	Change in %
Net income before minority interests / Net income after taxes	283.2	245.2	15
Depreciation and amortization	185.4	160.2	16
Changes in inventories	– 51.5	– 21.6	> 100
Changes in trade receivables	– 67.7	– 94.7	– 29
Changes in other assets	– 31.5	0.7	n.a.
Changes in prepayments received	153.6	242.6	– 37
Other non-cash expenses and income	104.7	79.5	32
Cash flow from operating activities (gross cash flow)	576.2	611.9	– 6
Investments in acquisitions	– 171.2	0.0	n.a.
Other payments for investments	– 303.5	– 265.6	14
Cash flow from investing activities	– 474.7	– 265.6	79
Net cash flow	101.5	346.3	– 71
Capital contributions from minority interests	2.4	0.0	n.a.
Dividends paid on prior year's result	– 149.2	– 124.3	20
Changes in financial liabilities	3.6	– 118.0	n.a.
Cash flow from financing activities	– 143.2	– 242.3	– 41
Changes in cash due to exchange rate fluctuations	– 1.0	– 0.2	> 100
Changes in cash and cash equivalents	– 42.7	103.8	n.a.
At the beginning of the year	366.5	42.9	> 100
At the end of the period	323.8	146.7	> 100

In the first half of the year, cash flow from operating activities (gross cash flow) was €576.2 million. This was €35.7 million or 6 percent below last year. Major changes resulted from higher net income (€38.0 million higher than in the previous year), higher depreciation (€25.2 million higher than in the previous year) and –most prominently – from lower prepayments. Prepayments came in at €153.6 million, which is € 89.0 million less than in the prior-year period (€242.6 million). Other effects balanced each other.

As described in the report on the first quarter, first-time consolidation effects including the former APP partner companies per February 1, 2008, were eliminated in the cash flow statement.

Cash flow from investing activities amounted to €474.7 million, representing a 79 percent or €209.1 million increase compared to the prior year. The main reason for this was the payment for the acquisition of the former APP partner companies, balanced with cash and cash equivalents at consolidation, of €171.2 million. Other payments for investments increased by €37.9 million or 14 percent compared to the prior year.

Net cash flow resulting from operating activities and cash flow from investment activities was €101.5 million in the first half 2008, €244.8 million below the prior-year period (€346.3 million).

Cash flow from financing activities resulted in €143.2 million, which is €99.1 million or 41 percent below the first half of 2007. The distribution of €149.0 million of dividends to Wacker Chemie AG shareholders had a major effect on cash flow, €24.8 higher than in 2007. Adjusted for exchange rates, financial liabilities fell by €3.6 million; last year's decline amounted to €118.0 million.

Overall cash and cash equivalents declined by €42.7 million compared to the end of 2007.

BUSINESS DIVISION RESULTS
Q2 2008

SALES REVENUE

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
WACKER SILICONES	380.6	353.6	8	740.9	701.6	6
WACKER POLYMERS	244.6	167.7	46	443.1	316.4	40
WACKER FINE CHEMICALS	24.3	27.6	– 12	52.0	62.6	– 17
WACKER POLYSILICON	194.2	97.9	98	350.1	190.1	84
SILTRONIC	351.7	370.9	– 5	697.8	748.2	– 7
Other	66.8	60.0	11	135.2	122.0	11
Consolidation	– 139.2	– 118.7	17	– 276.6	– 238.2	16
Group sales	1,123.0	959.0	17	2,142.5	1,902.7	13

EBIT

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
WACKER SILICONES	39.2	47.4	– 17	84.3	91.2	– 8
WACKER POLYMERS	26.1	30.3	– 14	49.7	60.3	– 18
WACKER FINE CHEMICALS	2.6	1.4	86	5.0	3.8	32
WACKER POLYSILICON	89.5	24.4	> 100	146.7	48.9	> 100
SILTRONIC	77.5	87.6	– 12	157.7	183.9	– 14
Other	– 6.7	– 13.8	– 51	– 15.0	– 21.6	– 31
Consolidation	– 3.3	0.9	n.a.	– 4.8	– 0.4	> 100
Group EBIT	224.9	178.2	26	423.6	366.1	16

EBITDA

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
WACKER SILICONES	60.5	68.0	– 11	125.3	132.3	– 5
WACKER POLYMERS	37.3	34.5	8	75.4	68.7	10
WACKER FINE CHEMICALS	3.3	3.8	– 13	6.5	7.4	– 12
WACKER POLYSILICON	104.8	34.8	> 100	176.1	68.3	> 100
SILTRONIC	112.0	122.8	– 9	226.0	253.2	– 11
Other	3.3	– 4.1	n.a.	4.5	– 3.3	n.a.
Consolidation	– 3.3	1.0	n.a.	– 4.8	– 0.3	> 100
Group EBITDA	317.9	260.8	22	609.0	526.3	16

WACKER SILICONES
Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales						
External sales	363.4	341.9	6	706.3	677.8	4
Internal sales	17.2	11.7	47	34.6	23.8	45
Total sales	**380.6**	353.6	8	**740.9**	701.6	6
EBIT	**39.2**	47.4	– 17	**84.3**	91.2	– 8
EBIT margin	10.3 %	13.4 %	– 23	11.4 %	13.0 %	– 12
Depreciation	21.3	20.6	3	41.0	41.1	0
EBITDA	**60.5**	68.0	– 11	**125.3**	132.3	– 5
EBITDA margin	15.9 %	19.2 %	– 17	16.9 %	18.9 %	– 10
Investments	25.3	30.1	– 16	42.0	47.5	– 12
	June 30, 2008	March 31, 2008		June 30, 2008	Dec. 31, 2007	
Number of employees	3,906	3,934	– 1	3,906	3,871	1

WACKER SILICONES posted total sales of €380.6 million (Q2 2007: €353.6 million) in the second quarter of 2008, an increase of 8 percent year-on-year. For the full first-half of 2008, the division generated January–June sales of €740.9 million, up 6 percent compared to the first half of 2007 (€701.6 million). This growth was achieved due to higher sales volumes and higher prices negotiated on the market. This more than compensated for the pressure from unfavorable exchange rates. While the construction sector weakened somewhat, demand growth in other relevant branches of industry remained robust.

In terms of regions, WACKER SILICONES achieved continued sales growth especially in Asia and Europe. Results for the Americas came in slightly below the level of the same period in the previous year due to currency-related factors.

Capacity utilization at production facilities remains very good. The division was only able to partially offset raw-material cost increases (especially for silicon metal), higher energy costs and the impact of a strong euro on exchange rates. As a result, it did not quite match the prior-year earnings level. WACKER SILICONES posted a 2nd quarter EBITDA of €60.5 million (Q2 2007: €68.0 million), which yields an EBITDA margin of 15.9 percent (Q2 2007: 19.2 percent). The EBITDA for the first six months of 2008 is €125.3 million (6M 2007: €132.3 million). To offset the increased costs, the division is raising prices and instituting measures to further improve productivity and raise volumes.

In Q2 2008, investments at WACKER SILICONES amounted to €25.3 million (Q2 2007: €30.1 million). They were concentrated on building up and expanding production capacity at the site in Zhangjiagang, China, which is progressing well. Construction of the siloxane plant – a joint project with Dow Corning – is continuing according to plan. The second joint venture, a pyrogenic silica plant, is ready for commissioning and will start production in the 3rd quarter of 2008.

WACKER SILICONES had 3,906 employees on June 30, 2008 (March 31, 2008: 3,934).

WACKER POLYMERS
Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales						
External sales	243.1	165.8	47	438.6	312.1	41
Internal sales	1.5	1.9	– 21	4.5	4.3	5
Total sales	**244.6**	**167.7**	**46**	**443.1**	**316.4**	**40**
EBIT	**26.1**	**30.3**	**– 14**	**49.7**	**60.3**	**– 18**
EBIT margin	10.7 %	18.1 %	– 41	11.2 %	19.1 %	– 41
Depreciation	11.2	4.2	> 100	25.7	8.4	> 100
EBITDA	**37.3**	**34.5**	**8**	**75.4**	**68.7**	**10**
EBITDA margin	15.2 %	20.6 %	– 26	17.0 %	21.7 %	– 22
Investments	14.9	10.3	45	27.1	19.9	36
	June 30, 2008	March 31, 2008		June 30, 2008	Dec. 31, 2007	
Number of employees	1,561	1,539	1	1,561	1,128	38

At WACKER POLYMERS, total sales increased to €244.6 million for April-June 2008 – a strong 46 percent increase over the same quarter last year (€167.7 million). This sales gain was primarily due to the fact that the former APP partner companies were consolidated for a full three months for the first-time. Without this effect, sales would have risen by 3 percent compared to the same period last year. For the full first half of 2008, cumulative sales reached €443.1 million, 40 percent more than the same period last year (€316.4 million).

Operating business growth at WACKER POLYMERS is shaped by slower demand growth for dispersible powders and dispersions for the construction industry – in the USA, particularly due to the sub-prime crisis. The generally weaker economic performance in other regions is also leading to lowered investments in the construction sector. These conditions in the sector make it increasingly difficult to pass increasing costs for raw materials, energy and freight on to customers in the form of price increases. The division significantly increased sales in Eastern Europe and Asia. In comparison, growth in the Americas fell significantly.

WACKER POLYMERS posted a 2nd quarter EBITDA of €37.3 million. This is 8 percent more than the same period last year (Q2 2007: €34.5 million). The EBITDA margin is 15.2 percent (Q2 2007: 20.6 percent). For the six months from January to June 2008, EBITDA amounted to €75.4 million (6M 2007: €68.7 million), a rise of 10 percent.

In Q2 2008, WACKER POLYMERS invested €14.9 million (Q2 2007: €10.3 million). Funds were spent in part on continued expansion of the site in Nanjing, China.

WACKER POLYMERS had 1,561 employees on June 30, 2008 (March 31, 2008: 1,539).

WACKER FINE CHEMICALS
Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales						
External sales	22.5	24.4	– 8	48.4	56.4	– 14
Internal sales	1.8	3.2	– 44	3.6	6.2	– 42
Total sales	**24.3**	**27.6**	**– 12**	**52.0**	**62.6**	**– 17**
EBIT	**2.6**	1.4	86	**5.0**	3.8	32
EBIT margin	10.7 %	5.1 %	> 100	9.6 %	6.1 %	58
Depreciation	0.7	2.4	– 71	1.5	3.6	– 58
EBITDA	**3.3**	**3.8**	**– 13**	**6.5**	**7.4**	**– 12**
EBITDA margin	13.6 %	13.8 %	– 1	12.5 %	11.8 %	6
Investments	3.0	2.5	20	4.9	4.2	17
	June 30, 2008	March 31, 2008		June 30, 2008	Dec. 31, 2007	
Number of employees	250	254	– 2	250	245	2

The reorganization of WACKER FINE CHEMICALS as the Group’s biotech competence center is increasingly benefiting the division’s earnings. Total sales in the 2nd quarter of 2008 are lower than the same period last year at €24.3 million (Q2 2007: €27.6 million), but EBITDA reached nearly the level of the same period at €3.3 million (Q2 2007: €3.8 million). The EBITDA margin for the reporting period is 13.6 percent (Q2 2007: 13.8 percent). In the full first half of 2008, WACKER FINE CHEMICALS generated total sales of €52.0 million (Q2 2007: €62.6 million). EBITDA is €6.5 million (Q2 2007: €7.4 million).

Volume increases, particularly for biotech products such as cysteine and cyclodextrins, resulted in very high capacity utilization. In addition, the segment managed to increase prices. Capacities for fine chemicals are also being utilized well. Production capacity expansion for therapeutical proteins at Jena is running on schedule.

In May 2008, Wacker Biotech successfully completed a feasibility study on the efficiency of WACKER’s proprietary secretion system to produce a pharmaprotein of BIOGEN Idec Inc.

In June 2008, WACKER was awarded an environmental prize from the Federation of German Industries (BDI), winning the “Environmentally-Compatible Technology” category. This prize recognized WACKER FINE CHEMICALS for its innovative process to manufacture the amino acid cysteine from microorganisms.

WACKER FINE CHEMICALS employed 250 people on June 30, 2008 (March 31, 2008: 254).

WACKER POLYSILICON
Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales						
External sales	128.3	44.3	> 100	223.5	83.5	> 100
Internal sales	65.9	53.6	23	126.6	106.6	19
Total sales	**194.2**	97.9	98	**350.1**	190.1	84
EBIT	**89.5**	24.4	> 100	**146.7**	48.9	> 100
EBIT margin	46.1 %	24.9 %	85	41.9 %	25.7 %	63
Depreciation	15.3	10.4	47	29.4	19.4	52
EBITDA	**104.8**	34.8	> 100	**176.1**	68.3	> 100
EBITDA margin	54.0 %	35.5 %	52	50.3 %	35.9 %	40
Investments	84.1	44.0	91	161.8	77.4	> 100
	June 30, 2008	March 31, 2008		June 30, 2008	Dec. 31, 2007	
Number of employees	1,113	1,038	7	1,113	1,003	11

In Q2 2008, WACKER POLYSILICON boosted its total sales to a record €194.2 million (Q2 2007: €97.9 million). This is a plus of 98 percent compared to the same period last year. Thanks to expanded production capacity for polysilicon at the Burghausen site, the division was able to continue profiting from sustained, strong demand. Impetus also came from highly positive price effects. For the six months from January to June 2008, cumulative sales were €350.1 million (6M 2007: €190.1 million).

WACKER POLYSILICON's earnings growth outstripped sales. Divisional EBITDA reached €104.8 million in the period under review, growing more than threefold (Q2 2007: €34.8 million). At 54.0 percent, the EBITDA margin crossed the 50 percent-threshold (Q2 2007: €35.5 million). The corre-sponding EBITDA for the six months from January to June 2008 is €176.1 million (6M 2007: €68.3 million).

Conditions on the spot market for solar polysilicon continue to be attractive. Sales were higher than in the 1st quarter of 2008, as were average prices.

WACKER POLYSILICON achieved significant sales growth in all regions. Asia is now the division's largest regional market.

In the period under review, WACKER POLYSILICON's investments amounted to €84.1 million (Q2 2007: €44.0 million). The funds were focused on ongoing measures to expand capacity at the site in Burghausen. The expansion continues to progress well. Expansion Stage 7 with annual capacity of 4,500 metric tons is expected to start three months earlier than originally planned. Together with an accelerated ramp-up, this means capacity will be available six months ahead of schedule. Production should now commence in the 4th quarter of 2008.

The joint venture WACKER SCHOTT Solar GmbH made its first sales to external customers following commissioning of the new multicristalline polysilicon wafer production facility at the Jena site. Investments of approximately €370 million are planned by 2012 to further expand production.

On June 30, 2008, WACKER POLYSILICON had 1,113 employees (March 31, 2008:1,038).

SILTRONIC
Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales						
External sales	350.4	369.2	– 5	695.5	745.2	– 7
Internal sales	1.3	1.7	– 24	2.3	3.0	– 23
Total sales	**351.7**	**370.9**	**– 5**	**697.8**	**748.2**	**– 7**
EBIT	**77.5**	**87.6**	**– 12**	**157.7**	**183.9**	**– 14**
EBIT margin	22.0 %	23.6 %	– 7	22.6 %	24.6 %	– 8
Depreciation	34.5	35.2	– 2	68.3	69.3	– 1
EBITDA	**112.0**	**122.8**	**– 9**	**226.0**	**253.2**	**– 11**
EBITDA margin	31.8 %	33.1 %	– 4	32.4 %	33.8 %	– 4
Investments	30.2	75.8	– 60	49.8	92.1	– 46
	June 30, 2008	March 31, 2008		June 30, 2008	Dec. 31, 2007	
Number of employees	5,601	5,651	– 1	5,601	5,634	– 1

Siltronic generated total Q2 sales of €351.7 million (Q2 2007: €370.9 million). This is 5 percent lower than in the same period of the previous year, but 1 percent higher than in the 1st quarter of 2008. Causes for this include lower prices for wafers of all diameters and currency effects related to the strong euro. Sales were €697.8 million (6M 2007: €748.2 million) during the first half of 2008.

Sales volumes for 300 mm wafers rose again. This did not, however, offset volume decreases for 200 mm wafers and smaller diameters. Sales were lower on the whole than the same period last year in terms of wafer surface area sold.

As in the 1st quarter of 2008, free crystal pulling capacities were again used to manufacture single crystals for the solar industry. This had a positive effect on sales and earnings margins.

In the period under review, Siltronic posted total earnings before interest, taxes, depreciation and amortization of €112.0 million (Q2 2007: €122.8 million). The corresponding EBITDA margin is 31.8 percent (Q2 2007: 33.1 percent). Cumulative EBITDA for the first half of 2008 was €226.0 million (6M 2007: €253.2 million).

In Q2 2008, Siltronic generated over half its sales with customers in Asia, including Japan. The new 300 mm silicon wafer plant in Singapore, a joint venture with Samsung Electronics, is further expanding Siltronic's presence and market position in this highly promising market. The new production complex was officially opened on June 19, 2008. In the period under review, investments at Siltronic amounted to €30.2 million (Q2 2007: €75.8 million) and focused on the 300 mm segment.

Siltronic had 5,601 employees on June 30, 2008 (March 31, 2008: 5,651).

OTHER / OUTLOOK
Q2 2008

OTHER
Sales under Other were €66.8 million for April to June 2008 (Q2 2007: €60.0 million). 2nd quarter EBITDA reached €3.3 million (Q2 2007: –€4.1 million).

OUTLOOK
At mid-2008, WACKER and its five business divisions were firmly on course despite noticeable economic headwinds. As a result, the Executive Board reaffirms its full-year forecast for 2008, anticipating consolidated, year-on-year sales growth of clearly above 10 percent. It also expects earnings before interest, taxes, depreciation and amortization (EBITDA) to increase, too. The final level of earnings growth will largely depend on how trends unfold for the global economy, raw-material and energy costs, and exchange rates. In addition, please refer to the last report on risks and opportunity report published in the last management report.

Following Q2's new production-facility start-ups, WACKER's operational growth for the rest of the year will chiefly focus on:

- Commissioning a pyrogenic silica facility and continuing with the construction of a siloxane plant at the site in Zhangjiagang, China
- commissioning Expansion Stage 7 for polysilicon production at the Burghausen site,
- further expansion of the WACKER SCHOTT Solar GmbH site in Jena,
- ongoing expansion of the new polymer plant in Nanjing, China,
- integrating APP and WPS – our former partner companies – into WACKER POLYMERS.

With these and other measures, the WACKER Group intends to reinforce its market positions and competitive strength in tomorrow's key markets, for sustainable and profitable growth in the years ahead. Total investments in the current fiscal year are expected to amount to €1 billion.

The Executive Board

Munich, July 31, 2008

CONDENSED INTERIM FINANCIAL STATEMENTS OF JUNE 30, 2008 INCOME STATEMENT Q2 2008

€ million	Q2 2008	Q2 2007	Change in %	6M 2008	6M 2007	Change in %
Sales	1,123.0	959.0	17	2,142.5	1,902.7	13
Costs of goods sold	– 776.1	– 652.0	19	– 1,476.7	– 1,290.6	14
Gross profit from sales	346.9	307.0	13	665.8	612.1	9
Selling expenses	– 65.1	– 58.6	11	– 124.9	– 113.2	10
Research and development expenses	– 39.2	– 39.1	0	– 77.5	– 75.1	3
General administrative expenses	– 25.6	– 22.6	13	– 51.6	– 43.7	18
Other operating income	52.5	21.7	> 100	125.8	40.8	> 100
Other operating expenses	– 33.0	– 35.0	– 6	– 92.1	– 59.2	56
Operating result	236.5	173.4	36	445.5	361.7	23
Income from investments in joint ventures and associates	– 11.6	– 3.3	> 100	– 21.9	– 3.7	> 100
Other income from participations	0.0	8.1	– 100	0.0	8.1	– 100
EBIT (Earnings before interest and taxes)	224.9	178.2	26	423.6	366.1	16
Interest result	– 0.8	– 1.5	– 47	1.5	– 2.1	n.a.
Other financial result	– 2.3	0.0	n.a.	– 4.5	– 0.4	> 100
Limited partnership interests	0.0	– 4.7	– 100	– 0.9	– 9.1	– 90
Income before taxes	221.8	172.0	29	419.7	354.5	18
Income taxes	– 69.2	– 41.5	67	– 136.5	– 109.3	25
Net income before minority interests	152.6	130.5	17	283.2	245.2	15
Minority interests	0.2	– 0.5	n.a.	0.2	– 0.7	n.a.
Net income attributable to Wacker Chemie AG shareholders	152.8	130.0	18	283.4	244.5	16
Earnings per share in € (undiluted / diluted)	3.08	2.62	18	5.70	4.92	16
Average number of shares outstanding (weighted)	49,677,983	49,677,983	0	49,677,983	49,677,983	0

BALANCE SHEET
Q2 2008

ASSETS

€ million	June 30, 2008	June 30, 2007	Change in %	Dec. 31, 2007	Change in %
Intangible assets, property, plant and equipment and investment property	2,364.1	1,992.0	19	2,135.0	11
Investments in associates	173.4	131.8	32	196.2	– 12
Financial assets	8.6	68.7	– 87	70.7	– 88
Other assets	98.0	50.5	94	75.7	29
Deferred taxes	14.2	29.4	– 52	13.0	9
Non-current assets	2,658.3	2,272.4	17	2,490.6	7
Inventories	475.4	427.1	11	403.5	18
Trade receivables	565.5	572.0	– 1	460.6	23
Other assets	202.0	170.1	19	196.9	3
Cash and cash equivalents	323.8	146.7	> 100	366.5	– 12
Currents assets	1,566.7	1,315.9	19	1,427.5	10
Total assets	4,225.0	3,588.3	18	3,918.1	8

LIABILITIES AND EQUITY

€ million	June 30, 2008	June 30, 2007	Change in %	Dec. 31, 2007	Change in %
Subscribed capital	260.8	260.8	0	260.8	0
Capital reserves	157.4	157.4	0	157.4	0
Treasury shares	– 45.1	– 45.1	0	– 45.1	0
Other equity	1,518.4	1,305.3	16	1,477.2	3
Minority interests	14.6	16.8	– 13	15.3	– 5
Equity	1,906.1	1,695.2	12	1,865.6	2
Minority interests in limited partnership capital	0.0	40.8	– 100	32.6	– 100
Provisions for pensions	379.2	362.5	5	369.2	3
Other provisions	255.3	222.3	15	245.0	4
Deferred taxes	49.8	28.8	73	40.4	23
Financial liabilities	152.9	236.4	– 35	164.2	– 7
Other liabilities	744.9	448.9	66	609.5	22
Non-current liabilities	1,582.1	1,339.7	18	1,460.9	8
Other provisions	84.6	83.3	2	37.4	> 100
Financial liabilities	69.3	54.6	27	53.6	29
Trade liabilities	286.0	214.0	34	241.8	18
Other liabilities	296.9	201.5	47	258.8	15
Current liabilities	736.8	553.4	33	591.6	25
Liabilities	2,318.9	1,893.1	22	2,052.5	13
Total liabilities and equity	4,225.0	3,588.3	18	3,918.1	8

STATEMENT OF CASH FLOWS
Q2 2008

€ million	6M 2008	6M 2007	Change in %
Net income before minority interests / Net income after taxes	283.2	245.2	15
Depreciation and amortization	185.4	160.2	16
Changes in provisions	63.3	82.7	– 23
Changes in deferred taxes	– 2.5	– 7.1	– 65
Changes in inventories	– 51.5	– 21.6	> 100
Changes in trade receivables	– 67.7	– 94.7	– 29
Changes in other assets	– 31.5	0.7	n.a.
Changes in prepayments received	153.6	242.6	– 37
Changes in other liabilities	40.6	– 10.7	n.a.
Other non-cash expenses and income	3.3	14.6	– 77
Cash flow from operating activities (gross cash flow)	576.2	611.9	– 6
Payments related to intangibles and property, plant and equipment	– 309.6	– 267.0	16
Proceeds from disposal of intangibles and property, plant and equipment	6.1	1.4	> 100
Investments in acquisitions	– 171.2	0.0	n.a.
Cash flow from investing activities	– 474.7	– 265.6	79
Net cash flow	101.5	346.3	– 71
Capital contributions from minority interests	2.4	0.0	n.a.
Dividends paid on prior year's result	– 149.2	– 124.3	20
Changes in financial liabilities	3.6	– 118.0	n.a.
Cash flow from financing activities	– 143.2	– 242.3	– 41
Changes in cash due to exchange rate fluctuation	– 1.0	– 0.2	> 100
Changes in cash and cash equivalents	– 42.7	103.8	n.a.
At beginning of year	366.5	42.9	> 100
At end of period	323.8	146.7	> 100

STATEMENT OF CHANGES IN EQUITY
Q2 2008

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings/ Net income	Translation adjustment	Direct changes	Minority interests	Total
As per 01.01.2007	260.8	157.4	– 45.1	1,243.5	– 58.5	11.8	15.9	**1,585.8**
Net income				244.5			0.7	245.2
Financial instruments						– 0.1		– 0.1
				244.5		– 0.1	0.7	**245.1**
Dividends paid				– 124.2			– 0.1	**– 124.3**
Currency translation effects					– 11.7		0.3	**– 11.4**
As per 30.06.2007	260.8	157.4	– 45.1	1,363.8	– 70.2	11.7	16.8	1,695.2
As per 01.01.2008	260.8	157.4	– 45.1	1,541.3	– 93.7	29.6	15.3	**1,865.6**
Net income				283.4			– 0.2	283.2
Financial instruments						8.1		8.1
				283.4		8.1	– 0.2	**291.3**
Dividends paid				– 149.0			– 0.2	**– 149.2**
Capital contribution							2.4	**2.4**
Currency translation effects					– 21.6		– 0.9	**– 22.5**
Change from increase in interests				– 79.7			– 1.8	**– 81.5**
As per 30.06.2008	260.8	157.4	– 45.1	1,596.0	– 115.3	37.7	14.6	1,906.1

NOTES
Q2 2008

ACCOUNTING AND VALUATION METHODS

The condensed 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 on June 30, 2008. The same standards were used for the Group's most recent annual financial statements.

CHANGES IN THE SCOPE OF CONSOLIDATION

In Q2 2008, a purchase price allocation was performed relating to the full acquisition of the partnership companies previously held by Air Products and Chemicals, Inc. (Allentown, PA) and disclosed in the accompanying notes to the first quarterly report. Additionally the purchase price was reduced by €2.1 million due to contractual provisions regarding purchase price components.

The APP companies were included in the scope of consolidation for the first-time on February 1, 2008. These interim financial statements therefore include the full amount of acquired assets and liabilities of these companies, while they include income and expenses only from February through June. Group net income has been reduced by €6.7 million. This includes one-time charges resulting from closure of the South Brunswick site in New Jersey while the effect from the excess of the acquired net assets over the cost of the business combinations is not included. The resulting gain amounted to €14.8 million and is presented under other operating income.

The purchase price paid in cash for all acquired shares totals €211.2 million. Of this amount, €97.8 million is allotted to the former APP companies. The first-time consolidation as of February 1 was performed according to the results of work relating to the purchase price allocation in this quarterly report based on the following values:

BALANCE SHEET VALUES AS OF FEBRUARY 1, 2008

€ million	
Intangible assets and property, plant and equipment	109.5
Inventories	26.9
Receivables and other assets	54.9
Cash and cash equivalents (net of financial liabilities)	37.2
Liabilities and provisions	– 52.8
Net assets	175.7
Cost of acquiring additional interests (including purchase price for remaining shares in amounting of €97.8 million)	– 160.9
Difference	– 14.8
thereof negative difference for APP Korea	– 1.3
thereof negative difference for APP Holdings, L.P.	– 13.5

The net assets of the APP companies as of February 1, 2008, have been increased by €10.0 million compared to the last quarterly financial statements due to the purchase price allocation and other modifications.

The cost of acquiring additional interests shown above includes costs now paid and acquisition costs previously shown under non-current financial assets. Treating the two tranches separately with regard to the resulting differences is not possible, since information regarding market values of the assets and liabilities at that point is not available.

The cash outflow for the acquisition was €171.2 million net of cash inflows from the newly included companies amounting to €40.0 million. It is presented in the cash flow statement under investment in acquisitions.

The resulting excess of the acquired net assets over the costs of the business combinations attributable to Air Products Korea, Inc. (€1.3 million) and to APP Holdings, L.P. (€13.5 million) respectively are presented as other operating income. Net book values determined in accordance with IFRS immediately before the transactions were not obtainable due to missing information. Likewise, disclosure of sales and net income, under the notion that the acquisitions would have been effected at the beginning of the period, could not be performed due to missing information. This is mainly the result of transferring the assets of two sites by means of a non-proportional dividend to the former majority-shareholder as described in the report of the first quarter 2008.

As a result of knowledge gained over the course of the integration regarding the associated production facilities at the U.S. locations, the Executive Board of Wacker Chemie AG decided to close the production site in South Brunswick, NJ in 2009. Apart from impairment charges included in the quarterly financial statements as of March, 31, there were additional restructuring charges and some minor impairments that impacted net income in the first half of 2008, with total expenses of €9.1 million. This is presented under other operating expenses.

Moreover, the newly founded Wacker Dubai Ltd. has been included in the consolidated financial statements for the first-time. This company is a pure selling entity and has no material impact on the financial position and performance of the WACKER Group.

SEGMENT REPORTING

Please refer to the interim management report for required information on segment reporting. Total assets of the WACKER POLYMERS segment increased materially and amounted to €493.8 million as of the reporting date due to the first-time consolidation of the APP companies.

DIVIDEND PAYMENT FOR 2007

After the Annual Shareholder Meeting on May 8, 2008, a dividend of €3.00 per entitled share was paid to shareholders of Wacker Chemie AG. The dividend sum paid was €149,033,949.00.

EXCHANGE RATES

During the reporting period and the previous year, the following exchange rates between the EUR and the USD were used for calculating foreign currency positions and for the financial statements of companies whose functional currency is the USD:

	Due date rate		Average rate	
	June 30, 08	June 30, 07	Q2 2008	Q2 2007
US dollar	1.58	1.34	1.56	1.35

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.

EVENTS AFTER THE BALANCE SHEET DATE

There were no material events in the period between the reporting date and the date this report is released.

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, July 31, 2008

Wacker Chemie AG

Rudolf Staudigl Wilhelm Sittenthaler

Joachim Rauhut Auguste Willems

REVIEW REPORT

To Wacker Chemie AG, Munich, Germany

We have reviewed the condensed interim consolidated financial statements - consisting of the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of Wacker Chemie AG, Munich, for the period from January 1 to June 30, 2008, which are a part of the half-year financial reports according to § 37w WpHG [German Securities Trading Act]. Company management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with the IFRS provisions applicable to interim financial reporting in the EU, and of the interim group management report which has been prepared in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. Our responsibility is to issue a report based on our review of these condensed interim consolidated financial statements and the interim group management report.

We have performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German principles for review of financial statements promulgated by the Institut der Wirthschaftsprüfer (IDW). Those standards require that we plan and conduct the review such that we can with moderate assurance preclude through critical evaluation that the condensed interim financial statements have not been prepared, in all material respects, in accordance with the IFRS provisions applicable to interim financial reporting as adopted in the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the regulations of the German Securities Trading Act 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 all material respects, 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 all material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Munich, July 31, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Kozikowski	Dr. Grottel
Wirtschaftsprüfer	Wirtschaftsprüfer

UPCOMING DATES / INVESTOR RELATIONS / DISCLAIMER

UPCOMING DATES

The 3rd Quarter Report 2008 is scheduled for publication on November 4, 2008.

INVESTOR RELATIONS

Head of Investor Relations
Joerg Hoffmann
Phone +49 89 6279 1633
Fax +49 89 6279 2933
joerg.hoffmann@wacker.com

Alice Ramm
Phone +49 89 6279 1560
Fax +49 89 6279 2662
alice.ramm@wacker.com

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

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

WACKER CHEMIE AG Hanns-Seidel-Platz 4, 81737 Munich, Germany, Phone +49 89 6279-0, Fax +49 89 6279-1770, www.wacker.com