

# PRESS RELEASE

Joint press release of WACKER and Dow Corning

Number 34

## DOW CORNING AND WACKER CELEBRATE THE GROUNDBREAKING OF NEW SILOXANE FACILITY IN CHINA

Zhangjiagang (China), September 8, 2006 – Construction of China's largest siloxane facility officially began following the groundbreaking ceremony today at the site in Zhangjiagang, China. Representatives from Dow Corning Corporation (Midland, Michigan, USA) and Wacker Chemie AG (Munich, Germany) celebrated this milestone with their manufacturing joint venture company, Dow Corning (Zhangjiagang) Co, Ltd. This world-class scale siloxane manufacturing facility will be located in the Jiangsu Yangtze River Chemical Industrial Park, Zhangjiagang City, Jiangsu Province. Also included in the joint venture project is a fumed silica plant, which together will support the vigorous growth and demand for silicone materials of both the Chinese and Asian markets. The integrated site in Zhangjiagang will also house other facilities owned and operated separately by Dow Corning and WACKER for the manufacture of silicone finished products.

Capacities for siloxane and fumed silica together are planned to be approximately 200,000 metric tons per year. It is expected that full operational capacity will be phased in by the end of the decade. The fumed silica plant is expected to start production by the end of 2007. Total investment for the joint venture projects is estimated to exceed 600 million U.S. dollars in the coming years.

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Dr. Stephanie Burns, Chairman, President & CEO of Dow Corning Corporation, and Dr. Peter-Alexander Wacker, President & CEO of WACKER Group were onsite today to inaugurate the new facility along with Mr. Huang Qin, Party Secretary of the Zhangjiagang City and Mr. Tan Zhu Zhou, Honorary Chairman of the China Petroleum and Chemical Industry Association. The ceremony was attended by more than 300 guests including key executives from WACKER, Dow Corning and government officials from Beijing, Zhangjiagang and Jiangsu province, consultants and business partners, as well as representatives from companies operating in the chemical park.

In a joint statement, Dr. Burns and Dr. Wacker emphasized the strategic importance of the new joint venture projects: “The China silicone market has great potential to grow rapidly as it moves toward a mature international market. It is our goal to leverage the cost and quality advantages of an integrated site to support the development of a world class silicone industry in China and to benefit our respective customers.”

Dow Corning and WACKER each have had a long presence in the Chinese market and are strongly committed to the long-term development and leadership in production in China.

Mr. Huang Qin, Party Secretary of the Zhangjiagang City, said in his congratulatory speech, “We are very grateful to see global companies such as Dow Corning and WACKER decide to increase their investment in China. Zhangjiagang is very pleased to have this opportunity to host this world-class silicone manufacturing facility to bring further economic and social development to the local community.”

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The joint venture facilities to produce siloxanes and fumed silica will bring in state-of-the-art process and technology and set a high standard for the silicone industry in China. This includes large scale reactor technology, advanced processes for raw material efficiency, a highly energy efficient design and environmental controls technology. These technologies have been in use in similar manufacturing plants in the U.S. and Europe, and proven to produce high yield and quality output in an environmentally friendly way. The plant will source raw materials locally where appropriate, making this a highly cost-competitive facility.

In addition to improving local manufacturing technology and quality, the project is expected to reflect “best-in-class” environmental measures - in line with the commitments to Environmental, Health & Safety and sustainable development.

Dow Corning and WACKER will continue independently to serve their respective customers. Both companies will develop and operate separate manufacturing facilities for finished products at the integrated site in Zhangjiagang.

#### **About Siloxane and Fumed Silica**

Siloxane is a key starting material for the production of silicones. Major silicone application industries include: construction, chemicals, cosmetics, textiles, automotive, paper and electronics. Fumed silica is used as an active filler in silicone elastomers, as a viscosity-adjusting agent in coatings, printing inks, adhesives, unsaturated polyester resins and plastisols or as a flow aid, for example in the cosmetics, pharmaceutical and food-processing industries.

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**About WACKER**

WACKER ([www.wacker.com](http://www.wacker.com)) is a globally operating chemical company headquartered in Munich, Germany. With a wide range of state-of-the-art specialty products, WACKER is a leader in numerous industrial sectors. Its products support countless high-growth end-user sectors such as photovoltaics, electronics, pharmaceuticals and household/personal care products. The WACKER Group posted sales of around EUR 2.76 billion in 2005, of which some 80 percent were generated outside Germany. WACKER employs around 14,400 people at 22 production sites in Europe, the Americas and Asia, and about 100 sales offices worldwide. Wacker Chemie AG is listed at the Frankfurt (Germany) Stock Exchange (ISIN: DE000WCH8881).

**About Dow Corning**

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 silicon-based technology and innovation, offering more than 7,000 products and services, Dow Corning is equally owned by The Dow Chemical Company and Corning, Incorporated. More than half of Dow Corning's annual sales are outside the United States. It recorded \$3.88 billion in global sales in 2005.

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