Speech by Dr. Rudolf Staudigl
President & CEO
Wacker Chemie AG

May 16, 2012
International Congress
Center Munich (ICM)
# WACKER at a Glance

<table>
<thead>
<tr>
<th>€ million</th>
<th>2011</th>
<th>2010</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results/Return</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,909.7</td>
<td>4,748.4</td>
<td>3.4</td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>1,104.2</td>
<td>1,194.5</td>
<td>– 7.6</td>
</tr>
<tr>
<td>EBITDA margin(^2) (%)</td>
<td>22.5</td>
<td>25.2</td>
<td>–</td>
</tr>
<tr>
<td>EBIT(^3)</td>
<td>603.2</td>
<td>764.6</td>
<td>– 21.1</td>
</tr>
<tr>
<td>EBIT margin(^2) (%)</td>
<td>12.3</td>
<td>16.1</td>
<td>–</td>
</tr>
<tr>
<td>Financial result</td>
<td>– 35.8</td>
<td>– 32.3</td>
<td>10.8</td>
</tr>
<tr>
<td>Income before taxes</td>
<td>567.4</td>
<td>732.3</td>
<td>– 22.5</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>356.1</td>
<td>497.0</td>
<td>– 28.4</td>
</tr>
<tr>
<td>Earnings per share (basic/diluted) (€)</td>
<td>7.10</td>
<td>9.88</td>
<td>– 28.1</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>16.1</td>
<td>24.8</td>
<td>–</td>
</tr>
</tbody>
</table>

| **Financial Position/Cash Flows** | | | |
| Total assets | 6,237.0 | 5,501.2 | 13.4 |
| Equity | 2,629.7 | 2,446.8 | 7.5 |
| Equity ratio (\%) | 42.2 | 44.5 | – |
| Financial liabilities | 777.9 | 533.4 | 45.8 |
| Net financial receivables/net financial liabilities\(^4\) | 957.5 | 264.0 | – 63.8 |
| Capital expenditures (including financial assets) | 981.2 | 695.1 | 41.2 |
| Of which payments for acquisitions | – | 81.2 | n.a. |
| Depreciation (including financial assets) | 501.0 | 429.9 | 16.5 |
| Net cash flow\(^5\) | 6.2 | 421.6 | – 98.5 |

| **Research and Development** | | | |
| Research and development expenses | 172.9 | 165.1 | 4.7 |

| **Employees** | | | |
| Personnel expenses | 1,282.5 | 1,135.7 | 12.9 |
| Employees (December 31, number) | 17,168 | 16,314 | 5.2 |

\(^1\) 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 cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities
\(^5\) Sum of cash flow from operating activities and noncurrent investment activities before securities, incl. additions from finance leases
Dear Shareholders and Shareholder Representatives,
Dear Guests,
Ladies and Gentlemen,

In the film, you have just seen how we create something new. Discoveries come from a combination of expertise, creativity and determination. From having the right idea. From our employees' aspiration to do things better. We have all been striving for improvement, and not just recently. WACKER has 98 years of experience. Our central research facility, the “Consortium für elektrochemische Industrie,” is actually a couple of years older. Starting off with just a handful of staff, the Consortium represents the origins of today's WACKER Group.

Your company was built on a solid base – on research, development and innovation. These deep roots are energized by our guiding principles:

--- We develop intelligent products and solutions for sustainable growth.
--- We focus all our activities on our customers.
--- We ensure that we have very highly qualified employees.
--- We expand our presence in promising new markets.
--- We want to grow and continuously enhance our performance.
--- We think for the long term.

WACKER lives by these principles. My Executive Board colleagues and I warmly welcome you to Wacker Chemie AG's sixth Annual Shareholders' Meeting today.

Figures and Evaluation for Fiscal 2011
At last year's Shareholders' Meeting, we said that we would continue growing, post sales of over five billion euros and generate EBITDA of about 1.2 billion euros. In short, our goal for 2011 was to outperform 2010, which was the company’s best year ever. Up until the end of the third quarter, we were making very good progress. But the fourth quarter significantly dampened our sales and earnings trend, which had been excellent until then.

There were two reasons for this: First, the photovoltaic market's severe turbulence during the last three months of 2011. I'll return to this point later. Second, the demand slump in our semiconductor business. Due to these two developments, we ultimately did not quite achieve our goal.
Here are the key figures for 2011:

--- Sales rose 3 percent to 4.91 billion euros.
--- EBITDA decreased by 7.6 percent to 1.1 billion euros – slightly below the prior-year’s record level.
--- Net income came in at 356 million euros, 140 million less than a year earlier.
--- Earnings per share amounted to 7.10 euros, compared with 9.88 euros in 2010.

Share Performance
Although WACKER's stock reached 172.80 euros in early May, the highest level in almost three years, it performed well below average for the full year – clearly lagging behind the leading benchmark and industry indices. Our stock-price trend was just as disappointing for us as it was for you, our shareholders. I would have much preferred to be analyzing a positive price trend with you today.

In our view, two main causes prompted our stock’s performance:

--- First, silicon-wafer business deteriorated significantly after its brief surge following Fukushima. The decline was especially marked for smaller diameter wafers. Capital markets, in response, then greatly reduced their profit and share-price expectations for the whole sector.
--- Second, the photovoltaic market experienced severe distortions. The market was impacted by excess capacity along the entire supply chain, by uncertainty about future incentive policies, by strong competitive and price pressures, and by a far-reaching consolidation process. In no other branch did analysts reduce their profit expectations to such a degree. The pressure facing solar stocks was aggravated by international hedge funds betting directly on stock-prices declining further.

Both these causes overshadowed our good news:

--- WACKER’s chemical business is stable.
--- WACKER POLYMERS is generating strong growth.
--- WACKER has a sound financial position and a good equity base.
--- We are investing heavily in future growth. As in the past, these investments were financed by cash flow and by advance payments from customers.

Whether analysts’ perceptions of particular markets improve or deteriorate is beyond our control. What we have to do is ensure that WACKER grows profitably over the long term. It is our job to devise and implement the right strategies, and to communicate them.

Dividends
Ladies and Gentlemen, we want you, our shareholders, to participate in the Group’s success. We pursue a dividend policy that is long term. That targets distributing at least 25 percent of our net income. That is oriented to the Group’s financial situation.

Today, the Executive and Supervisory Boards propose distributing 109.3 million euros as dividends – which equates to 2.20 euros per share. Based on the net income
allocable to Wacker Chemie AG shareholders, the resultant distribution ratio is 31 percent. In our opinion, this proposal reflects our three dividend-policy pillars.

**Our Thanks to our Employees**

2011 was not a new record year. It was, however, the fourth-best year in WACKER’s history. This achievement was primarily due to our employees. They are the ones who produce and sell our products. They create the innovations. Our employees are passionate about Wacker Chemie, their company.

I have noticed this commitment in countless personal discussions. And at every WACKER location – whether at Nanjing or Nünchritz. It is the intense way our employees identify with WACKER that makes this company so special. Last year, 17,168 employees delivered an outstanding performance. On behalf of the entire Executive Board and, I am sure on your behalf, as shareholders, I would like to express our gratitude to them, with a sincere: “Thank you.”

**Photovoltaic Market Trend**

Last year, one topic overshadowed every other issue in our business and attracted the most attention.

As a result, many people – and surely you, too, as shareholders – are asking themselves some perfectly justified questions:

--- Has photovoltaics come to the end of its sweeping advance as the new, environmentally-friendly technology?
--- What’s going to happen in the photovoltaics market now?
--- And how is WACKER going to address this new development?

As a matter of fact, 2011 marked a turning point in the evolution of this highly dynamic and growth-oriented market. I would like to briefly explain what has actually happened over the last 12 months. There were multiple reasons behind the turbulence:

--- Excess capacity at all stages of the supply chain.
--- Strong price and competitive pressures.
--- The start of a necessary consolidation process.
--- Uncertainty about renewable-energy incentive policies – and not only in Germany.

In 2011, about 28 gigawatts of solar systems were installed worldwide. The highest level ever. There was enough manufacturing capacity available, though, to have produced even more systems. This excess capacity led to intense price competition, which initially impacted the manufacturers of solar wafers, cells and modules.

Module prices declined sharply, as a result. Today, a solar module costs half as much as it did five years ago. Polysilicon manufacturers were not immune to this development, either. Our customers’ high inventories dampened both demand and prices in the fourth quarter.

We immediately began negotiations with our customers. We were able to agree new conditions will almost all of them, without long-term contracts being canceled. The exceptions involved a very small number of customers who exited the solar business.
Many manufacturers have been unable to withstand the price pressure, especially German manufacturers. At the moment, the sector is undergoing a tough consolidation process, which will continue. When this process ends, there will be very few customers left. The survivors, though, will emerge stronger. And most of them are in China. Today, WACKER already supplies some 60 percent of its polysilicon output to Asian customers.

This leads me to the final reason mentioned – uncertainty about future incentive policies. The debate about – and constant changes to – Germany’s Renewable Energy Act have led to strong fluctuations in market demand. Investors in large solar systems lack the planning reliability they need for new investments.

Don’t misunderstand me. I think it is right to reduce solar incentives when investment costs are steadily decreasing. Another aspect needs stressing, too: it was right to support solar energy. This has helped the technology – which was in its infancy then – to grow to be so competitive now that it has started to become indispensable across the globe.

This brings me straight to the question about solar energy’s future. The levelized cost of solar electricity will decrease further. In two to three years, it will be on a par with onshore wind power in Germany. This makes solar energy one of the most cost-efficient and environmentally friendly energy sources. And it is available for our use in unlimited quantities.

Tomorrow’s energy mix will be different from today’s. Studies project that in 2030, global energy requirements will have risen by about 40 percent compared with today – a trend that cannot be satisfied unless we expand renewable-energy production. I’m convinced that all these advantages will ensure continued growth in the markets for solar applications. Tomorrow’s major growth markets are China, India, Japan and the USA.

Germany has decided to phase out nuclear energy. And the government is committed to this epoch-making project – called “the energy transition” in Germany. I do not want to discuss the problems and hurdles of implementation now. We Germans are perfect at doing that. I am looking at the opportunities. We can show the world that, in the medium term, we can do without nuclear power. And we can globally strengthen Germany’s leading position in energy efficiency and environmental technology.

WACKER is already among the leaders in this field. In 2011 alone, we generated about 25 percent of our sales with products that spur “the energy transition”:

--- Polysilicon for solar applications.
--- Adhesive additives for wind turbines.
--- Dispersible polymer powders for exterior insulation and finish systems.

I am certain that WACKER will be able to reap the benefits from the switch to renewable energies. And not only our polysilicon business, as you can see.

Ladies and Gentlemen, we have a clear goal: we want to remain a leading producer of polysilicon for the solar industry. We believe it is vital to rank among the top producers there. And that is exactly where we are. We are convinced that this business will remain attractive. The margins are not as high as in the past. But a chemical business cannot post EBITDA margins of 50 percent for ever. Nonetheless, polysilicon will remain a profitable business.
That’s why we are continuing to expand our polysilicon production facilities. At Nünchritz, the Poly 9 expansion stage was successfully ramped up. The official opening ceremony was at the end of April, attended by Saxony’s minister-president, Stanislaw Tillich. The facility is running at full capacity.

**WACKER’s biggest investment project ever – our new polysilicon production plant in Tennessee – is making progress. The advantages of this project remain just as attractive:**

--- Much lower energy costs than in Germany.
--- An improved natural hedge against dollar-euro exchange rate fluctuations.

Although a long way ahead, our Tennessee strategy goes a stage further. We intend to establish an integrated site there in the long term. Just as we have in Burghausen, Nünchritz and Zhangjiagang. After China, the USA is the world’s largest chemicals market. So, the Tennessee site opens up completely new growth prospects. Now, we have moved a step closer to our goal of having an integrated WACKER site in each of the world’s three key economic regions.

**Siltronic**

We have to take action if businesses consistently perform below our profitability expectations, as is the case with 150 mm and 200 mm silicon wafers. Consequently, we are adapting our production capacities to market demand.

We took the decision to close down the production site for 200 mm wafers at Hikari, Japan – a measure that has just been effected. We are closing 150 mm wafer production at Portland during the third quarter of 2012. At Burghausen, we are reducing the number of jobs in 150 mm production. Ultimately, these measures will increase plant utilization and improve fixed-cost structures. From 2013 onwards, we expect to see a positive impact on earnings of about 60 million euros.

Our 300 mm wafer business will continue growing, especially in Asia. As a result, capacity expansions will focus on our Siltronic Samsung Wafer joint venture in Singapore.

Our customers appreciate the quality of our silicon wafers. Intel, the world’s largest and most successful chipmaker, honored us with their top quality award.

**Chemical Divisions**

Our product portfolio is as diverse as our customer base. Today, WACKER products have a firm place in peoples’ everyday lives. Thanks to the wide range of applications needing our products, we avoid being dependent on individual markets and customers. A fact that is reflected in business at WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS. All three divisions managed to increase their sales in 2011.

At WACKER POLYMERS, business developed outstandingly, with sales up 15 percent. The division’s vinyl acetate-ethylene dispersions are partially replacing styrene butadiene as raw materials in the US packaging and carpeting industries. We intend to build on this success in 2012.
International Development/Regions

Today, WACKER is an international company. We are at home all over the world, with 82 percent of our sales generated outside Germany. Every region reported higher sales. And in China, including Taiwan, we crossed the billion-euro mark for the first time. Emerging markets have remained the prime growth drivers of the world economy, with China as the key market. During the next five years alone, over 60 percent of global economic growth will stem from emerging economies. People there want greater prosperity. And we have the products they need. Our aim is to build on our success in global markets.

The key advantage here is customer proximity. It is a crucial competitive factor. Success must always be achieved locally. Especially if you have products that require as much explanation as ours.

Consequently, we keep close to our customers and our markets. In our sales and marketing activities. In customer support. In applications engineering. In production. And in development. Our customers appreciate our proximity: In China, we received Procter & Gamble’s Best Cooperation Partner award. We earned it for our outstanding service. For successfully transferring production to China. And for the high product quality we supply. There is no better form of praise than receiving a customer award. It shows that we are on the right path.

At Nanjing in China, we are doubling our dispersions capacity, from 60,000 to 120,000 metric tons. On top of this come another 20,000 metric tons for gumbase production. At the same time, we have expanded our global distribution network. We have set up our first offices in several African countries. If the market there develops positively over the next few years, we are ready to respond.

Innovations

Ladies and Gentlemen, as I mentioned in my opening remarks, WACKER was founded on the core strengths of research, development and innovation. And innovation in the fields of applications, products and processes drives growth, productivity and success.

An essential component is our innovation strategy, which determines our project portfolio. Before we start a new project, we evaluate it in terms of its technology position, sales potential and profitability. Another factor is also important: all our projects are in competition with each other. No one can develop everything. Consequently, we concentrate on key strategic projects. The chief goals here are to improve our existing product platforms and production processes. We spend 25 percent of our R&D budget directly on these key projects. At the same time, we also look to three major future trends:

--- Electromobility
--- Energy storage
--- Energy efficiency

Our innovation strategy also calls for clear management decisions. If a project shows no promise of economic success, we cancel it.

WACKER’s systematic innovation management has been acclaimed by external specialists. Last June, the jury in an innovation competition – held by German business weekly “Wirtschaftswoche” and consultants A.T. Kearney – selected WACKER for the Best Innovator Award in the Chemical category.
**Employees**

As I mentioned earlier, people are the driving force behind our products, processes, ideas and innovations. WACKER has over 17,000 employees. 854 of them joined us as new hires in 2011.

We need highly qualified and capable employees. They hold the knowledge necessary for today’s and tomorrow’s markets. That is why we attach so much importance to vocational training. Last year alone, the Burghausen Vocational Training Center had 653 trainees. The quality of our training courses is repeatedly seen in the outstanding achievements of our promising young talents.

The best among them are:

--- Dominik Eichinger, who won the German championship for automation electronics.
--- Michael Langer, who came in third at the same championship.
--- Simon Christ, whose final grades made him Bavaria’s best chemical laboratory technician.

Eleven other trainees received the highest possible grade of 1.

Demographic change is just as important a topic as vocational training. Our society is getting steadily older. At WACKER, too, the number of people aged over 50 is climbing. This means that we have to continuously learn and train our people. Such courses are therefore an essential part of our personnel policies. WACKER can only remain innovative and competitive if it has highly skilled employees.

Over the past few years, WACKER has become ever more international. Just think of our Tennessee project. The markets and customers that we supply are as diverse as the people we do business with. Our employee structure needs to reflect this. Today, WACKER draws its workforce from over 60 countries. And we want to continue promoting this cultural diversity.

Another question is how we can support women more intensively. It is a central topic of socio-political debate. And I consider this debate important. There are so many highly qualified women in Germany and all over the world. WACKER needs their skills and expertise. At all corporate levels. We help employees find a positive balance between children, family and career. By offering child care. And through flexible and intelligent working-time models.

Our goal is quite clear. We want to see more women in middle and upper management positions. We are focusing on about 100 female employees who have the necessary potential for such positions. In the medium term, they are expected to take on leadership roles at WACKER. What we do not want is for politicians to impose a quota on us. We pursue a different philosophy – seeking the best employee for each job. The chief factors here are personal performance, expertise and development potential. Age, cultural origins and gender are not selection criteria. There should be equal opportunity for everyone.

WACKER is performance oriented. And our workforce includes physically challenged employees. They are doing an excellent job. For years, we have employed more disabled persons than required by German law. We were cited for this by the Bavarian State government in 2011, when it conferred its “JobErfolg” – Job Success – award on us.
First Quarter of 2012
What are our plans for 2012? Our first-quarter figures were published just a few days ago. The sales figure did not quite reach the record level achieved in the prior-year quarter. Group sales came in at 1.19 billion euros. Although almost 8 percent down on a year earlier, sales were now 18 percent higher than in the fourth quarter of 2011. As for EBITDA, the point I mentioned earlier about margins is still valid: our polysilicon margins came in below the prior-year level, due to prices. And this impacted EBITDA. At 212 million euros, it was much lower than a year earlier. These figures did not set any records, unlike in Q1 2011. Nevertheless, we achieved a good start to 2012 amid changed market conditions.

Compared with the fourth quarter of 2011, demand picked up appreciably. And there are several other pieces of good news, too: WACKER sold more polysilicon in the first three months of this year than ever before. Compared with first quarter of 2011, volumes were up 50 percent. And our polysilicon facilities are running at full capacity. WACKER POLYMERS continues its success story, with first-quarter sales rising 14 percent year over year. WACKER BIOSOLUTIONS generated more sales in the first three months than in any other quarter. From January through March, Asia was WACKER’s largest and fastest-growing region.

Looking ahead to the second quarter, I am pleased to say that polysilicon demand remains high. And Siltronic plans to return to positive EBITDA in the second quarter.

Outlook for 2012
You already know our projections for 2012. They reflect not only the realities facing our business, but also the underlying economic conditions. We are not pessimists by nature. But we should not forget that Greece is still an uncertainty in the euro crisis. That sovereign debt in Europe is holding back economic growth. That the euro is supported by an enormous rescue fund. And that growth in China is losing momentum. Obviously, the crisis is not over yet. Although there are plenty of optimistic signals, we have to stay alert.

In view of the current situation, WACKER is planning to reach the five-billion-euro sales mark. Our net income will be well below the prior-year level – mainly due to the lower prices on polysilicon markets, as already mentioned.

We are keeping our investments at a high level, so that we can participate in future solar-sector growth. We are also shortening the depreciation period for some polysilicon infrastructural and technical facilities, adjusting them to the useful lives of the machinery. Both measures will dampen earnings and cash flow. Moreover, our net financial liabilities will rise in the current year. One reason is our high investment expenditures.

The second reason is that the level of advance payments from customers for future polysilicon volumes is gradually declining as customers receive their deliveries. Although financial liabilities are currently increasing, WACKER is not going to change its solid financial policies in the long term. A strong balance sheet and a sound financial position will remain at the heart of our financial strategy in the years ahead.
Strategy
If markets and underlying conditions change, as in the photovoltaic industry, we have to check whether our growth strategy is correct. And we are convinced that it is.

The market for solar energy will continue to grow. Another vital point is that WACKER has the right technologies. 90 percent of the solar cells produced today are based on silicon. The thin-film technology, which builds on other chemical elements, is losing ground. Crystalline silicon cells are more efficient, and also more cost-effective.

Eicke Weber, head of the Fraunhofer Institute for Solar Energy Systems, explained the situation in one concise sentence in the German science magazine “Bild der Wissenschaft”: “No one foresaw the momentum of silicon technology.” That is not quite true. We have always believed in this technology. And still do.

Ladies and Gentlemen, as I mentioned at the start, we think for the long term. And we are optimistic about the future. WACKER has great potential for tomorrow’s world. No other company has our expertise in silicon and polymer chemistry.

We focus on the major issues of modern times: Electromobility, energy storage and energy efficiency. All our activities are based on strong foundations.

--- We have excellent products.
--- We have highly motivated employees.
--- And we are leaders in our markets.

We will all do our utmost – the Executive Board and every employee – to successfully shape WACKER’s future. We thank our customers, suppliers and you – our shareholders – for the confidence you have placed in us. We ask you to continue trusting us. We are looking forward to your support on the path ahead.

Thank you.

(Check against delivery)
Financial Calendar 2012

July 25
Interim Report on the 2nd Quarter

Sep. 11
Capital Markets Day Dresden

Oct. 24
Interim Report on the 3rd Quarter

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