

WACKER at a Glance

€ million	2011	2010	Change in %
Results/Return			
Sales	4,909.7	4,748.4	3.4
EBITDA ¹	1,104.2	1,194.5	-7.6
EBITDA margin ² (%)	22.5	25.2	-
EBIT ³	603.2	764.6	-21.1
EBIT margin ² (%)	12.3	16.1	-
Financial result	-35.8	-32.3	10.8
Income before taxes	567.4	732.3	-22.5
Net income for the year	356.1	497.0	-28.4
Earnings per share (basic/diluted) (€)	7.10	9.88	-28.1
ROCE (%)	18.1	24.8	-
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	95.7	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

Cover image

GENIOSIL® N

Hybrid compounds for challenging applications as adhesives and sealants

WACKER SILICONES is one of the largest silicone manufacturers worldwide with over 3,000 highly specialized and innovative products. Thanks to WACKER's patented hybrid technology, we manufacture fast-curing one-component adhesives and sealants with a unique spectrum of properties. The applications of GENIOSIL® N range from highly elastic, paintable sealants through to high-strength assembly adhesives.

Milestones 2011

Mar. 29

Expertise at the European Coatings Show

Under the motto "Our @ in Expertise," WACKER presented polymer and silicone products, as well as hybrid technologies, for the coatings, construction, adhesives and sealants industries at the European Coatings Show (ECS) in Nuremberg in March. With durable industrial coatings in mind, WACKER also showcased a new silicone intermediate, coating resins, solid resins and pyrogenic silica. In the construction sector, the focus was on facades, damp-proofing and long-term protection: composite dispersions enable bright colors and liquid hybrid polymers provide for water-impervious surfaces.

Apr. 8

Groundbreaking Ceremony in Tennessee

In April, WACKER began building a fully integrated polysilicon-production site in the USA. During the official ceremony, attended by numerous guests from politics, business and local government, WACKER's CEO Rudolf Staudigl, Supervisory Board Chairman Dr. Peter-Alexander Wacker, and Tennessee Governor Bill Haslam broke ground on the large-scale project. The production complex, with an annual capacity of 15,000 metric tons, is scheduled for completion by late 2013. At about €1.1 billion, this new site is WACKER's single largest investment ever. Around 650 new jobs are expected to be created at the new site in Cleveland.

Jun. 9

WACKER Wins Best Innovator Award

WACKER received Germany's Best Innovator Award in the Chemical category for its sustainable innovation management. A.T. Kearney and German business weekly "WirtschaftsWoche" organized the competition, in which more than 100 companies participated. The Best Innovator jury confirmed that WACKER had introduced systematic processes and operated innovation management as a core area of expertise. Attended by Parliamentary State Secretary Ernst Burgbacher, the award ceremony took place at the Federal Ministry of Economics and Technology in Berlin.

July 5

Production Lines for High-Purity Silicone Elastomers

WACKER started operating several silicone elastomer production lines at its Burghausen site. The new production facility sets standards for the manufacture of high-purity silicones – it meets WACKER's new Clean Operations Standard, thus satisfying quality and purity requirements usually found only in the semiconductor or pharmaceutical industries. The production lines encompass high-purity specialty silicones, encapsulation and coating compounds, as well as uv-activated silicones for medical applications, LED manufacture and electronics. Additional cleanroom capacity has been created at the site to comply with the especially high quality and purity standards for these products.

Sept. 24

Behind the Scenes on Open Day

WACKER held an open day to commemorate the International Year of Chemistry in 2011. Under the slogan, "A glimpse into our world," visitors to the Burghausen, Freiberg and Cologne sites spent a day at the company looking behind the scenes. Over 20,000 visitors took the opportunity to explore the exciting world of chemistry during plant tours, experiment demonstrations and product presentations. 2011 was proclaimed the International Year of Chemistry by the General Assembly of the United Nations to highlight the accomplishments of chemistry and its contribution to the well-being of humanity.

Oct. 10

Polysilicon Production Launched in Nünchritz

WACKER began producing hyperpure polysilicon at its Nünchritz site in October. Last fall, an initial group of deposition reactors at the new production complex ramped up production of high-quality polysilicon intended for sale. Overall, WACKER has invested some €900 million in these new production facilities – and created more than 500 new jobs as a result. The production complex utilizes highly integrated material cycles. Thus, manufacturing byproducts are reprocessed and then reused as basic materials in the value chain. This cuts costs, while conserving resources.

Oct. 19

Pyrogenic Silica Plant in China

WACKER and Dow Corning Corporation inaugurated the second expansion stage of their joint pyrogenic silica plant in Zhangjiagang (Jiangsu province, China). This expansion stage, together with a siloxane plant, is a key facility of the Dow Corning/WACKER integrated silicone manufacturing site. The products are used, for example, in the construction, cosmetics, personal-care, energy and automotive sectors.

Dec. 8

Closure of Semiconductor Production Facility in Japan

The Siltronic division is streamlining its 200 mm wafer capacities and intends to close its Hikari production site in Japan by mid-2012. Hikari's production volumes are to be transferred to Siltronic's 200 mm wafer plants in Singapore and Portland (Oregon, USA). To provide its Japanese customers with optimum service, Siltronic will continue to employ a local sales force and engineering support unit in Japan. Siltronic has a workforce of about 500 employees at Hikari. The goal is to implement the site closure in as socially responsible a manner as possible.

Dec. 15

Procter & Gamble Honors WACKER Greater China

During an official ceremony in mid-December, WACKER Greater China was presented with the "Best Cooperation Partner Award 2011" by its customer Procter & Gamble. The US consumer-goods giant manufactures beauty, grooming and haircare products containing WACKER silicones at its Xiqing plant in Tianjin (northern China). WACKER Greater China received the award for its outstanding service and successful transfer of BELSIL® DM 300000 production to the Zhangjiagang site. This high-viscosity polydimethylsiloxane had previously been imported into China. Used in haircare products, it enhances the ease of combing dry and wet hair, for example.

Vision

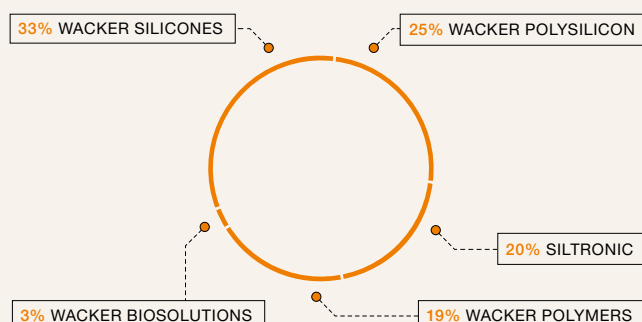
WACKER, as an innovative chemical company, makes a vital contribution to improving the quality of life around the world. In the future, we want to continue developing and supplying solutions that meet our rigorous demands – creating added value for our customers and shareholders, and growing sustainably.

Key Financial Indicators

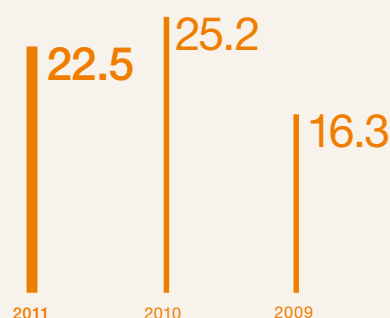
WACKER Share Performance (€)



Divisional Shares in Group Sales



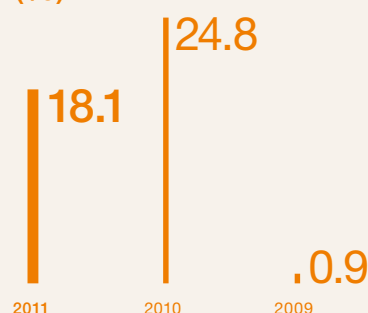
EBITDA Margin (%)



Earnings per Share (€)



Return on Capital Employed (ROCE) (%)

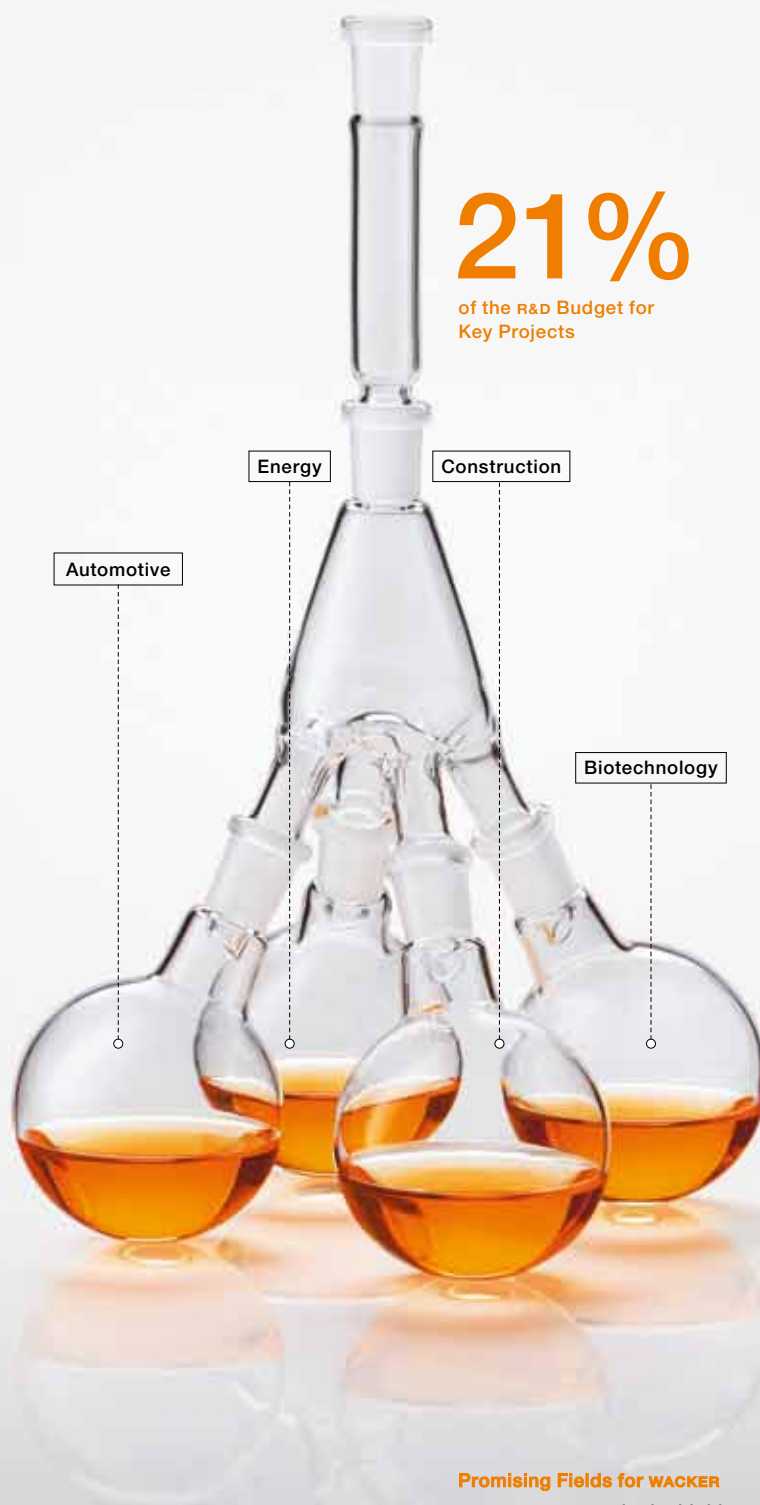


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For Our Shareholders

21%

of the R&D Budget for
Key Projects



Promising Fields for WACKER

WACKER operates in the highly promising fields of biotechnology, energy, construction and automotive engineering, among others. Further focuses of our R&D work are catalysis and semiconductors. Our researchers devote particular attention to energy storage and renewable energy generation.

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For Our Shareholders

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Dear Shareholders,

In fiscal 2011, WACKER posted a good result again despite having originally set out to achieve even more. The year began well and, through to the end of the third quarter, it still looked as though we would perform even better than in 2010, our most successful year to date. But, during the last three months of the year, severe turbulence on the photovoltaic (PV) market put a significant damper on our sales and earnings, which had been excellent up until then. Weaker demand in our semiconductor business had an additional impact on our performance. All in all, we raised sales by 3.4 percent to €4.91 billion. EBITDA declined by 7.6 percent to €1.1 billion, just short of the previous year's high level.

The debate surrounding subsidies for renewable energies and the costs they entail, along with the consolidation taking place in the international PV market, are leading many to question whether the photovoltaic industry will be able to continue its success in the coming years. As one of the world's leading suppliers of polysilicon, we are well acquainted with the market and can assess its mechanisms.

The year 2011 marked a turning point in the development of this highly dynamic and continuously growing market. On the back of high growth rates and attractive market parameters, many new competitors – especially from China – have entered the market at all points along the supply chain, rapidly building up production capacities. Even a market with average growth rates of sometimes over 50 percent cannot fully absorb all this additional capacity. Initially, fierce price competition arose in the downstream segment of the supply chain – among producers of solar wafers, cells and modules – and some suppliers are unlikely to survive. Today, a solar module costs half of what it did just five years ago. Even though the number of photovoltaic systems installed was again higher in 2011, supply exceeded demand. As a result, our customers built up high inventories in the course of the year. Reduction of these inventories led to both lower polysilicon prices and demand, which is reflected in our fourth-quarter figures. During that period, we approached all our customers and, together with them, worked out individualized solutions here.

We have previously already pointed out that EBITDA margins of 50 percent and above could not be maintained in a chemical business in the long term. Strong market growth combined with a scarcity of the raw material polysilicon produced an exceptional situation, which benefited us to a high degree for several years. Thus, it does not surprise us that the high margins are now declining. What is surprising is the pace of this change.

Polysilicon Business Retains Its Attractiveness

The business of providing polysilicon to the photovoltaic industry is set to remain attractive in the future and will continue delivering high margins. Those margins are necessary, too, if we are going to drive forward the capital-intensive expansion of production capacity and meet further PV-sector growth.

We made very good progress here this year by commissioning expansion stage 9 of our polysilicon production facilities at Nünchritz. The new polysilicon production plant in Tennessee, which is the biggest investment project in WACKER's history, is making very good strides, too. For WACKER, the new U.S. production site is a project of strategic importance as it will enable us to establish an integrated production facility there, from which the Group will profit in the long term.

Our high level of capital expenditures – in 2011 alone we invested approx. €980 million – shows our expectation of continued PV growth as a key energy source and WACKER's intention to remain a leading manufacturer of polysilicon for the PV market. As a cost and quality leader, we even stand to profit in the long run from the necessary consolidation of the market. Indeed, WACKER is excellently positioned to reap the benefits.

In Germany, the decision to switch to renewable energy sources has already been made. It is a venture that harbors many risks, but also promises numerous opportunities. We intend to utilize these opportunities to deliver the products and services required for the transition and successfully market them worldwide.

We must take fast and decisive action when a business consistently does not deliver the returns the company expects. The fact is that the market for 200 mm silicon wafers will continue to decline, which is why we decided to realign our production capacities for this wafer diameter to match market demand. Ultimately, the decision was taken to shut down our Japanese site at Hikari by mid-2012, as painful as that certainly is for our Japanese employees. But it is one of the tasks of the Executive Board to stay in touch with the realities of the market and to adjust the company's strategic direction when necessary. The strategy of lead sites initiated in 2009 will allow us to shift production volumes for 200 mm wafers to Singapore and Portland – a move that will serve to improve both plant utilization and fixed-cost structures at those locations. This measure will lower our costs by €30 million annually.

The year 2011 showed that one of WACKER's strengths lies in the combination, and the risk profile, of our various lines of business. Despite strong headwinds from the raw-material side, our three chemical business divisions performed well. WACKER POLYMERS, in particular, achieved a substantial increase in sales. The replacement of styrene butadiene with our VAE dispersions was one of the main spurs for growth, and we intend to repeat that growth in 2012.

In 2008, we seized the opportunity to acquire full ownership in two joint ventures that we had previously run together with Air Products. This move has strengthened our polymer business. Today, we have access to a complete supply chain for dispersions and dispersible polymer powders in the Americas, Asia and Europe. We have been able to substantially expand our position in North America. Furthermore, the polymers segment is proving to be relatively immune to crises, and regularly generates a healthy cash flow.

WACKER Shows a Solid Financial Position

A strong balance sheet and sound finances have always been WACKER hallmarks, and we will put a special focus on them going forward. As always, our goal is to maintain a sound equity base and sufficient liquidity. All of our capital expenditures, which were again very high in 2011, were financed from our own cash flow and through customers' advance payments. Our cash and cash equivalents exceed our financial liabilities by almost €100 million. This situation will change in the coming years. Our net financial liabilities are set to grow because our capital expenditures will remain high while the level of advance payments received from our customers for future polysilicon deliveries will gradually begin to come down as our deliveries are made. Despite the planned increase in debt, we will continue our sound financial policies.

We set a high benchmark for our balance sheet and finances, and the same goes for our dividend policy. That policy is geared toward offering our shareholders an appropriate and sustainable share in our economic success – one that neither depletes the funds needed for future growth, nor impairs the company's financial foundation. At the Annual Shareholders' Meeting in May, the Supervisory and Executive Boards will propose a dividend of €2.20 per share entitled to dividends for 2011. That equates to a distribution ratio of 31 percent, based on the net income allocable to Wacker Chemie AG's shareholders, and is thus above the minimum distribution ratio of 25 percent.

WACKER's share price performed well until mid-2011, but after hitting a high of €172.80 in May, it underperformed for the rest of the year relative to the MDAX. The combination of high sovereign debt in several eurozone countries and fears of an economic downturn caused share prices to tumble. The capital market's negative forecast for the photovoltaic industry had an additional impact and proved to be a key factor influencing the performance of WACKER shares in the course of 2011. Needless to say, we are not satisfied with our share price performance.

As you are well aware, many of the problems also surrounding the financial and sovereign debt crises remain unsolved and therefore, in large part, the economic climate will remain challenging for us in 2012. Nevertheless, we are optimistic that 2012 can turn out to be a positive fiscal year for WACKER, with rising sales and a good operating result.

Growing through Our Own Resources

The Group's strategic focus is to continue growing through our own resources. That remains evident in our capital expenditures, where we will continue to concentrate on our new polysilicon site in Tennessee, set for completion by the end of 2013. But our expansion projects for WACKER POLYMERS and WACKER BIOSOLUTIONS in Nanjing, too, underscore the opportunities we have to grow in the Chinese market.

As for WACKER SILICONES, we will expand our business in the emerging economies of Brazil, China and India since demand for higher-quality products in these markets is set to increase as living standards rise. Our product portfolio enables us to cater to this demand outstandingly. The focus of the WACKER POLYMERS division is on consolidating its leadership position in the construction industry in our established sales markets and on aspiring to leadership in the growth markets of Brazil, China and India. As far as dispersions are concerned, we will press ahead with the substitution of styrene-butadiene polymers with our products. At WACKER POLYSILICON, we want to firmly defend our position as a quality and cost leader. Siltronic will continue to implement the measures taken to enhance efficiency and increase productivity in this division. We intend to further expand our business with 300 mm silicon wafers, and are focusing our attention here on ramping up capacity at our joint venture Siltronic Samsung Wafer in Singapore.

Our broad portfolio, our strong presence in the world's key economic regions, and our status as a market and technology leader together form a solid foundation for driving forward WACKER's growth in the years ahead.

In all that we undertake, we rely on the high level of commitment and profound expertise of our employees, who have been responsible for WACKER's success to date. That is why my colleagues and I on the Executive Board wish to express our thanks to the entire WACKER workforce.

In the same measure, our thanks go to our customers and suppliers around the world for our successful working relationships, which are based on reliability and mutual trust. I would like to express my gratitude to you, our shareholders, for the open dialog we enjoy with you and for the trust you have placed in our company.

Munich, Germany, March 2012



Dr. Rudolf Staudigl
President & CEO of Wacker Chemie AG

Executive Board

Dr. Rudolf Staudigl

President & CEO

SILTRONIC

Executive Personnel
Corporate Development
Corporate Communications
Investor Relations
Corporate Auditing
Legal & Insurance
Compliance

Dr. Joachim Rauhut

WACKER POLYSILICON

Corporate Accounting
Corporate Controlling
Corporate Finance
Information Technology
Raw Materials Procurement
Technical Procurement & Logistics
Tax
Region: The Americas

Dr. Wilhelm Sittenthaler

WACKER SILICONES

Human Resources (Personnel Director)
Corporate Research & Development
Intellectual Property
Regions: India, Asia-Pacific

Auguste Willems

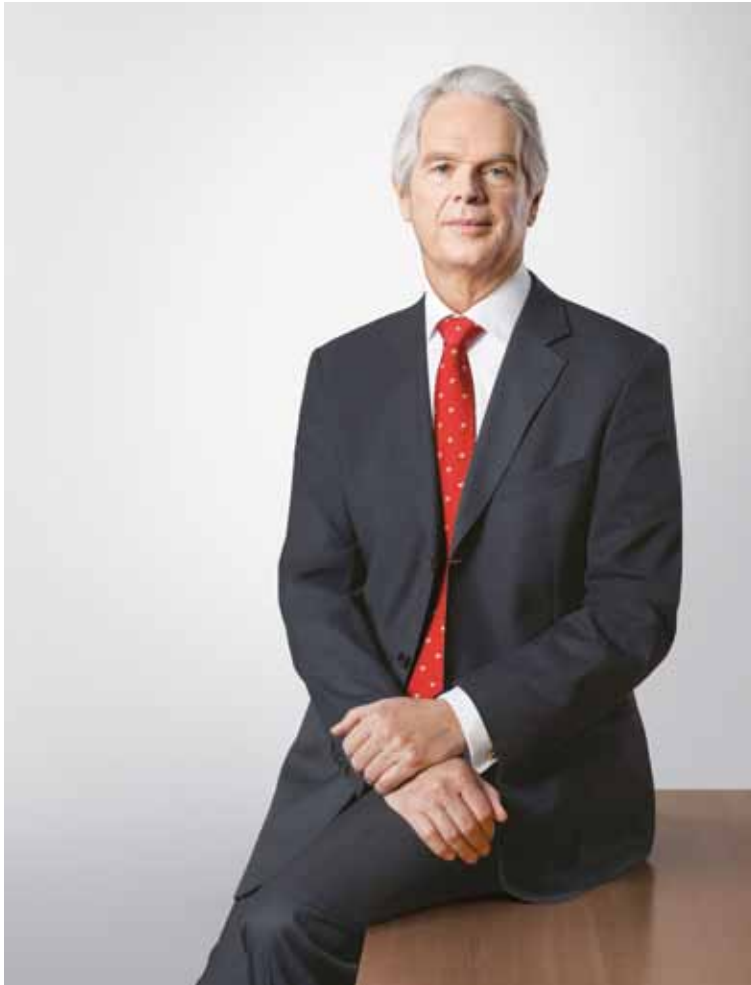
WACKER POLYMERS WACKER BIOSOLUTIONS

Corporate Engineering
Sales & Distribution
Corporate Security
Site Management
Environment, Health, Safety
Product Stewardship
Regions: Europe, Middle East



(From left)
Dr. Joachim Rauhut, Dr. Rudolf Staudigl, Auguste Willems, Dr. Wilhelm Sittenthaler

Report of the Supervisory Board



Dr. Peter-Alexander Wacker
Chairman of the Supervisory Board of Wacker Chemie AG

Dear Shareholders,

WACKER succeeded in achieving a good financial result in 2011, though early in the year we had high hopes of even better performance. The first nine months were very successful for us. But then consolidation on the PV market in the last three months slowed our sales and earnings development significantly. Despite our strong standing as a price and quality leader in polysilicon, this sharp market correction left its mark on WACKER.

WACKER's business will continue to be influenced by cyclic swings for the foreseeable future. The important question is whether a company is capable of mastering them successfully. WACKER is a healthy, financially strong and highly innovative company with attractive business fields and a unique pool of expertise. With the exception of the 2009 crisis, our sales have grown steadily. WACKER has expanded its production capacities in line with its growth strategy and the ongoing internationalization of its operations. Since 2006, WACKER has invested over €4.5 billion in the company's future. That has made WACKER not only larger, but also substantially stronger.

This expansion strategy is underscored by the investment project in Tennessee, USA. Despite the high volume, WACKER financed its investment spending last year from its own cash flow, including customer advance payments. The biggest single investment in our corporate history is WACKER's springboard for establishing an integrated production facility in one of the largest chemical and industrial centers in the world. That not only opens up new market perspectives in the US, but also allows us better to balance out fluctuations in the dollar-to-euro exchange rate. With an integrated site in Tennessee, WACKER can now exploit one of its major strengths in the Americas, too, and advance its business further here.

The importance of the US market in WACKER's success is further underscored by the growth of the WACKER POLYMERS business division. We substantially increased sales in the Americas in 2011 by offering VAE dispersions as an alternative to styrene-butadiene polymers. WACKER POLYMERS' growth also shows that we made the right decision in 2008 to take full ownership in our two joint ventures with Air Products. This acquisition is now yielding sustainable benefits.

The investment in Tennessee also puts WACKER on a good long-term footing globally. As a result, the Group will possess modern, integrated production sites in the three key regions of the world.

A considerable part of this success is due to WACKER's employees. Through their hard work, their profound expertise and their commitment, they are an essential guarantor of the company's positive growth. The Supervisory Board of Wacker Chemie AG thanks them for their achievement.

Continuous Dialog with the Executive Board

At WACKER, sound corporate governance and control are built on a relationship of trust between the Executive Board and Supervisory Board as they work closely together in the company's interest. In the 2011 fiscal year, the Supervisory Board performed the duties incumbent upon it under the law, the Articles of Association, and the internal rules of procedure with great diligence. The Supervisory Board was involved in every decision of fundamental significance for the company at an early stage.

In both written and verbal reports, the Executive Board regularly provided us with timely and comprehensive information on corporate planning, strategic development, business operations, and the current state of Wacker Chemie AG and the Group, including the risk situation. Outside of the scheduled Supervisory Board meetings, the Chairman of the Supervisory Board also remained in regular contact with the Executive Board, especially with the CEO, and was kept informed about the current business situation, trends and key business transactions. Any deviations from business plans and targets were explained to us in detail.

Wherever required by statutory provisions and the Articles of Association, the Supervisory Board voted on the reports and proposals of the Executive Board after detailed examination and discussion.

In the reporting year, we paid particularly close attention to investment projects, the current earnings situation, including the risk position and risk management, and the company's liquidity and financial position.

The Supervisory Board held four scheduled meetings in 2011, two in the first half of the year and two in the second. Between meetings, the Executive Board immediately informed us in detail by means of written reports about all projects and plans of particular importance to the Group. At its full meetings and in its committees, the Supervisory Board discussed in detail business transactions important to the company on the basis of the reports submitted by the Executive Board. The full meetings were prepared by shareholder and employee representatives in their own separate sessions. In the period under review, every Supervisory Board member attended at least half of the meetings held during their period in office.

The Supervisory Board's Main Areas of Deliberation

The development of sales, earnings, and employment in the Group and its individual segments were the subject of regular deliberations in the full meetings. At each meeting, the Supervisory Board evaluated the Executive Board's performance – on the basis of Executive Board reports – and discussed strategic development opportunities and other key topics with the Executive Board. There was no need for additional monitoring measures, such as inspection of corporate documents or appointing expert counsels from outside.

Major areas of deliberation dealt with by the Supervisory Board were:

- the construction of the new polysilicon facility in Tennessee in the United States
- expansion of production capacities for polysilicon in Burghausen and Nünchritz
- restructuring of Siltronic and implementation of the lead site strategy
- expansion of the joint venture with Samsung in Singapore, and the requisite financing
- start-up costs for the new siloxane plant in Zhangjiagang
- the situation on the photovoltaic market and the impact on WACKER
- performance of the share price
- ensuring Group financing

The Supervisory Board discussed the WACKER Group's plans for the 2012 fiscal year at its meeting held on December 8, 2011. On this occasion, the Supervisory Board also dealt with medium-term corporate plans up until 2015. It also discussed and approved the capital expenditure budget for 2012.

Work in the Committees

The Supervisory Board is assisted in its work by the committees which it has constituted. WACKER's Supervisory Board has created three committees – an Audit Committee, an Executive Committee, and a Mediation Committee (as per the German Co-Determination Act [MitbestG], Section 27, Subsection 3). With the exception of the Audit Committee, which is chaired by Dr. Bernd W. Voss, the Chairman of the Supervisory Board chairs the committees.

The Audit Committee met four times in 2011. Key aspects of its work included the audit of the annual financial statements of Wacker Chemie AG and the Group for 2010 and of the consolidated interim financial statements for the first half-year. It also discussed the consolidated quarterly reports, risk management and compliance issues. Additionally, the Audit Committee awarded the audit assignment to the chosen auditor and submitted a proposal for the choice of auditor for 2011 to the Supervisory Board's full meeting.

The Executive Committee met once in 2011. At this meeting, it dealt with personnel issues relating to the Executive Board.

The Mediation Committee did not need to be convened in 2011.

The Supervisory Board was regularly informed about the committees' work.

Corporate Governance

In 2011, the Supervisory Board dealt intensively with corporate-governance standards. At its meeting of December 8, 2011, the Supervisory Board discussed the application of the German Corporate Governance Code and adopted the annual Declaration of Conformity that must be submitted jointly by the Executive and Supervisory Boards in accordance with Section 161 of the German Stock Corporation Act (AktG). Shareholders can access the Declaration on the company's website.

In its Corporate Governance Report, the Executive Board reports on corporate governance at WACKER also in the name of the Supervisory Board in accordance with Item 3.10 of the German Corporate Governance Code. [For further details, refer to page 247 onward](#)

At its meeting in December 2011, the Supervisory Board also reviewed the efficiency of its own activities – and arrived at a positive conclusion.

Audit of the Annual Financial Statements of Wacker Chemie AG and the WACKER Group

KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements prepared by the Executive Board for 2011, the consolidated financial statement and the combined management report (reporting date: December 31, 2011), including the accounting.

The audit assignment had been awarded by the Supervisory Board's Audit Committee in line with the resolution of the Annual Shareholders' Meeting of May 18, 2011. The auditors issued an unqualified audit report.

The auditors also examined the risk management system in accordance with Section 91 of the German Stock Corporation Act (AktG). The audit verified that the risk management system meets the legal requirements. No risks endangering the continued existence of

the company were identified. The financial statement documents (including the auditors' reports, the management reports, and the Executive Board's proposal for the distribution of profits) were submitted to all the Supervisory Board members in good time.

At its meeting on February 27, 2012, the Audit Committee closely examined the aforementioned financial statements and reports, as well as the audit reports submitted by the auditors of the company and consolidated financial statements, and discussed and examined them in detail with the auditors before reporting to the full Supervisory Board. At its meeting on March 7, 2012, the full Supervisory Board discussed and examined the relevant financial statements and reports intensively, taking account of the reports submitted by the Audit Committee and the auditors. At both meetings, the auditors took part in the deliberations. They reported on the main results of the audit and were available to the Audit Committee and the full Supervisory Board to answer questions and provide supplementary information.

After concluding our own examination, we found no grounds for disputing the financial statements and management reports of either Wacker Chemie AG or the Group, or the auditor's report.

We approve the financial statements of both Wacker Chemie AG and the WACKER Group submitted as of December 31, 2011. The annual financial statements of Wacker Chemie AG are hereby adopted. We concur with the Executive Board's proposal for the distribution of retained profits.

Changes in the Composition of the Supervisory and Executive Boards

In the 2011 fiscal year, there were no changes in the composition of the Executive Board.

In the Supervisory Board, the trade-union representative Uwe Fritz resigned his office as of May 31, 2011. Harald Sikorski was officially appointed as his successor as of June 1, 2011. As of December 31, 2011, the middle management representative Dr. Konrad Bachhuber resigned his office. Konrad Kammergruber was elected to replace him with effect from January 1, 2012.

Munich, Germany, March 7, 2012
The Supervisory Board



Dr. Peter-Alexander Wacker
Chairman of the Supervisory Board of Wacker Chemie AG

WACKER Stock in 2011

In 2011, stock markets experienced major fluctuations. After a good start to the year, March 2011 saw a significant decline in stock prices. This was triggered by the earthquake in Japan and the Fukushima nuclear disaster that followed. By early July, the markets had recovered from these events. But, then, a combination of high sovereign debt in several eurozone countries, the world economic slowdown and concerns about the fate of Europe's common currency caused a substantial price decline on international stock markets. From October through December 2011, the indices regained some of the ground lost. But the key ones closed well below their prior-year levels on December 31, 2011.

WACKER's stock performed solidly in this market environment until July 2011. Subsequently, though, it showed a much weaker trend than most other MDAX stocks. Photovoltaic-sector turbulence, semiconductor-market weakness and the reduction of our forecast led to a marked drop in WACKER's stock price.

Weaker Semiconductor Business and a Turbulent Photovoltaic Industry Strongly Impact WACKER's Stock

After a slight dip to €125.85 at the start of 2011, WACKER's stock rose to over €140 in response to preliminary figures released on January 31, 2011. When the early-March earthquake in Japan put capital markets under pressure, our stock went in the other direction. Since two major Japanese silicon-wafer manufacturers were forced to halt production, capital markets anticipated that WACKER's order books, sales and EBITDA would benefit from the situation. Semiconductor orders did, in fact, increase. When the definitive figures for 2010 and the outlook for the first quarter of 2011 were released, our stock climbed to €167.70 in March, its highest level in almost three years.

The second quarter saw WACKER's stock rising even further until early May, when it reached its high for the year at €172.80. The share price subsequently moved between €145 and €155 closing the second quarter at €149.10.

In early July, Europe's sovereign-debt and banking crisis worsened considerably. The escalation was triggered by Greece, where the austerity measures already in place were insufficient to deal with the country's combined budget and government crisis. Speculation on an Italian sovereign default, coupled with a hesitant crisis response by EU heads of state and government, led to great uncertainty on capital markets. Although the 17 eurozone countries agreed a second rescue package for Greece on July 21, 2011, the markets remained unsettled. A significant slowdown in the global economy played a role here, too. Germany's two major indices, the DAX and MDAX, lost about 25 percent of their value in the July-through-September quarter – their biggest decline since fall 2002.

WACKER's stock was not immune to this general capital-market downturn. At the same time, our stock was influenced by two further issues. The semiconductor market – including silicon-wafer business – deteriorated and, in the photovoltaic industry, late September brought market distortions. With overcapacity across the entire supply chain, severe price competition and strong consolidation pressures, a number of analysts heavily revised their previously positive forecast for the photovoltaic sector. As one of the world's leading polysilicon manufacturers, WACKER was affected by the revision, which inevitably influenced our stock and diminished its attractiveness in the eyes of analysts and investors. At the end of the third quarter, WACKER's share price closed at €67.25, having lost half of its value in just three months.

Due mainly to the adverse photovoltaic environment, WACKER revised its 2011 forecast downward when releasing its third-quarter figures in late October. Amid continued weak demand for silicon wafers in general, and 200 mm wafers in particular, the Executive Board then resolved to close the plant in Hikari (Japan) in 2012. We released an ad-hoc disclosure about this decision on December 8, 2011. WACKER's stock price fell again, in response, to €57.49. It was quoted at €62.15 at the close of trading on December 30, 2011.

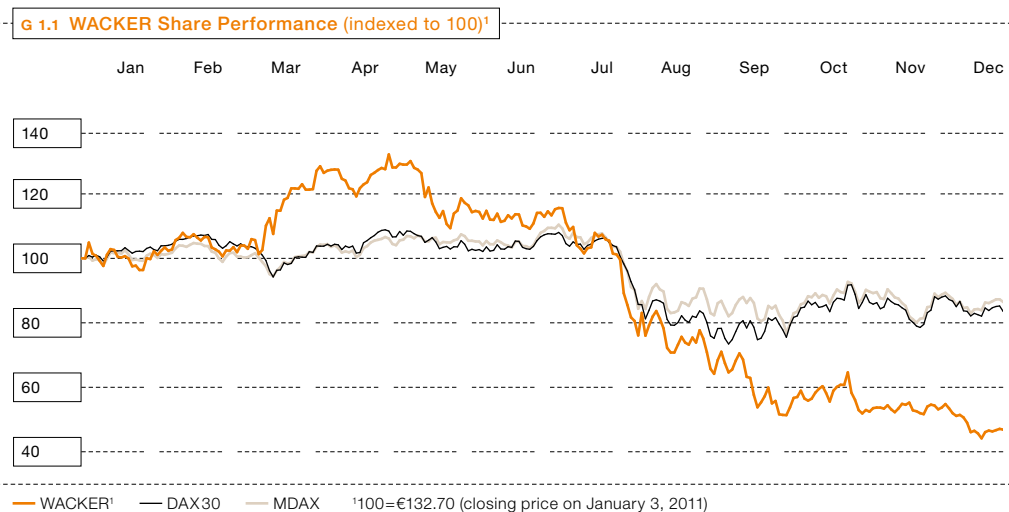
Overall, WACKER stock lost 53 percent of its value in 2011. In the same period, the MDAX lost 13 percent and the DAX was down 16 percent. The WACKER stock's high for the year was €172.80 and its low €57.49.

T 1.1 Facts & Figures on Wacker Chemie AG's Stock

€	
Year-high (on May 3, 2011)	172.80
Year-low (on December 19, 2011)	57.49
Closing price at the start of the year (on January 3, 2011)	132.70
Year-end closing price (on December 30, 2011)	62.15
Performance for the year (without dividend) (%)	-53.2
Year-end market capitalization (shares outstanding; 2010: 6.5) (billion)	3.1
Average daily trading volume (2010: 23.3) (million)	29.5
Earnings per share (2010: 9.88)	7.10
Dividend per share (proposal)	2.20
Dividend yield ¹ (%)	2.01

¹ Dividend proposal based on an average share-price weighting of €109.67

All share-related data are based on Xetra trading.



Earnings per Share of €7.10

Earnings per share (EPS) is calculated by dividing net income allocable to Wacker Chemie AG shareholders by the weighted average of all shares in circulation during the year. In 2011, the number of shares in circulation was 49,677,983. On this basis, the EPS is €7.10.

T 1.2 Useful Information on WACKER Stock

ISIN	DE000WCH8881
Ticker, security identification number (WKN)	WCH888
Frankfurt Stock Exchange	WCH
Bloomberg	CHM / WCH:GR
Reuters	CHE / WCHG.DE
Capital stock	€260,763,000
Number of shares (as of December 31, 2011)	52,152,600

Dividend Payment of €3.20 per Share

At the Annual Shareholders' Meeting of May 18, 2011, it was decided to pay out a total dividend sum of €159.0 million (2009: €59.6 million) from the retained profit of €775.3 million posted in 2010 (2009: €533.4 million). The dividend per share entitled to dividends for 2010 was therefore €3.20 (2009: €1.20). The dividend was distributed to shareholders on May 19, 2011.

At a volume-weighted average share price of €114.32 in 2010, this produced a dividend yield of 2.8 percent.

T 1.3 Dividend Trends

€	2010	2009	2008	2007
Dividend	3.20	1.20	1.80	2.25
Plus special bonus per share	—	—	—	+ 0.75
Dividend yield (%)	2.8	1.3	1.5	2.0
Net result for the year	490.7	-70.8	438.5	422.0
(allocable to WACKER's shareholders) (million)				
Dividend payout (million)	159.0	59.6	89.4	149.1
Distribution ratio (%)	32.4	n.a.	20.4	35.3

Decrease in Analysts' Coverage

In 2011, the average daily trading volume for WACKER stock was some 269,000 shares (Xetra) – a strong increase over the 2010 figure of around 195,000 shares (Xetra). The number of financial analysts regularly covering and valuing the company decreased to 28 in 2011 (2010: 33).

During the fiscal year, the analysts' consensus price target rose substantially in line with the general market trend. Whereas the average Q1 estimate had WACKER's share at €158.31 (16 estimates)¹, the fair-value price target fell to just €86.16 (19 estimates)¹ by year-end.

T 1.4 The Following Banks and Investment Firms Monitor and Assess WACKER

Bankhaus Lampe KG	Independent Research GmbH
Bank of America Merrill Lynch (UK)	Jefferies & Company, Inc.
Barclays Capital	JPMorgan Cazenove Ltd.
BHF-Bank AG	Landesbank Baden-Württemberg
CA Cheuvreux (Germany)	Macquarie Capital (Europe) Ltd.
Citi Investment Research	MainFirst Bank AG
Commerzbank Corporates & Markets	Metzler Equity Research
Credit Suisse Securities (Europe) Limited	Morgan Stanley & Co. International Ltd.
Deutsche Bank AG	Nomura International Plc.
DZ Bank AG	Norddeutsche Landesbank Girozentrale
equinet Bank AG	Redburn Partners, LLP
fairesearch GmbH & Co. KG (CBS Research)	Silvia Quandt Research GmbH
Goldman Sachs International	UBS Ltd.
HSBC Trinkaus & Burkhardt AG	WestLB Equity Markets

As per the end of December 2011

On our website, we regularly report on the consensus of analysts' expectations for the current year. Moreover, our website offers extensive information on WACKER stock. In addition to financial reports, presentations, publications and a Fact Book (viewable online or downloadable), you'll find all our key financial-market dates, as well as contact information there. You can also view videos of our annual press conference, analysts' conference and other events online or listen to an audio stream. Interested investors can additionally register for an email newsletter to always stay informed about new developments and trends in the Group.

With the publication of our 2011 Online Annual Report, we have maintained our extensive services for analysts and investors. The easy-to-navigate online version of the report facilitates information access – and interactive options, such as key-indicator comparisons and a toolbox, enable readers to work directly with the figures.

¹Consensus figures from VARA Research (Q1 = February 23, 2011/Q3 = November 17, 2011)

Market Capitalization Down – Still in Second Place in GEX Weightings

(Weighting as per December 30, 2011)

The performance of WACKER stock reduced its year-end market capitalization from €6.5 billion to €3.1 billion (total stock without treasury shares). WACKER's MDAX market capitalization based on the free float, including treasury shares, was €932 million. WACKER thus had an MDAX weighting of 1.38 percent, and it is currently ranked 30th of the 50 companies in the index.

WACKER's GEX weighting was 10.08 percent. Deutsche Börse's GEX mid-cap index (introduced in January 2005) comprises owner-dominated companies listed on the Frankfurt Stock Exchange (Prime Standard) for no more than ten years. In 2011, WACKER continued to rank second in that index.

WACKER in Close Dialog with Capital Markets

Our company's strategic focus on growth and sustainably high margins is reinforced by continual and open communications with institutional and private investors and with analysts. In 2011, we increasingly approached national and international investors and analysts to explain our business strategy, key financial indicators and future outlook. On many occasions, Executive Board members attended in person to answer questions from capital-market participants.

There were 21 roadshows with a total of 32 roadshow days in Germany, Europe, the USA and – for the first time – Asia. We also held about 550 meetings both in person and via telephone, as well as some 25 group discussions, and we participated in various international conferences.

WACKER gave presentations at, for example:

- DB Advisors Investment Conference in Frankfurt
- HSBC Small- and Midcap SRI Conference in Frankfurt
- Jefferies 11th Global Clean Technology Conference in New York
- UBS Global Renewable Energy Conference in London
- AXA Investment Conference in Dresden
- HSBC 2nd Luxembourg Event in Luxembourg
- Deutsche Bank: German & Austrian Corporate Conference 2011 in Frankfurt
- Intersolar: Solar Trade Fair in Munich
- PVSEC in Hamburg
- UBS Best of Germany Conference in New York
- Barclays Capital Global Renewables and Clean Technology Conference in Zürich
- UniCredit: German Investment Conference in Munich
- Credit Suisse Alternative Energy Day in Frankfurt
- 4th Macquarie Alternative Energy Conference in London
- Morgan Stanley Global Chemicals Conference in New York

On May 31, 2011, WACKER held its Capital Markets Day in London. More than 40 analysts and investors from a total of 37 banks and investment firms took part and were able to gain an up-to-date overview of WACKER and the Group's strategies, technologies, products and innovations.

Wacker Chemie AG maintained its dialog with private investors last year, presenting the Group and its markets at various events. For example, we attended the shareholder forums organized by the DSW (German association of small investors) in Bonn, Leipzig, Bremen, Cologne and Munich, as well as the corporate presentations held by the SdK shareholder association in Bremerhaven.

Based on our latest shareholder analysis (December 31, 2011), the number of American shareholders continued to fall. The level of US-held shares dropped from 24 percent in December 2010 to just 19 percent in December 2011. The number of shareholders in Switzerland remained unchanged, at about 7 percent in both 2010 and 2011. Share ownership rose slightly in both Germany – accounting for about 23 percent (2010: 22 percent) – and the UK – making up 26 percent (2010: 25 percent). Share ownership in Canada and Europe (excluding Germany, Switzerland and the UK) rose from 20 percent in 2010 to 23 percent in 2011.

Wacker Chemie AG's largest shareholder is still Dr. Alexander Wacker Familiengesellschaft mbH, Munich. It holds over 50 percent of the voting shares in Wacker Chemie AG (2010: over 50 percent).

In 2011, Blue Elephant Holding GmbH (Pöcking, Germany) once again did not have any voting-share changes to report, which means it still holds over 10 percent (2010: over 10 percent) of Wacker Chemie AG.

Pursuant to a voting-rights notification in December 2011, BlackRock, Inc., New York, USA, holds just over 3 percent of the voting shares in Wacker Chemie AG.

Financial Calendar 2012

May 4

Interim Report
on the 1st Quarter

May 16

Annual Shareholders'
Meeting 2012
Munich

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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