



## Dow Corning is a needed success story

April 17, 2007

BY TOM WALSH

FREE PRESS COLUMNIST

To those who would despair at Michigan's poor performance in the latest Best Places for Business rankings in the April 23 issue of Forbes magazine, be my guest.

Michigan takes only one spot in the top 75 among Forbes' top 200 major metro areas (Ann Arbor at 74th), yet we claim seven of the bottom 75 places in the ranking, with Flint (192) and Detroit (198) landing in the bottom 10.

So go ahead, wail and whine if you must. Blame the governor. Blame the president. Blame the labor unions. Blame the media.

But wouldn't we feel better -- and learn more -- by focusing on companies and workers that faced adversity and survived? That proved you can be down but not necessarily out?

Would you believe that Michigan has a multibillion-dollar company that recently endured *nine* years in Chapter 11 bankruptcy, and then in the two subsequent years has increased annual sales by more than \$1 billion and more than doubled its profits -- to \$602 million last year from \$238 million in 2004?

Dow Corning Corp. of Midland is that company, a 50-50 joint venture of Midland-based Dow Chemical Co. and Corning Inc. of Corning, N.Y. It makes 7,000 silicon-based products, from seals and lubricants for the auto industry to caulking for bathtubs and tubing for dialysis machines.

One product Dow Corning does *not* make anymore is the silicone breast implant, banned by the U.S. Food and Drug Administration in 1992 amid a blizzard of complaints and civil litigation that pushed Dow Corning into bankruptcy in 1995. The company emerged from Chapter 11 in 2004; the FDA lifted its ban last November. Lingerin litigation issues are handled by the bankruptcy.

Not only has Dow Corning boosted its sales of silicon products to \$4.4 billion worldwide, it's also growing jobs in Michigan, thanks largely to rapid expansion of its 63%-owned Hemlock Semiconductor venture 10 miles south of Midland.

Hemlock produces polycrystalline silicon used to make semiconductor chips. In late 2005, Hemlock announced plans to invest \$218 million to build and equip new buildings to make a silicon product for photovoltaic cells used to produce solar energy, creating 150 new Hemlock jobs and another 150 for outside contractors.

A couple of weeks ago, Hemlock said it wants to invest \$1 billion more in an expansion to supply the rapidly growing solar energy market. Phase I of that effort would add 270 jobs. Dow Corning hasn't yet committed to launch that expansion, but Michigan has put around \$30 million in tax incentives on the table.

Most of Dow Corning's 3,000 U.S. employees are in Michigan, and the company would like to keep it that way, says Don Sheets, the firm's chief financial officer. "We want to help find ways to make Michigan a competitive place," he says. "The education system is fantastic, and there are thousands of people here who have worked in mass-production environments. And the quality of life is good."

But Sheets minces no words when he tells state leaders that Michigan's energy costs are too high. Dow Corning has been a welcome success story. Let's hope Lansing is listening when people like Sheets speak.

*This column is part of an occasional series about Michigan businesses experiencing strong growth. If you know of such a business, contact **TOM WALSH** at 313-223-4430 or [twalsh@freepress.com](mailto:twalsh@freepress.com).*

**Copyright © 2007 Detroit Free Press Inc.**