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**Annual Press Conference
on the Fiscal Year 2007**

Speech by
Dr. Peter-Alexander Wacker,
President & CEO of
Wacker Chemie AG, Munich

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in Munich

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Ladies and gentlemen!

On behalf of the Executive Board, I'd like to welcome you to Wacker Chemie AG's Annual Press Conference.

WACKER's 2007 results were the best in its history. International business, accounting for over 80 percent of Group sales, was the main growth engine last year. Sales growth was particularly strong in Asia, especially in China. Asian economies showed particularly solid gains, but GDP growth also continued in Europe and the USA – though not as pronounced as in 2006. We primarily profited from strong customer demand in many of our target industries. Our production volumes showed significant growth and we were able to achieve price increases for numerous products.

In total, WACKER generated sales of around €3.8 billion in 2007. That is a year-on-year increase of 13 percent. All divisions, with the exception of WACKER FINE CHEMICALS, contributed to this sales growth – with Siltronic accounting for the largest growth in absolute terms.

Earnings outpaced sales growth by far. EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization – climbed to one billion euros for the first time ever. This represents a year-on-year increase of 27 percent. The EBITDA margin rose again – to 26.5 percent. Earnings before interest and taxes soared by over 40 percent in 2007, to 650 million euros. With a return on capital employed of over 25 percent, we rank among the best in the chemical industry. Our bottom-line figure for the past fiscal year is a profit of 422 million euros. Thus, net income rose 36 percent year on year. Earnings per share have risen correspondingly to 8 euros and 49 cents.

The main sales and earnings growth drivers were the semiconductor segment and our polysilicon business.

Siltronic boosted its sales to 1.45 billion euros – a 15 percent increase. This was primarily due to higher production volumes. Earnings growth outpaced sales growth here as well. Despite negative exchange-rate effects, EBITDA reached 478 million euros. This is up 34 percent compared to the prior-year period. Key

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factors in this earnings rise were shifts in the product mix in favor of 300 mm wafers, sales to the solar industry, and, above all, efficiency gains.

WACKER POLYSILICON beat the prior-year figures for sales by 40 percent and EBITDA by over 50 percent. The primary drivers were higher prices and volume gains. Continued strong solar-industry demand particularly fueled our polysilicon business.

The situation for our chemical segments is somewhat varied. Higher production volumes and higher prices for some products led to increasing sales for our silicone and polymer businesses. Rising energy and raw-material costs, as well as exchange-rate effects negatively impacted results. In total, our chemical segments' EBITDA approximately matched the prior-year level.

Compared with fiscal 2006, last year's challenges were far greater. The strong euro and higher energy and raw-material costs didn't make life any easier for us. Prices for our key raw materials – silicon, methanol and ethylene – rose significantly throughout the year. In some cases by clearly over 10 percent. This also applies to energy costs: natural gas - needed to produce electricity and heat - is some 10 percent more expensive than a year ago. Overall, we had to cope with effects from energy and raw-material price increases of around 35 million euros.

The strong euro also had an impact. After all, the Group generates around half of its sales outside of the eurozone. Let me give you a comparison: in early 2007, the dollar/euro exchange rate was still at 1.30 and now we are seeing rates of 1.50! The bottom line here is that the strong euro cost us 84 million euros in earnings last year.

Before I continue with the financials for the full year, let me briefly comment on the fourth quarter. WACKER posted consolidated sales of 920 million euros between October and December 2007. That is an 8 percent increase over the fourth quarter of 2006. In the same period, EBITDA rose by 9 percent to 205 million euros. This yields an EBITDA margin of 22.3 percent, comparing with 22.2 percent in the previous year.

Q4 sales and earnings growth was primarily the result of our strong polysilicon business. Sales there were up by over 70 percent year compared to Q4 2006.

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EBITDA doubled. In other areas, sales remained at virtually the same level as the prior year. Higher raw-material and energy costs and the strong euro impacted earnings.

Moreover, a one-time item had a two-digit million euro impact on WACKER POLYMERS. One of our largest raw-material suppliers shut down production facilities for longer than planned. This forced us to purchase polymer-production-related precursors at high costs. However, it seems that our supplier has solved this problem in January.

This concludes my remarks on the fourth-quarter figures. Now, I'd like to return to the financials for the full year, continuing with the key data from the statement of cash flows.

Compared to the prior year, net cash flow more than tripled to 644 million euros. Aside from strong operational results, net cash flow was primarily driven by customer prepayments. In 2007, we received over 400 million euros for future polysilicon shipments.

In the same period, investments rose by 33 percent to 699 million euros. Thus, our investment volumes have reached a new dimension. WACKER invested more in 2007 than ever before. In addition to our ongoing expansion projects, sizable funds flowed into joint ventures with Samsung Electronics and SCHOTT Solar. As a percentage of annual sales, our investment ratio grew to over 18 percent. And it will remain at high levels for the years to come.

Our investment activities focused on several major projects:

At Burghausen, WACKER POLYSILICON continued to expand its capacities for polycrystalline hyperpure silicon in response to a sharp hike in demand from the booming solar industry, as well as the ongoing rise in semiconductor manufacturers' demand. With an annual capacity of 3,500 metric tons of polysilicon, Expansion Stage 6 is running at full capacity since Q4 2007, thus three months earlier than planned. Expansion Stages 7 and 8 are fully on schedule, as is a new facility for granular polysilicon. As a result, our annual capacity will rise to over 22,000 metric tons by the end of 2010. A total investment of over 500 million euros has been budgeted for these projects.

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We expect the polysilicon business to remain attractive over the next few years. In any case, there are currently no signs of an impending polysilicon oversupply. 80 percent of our production quantities have already been sold for the next few years. Some of our supply contracts span until the year 2018.

Solar-industry demand is particularly strong and will probably continue to increase. This is why we are further expanding our supply chain for photovoltaics. To this end, we have established two joint ventures with SCHOTT Solar to produce and market silicon wafers for the solar industry.

In the years to come, we will be jointly investing a total of some 370 million euros in facilities at Jena and Alzenau, Germany. In late October 2007, we laid the cornerstone for a new solar wafer production facility which is set to begin production as early as May 2008. This year, we intend to produce wafers with a total capacity of 120 megawatts. Capacity is set to expand in stages, reaching about one gigawatt per year by 2012.

What does this mean for WACKER? The joint ventures serve to increase our supply-chain share within the production process. As a well-established semiconductor-wafer manufacturer, we have extensive experience that we can profitably apply to another sector. Our aim is to make WACKER SCHOTT Solar one of the world's largest producers of solar wafers.

Siltronic's expansion program for 300 mm silicon wafers also made great progress last year. Demand is growing – and we're making the most of it! More and more chipmakers are upgrading their production to use these large wafers. The reason for the 300 mm wafer boom is simple: their surface area is more than double that of 200 mm wafers, bringing our customers a cost saving of around 30 percent.

We have therefore stepped up Burghausen's 300 mm wafer production capacity – to a current 135,000 wafers per month. This is virtually double the previous output.

Our 300 mm joint venture with Samsung in Singapore has already begun to produce qualification wafers. The building, infrastructure and equipment were completed in record time. We expect the steep ramp-up to start in the first half of 2008. By the end of 2010, the joint venture should have a monthly capacity of

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300,000 wafers. Siltronic and Samsung are jointly investing about one billion U.S. dollars there.

WACKER SILICONES has further expanded its facilities at Nünchritz in Saxony and Zhangjiagang, China. The reason for this is the enormous demand for silicone, a truly all-purpose material.

As you know, silicones are highly versatile. They can be imparted with very specific properties, which is why silicones are emerging as the material of choice for an increasing number of applications – both in industry and everyday life. Just a few examples include the automotive, electronics, textile and medical equipment sectors.

In Nünchritz, we have expanded siloxane capacity once again – from a prior 100,000 to a current 120,000 metric tons per year. Siloxane serves as the starting material for silicones. This was made possible by production debottlenecking.

In Zhangjiagang, we have made good progress with the expansion of our integrated silicones site. We commissioned production facilities for silicone elastomers and sealants there and other facilities to manufacture silicone emulsions are under construction.

As you know, construction of the joint siloxane production facility with our partner Dow Corning continues according to plan. Production is expected to commence in 2010. A pyrogenic silica production plant – again in partnership with Dow Corning – has been completed in the meanwhile. In the next step, the facility will be ramped up. WACKER's share of investments in these two joint ventures amounts to 250 million U.S. dollars. Once the project in Zhangjiagang is complete, WACKER and Dow Corning will have the world's largest and most modern site for silicones.

WACKER POLYMERS continues to expand its dispersible polymer powder capacities in response to a sharp rise in construction-industry demand. Dispersible polymer powders are used in thermal insulation systems, tile adhesives and dry mortar mixes, for example.

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In fall 2007, a new spray dryer to manufacture polymer powder came on stream in Burghausen. With an annual capacity of 30,000 metric tons, the new facility is the largest of its kind worldwide to date. We are currently building another facility on the same scale in Nanjing. The division intends to secure and further expand on its leading position in China – a key growth market. If everything goes as planned, we will begin polymer-powder production there already in early 2009. For both facilities combined, we are investing some 130 million euros.

Dispersions and polymer powders offer great growth prospects, just think of the energy-efficiency trend and the Asian construction boom. We intend to further reinforce both businesses. For this reason, we acquired full ownership of our two joint ventures Air Products Polymers and Wacker Polymer Systems from our long-time partner Air Products. The transaction has meanwhile been closed and we are currently integrating APP's business into the WACKER Group.

As you can see, ladies and gentlemen, we are resolutely expanding our supply chain – both in Germany and particularly in booming regions around the world. This shows up in our figures, too.

In 2007, WACKER continued to boost the international share in Group sales – to over 80 percent. Over 3 billion euros were generated outside Germany. Compared to the prior year, this represents a 14 percent increase. Calculated in respective national currencies, we achieved higher sales in all regions in 2007.

As I mentioned in my opening remarks: export markets – particularly Asia, and more specifically China – were yet again the driving force behind our growth. With a sales volume of nearly 1.3 billion euros, Asia is now by far our largest market. Its share in Group sales is over 33 percent – of which China is the most important market. There, we are experiencing growth rates of over 40 percent. Due to our ongoing Asian expansion activities, the region's significance for our entire business will continue to rise in coming years – primarily thanks to strong demand potential for our products. This particularly applies to application areas such as electronics, photovoltaics and construction.

In European markets excluding Germany, we generated sales of over 1 billion euros in 2007. Compared to the prior year, this represents an 8 percent increase.

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We enjoyed particularly strong growth in Eastern Europe – especially in the construction sector.

In the Americas, we generated sales of 643 million euros last year – some 3 percent below the prior-year figure. Dollar weakness had an impact here. Adjusted for exchange-rate shifts, sales grew 7 percent.

The business trend in Germany was very robust. Sales in Germany totaled 724 million euros in 2007 – up 10 percent.

All of our various projects and the rise in sales had a positive impact on our employee numbers, too. The Group is in a position to offer more jobs. On December 31, 2007, WACKER had over 15,000 employees worldwide – a year-on-year increase of 2.6 percent. Of this total, some 11,600 staff are employed domestically and about 3,400 outside Germany.

Ladies and gentlemen, this sums up the Group's development during the past fiscal year.

I believe the figures speak for themselves. Sales and earnings rose by double-digit rates – with earnings even outpacing sales growth. We made huge progress with our expansion projects last year. And the Group's financial position is stronger than ever. The figures on our balance sheet reflect this:

- We've lowered our net financial debt by over half a billion euros.
- Cash and cash equivalents now exceed financial liabilities by almost 150 million euros.
- And our equity ratio is nearing 50 percent.

We met all of the targets we set for ourselves at the start of last year, and in some cases clearly exceeded them. And our shareholders should participate in this success. The Executive and Supervisory Boards will therefore propose a dividend of 2 euros and 25 cents per dividend-entitled share at the annual shareholder meeting. This base dividend is oriented toward our target of distributing at least 25 percent. In light of our truly outstanding results, however, we think that our shareholders can certainly expect a bit more. This is why we will propose an additional special dividend of 75 cents per share at the annual shareholder

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meeting. Combined, these result in a dividend yield of 2.0 percent of the WACKER share's average price in 2007.

Ladies and Gentlemen,

I know that the next section is the question that interests you the most: How do we view the outlook for fiscal 2008?

My Executive Board colleagues and I are optimistic about 2008, too. Of course, no one can currently predict how strongly the financial crisis will impact the real economy. Experts have varying opinions, though all agree that the global economy will most probably slow somewhat. Despite these uncertainties, we are still expecting to continue our growth course.

I can tell you one thing, though: Despite the current speculations on a global recession, WACKER had a good start into fiscal 2008. Demand for our products continues to be strong. We see further growth potential in Asia, Eastern Europe and South America.

The key in our favor is that our portfolio is ideally suited to leveraging future growth megatrends and regions. Let me give you a few examples:

- Ongoing global construction activity
- Increasing energy-conservation and environmental awareness
- Growing digitalization – keyword: wafers
- And the rising standard of living in emerging markets that boosts demand for our products

These represent opportunities for us to successfully continue our growth strategy. And our confidence is backed up by the fact that we continue to invest very heavily: We have earmarked 1 billion euros just for 2008. In relation to sales, this is unmatched within our industry.

We are expecting additional growth opportunities via our joint ventures with SCHOTT, as well as through the complete takeover of our JVs with Air Products. For the latter, we expect numerous strategic polymer-business benefits in the construction industry.

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Up to now, APP and WPS split the polymer business between them: APP produced dispersions and WPS polymers for the construction industry. In the future, WACKER will once again manufacture both dispersions and powders – worldwide.

This backward integration into dispersions strengthens our supply chain. We now possess fully integrated production sites in the USA and Asia. And with the additional APP business, WACKER POLYMERS' sales will rise to some one billion euros.

The challenges in 2008 are the same as last year's:

- Continued high raw-material and energy costs
- And, above all, the strong euro

Of course, we are going to keep a sharp eye on these cost positions.

Nevertheless, we expect to further boost both sales and earnings in 2008. We are forecasting overall sales growth of clearly above 10 percent. And also EBITDA is expected to rise again in 2008.

This, ladies and gentlemen, is our view of the situation. My colleagues and I will now be available to answer your questions.

Thank you for your attention.