

DOW CORNING

THE MARKET

Every day, silicones provide myriad benefits for millions of people around the world. The positive impact of silicones is experienced in many surprising ways. Nearly every aisle in grocery and department stores contains products with Dow Corning's performance-enhancing materials. In addition to well-known applications such as sealing bathtubs, using silicone caulk, less well-known benefits of silicones range from giving skin lotions a silky feeling to keeping wrinkles out of shirts to keeping water from seeping into and damaging the Statue of Liberty.

"As near as we can tell, quality of life for roughly one-third of the world's population benefits from Dow Corning products and technology," says Stephanie Burns, president and CEO. "We see tremendous potential for taking these benefits to the rest of the world."

Dow Corning is the global leader in silicon-based technology and innovation. The company provides performance-enhancing products and solutions to serve the diverse needs of more than 25,000 customers directly, hundreds of thousands of customers served through distributors, and millions of consumers worldwide.

ACHIEVEMENTS

With 1,300 active patents in the United States and 4,300 active patents worldwide, Dow Corning has created new markets and revolutionized existing



industries, ranging from automotive and construction to electronics and beauty and personal care products. By enhancing the performance of thousands of end products in a wide range of industries, Dow Corning materials and expertise benefit people around the globe.

To better understand what customers expect in a dynamic business environment, Dow Corning conducted extensive needs-based segmentation research. These insights led the company to introduce solutions and new choices for customers, including a new business model. Launched in 50 countries simultaneously in 2002, XIAMETER® is a Web-enabled business and brand that offers market-driven prices for silicone products when ordered in large volumes. Customers benefit from dynamic real-time pricing; automated, paperless transactions; and simple business rules.

HISTORY

Since its creation in 1943 as a joint venture of Corning Glass Works (now Corning Inc.) and The Dow Chemical Company, Dow Corning has pioneered silicon technology. The spirit of innovation began early in Dow Corning, when one of its parent companies, Corning Glass Works, began the search for "plastic glass," combining the best properties of both materials. From this initial scientific inquiry, a new industry was born.

During the 1940s, to address military needs, Dow Corning developed insulating grease, which

solved electrical arcing problems in fighter plane engines and made high-altitude flight possible. Today, under its MOLYKOTE® brand, Dow Corning continues to offer innovative lubrication technologies. SIGHT SAVERS eyeglass cleaners were introduced as Dow Corning's first consumer product during this decade as well.

In the 1950s, Dow Corning developed a new silicone for waterproofing that soon became the industry-standard water-repellent treatment for paper and textiles. Hand lotion, the first personal care product with silicones, was also introduced.

Dow Corning made history in 1969 when Neil Armstrong planted his boot, with a silicone rubber sole, on the moon. Related synthetic rubber compounds developed by Dow Corning were used in the heat shield for the first manned sub-orbital space mission. Similar technology is used in automotive applications, allowing delicate electronic equipment to withstand harsh conditions, such as vibrations and temperature extremes.

The 1970s brought the development of Dow Corning's silicone sealants, caulks, and adhesives for architectural applications, making possible modern skylines of seamless glass, ceramic, and metal structures seen in cities around the globe. In addition, 2-in-1 shampoos, which rely heavily on silicone technology for popular formulations, were introduced during this time period.

In the 1980s, advancements in encapsulated materials allowed electronic components to be

made much smaller and to perform under extreme conditions, making way for modern-day cell phones and laptop computers.

During the 1990s, Dow Corning's new liquid silicone rubber coatings made advanced automobile airbag technology possible and improved the performance of the airbag. Granulized detergents were also developed to meet manufacturers' needs.

Over the past several years, a range of ultra-pure silicone gases and liquids has been developed for customers who make advanced integrated circuits. Silicone polymers for use in popular gel-based personal products were developed as well.

Today, Dow Corning remains committed to innovation and is exploring the frontiers of silicon science. Focus areas include:

- Photovoltaics, which involves the use of silicon films or substrates to convert sunlight into electricity
- Plasma solutions that support the coating and film deposition and paper and textile industries
- Photonics, the technology of generating, guiding, and harnessing light for a range of applications extending from communications to information processing
- Silicon Biotechnology™ along with partner, Genencor

Throughout its history, Dow Corning has been committed to geographic expansion. In the 1950s, the company expanded to Europe and Canada, in the 1960s to South America and Japan, and in the 1980s to Asia. It was one of the first American companies to partner equally with a Japanese company (in postwar years). All Dow Corning operations in Japan are now consolidated under the name "Dow Corning Toray Company, Ltd." Dow Corning also has significant expertise in China, having marketed products there for more than 30 years and manufacturing there since 1996.

THE PRODUCT

Dow Corning offers more than 7,000 silicon-based products and services to companies in virtually every industry, ranging from automotive, construction, and electronics to health care, food and beverage, beauty and personal care, household and cleaning, and textiles.

RECENT DEVELOPMENTS

In 2002, Dow Corning launched a two-brand strategy to give customers more choices. The company established a corporate priority to energize the DOW CORNING® brand by introducing a solutions selling approach. The Dow Corning brand now offers the exact combination of products, services, and solutions that customers need to succeed. XIAMETER was launched at that time to provide a product-only offering online.

Dow Corning brand solutions help customers solve problems and seize business opportunities. They include solutions to help customers expand into new geographies, create new markets, optimize their supply chains, increase productivity through manufacturing design and trouble-shooting, as well as custom solutions such as formulation services and environmental consulting.

"As a company, we have always innovated new products," said Scott Fuson, Dow Corning's chief marketing officer. "By reinventing Dow Corning and introducing solutions, we can meet a broad range of customer needs. Our customers tell us they appreciate Dow Corning's proven experience, global presence, and cutting-edge innovation."

By focusing on three simple steps for offering a true solution — listen, understand, then act — the company was able to define the new Dow Corning

brand and develop a completely new mind-set that focuses not on what the company offers, but on what each customer wants to achieve.

With solutions selling, the value proposition goes far beyond product. Today's focus is on all aspects of the customer's experience.

PROMOTION

The company's integrated communication program provides disciplined, consistent delivery of messages across all communications channels. Online and offline advertising, communications, and public relations have differentiated the Dow Corning brand under the theme "Which Dow Corning do you need today?" Other initiatives have included a series of Web events, innovation award sponsorships, innovation-focused advertorials and bylined articles, and executive positioning opportunities. Dow Corning executives regularly speak at events hosted by *Forbes*, *Fortune*, the Conference Board, *The Economist*, and the World Knowledge Forum, among others, on topics where they have expertise, such as *Smart Innovation*.

The Dow Corning brand promise is made through integrated promotion, but it is delivered through its people. To that extent, it is the responsibility of every employee to learn and then be well equipped to "live" the brand. A corporate-wide emphasis to energize the brand

resulted in internal branding efforts throughout the company — from manufacturing and supply chain management to customer service, marketing, and human resources.

BRAND VALUES

Dow Corning's values are reflected in the company's vision statement: "We are innovative leaders, unleashing the power of silicon to benefit everyone, everywhere."

Providing innovative, high-quality products and service solutions to customers is the strong foundation upon which the brand is built. Dow Corning works with customers to understand their needs and proactively offers them innovative and proven solutions, locally or globally, to help them achieve their business goals.

To ensure that its employees around the world make Dow Corning's brand promise a reality for customers, much attention is given to internal communications and employee engagement in the brand.

Dow Corning's corporate theme, *We Help You Invent the Future™*, is lived every day through its corporate citizenship, sustainable business practices, and environmentally sound technologies and operations. Since 1989, Dow Corning has voluntarily committed to the American Chemistry Council's Responsible Care® initiative. It sets standards for the safe production, usage, and disposal of products in factories, as well as secure shipping and storage of chemicals. The company has also committed to Sustainability Guiding Principles, under which it strives to minimize the environmental impact of its products and practices.

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THINGS YOU DIDN'T KNOW ABOUT DOW CORNING

- Dow Corning Corporation is the result of one of the world's longest, most successful partnerships: a 60-plus-year joint venture between Corning Inc. and The Dow Chemical Company.
- Silicones were discovered in the search for a material with the flexibility of plastic and the insulating capabilities of glass.
- Dow Corning is increasing access to its products and services through geographic expansion. More than 60 percent of company sales come from outside the United States.
- The basic building block of silicones is quartz sand, one of the most abundant resources on earth.