

Speech by Dr. Rudolf Staudigl
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Annual Shareholders' Meeting 2011

WACKER

WACKER at a Glance

€ million	2010	2009	Change in %
Results/Return			
Sales	4,748.4	3,719.3	27.7
EBITDA ¹	1,194.5	606.7	96.9
EBITDA margin ² (%)	25.2	16.3	54.6
EBIT ³	764.6	26.8	> 100
EBIT margin ² (%)	16.1	0.7	> 100
Financial result	-32.3	-23.5	37.4
Income before taxes	732.3	3.3	> 100
Net income for the year	497.0	-74.5	n.a.
Earnings per share (€)	9.88	-1.43	n.a.
ROCE (%)	24.8	0.9	> 100
Financial Position/Cash Flows			
Total assets	5,501.2	4,541.9	21.1
Equity	2,446.8	1,942.4	26.0
Equity ratio (%)	44.5	42.8	4.0
Financial liabilities	533.4	439.7	21.3
Net financial receivables/net financial liabilities ⁴	-264.0	76.1	n.a.
Capital expenditures (including financial assets)	695.1	740.1	-6.1
Of which payments for acquisitions	81.2	-	n.a.
Depreciation (including financial assets)	429.9	579.9	-25.9
Net cash flow ⁵	421.6	-32.9	n.a.
Research and Development			
Research and development expenses	165.1	164.0	0.7
Employees			
Personnel expenses	1,135.7	1,090.3	4.2
Employees (December 31, number)	16,314	15,618	4.5

¹ EBITDA is EBIT before depreciation and amortization

² Margins are calculated based on sales

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

⁴ Sum of liquidity and noncurrent and current financial liabilities

⁵ Sum of cash flow from operating activities and noncurrent investment activities

Dear Shareholders,
Dear Guests,
Ladies and Gentlemen,

My Executive Board colleagues and I are very pleased to welcome you here today.

Ladies and Gentlemen,
WACKER is in really excellent shape.

Twelve months ago, I never thought I would be stating this clearly today, just a year after the worst global recession in 60 years.

At our last Annual Shareholders' Meeting, I stressed in my speech that it would take quite a while before every division had returned to pre-crisis levels.

In early 2010, none of us could have predicted that the world economy would rebound so quickly and, above all, with such momentum. The broad economic recovery, spanning every industry, contributed substantially to our strong performance last year. Even the usual seasonal slump did not come in the summer of 2010.

Other factors were just as important, though. When demand slumped in 2009, we neither questioned our strategic course, nor did we abandon our core financial policies. Similarly, we quickly took well-measured decisions, which proved effective.

We avoided any substantial cuts in personnel and capacity – except at Siltronic, where the situation required action. Our approach more than paid off in 2010, when we needed to quickly ramp up production.

Where necessary, we improved our cost structures and increased the efficiency of our processes.

We continued with our investment program, keeping capital expenditures at a high level. Our investment ratio was 20 percent of sales – which, in difficult times, should not be taken for granted.

From today's vantage point, we mastered the crisis well. Our modern product portfolio, our global presence and our investments of the last few years have secured competitive advantages and driven growth – benefiting every business division.

Ladies and Gentlemen,
After a short lull, WACKER has resumed its growth trajectory – as shown by our figures:

WACKER Generated Strong Sales and Earnings Growth in 2010

- We generated sales of €4.75 billion – up 28 percent year on year.
- EBITDA (earnings before interest, taxes, depreciation and amortization) almost doubled to €1.19 billion – our best operating result ever. Every business division contributed toward this success.
- With net income of some €500 million, WACKER achieved an after-tax return of over 10 percent.
- Earnings per share rose to €9.88, compared with €–1.43 in 2009.

Ladies and Gentlemen,

As you know, WACKER has always prioritized financial strength. Our financial policies focus on securing a sound equity base, on ensuring adequate liquidity and on minimizing debt levels.

In 2010, we definitely achieved these goals.

High Investments and Strong Finances

- We financed our substantial capital expenditures of €695 million entirely from net operating cash flow.
- With robust liquidity inflows from operations and from customer prepayments, cash and cash equivalents exceeded liabilities by about €260 million.
- Our equity ratio rose to 44.5 percent.

The Group's strategic focus is to continue growing through our own resources. Financial strength is the key factor. It enables us to invest intensively in WACKER's future.

WACKER Constructs New Polysilicon Site in Charleston (USA)

One investment priority is in the US State of Tennessee. Just over a month ago, on April 8, we laid the cornerstone there for our first polysilicon production plant outside Germany – a project costing about €1.1 billion.

Still practically a green field today, the site will deliver its first polysilicon to customers in late 2013.

WACKER's single largest investment ever opens up new prospects for us. The USA is the world's second-biggest chemicals market (after China) with sales of almost €500 billion. By constructing an integrated polysilicon facility there, we are strengthening our presence in the USA and paving the way for continued growth.

New Charleston Site Offers WACKER Numerous Advantages

The Tennessee project provides additional advantages, too:

- Energy prices in Tennessee are only half as much as in Germany. For an energy-intensive company like us, energy costs are a key location factor.
- The new plant in Tennessee will enable us to compensate more efficiently for currency fluctuations between the dollar and euro.
- Having an additional site will limit the risk of a production stoppage making us incapable of delivering at all. The natural disaster in Japan has sadly shown that it is better to have several sites to avoid the full impact of a crisis.
- Constructing a polysilicon plant on a greenfield site involves new challenges that will widen our expertise and experience for subsequent projects.

So far, Tennessee has proven to be a first-class location. Support from the authorities and local communities has been outstanding. WACKER is truly welcome there. All these

positive factors do not render our huge task any smaller, but they certainly make it a little easier.

Dividend Proposal Takes Account of Our Excellent Operating Result and Strong Financial Position

Ladies and Gentlemen,

We have always focused on growing through our own resources and on having our shareholders participate in our success. In view of WACKER's excellent operating result and strong financial position, we intend to substantially increase the dividend to well above the minimum distribution ratio of 25 percent. The Executive and Supervisory Boards propose to the Annual Shareholders' Meeting that WACKER distributes a dividend of €3.20 for 2010. The resulting distribution ratio is 32.4 percent, based on the net income allocable to our shareholders. With this dividend payout, we have found the right balance between profit sharing and corporate growth. At the same time, we are keeping a firm eye on financial stability and on our strength for future investments, too.

After 2009's sharp increase, WACKER's share price advanced more moderately in 2010 and could not maintain its year-high of €149.65. Compared to last year's final quote of €130.60, however, 2011 has seen WACKER's share price returning to stronger percentage growth than Germany's DAX and M-DAX indices.

Ladies and Gentlemen,

Alongside our regular operations, we concluded two major strategic projects last year.

Holla Covers about a Third of WACKER's Silicon Needs

The film you just saw highlighted the importance of raw-material security for WACKER's success. Our acquisition of the silicon-metal plant in Holla, Norway, was a major strategic milestone. Silicon metal is used in the production of silicones and hyperpure polycrystalline silicon.

The Holla acquisition:

- Enables us to backward integrate our supply chain.
- Secures our raw-material supplies.
- Makes us somewhat more independent of silicon-metal price trends.

With an annual capacity of some 50,000 metric tons, the site covers close to one third of our silicon needs. Costing about €65 million, Holla was a good investment – especially in the face of increasing silicon prices and greater raw-material scarcity in the marketplace. We will now start enhancing Holla's process efficiency and are currently investigating how much we can increase production capacity there.

Siloxane Production Successfully Launched in China

In November 2010, WACKER and its partner Dow Corning officially launched siloxane production at Zhangjiagang. After four years of construction, this milestone marks the conclusion of our key expansion project in the dynamic Chinese market. Although the investment and start-up costs were higher than originally planned, this is hardly unusual for such an extensive production complex, built on a greenfield site and in a new market. To allow for the higher siloxane transfer prices stemming from future purchase obligations, we recognized a provision of €52 million.

Regardless of the challenges, this project is essential for our growth strategy in Asia. Indeed, we have fully met our project goal – to be able to supply customers in the

region more effectively from the world's largest integrated silicone site. Now, we have a base for expanding our silicone operations in China and throughout Asia.

Ladies and Gentlemen,

Every business division contributed to WACKER's strong performance in 2010. All five increased their sales and EBITDA. Growth was well above average not only at Siltronic, our semiconductor division, but also at WACKER SILICONES and WACKER POLYSILICON.

Siltronic Lifts Sales by over 60 Percent

Siltronic – a major source of concern in 2009 – posted strong gains. Its sales soared more than 60 percent to over €1 billion. Buoyed chiefly by higher sales volumes and, in some cases, better prices, Siltronic generated EBITDA of almost €90 million. In contrast, it had posted a loss of €160 million a year earlier.

Despite this positive turnaround, we will not relax our efforts:

- Siltronic remains focused on keeping production flexible.
- We will press ahead with product-mix enhancements that attain higher prices.
- We will simplify and streamline business processes.
- Siltronic's activities will intensify in Asia, our largest sales market.
- And we will invest in technology that helps us optimally meet customer requirements.

WACKER SILICONES Expands Business in Every Sector and Region

As I already mentioned, WACKER SILICONES posted above-average gains, too. Up 28 percent, its sales rose to almost €1.6 billion, with growth spanning all customer industries and every region. We even beat our previous sales record, set in 2008.

Greater prosperity in emerging countries is clearly fueling the need for high-quality products incorporating silicones.

Our acquisition of the Korean Lucky-Silicone brand from Henkel suitably rounds out our product portfolio, especially for construction applications.

WACKER POLYMERS Achieves Growth with Higher Sales Volumes

Although the construction and adhesives industries again lagged behind the uptrend of other sectors, WACKER POLYMERS increased its sales by 9 percent to €810 million – thanks to accelerating sales volumes for dispersions and dispersible polymer powders.

Worldwide, WACKER is seen as the quality and solutions provider for construction applications. Our strategy of providing customers with optimum local support is paying off.

Our WACKER ACADEMY centers offer the right support. Our instructors there offer customers construction-specific expertise. Last year, we opened new training centers in Brazil, Dubai and Singapore.

WACKER BIOSOLUTIONS Benefits from Greater Customer Demand

WACKER BIOSOLUTIONS, our smallest division, also had a successful 2010. Its sales climbed to over €140 million – a 36-percent rise. Its EBITDA more than doubled to €25 million.

There were two reasons behind the division's growth:

- Demand was very high in every product segment.
- 2010 was the first time that gumbase business had been fully consolidated in the division over an entire year.

WACKER POLYSILICON Boosts Sales and Earnings

WACKER POLYSILICON has expanded faster than any other division over the last few years. 2010 was no exception. Growth was chiefly driven by the strength of polysilicon demand, especially from the solar industry, and by new production volumes from expansion stages at Burghausen. Compared to 2009, we produced over a third more polysilicon in 2010, with total output exceeding 30,000 metric tons. Sales rose 22 percent to almost €1.4 billion. EBITDA put in an even stronger performance, climbing 41 percent to over €730 million.

Significantly for the future, polysilicon customers have again showed a strong interest in concluding large-volume, multiyear contracts involving advance payments. This trend is reflected in the Group's gross cash flow. For our polysilicon business, this strong demand has meant we could sell virtually all the new output from Nünchritz and our Tennessee site right through until the end of 2015.

Ladies and Gentlemen,

Over the past few years, WACKER has grown worldwide. In particular, we have greatly strengthened our presence in the world's growth regions and have strategically expanded our integrated production system. These developments clearly show how strongly we are focused on the marketplace.

International Sales Exceeded €3.8 Billion in 2010

Asia's markets are our top priority. The region generated growth even during the global economic crisis. Asia played a major role in the rebound, too. Although I dislike using such strong terms as "economic boom," it seems apt for China. With its huge €400 billion stimulus program, China revived business during the economic crisis. Its gross domestic product rose by 10.3 percent in 2010, despite limits on debt issuance and a rise in interest rates. India, Asia's second economic heavyweight, also grew strongly in 2010.

Asia is already WACKER's most important market today and offers us the greatest growth potential for the future. In fact, 36 percent – or €1.72 billion – of our total sales came from Asia, with 60 percent of Asia's share being generated in China, including Taiwan.

In the world's other regions, our business developed positively, too. In Europe, our second-largest sales market, we increased sales by about 25 percent to almost €1.2 billion.

In the Americas, we posted sales growth of nearly 29 percent.

As for Germany, our home market, sales climbed some 15 percent to almost €890 million.

Ladies and Gentlemen,

Everything we accomplished in such a successful year was due to the efforts of our employees. Our success came through their achievements. My Executive Board colleagues and I would like to take this opportunity to thank them. To all our employees, a sincere Thank You!

During the economic crisis, our employees and employee representatives showed a strong sense of responsibility and commitment to their company. By making salary-related concessions and working short time, they played an important role in helping WACKER overcome the crisis so well.

Since WACKER is now thriving again, we granted our employees an appropriate share of the profits, as agreed.

Reputation Analysis – WACKER Achieves Top Rating among Its Employees

WACKER's very first reputation analysis in summer 2010 highlighted that our employees' loyalty to the Group extends far beyond labor-contract obligations. Indeed, six out of ten employees were true "ambassadors" for WACKER. They fully endorse the Group's expertise and entrepreneurial strength and communicate their convictions. Our result was well above the German-industry average.

The strength of our score is shown by a comparison with an annual Gallup poll, which was only a quarter as high.

Another aspect is vital, too – trust. Our employees rated their confidence in WACKER at 4.4, on a scale from 1 (the minimum score) to 5 (the highest).

All these results show that our employees identify with WACKER. Their emotional bond to the company is crucial for our continued success.

Turning to another recent survey, the Corporate Research Foundation assessed 250 companies in Greater China (China and Taiwan) and voted us "Top Employer 2010" for our HR work there.

I think we can all be proud that WACKER's workforce embodies our values in a very special way.

Employee Numbers Increased by 700 in 2010

Ladies and Gentlemen,

Growth creates jobs. As a consequence, our workforce has increased. On December 31, 2010, WACKER had almost 700 more employees than at year-end 2009. We will be creating at least the same number of new jobs again this year.

Vocational Training – the Basis of Expertise and Quality

WACKER attaches great importance to vocational training. We need young people with the high quality training we provide to help us shape the Group's future.

Last year, the number of trainees rose again, totaling 687 at our Burghausen Vocational Training Center – 22 more than a year earlier. The quality of our training courses and of our trainees is reflected in the prizes awarded to our young talent every year. Take Dominik Eichinger, for example. He came first in Germany's automation electronics competition in Erfurt and is now headed for the world championship in London. Manuel Pilzweiger ranked first in the regional Young Welders competition with a score of 97.7. Tobias Schmid was just as successful in metal active gas welding. Such skills are particularly important for a chemical company with all its metal reactors and columns. Of our graduates in 2010, 41 passed with distinction.

Ladies and Gentlemen,

The world faces major challenges. How can we, for example, sustainably meet the constantly growing need for raw materials? What must we do to protect the climate? How can we secure the world's energy supplies without nuclear power? How can we minimize vehicle emissions despite increasing mobility?

Innovation is the answer. The chemical industry has a long history of developing innovations that enable other sectors to launch new and better products onto the market. Now, chemistry has to find answers to tomorrow's main challenges. I am certain that our industry will successfully master this task.

For WACKER, innovation secures our future success. Innovation means always asking ourselves “What benefits our customers?” and “How can we best meet their needs?” Last year alone, WACKER generated almost a quarter of its sales through new products – all developed during the last five years.

Energy Storage – a Research Priority

WACKER has researchers working on tomorrow’s key concerns. We are a member of the National Platform for Electric Mobility, an initiative launched jointly by the German government and industry. Here, we are involved in developing an electric car for the future.

The greatest hurdle is the battery and drivetrain. At the moment, the battery is too costly and its range too short. Our scientists are working on materials for use in lithium-ion batteries and fuel cells.

Silicones from WACKER Are Used in Hybrid Drives

One of the first milestones in electric-car development is the hybrid drive – today, silicones from WACKER are used in the (moving) rotor and (stationary) stator system of an electric machine. Silicones can easily withstand the elevated temperatures and high power densities.

Rail transport is another area where we are promoting energy efficiency. Our Siltronic subsidiary supplies silicon wafers for making the chips that enable trains to recuperate braking energy and to release energy as required.

As you see, we are working intensively on tomorrow’s challenges. And I am convinced that our innovations will lead to important new solutions.

German Chemical Companies among Sustainability Leaders

Ladies and Gentlemen,

Today, German chemical companies are among the sustainability leaders. Although production output surged 42 percent between 1990 and 2009, energy consumption decreased by 33 percent and greenhouse-gas emissions by as much as 48 percent.

The chemical industry takes sustainability very seriously. Over the past 20 years, we have achieved a great deal by:

- Structuring reaction pathways to produce less waste.
- Boosting efficiency through the use of catalysts and the elimination of intermediate steps in synthesis.
- Avoiding the use of solvents and other auxiliaries wherever possible.
- Increasing the use of renewables in production processes.
- Reducing energy needs via low-pressure and low-temperature reactions.

We will continue to work toward improving these results.

WACKER Continues Advancing Sustainability

Our aim must be to generate more growth sustainably, with lower emissions and raw-material consumption. That is our principal task for the future – and we take it very seriously.

Let me mention two examples:

- We have standardized sustainability management across the entire Group – responsibilities and reporting lines are clearly structured, and subsidiaries have

been included in the harmonization process. Thus, standards are converging further at all sites, especially on the safety and ecological fronts. This was a stakeholder-survey request from 2008, which we have now successfully implemented.

--- We have continued to expand our Compliance Management system by appointing new compliance officers at our regional sites. As part of this process, we are holding numerous training sessions – some of them online, which increases efficiency.

You can read all about our efforts in our new Sustainability Report this fall.

Ladies and Gentlemen,

Before providing you with an outlook for 2011, I would like to turn to an event that, I believe, deeply impacted us all – Japan's natural catastrophe and the nuclear-reactor disaster at Fukushima.

The good news is that no WACKER employees or their family members were among the casualties. However, thousands of other people were not so lucky.

I, myself, traveled to Japan in mid-April to express our feelings of solidarity and concern to our employees and key business partners.

At WACKER, we suffered some damage at our silicon joint venture near Tokyo. With a concerted effort, our employees were able to bring operations back on stream within a week.

Ladies and Gentlemen,

We published our first-quarter figures two weeks ago. WACKER had a very good start to 2011.

Sales, Earnings and Cash Flow Soared in Q1 2011

The most significant developments in the first three months of this year:

- Group sales increased by 21 percent to €1.29 billion – the highest quarterly figure ever.
- Every business division contributed to this sales rise and we posted double-digit growth in all regions.
- EBITDA (earnings before interest, taxes, depreciation and amortization) climbed 38 percent to €351 million.
- Strong operational business and high cash inflows from customer prepayments increased net cash flow to €286 million in the first quarter.
- Our financial health remains robust and stable.

I have already mentioned the project launched in Tennessee in some detail.

Looking ahead at the full year, I am pleased to say that WACKER is poised for further growth.

WACKER Set for Further Growth in 2011

- Group sales are expected to pass the €5 billion mark in full-year 2011.
- EBITDA should exceed 2010's €1.2 billion.
- We will be investing some €950 million in the Group's future. Our spending focus is on production-capacity expansion. In the second half year, we will start ramping up our new polysilicon plant in Nünchritz – shipping out initial volumes by the end of this year.
- The downside of growth is higher raw-material and energy costs. It will be no easy task compensating for them.

Ladies and Gentlemen,

The signs look very good for 2011. However, anyone familiar with WACKER knows that our optimism will not make us lose sight of our tasks and goals – we have to:

- Continue enhancing our cost structures, processes and competitiveness.
- Better utilize the advantages of our integrated production system.
- Strengthen our market position.

Although we cannot influence exchange rates or the cost trends for energy and raw materials, we can certainly impact productivity and innovation. Which is exactly what we are doing.

Ladies and Gentlemen,

In closing, I would like to briefly comment on item 6 of today's agenda.

As you know, a profit-and-loss transfer agreement is to be concluded between Wacker Chemie AG and its wholly-owned subsidiary Wacker Chemie Achte Venture GmbH. The document contains the usual stipulations for such cases.

Why do we want to conclude this agreement? It would enable us to offset the profits and losses of Wacker Chemie Achte Venture GmbH directly on the level of Wacker Chemie AG. This would allow us make the positive and negative results tax deductible at a Group level.

As already explained in our joint report, Wacker Chemie Achte Venture GmbH (as a Wacker Chemie AG subsidiary) is the sole owner of Wacker Polysilicon North America, LLC. This company is currently involved in constructing the new us polysilicon facility, which is being financed within the Group.

During the financing phase, we expect interest-related losses at Wacker Chemie Achte Venture – arising from the intra-Group loans. If the profit-and-loss transfer agreement is concluded, Wacker Chemie AG will have to cover these losses. However, they would be matched by identical interest-related profits at Wacker Chemie AG. With the profit-and-loss transfer agreement, we would be able to use a consolidation effect for the taxation of Wacker Chemie AG, too. As a result, our tax burden would be lower.

For you, as our shareholders, the agreement will not have any consequences of note, apart from the aforementioned loss-assumption obligation. The extensive report by Wacker Chemie AG's Executive Board and by the management of Wacker Chemie Achte Venture GmbH on the profit-and-loss transfer agreement was made available to you when we called the Annual Shareholders' Meeting. In addition, you can obtain a copy of the agreement and our joint report at this meeting.

WACKER Looks Ahead with Confidence

Ladies and Gentlemen,

WACKER is optimistic about the future.

- Business is expanding.
- The share of modern chemical products in many applications is increasing.
- On emerging markets (such as Brazil, China and India), demand for our products will continue growing as incomes rise.

Another aspect gives reason for optimism. The world's population needs solutions for all of tomorrow's key challenges. And the chemical industry can play an important role in meeting many of them. The new opportunities that arise will keep our sector buoyant.

Before finishing, I would like to thank our business partners – our customers and suppliers – for their trusting and reliable relationship with us.

Last but not least, my Executive Board colleagues and I would like to sincerely thank you – our shareholders – for placing your trust in us. It is crucial for our work.

Thank you very much.

(Check against delivery)

2011 Financial Calendar and Publisher

2011 Financial Calendar

May 31, 2011

Capital Markets Day, London

August 2, 2011

Interim Report on the 2nd Quarter of 2011

October 28, 2011

Interim Report on the 3rd Quarter of 2011

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