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Dow Corning reports increased sales and profits in 2008

Midland, Mich. (U.S.A.) — Dow Corning Corporation today reported consolidated adjusted net income of \$174.2 million for the fourth quarter of 2008, an increase of 4 percent from adjusted net income of \$167.1 million reported in the same quarter of 2007. For all of 2008, adjusted net income was \$775.7 million, an increase of 12 percent from adjusted net income of \$690.1 million reported in 2007. Adjusted net income excludes a loss from a write down of certain investments. No unusual items were adjusted from 2007 results.

Including all items, Dow Corning reported consolidated net income of \$172.6 million for the fourth quarter of 2008 and \$738.7 million for all of 2008.

Sales were \$1.30 billion in the fourth quarter of 2008, compared to sales of \$1.29 billion in the same quarter of 2007. Sales for all of 2008 were \$5.45 billion, 10 percent higher than sales of \$4.94 billion reported in 2007.

“Our joint venture Hemlock Semiconductor had another strong year, helping Dow Corning post increases in both sales and income,” said Dow Corning’s Vice President and Chief Financial Officer J. Donald Sheets. “Hemlock Semiconductor benefited from new capacity that came online in June. In December the Hemlock Semiconductor Group announced plans to invest up to \$3 billion to expand its current operations and to build a second manufacturing site.”

“Our silicones segment posted steady results through the first three quarters of 2008, however fourth quarter results were impacted by significantly slower demand for silicones. Highlighting the year was the opening of the Dow Corning Solar Solutions Application Center in Freeland, Mich. and the beginning of production for the first stage of our new silica and siloxane site in Zhangjiagang, China.”

“It is clear that economic volatility will continue to challenge us in 2009 and we are taking appropriate actions to ensure we meet the needs of our customers while positioning ourselves for sustained, profitable growth.”

[Dow Corning \(www.dowcorning.com\)](http://www.dowcorning.com) provides performance-enhancing solutions to serve the diverse needs of more than 25,000 customers worldwide. A global leader in [silicones](#), silicon-based technology and innovation, Dow Corning offers more than 7,000 products and services via the company's Dow Corning® and [Xiameter](#)® brands. Dow Corning is a joint venture equally owned by The Dow Chemical Company and Corning, Incorporated. More than half of Dow Corning's annual sales are outside the United States. The Hemlock Semiconductor Group is comprised of two joint ventures of Dow Corning Corporation: Hemlock Semiconductor Corporation and Hemlock Semiconductor, L.L.C.

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Dow Corning Corporation
Selected Financial Information
(in millions of U. S. dollars)

(Unaudited)

Consolidated Income Statement Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Net Sales	\$ 1,303.7	\$ 1,294.2	\$ 5,450.0	\$ 4,943.1
Net Income	\$ 172.6	\$ 167.1	\$ 738.7	\$ 690.1
Adjustment for Asset Impairment ¹	\$ 1.6	\$ -	\$ 37.0	\$ -
Adjusted Net Income ²	\$ 174.2	\$ 167.1	\$ 775.7	\$ 690.1

¹ Fiscal Year 2008 results included losses from writing down investments in Fannie Mae and Freddie Mac securities.

² Adjusted Net Income is a non-GAAP financial measure which excludes certain unusual items and which reconciles to Net Income as shown.

Consolidated Balance Sheet Data

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
<i>Assets</i>		
Current Assets	\$ 3,212.6	\$ 3,511.1
Property, Plant and Equipment, Net	3,755.9	2,542.4
Other Assets	2,253.7	1,145.2
	<u>\$ 9,222.2</u>	<u>\$ 7,198.7</u>

Liabilities and Stockholders' Equity

Current Liabilities	\$	2,007.8	\$	1,266.8
Other Liabilities		4,475.0		3,188.1
Minority Interest		508.9		383.3
Stockholders' Equity		2,230.5		2,360.5
	\$	9,222.2	\$	7,198.7