The Dow Chemical Company
Midland, Michigan 48674
USA

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(6SF-R)

March 25, 2009

VIA OVERNIGHT DELIVERY

Ms. Barbara A. Nann, Assistant Regional Counsel
U.S. Environmental Protection Agency, Region 6
Superfund Division (6RC-S)
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Mr. Gary G. Miller, Remedial Project Manager
U.S. Environmental Protection Agency, Region 6
Superfund Division (6SF-AP)
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

FINANCIAL ASSURANCE TO PERFORM REMAINING RI/FS WORK
GULFCO MARINE MAINTENANCE SITE - FREEPORT, TEXAS
FOR THE DOW CHEMICAL COMPANY

Dear Ms. Nann and Mr. Miller:

Pursuant to Section XXIII ("Assurance of Ability to Complete Work"), Paragraph 83 of the Amended Unilateral Administrative Order for Remedial Investigation/Feasibility Study ("RI/FS"), effective January 31, 2008, ("UAO") for the above-referenced Site, The Dow Chemical Company ("Dow") submits the enclosed internal financial information to demonstrate it has sufficient assets to perform the remaining work under the UAO and to fund its current share of the costs of such work. The enclosed information is a Demonstration of Financial Assurance for Gulfco Marine Maintenance - CERCLA Facility letter dated March 25, 2009, with attachments, signed by Geoffery E. Merszei, Executive Vice President and Chief Financial Officer.

Paragraph 83 states that Respondents shall demonstrate financial assurance in an amount no less than the estimate of cost for the RI/FS. Pastor, Behling & Wheeler, LLC ("PBW"), Project Coordinator for the Respondents that are performing the work, estimates that the costs for performing the remaining tasks for the RI/FS are approximately $150,000. As the enclosed letter demonstrates, Dow has sufficient net worth and assets available to complete the remaining work and fund its current share of the costs of the remaining work.

If you have any questions, please contact Dow's outside legal counsel, Elizabeth Webb, at 512-469-6147.

Sincerely,

Neil C. Hawkins
Vice President, Sustainability
The Dow Chemical Company

863439

Enclosures: March 25, 2009 – Demonstration of Financial Assurance for Gulfco Marine Maintenance – CERCLA Facility
March 25, 2009 – Independent Accountants' Report on Applying Agreed-Upon Procedures
March 25, 2009 – Copy of Letter From Chief Financial Officer to Texas Commission on Environmental Quality
Form 10-K for The Dow Chemical Company for year ending December 31, 2008

cc: Michele Osmun, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674
Rob Rouse, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674
Elizabeth Webb, Thompson & Knight LLP, 98 San Jacinto Boulevard., Suite 1900, Austin, TX 78701

The Dow Chemical Company
Midland, Michigan 48674
USA

2030 DOW CENTER
March 25, 2009

M. Gary Miller, Remedial Project Manager
US EPA Region 6
Superfund Division (6SF-AP)
1445 Ross Avenue
Suite 1200
Dallas, TX 75202-2733

DEMONSTRATION OF FINANCIAL ASSURANCE FOR GULFCO MARINE MAINTENANCE - CERCLA FACILITY

Dear Sir:

I am the chief financial officer of The Dow Chemical Company, 2030 Dow Center, Midland, Michigan 48674. This letter is in support of this firm's use of the financial test to demonstrate financial assurance at the subject CERCLA facility.

1. This firm is a potentially responsible party at the following CERCLA facilities for which financial assurance is demonstrated. The current cost estimates covered by the test are shown for each facility:

EPA ID#	NAME & ADDRESS	COST ESTIMATES
REGION 5		
Site ID #B5KF	EU001 / Riverside Boulevard Tittabawassee River The Dow Chemical Company Saginaw, Michigan	**Removal Work = $3,000,000**
Site ID #B5KF	EU002 Site / West Michigan Park / Properties A-L / Tittabawassee River The Dow Chemical Company Saginaw, Michigan	**Removal Work = $1,500,000**
REGION 6		
TXD055144539	Gulfco Marine Maintenance 906 Marlin Avenue Freeport, TX 77541 – 9630	**Corrective Action = $150,000**
REGION 8		
91CV1042B	Brookhurst Superfund Site Mystery Bridge Road/US Highway 20 Natrona County, WY	**Post Construction Monitoring = $700,000**

2. This firm guarantees, through the guarantee specified in Subpart H of 40 CFR Parts 264 and 265, the closure or post-closure care of the following CERCLA facilities owned or operated by the guaranteed party. The current cost estimates for the closure or post-closure care so guaranteed are shown for each facility:

   None.

   The firm identified above is the direct or higher-tier parent corporation of the owner or operator.

3. In States where EPA is not administering the financial requirements of Subpart H of 40 CFR Parts 264 or 265, this firm, as owner or operator or guarantor, is demonstrating financial assurance for the closure or post-closure care of the following facilities through the use of a test equivalent or substantially equivalent to the financial test specified in Subpart H of 40 CFR Parts 264 and 265. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility:

   None.

4. This firm is the owner or operator of the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in Subpart H of 40 CFR Parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility:

   None.

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under Part 144. The current closure cost estimates are required by 40 CFR 144.62 are shown for each facility:

   None.

6. RCRA liability. See the attached CFO Letter to Texas Commission on Environmental Quality dated March 25, 2009, for financial assurance applicable to facilities other than the CERCLA facilities listed above in paragraph 1.

   Sum of current RCRA closure and post-closure cost estimates = $313,123,989

This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 2008.

PART B. CLOSURE OR POST-CLOSURE CARE AND LIABILITY COVERAGE

ALTERNATIVE II

1. Sum of current closure and post-closure cost estimates (total of all cost estimates listed above)	$318,473,989	
2. Current bond rating of most recent issuance and name of rating service	BBB (S&P)	
3. Date of issuance of bond	May 1, 2008	
4. Date of maturity of bond	December 15, 2018	
5.* Tangible net worth (if any portion of the closure or post-closure cost estimates is included in "total liabilities" on your financial statements you may add that portion to this line)	$5,020,000,000	
6.* Total assets in the U.S. (required only if less than 90% of assets are located in the U.S.)	$23,200,000,000	
	YES	NO
7. Is line 5 at least $10 million?	X	
8. Is line 5 at least 6 times line 1?	X	
9.* Are at least 90% of assets located in the U.S.? If not complete line 10.		X
10. Is line 6 at least 6 times line 1?	X	

I hereby certify that the wording of this letter is substantially similar to the wording specified in 40 CFR 264.151(g) as such regulations were constituted on the date shown immediately below.

Geoffery E. Merszei
Executive Vice President
And Chief Financial Officer
The Dow Chemical Company

March 25, 2009

cc: Michele Osmun, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674
Rob Rouse, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674
Elizabeth Webb, Thompson & Knight LLP, 98 San Jacinto Boulevard., Suite 1900, Austin, TX 78701

NOTE: Please direct all correspondence related to this letter to Michele Osmun, 2030 Dow Center, Midland, MI 48674. Phone (989) 636-5581 or Fax (989) 638-9636.

Deloitte.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
The Dow Chemical Company
Midland, Michigan

We have performed the procedures included in the Code of Federal Regulations ('CFR"), Title 40, Part 264, Section 143 (40 CFR 264.143), which were agreed to by the U.S. Environmental Protection Agency – Region 6 – Superfund Division – Remedial Project Manager (CERCLA) and The Dow Chemical Company ("Dow"), solely to assist the specified parties in evaluating Dow's compliance with the financial test option as of December 31, 2008, included in the accompanying letter dated March 25, 2009 from Mr. Geoffery E. Merszei of Dow (the "Letter"). Management is responsible for Dow's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and related findings are as follows:

> We recomputed from, or reconciled to, the audited consolidated financial statements of Dow as of and for the year ended December 31, 2008, on which we have issued our report dated February 17, 2009 (which report expresses an unqualified opinion and includes explanatory paragraphs stating that the Company is involved in litigation related to an agreement to acquire Rohm and Haas Company and the Company has disclosed that it is reasonably possible that the ultimate resolution of the litigation could have a material adverse impact on the Company's consolidated financial statements; and relating to a change in the method of accounting for defined benefit pension and other postretirement plans to conform to Statement of Financial Accounting Standards No. 158) the information included in items 5, 6 and 9 under the caption Alternative II in the Letter referred to above and noted no differences.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying letter dated March 25, 2009. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the board of directors and management of Dow and the specified parties listed in the first paragraph, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

March 24, 2009

The Dow Chemical Company
Midland, Michigan 48674
USA

2030 DOW CENTER
March 25, 2009

Mr. Mark Stoebner
Director
Texas Commission on Environmental Quality
12100 Park 35 Circle
Austin, TX 78753

LETTER FROM CHIEF FINANCIAL OFFICER

Dear Mr. Stoebner:

I am the chief financial officer of The Dow Chemical Company, 2030 Dow Center, Midland, Michigan, 48674. This letter is in support of the use of the financial test to demonstrate financial responsibility for liability coverage and closure, post closure, or corrective action as specified in 30 Texas Administrative Code (TAC) Chapter 37 (relating to Financial Assurance).

The firm identified above is the owner or operator of the following facilities for which liability coverage for both sudden and nonsudden accidental occurrences is being demonstrated through the financial test specified in 30 TAC §37.541 (relating to Financial Test for Liability):

EPA ID#	NAME/ADDRESS	
REGION 6		
TXD008092793	The Dow Chemical Company Texas Operations B-1226 Freeport, TX 77541	**Sudden = $2,000,000** **Nonsudden = $6,000,000**
TXR000057414	The Dow Chemical Company Clear Lake Operations 9502B Bayport Boulevard Pasadena, TX 77507	**Sudden = $2,000,000**

The firm identified above guarantees, through the guarantee specified in 30 TAC §37.551 (relating to Corporate Guarantee for Liability), liability coverage for both sudden and nonsudden accidental occurrences at the following facilities owned or operated by the following:

None.

The firm identified above is the direct or higher-tier parent corporation of the owner or operator.

1. The firm identified above owns or operates the following facilities in Texas for which financial assurance for closure, post closure, or corrective action or liability coverage is demonstrated through a financial test specified in 30 TAC Chapter 37. The current cost estimates covered by the test are shown for each facility:

REGION 6

TXD008092793	The Dow Chemical Company Texas Operations B-1226 Freeport, TX 77541	**Closure = $7,729,271** **Post-Closure = $7,105,605** **Corrective Action = $92,469,998**
TXD000017756	The Dow Chemical Company La Porte Facility PO Box 687 La Porte, TX 77571	**Corrective Action = $4,250,000**
TXR000057414	The Dow Chemical Company Clear Lake Operations 9502B Bayport Boulevard Pasadena, TX 77507	**Closure = $985,711**

2. The firm identified above guarantees, through a corporate guarantee specified in 30 TAC Chapter 37, the cost for closure, post closure, corrective action, or liability coverage of the following facilities owned or operated by the guaranteed party. The current cost estimates so guaranteed are shown for each facility:

None.

3. In States where TCEQ is not administering the financial requirements of 30 TAC Chapter 37, this firm, as owner, operator, or guarantor, is demonstrating financial assurance for the closure, post closure, or corrective action of the following facilities through the use of a test equivalent to a financial test specified in 30 TAC Chapter 37. The current cost estimates covered by such a test are shown for each facility:

REGION 1

CTR000507418 CTD001159730	The Dow Chemical Company Americas Styrenics LLC Allyn's Point 1761 Route 12 Gales Ferry, CT 06335	**Closure = $182,481**
NHD048724173	Hampshire Chemical Corp. 2 East Spit Brook Road Nashua, NH 03060-5633	**Corrective Action = $1,300,000**

REGION 4

GAD045929643	The Dow Chemical Company Dalton Plant 1468 Prosser Drive, SE Dalton, GA 30720	**Corrective Action = $4,243,810**

REGION 5

MID000724724	The Dow Chemical Company MI Division/MI Plant 1261 Building Midland, MI 48674	**Closure = $103,482,970** **Post-Closure = $2,475,906**

MID980617435	The Dow Chemical Company MI Division/Salzburg Plant Salzburg & Waldo Roads Midland, MI 48640	**Closure = $2,532,750** **Post-Closure = $1,591,894**
OHD039128913 OHR000148148	The Dow Chemical Company Americas Styrenics LLC Hanging Rock Plant Old 52 Highway Ironton, OH 45638	**Closure = $177,007**
REGION 6		
LAD008187080	The Dow Chemical Company Louisiana Division PO Box 150 Plaquemine, LA 70764	**Closure = $2,410,222** **Post-Closure = $525,604** **Corrective Action = $1,269,000**
LAD020597597	Angus Chemical Company Sterlington Facility PO Box 1325 Sterlington, LA 71280	**Closure = $124,271**
REGION 9		
CAD076528678	The Dow Chemical Company Pittsburg Plant PO Box 1398 Pittsburg, CA 94565	**Closure = $2,900,847** **Postclosure = $4,947,586** **Corrective Action = $62,187,301** **Groundwater Treatment Plant Closure = $159,615**
CAD009547050	The Dow Chemical Company Torrance Plant 305 Crenshaw Torrance, CA 90503	**Closure = $495,344**

4. The firm identified above owns or operates the following facilities for which financial assurance for closure, post closure, or corrective action, is not demonstrated either to TCEQ, a federal agency or a State through the financial test or any other financial assurance mechanisms specified in 30 TAC Chapter 37 or equivalent State mechanisms. The current cost estimates not covered by such financial assurance are shown for each facility:

None.

5. This firm is the owner or operator or guarantor of the following facilities for which financial assurance is being demonstrated under other EPA regulations or state programs authorized by EPA through a financial test or guarantee. The following amounts have not been included in Paragraphs 1 through 4.

(a) Municipal solid waste management facilities under 30 TAC Chapter 330, 40 CFR part 258 or equivalent: None.

(b) Underground injection control facilities under 30 TAC Chapter 331, 40 CFR part 144 or equivalent: $786,288

REGION 6

ARD982286874	The Dow Chemical Company Highway 371 Magnolia, AR 71753	**Plugging & Abandonment = $539,857**
LAD020597597	Angus Chemical Company Sterlington Facility PO Box 1325 Sterlington, LA 71280	**Plugging & Abandonment = $246,431**

(c) Petroleum underground storage tank facilities under 30 TAC Chapter 334, and 40 CFR part 280 or equivalent: None.

(d) PCB storage facilities under 40 CFR part 761 or equivalent: None.

(e) Hazardous waste treatment, storage, and disposal facilities under 30 TAC Chapter 335, 40 CFR parts 264 and 265 or equivalent: $8,790,508

30 TAC 335/EQUIVALENT:

REGION 1

CTR000507418	The Dow Chemical Company Allyn's Point Route 12 Gales Ferry, CT 06335	**Closure = $182,481**

REGION 6

GPD0470107 P-0069	The Dow Chemical Company Block 80 Industrial Solid Waste Landfill Pactherm Burner PO Box 150 Plaquemine, LA 70765	**Closure = $6,382,386** **Post-Closure = $1,223,679** **Pactherm Closure = $28,327**
GD0733625	Angus Chemical Company Waste Water Treatment Plant Lagoon 5000 Horseshoe Lake Road Sterlington, LA 71280	**Closure = $638,343** **Post-Closure = $335,292**

(f) Additional environmental obligations not shown above: None.

Total (a) - (f) $9,576,796

This owner, operator, or guarantor has not received an adverse opinion, a disclaimer of opinion, or a going concern qualification from an independent auditor on its financial statements for the latest completed fiscal year.

This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year. The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended December 31, 2008.

PART B. CLOSURE, POST CLOSURE, CORRECTIVE ACTION, AND LIABILITY COVERAGE

ALTERNATIVE II

1.	Sum of current closure, post closure, and corrective action cost estimates (total of all cost estimates listed above)	$313,123,989
2..	Amount of annual aggregate liability coverage to be demonstrated	$8,000,000
3.	Sum of lines 1 and 2	$321,123,989
4.	Current bond rating of most recent issuance and name of rating service	BBB (S&P)
5.	Date of issuance of bond	May 1, 2008
6.	Date of maturity of bond	May 15, 2018
*7.	Tangible net worth (if any portion of the current cost estimates is included in total liabilities you may add that portion to this line)	$5,020,000,000
*8.	Total assets in the U.S. (Required only if less than 90% of assets are located in the U.S.)	$23,200,000,000

		YES	NO
9.	Is line 7 at least $10 million?	X	
10.	Is line 7 at least 6 times line 3?	X	
*11.	Are at least 90% of assets located in the U.S.? (If not, complete line 12)		X
12.	Is line 8 at least 6 times line 3?	X	

I hereby certify that the wording of this letter is identical to the wording specified in 30 TAC §37.651 as such regulations were constituted on the date shown immediately below.

Geoffery E. Merszei
Executive Vice President
And Chief Financial Officer
The Dow Chemical Company

RWC
MKO

March 25, 2009

cc: Janice Barber, The Dow Chemical Company, La Porte, TX
Alan Booth, The Dow Chemical Company, Freeport, TX
Michele Osmun, The Dow Chemical Company, 2030 Dow Center, Midland, MI
Barbara Partridge, The Dow Chemical Company, Pasadena, TX

NOTE: Please direct all correspondence related to this letter to Michele Osmun, 2030 Dow Center, Midland, MI 48674. Phone (989) 636-5581 or Fax (989) 638-9636.

Deloitte.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
The Dow Chemical Company
Midland, Michigan

We have performed the procedures included in the Code of Federal Regulations ('CFR"), Title 40, Part 264, Section 143 (40 CFR 264.143), which were agreed to by the Texas Commission on Environmental Quality – Director (HW) and The Dow Chemical Company ("Dow"), solely to assist the specified parties in evaluating Dow's compliance with the financial test option as of December 31, 2008, included in the accompanying letter dated March 25, 2009 from Mr. Geoffery E. Merszei of Dow (the "Letter"). Management is responsible for Dow's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants as adopted by the Public Company Accounting Oversight Board ("PCAOB"). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and related findings are as follows:

> We recomputed from, or reconciled to, the audited consolidated financial statements of Dow as of and for the year ended December 31, 2008, on which we have issued our report dated February 17, 2009 (which report expresses an unqualified opinion and includes explanatory paragraphs stating that the Company is involved in litigation related to an agreement to acquire Rohm and Haas Company and the Company has disclosed that it is reasonably possible that the ultimate resolution of the litigation could have a material adverse impact on the Company's consolidated financial statements; and relating to a change in the method of accounting for defined benefit pension and other postretirement plans to conform to Statement of Financial Accounting Standards No. 158) the information included in items 7, 8 and 11 under the caption Alternative II in the Letter referred to above and noted no differences.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying letter dated March 25, 2009. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the board of directors and management of Dow and the specified parties listed in the first paragraph, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

March 24, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **DECEMBER 31, 2008**

Commission file number: **1-3433**

THE DOW CHEMICAL COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**38-1285128**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2030 DOW CENTER, MIDLAND, MICHIGAN 48674
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **989-636-1000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $2.50 per share	Common Stock registered on the New York and Chicago Stock Exchanges
Debentures, 6.85%, final maturity 2013	Debentures registered on the New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☑ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☑ No

The aggregate market value of voting stock held by non-affiliates as of June 30, 2008 (based upon the closing price of $34.91 per common share as quoted on the New York Stock Exchange), was approximately $32.2 billion. For purposes of this computation, it is assumed that the shares of voting stock held by Directors, Officers and the Dow Employees' Pension Plan Trust would be deemed to be stock held by affiliates. Non-affiliated common stock outstanding at June 30, 2008 was 922,805,097 shares.

Total common stock outstanding at January 31, 2009 was 924,346,271 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Proxy Statement for the Annual Meeting of Stockholders to be held on May 14, 2009.

The Dow Chemical Company

ANNUAL REPORT ON FORM 10-K
For the fiscal year ended December 31, 2008

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THE COMPANY

The Dow Chemical Company was incorporated in 1947 under Delaware law and is the successor to a Michigan corporation, of the same name, organized in 1897. Except as otherwise indicated by the context, the terms "Company" or "Dow" as used herein mean The Dow Chemical Company and its consolidated subsidiaries. On February 6, 2001, the merger of Union Carbide Corporation ("Union Carbide") with a subsidiary of The Dow Chemical Company was completed, and Union Carbide became a wholly owned subsidiary of Dow.

The Company is engaged in the manufacture and sale of chemicals, plastic materials, agricultural and other specialized products and services.

The Company's principal executive offices are located at 2030 Dow Center, Midland, Michigan 48674, telephone 989-636-1000. Its Internet website address is *www.dow.com*. All of the Company's filings with the U.S. Securities and Exchange Commission are available free of charge through the Investor Relations page on this website, immediately upon filing.

BUSINESS AND PRODUCTS

Corporate Profile

Dow is a diversified chemical company that combines the power of science and technology with the "Human Element" to constantly improve what is essential to human progress. The Company delivers a broad range of products and services to customers in approximately 160 countries, connecting chemistry and innovation with the principles of sustainability to help provide everything from fresh water, food and pharmaceuticals to paints, packaging and personal care products. In 2008, Dow had annual sales of $57.5 billion and employed approximately 46,000 people worldwide. The Company has 150 manufacturing sites in 35 countries and produces approximately 3,300 products. The following descriptions of the Company's operating segments include a representative listing of products for each business.

PERFORMANCE PLASTICS

Applications: automotive interiors, exteriors, under-the-hood and body engineered systems • building and construction, thermal and acoustic insulation, roofing • communications technology, telecommunication cables, electrical and electronic connectors • footwear • home and office furnishings: kitchen appliances, power tools, floor care products, mattresses, carpeting, flooring, furniture padding, office furniture • information technology equipment and consumer electronics • packaging, food and beverage containers, protective packaging • sports and recreation equipment • wire and cable insulation and jacketing materials for power utility and telecommunications

Dow Automotive is a leading global provider of technology-driven solutions that meet consumer demands for vehicles that are safer, stronger, quieter, lighter, cleaner, more comfortable and stylish. The business provides plastics, adhesives, glass bonding systems, emissions control technology, films, fluids, structural enhancement and acoustical management solutions to original equipment manufacturers, tier, aftermarket and commercial transportation customers. With offices and application development centers around the world, Dow Automotive provides materials science expertise and comprehensive technical capabilities to its customers worldwide.

- **Products**: BETAFOAM™ NVH and structural foams; BETAMATE™ structural adhesives; BETASEAL™ glass bonding systems; DOW™ polyethylene resins; IMPAXX™ energy management foam; INSPIRE™ performance polymers; INTEGRAL™ adhesive films; ISONATE™ pure and modified methylene diphenyl diisocyanate (MDI) products; MAGNUM™ ABS resins; PELLETHANE™ thermoplastic polyurethane elastomers; Premium brake fluids and lubricants; PULSE™ engineering resins; SPECFLEX™ semi-flexible polyurethane foam systems; VORACTIV™ polyether and copolymer polyols

Dow Building Solutions manufactures and markets an extensive line of insulation, weather barrier, and oriented composite building solutions and adhesives. The business is the recognized leader in extruded polystyrene (XPS) insulation, known industry-wide by its distinctive Blue color and the Dow STYROFOAM™ brand for more than 60 years.

- **Products**: FROTH-PAK™ polyurethane spray foam; GREAT STUFF™ polyurethane foam sealant; INSTA-STIK™ roof insulation adhesive; SARAN™ vapor retarder film and tape; STYROFOAM™ brand insulation products (including XPS and polyisocyanurate rigid foam sheathing products); THERMAX™ brand insulation; TILE BOND™ roof tile adhesive; WEATHERMATE™ weather barrier solutions (housewraps, sill pans, flashings and tapes)

Business and Products – Continued

Dow Epoxy is a leading global producer of epoxy resins, intermediates and specialty resins and epoxy systems for a wide range of industries and applications such as coatings, electrical laminates, civil engineering, wind energy, adhesives and composites. With plants strategically located across four continents, the business is focused on providing customers around the world with differentiated solution-based epoxy products and innovative technologies and services.

- **Products**: AIRSTONE™ epoxy systems; D.E.H.™ epoxy curing agents or hardeners; D.E.N.™ epoxy novolac resins; D.E.R.™ epoxy resins (liquids, solids and solutions); Epoxy resin waterborne emulsions and dispersions; Epoxy intermediates (acetone, allyl chloride, bisphenol A, epichlorohydrin, and phenol); FORTEGRA™ epoxy tougheners; Glycidyl methacrylate (GMA); UCAR™ solution vinyl resins

The **Polyurethanes and Polyurethane Systems** business is a leading global producer of polyurethane raw materials and polyurethane systems. Dow's polyurethane products and fully formulated polyurethane systems are used for a broad range of applications including construction, automotive, appliance, furniture, bedding, shoe soles, decorative molding, athletic equipment and more.

- **Products**: ECHELON™ polyurethane prepolymer; ENFORCER™ and ENHANCER™ for polyurethane carpet and turf backing; HYPOL™ prepolymers; ISONATE™ MDI; MONOTHANE™ single component polyurethane elastomers; PAPI™ polymeric MDI; Propylene glycol; Propylene oxide; RENUVA™ Renewable Resource Technology; SPECFLEX™ copolymer polyols; TRAFFIDECK™ and VERDISEAL™ waterproofing systems; VORACOR™ and VORALAST™ polyurethane systems and VORALAST™ R renewable content system; VORALUX™ and VORAMER™ MR series; VORANATE™ isocyanate; VORANOL™ VORACTIV™ polyether and copolymer polyols; VORASTAR™ polyurethane systems; XITRACK™ polyurethane rail ballast stabilization systems

Specialty Plastics and Elastomers includes a broad range of engineering plastics and compounds, performance elastomers and plastomers, monomers, specialty copolymers, synthetic rubber, polyvinylidene chloride resins and films (PVDC), and specialty film substrates. Key applications include automotive, adhesives, civil construction, wire and cable, building and construction, consumer electronics and appliances, food and specialty packaging, textiles, and footwear.

- **Products**: AFFINITY™ polyolefin plastomers (POPs); AMPLIFY™ functional polymers; CALIBRE™ polycarbonate resins; DOW XLA™ elastic fiber; EMERGE™ advanced resins; ENGAGE™ polyolefin elastomers; FLEXOMER™ very low density polyethylene (VLDPE) resins; INTEGRAL™ adhesive films; ISOPLAST™ engineering thermoplastic polyurethane resins; MAGNUM™ ABS resins; NORDEL™ hydrocarbon rubber; PELLETHANE™ thermoplastic polyurethane elastomers; PRIMACOR™ copolymers; PROCITE™ window envelope films; PULSE™ engineering resins; REDI-LINK™ polyethylene-based wire & cable insulation compounds; SARAN™ PVDC resin and SARAN™ PVDC film; SARANEX™ barrier films; SI-LINK™ polyethylene-based low voltage insulation compounds; TRENCHCOAT™ protective films; TYRIL™ SAN resins; TYRIN™ chlorinated polyethylene; UNIGARD™ HP high-performance flame-retardant compounds; UNIGARD™ RE reduced emissions flame-retardant compounds; UNIPURGE™ purging compound; VERSIFY™ plastomers and elastomers

The **Technology Licensing and Catalyst** business includes licensing and supply of related catalysts, process control software and services for the UNIPOL™ polypropylene process, the METEOR™ process for ethylene oxide (EO) and ethylene glycol (EG), the LP OXO™ process for oxo alcohols, the Mass ABS process technology and Dow's proprietary technology for production of purified terephthalic acid (PTA). Licensing of the UNIPOL™ polyethylene process and sale of related catalysts, including metallocene catalysts, are handled through Univation Technologies, LLC, a 50:50 joint venture of Union Carbide.

- **Products**: LP OXO™ SELECTOR™ technology and NORMAX™ catalysts; METEOR™ EO/EG process technology and catalysts; PTA process technology; UNIPOL™ PP process technology and SHAC™ and SHAC™ ADT catalyst systems

PERFORMANCE CHEMICALS

Applications: agricultural and pharmaceutical products and processing • building materials • chemical processing and intermediates • electronics • food processing and ingredients • gas treating solvents • household products • metal degreasing and dry cleaning • oil and gas treatment • paints, coatings, inks, adhesives, lubricants • personal care products • pulp and paper manufacturing, coated paper and paperboard • textiles and carpet • water purification

Designed Polymers is a business portfolio of products and systems characterized by unique chemistry, specialty functionalities, and people with deep expertise in regulated industries. Within Designed Polymers, Dow Water Solutions offers technology-based solutions for desalination, water purification, trace contaminant removal and water recycling. Also in Designed Polymers, businesses such as Dow Wolff Cellulosics, Dow Biocides and ANGUS Chemical Company (a wholly owned subsidiary of Dow), develop and market a range of products that enhance or enable key physical and sensory properties of end-use products in applications such as food, pharmaceuticals, oil and gas, paints and coatings, personal care, and building and construction.

- **Products and Services**: Acrolein derivatives; Basic nitroparaffins and nitroparaffin-based specialty chemicals; CANGUARD™ BIT preservatives; CELLOSIZE™ hydroxyethyl cellulose; Chiral compounds and biocatalysts; CLEAR+STABLE™ carboxymethyl cellulose; CYCLOTENE™ advanced electronics resins; DOW™ electrodeionization; DOW™ latex powders; DOW™ ultrafiltration; DOWEX™ ion exchange resins; DOWICIDE™ antimicrobial bactericides and fungicides; FILMTEC™ elements; FORTEFIBER™ soluble dietary fiber; Hydrocarbon resins; Industrial biocides; METHOCEL™ cellulose ethers; POLYOX™ water-soluble resins; Quaternaries; Reverse osmosis, electrodeionization and ultrafiltration modules; SATINFX™ delivery system; SATISFIT™ Weight Care Technology; SILK™ semiconductor dielectric resins; SOLTERRA™ boost; UCARE™ polymers; WALOCEL™ cellulose polymers; WALSRODER™ nitrocellulose

The **Dow Latex** business provides the broadest line of styrene-butadiene products supporting customers in paper and paperboard applications, as well as carpet and artificial turf backings. UCAR Emulsion Systems manufactures and sells latexes for use in architectural and industrial coatings, adhesives, construction products and traffic paint.

- **Products**: EVOCAR™ vinyl acetate ethylene; FOUNDATIONS™ latex; NEOCAR™ branched vinyl ester latexes; Styrene-acrylic latex; Styrene-butadiene latex; UCAR™ all-acrylic, styrene-acrylic and vinyl-acrylic latexes; UCAR™ POLYPHOBE™ rheology modifiers; UCARHIDE™ opacifier

The **Specialty Chemicals** business provides products and services used in a diverse range of applications, such as agricultural and pharmaceutical products and processing, building and construction, chemical processing and intermediates, electronics, food processing and ingredients, gas treating solvents, fuels and lubricants, oil and gas, household and institutional cleaners, coatings and paints, pulp and paper manufacturing, metal degreasing and dry cleaning, and transportation.

- **Products**: Acrylic acid/Acrylic esters; AMBITROL™ and NORKOOL™ industrial coolants; Butyl CARBITOL™ and Butyl CELLOSOLVE™ solvents; CARBOWAX™ and CARBOWAX™ SENTRY™ polyethylene glycols and methoxypolyethylene glycols; DOW™ polypropylene glycols; DOWANOL™ glycol ethers; DOWCAL™, DOWFROST™ and DOWTHERM™ heat transfer fluids; DOWFAX™, TERGITOL™ and TRITON™ surfactants; Dow Haltermann Custom Processing and Haltermann Products; Ethanolamines; Ethyleneamines; SAFE-TAINER™ closed-loop delivery system; SYNALOX™ lubricants; UCAR™ deicing fluids; UCARSOL™ formulated solvents; UCON™ fluids and VERSENE™ chelating agents

The Performance Chemicals segment also includes the results of Dow Corning Corporation, and a portion of the results of the OPTIMAL Group of Companies and the SCG-Dow Group, all joint ventures of the Company.

AGRICULTURAL SCIENCES

Applications: control of weeds, insects and plant diseases for agriculture and pest management • agricultural seeds and traits (genes)

Dow AgroSciences is a global leader in providing pest management, agricultural and crop biotechnology products and solutions. The business develops, manufactures and markets products for crop production; weed, insect and plant disease management; and industrial and commercial pest management. Dow AgroSciences is building a leading biotechnology business in agricultural seeds, traits and healthy oils.

Business and Products – Continued

- **Products**: AGROMEN™ seeds; BRODBECK™ seed; CLINCHER™ herbicide; DAIRYLAND™ seed; DELEGATE™ insecticide; DITHANE™ fungicide; EXZACT™ precision traits; FORTRESS™ fungicide; GARLON™ herbicide; GLYPHOMAX™ herbicide; GRANITE™ herbicide; HERCULEX™ I, HERCULEX™ RW and HERCULEX™ XTRA insect protection; KEYSTONE™ herbicides; LAREDO™ fungicide; LONTREL™ herbicide; LORSBAN™ insecticides; MILESTONE™ herbicide; MUSTANG™ herbicide; MYCOGEN™ seeds; NEXERA™ canola and sunflower seeds; PHYTOGEN™ brand cottonseeds; PROFUME™ gas fumigant; RENZE™ seed; SENTRICON™ termite colony elimination system; SIMPLICITY™ herbicide; STARANE™ herbicide; TELONE™ soil fumigant; TORDON™ herbicide; TRACER™ NATURALYTE™ insect control; TRIUMPH™ seed; VIKANE™ structural fumigant; WIDESTRIKE™ insect protection

BASIC PLASTICS
Applications: adhesives • appliances and appliance housings • agricultural films • automotive parts and trim • beverage bottles • bins, crates, pails and pallets • building and construction • coatings • consumer and durable goods • consumer electronics • disposable diaper liners • fibers and nonwovens • films, bags and packaging for food and consumer products • hoses and tubing • household and industrial bottles • housewares • hygiene and medical films • industrial and consumer films and foams • information technology • oil tanks and road equipment • plastic pipe • textiles • toys, playground equipment and recreational products • wire and cable compounds

The **Polyethylene** business is the world's leading supplier of polyethylene-based solutions through sustainable product differentiation. Through the use of multiple catalyst and process technologies, the business offers customers one of the industry's broadest ranges of polyethylene resins via a strong global network of local experts focused on partnering for long-term success.

- **Products**: ASPUN™ fiber grade resins; ATTANE™ ultra low density polyethylene (ULDPE) resins; CONTINUUM™ bimodal polyethylene resins; DOW™ high density polyethylene (HDPE) resins; DOW™ low density polyethylene (LDPE) resins; DOWLEX™ polyethylene resins; ELITE™ enhanced polyethylene (EPE) resins; TUFLIN™ linear low density polyethylene (LLDPE) resins; UNIVAL™ HDPE resins

The **Polypropylene** business, a major global polypropylene supplier, provides a broad range of products and solutions tailored to customer needs by leveraging Dow's leading manufacturing and application technology, research and product development expertise, extensive market knowledge and strong customer relationships.

- **Products**: DOW™ homopolymer polypropylene resins; DOW™ impact copolymer polypropylene resins; DOW™ random copolymer polypropylene resins; INSPIRE™ performance polymers

The **Polystyrene** business, the global leader in the production of polystyrene resins, is uniquely positioned with geographic breadth and participation in a diversified portfolio of applications. Through market and technical leadership and low cost capability, the business continues to improve product performance and meet customer needs.

- **Products**: STYRON A-TECH™ and C-TECH™ advanced technology polystyrene resins and a full line of STYRON™ general purpose polystyrene resins; STYRON™ high-impact polystyrene resins

The Basic Plastics segment also includes the results of Equipolymers and Americas Styrenics LLC, as well as a portion of the results of EQUATE Petrochemical Company K.S.C. and the SCG-Dow Group, all joint ventures of the Company.

BASIC CHEMICALS
Applications: agricultural products • alumina • automotive antifreeze and coolant systems • carpet and textiles • chemical processing • dry cleaning • dust control • household cleaners and plastic products • inks • metal cleaning • packaging, food and beverage containers, protective packaging • paints, coatings and adhesives • personal care products • petroleum refining • pharmaceuticals • plastic pipe • pulp and paper manufacturing • snow and ice control • soaps and detergents • water treatment

The **Core Chemicals** business is a leading global producer of each of its basic chemical products, which are sold to many industries worldwide, and also serve as key raw materials in the production of a variety of Dow's performance and plastics products.

- **Products**: Acids; Alcohols; Aldehydes; Caustic soda; Chlorine; Chloroform; COMBOTHERM™ blended deicer; DOWFLAKE™ calcium chloride; DOWPER™ dry cleaning solvent; Esters; Ethylene dichloride (EDC); LIQUIDOW™ liquid calcium chloride; MAXICHECK™ procedure for testing the strength of reagents; MAXISTAB™ stabilizers for chlorinated solvents; Methyl chloride; Methylene chloride; Monochloroacetic acid (MCAA); Oxo products; PELADOW™ calcium chloride pellets; Perchloroethylene; Trichloroethylene; Vinyl acetate monomer (VAM); Vinyl chloride monomer (VCM); Vinylidene chloride (VDC)

The **Ethylene Oxide/Ethylene Glycol** business is a key supplier of ethylene glycol to MEGlobal, a 50:50 joint venture and a world leader in the manufacture and marketing of merchant monoethylene glycol and diethylene glycol. Dow also supplies ethylene oxide to internal derivatives businesses. Ethylene glycol is used in polyester fiber, polyethylene terephthalate (PET) for food and beverage container applications, polyester film and antifreeze.

- **Products**: Ethylene glycol (EG); Ethylene oxide (EO)

The Basic Chemicals segment also includes the results of MEGlobal and a portion of the results of EQUATE Petrochemical Company K.S.C. and the OPTIMAL Group of Companies, all joint ventures of the Company.

HYDROCARBONS AND ENERGY
Applications: polymer and chemical production • power

The **Hydrocarbons and Energy** business encompasses the procurement of fuels, natural gas liquids and crude oil-based raw materials, as well as the supply of monomers, power and steam principally for use in Dow's global operations. The business regularly sells its by-products; the business also buys and sells products in order to balance regional production capabilities and derivative requirements. The business also sells products to certain Dow joint ventures. Dow is the world leader in the production of olefins and aromatics.

- **Products**: Benzene; Butadiene; Butylene; Cumene; Ethylene; Propylene; Styrene; Power, steam and other utilities

The Hydrocarbons and Energy segment also includes the results of Compañía Mega S.A. and a portion of the results of the SCG-Dow Group, both joint ventures of the Company.

Unallocated and Other includes the results of New Ventures (which includes new business incubation platforms focused on identifying and pursuing new commercial opportunities); Venture Capital; the Company's insurance operations and environmental operations; and certain overhead and other cost recovery variances not allocated to the operating segments.

Industry Segments and Geographic Area Results
See Note T to the Consolidated Financial Statements for information by operating segment and geographic area.

Number of Products
Dow manufactures and supplies approximately 3,300 products. No single product accounted for more than 5 percent of the Company's consolidated net sales in 2008.

Competition
Historically, the chemical industry has operated in a competitive environment, and that environment is expected to continue. The Company experiences substantial competition in each of its operating segments and in each of the geographic areas in which it operates. In addition to other chemical companies, the chemical divisions of major international oil companies provide substantial competition in the United States and abroad. Dow competes worldwide on the basis of quality, price and customer service, and for 2008, continued to be the largest U.S. producer of chemicals and plastics, in terms of sales.

Raw Materials
The Company operates in an integrated manufacturing environment. Basic raw materials are processed through many stages to produce a number of products that are sold as finished goods at various points in those processes.

The two major raw material streams that feed the integrated production of the Company's finished goods are chlorine-based and hydrocarbon-based raw materials.

Business and Products – Continued

Salt, limestone and natural brine are the base raw materials used in the production of chlor-alkali products and derivatives. The Company owns salt deposits in Louisiana, Michigan and Texas; Alberta, Canada; Brazil; and Germany. The Company also owns natural brine deposits in Michigan and limestone deposits in Texas.

The Company purchases hydrocarbon raw materials including liquefied petroleum gases, crude oil, naphtha, natural gas and condensate. These raw materials are used in the production of both saleable products and energy. The Company also purchases electric power, benzene, ethylene, propylene and styrene to supplement internal production. Expenditures for hydrocarbon feedstocks and energy accounted for 48 percent of the Company's production costs and operating expenses for the year ended December 31, 2008. The Company purchases these raw materials on both short- and long-term contracts.

Other significant raw materials include acrylonitrile, aniline, bisphenol, co-monomers (for linear low density polyethylene), methanol, rubber, carbon black, ammonia, formaldehyde and toluene diamine. The Company purchases these raw materials on both short- and long-term contracts.

The Company had adequate supplies of raw materials during 2008, and expects to continue to have adequate supplies of raw materials in 2009.

Method of Distribution

All products and services are marketed primarily through the Company's sales force, although in some instances more emphasis is placed on sales through distributors.

Twenty percent of the sales of the Basic Chemicals segment in 2008 were to one customer, with which the Company has an ongoing supply contract. In addition, sales to MEGlobal, a 50:50 joint venture with Petrochemical Industries Company (K.S.C.) of Kuwait, represented approximately 11 percent of the sales in the Basic Chemicals segment. Excess ethylene glycol produced in Dow's plants in the United States and Europe is sold to MEGlobal. Other than the sales to these customers, no significant portion of the business of any operating segment is dependent upon a single customer.

Research and Development

The Company is engaged in a continuous program of basic and applied research to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products. Research and development expenses were $1,310 million in 2008, $1,305 million in 2007 and $1,164 million in 2006. At December 31, 2008, the Company employed approximately 6,000 people in various research and development activities.

Patents, Licenses and Trademarks

The Company continually applies for and obtains U.S. and foreign patents. At December 31, 2008, the Company owned 2,266 active U.S. patents and 9,478 active foreign patents as follows:

Patents Owned at December 31, 2008	*U.S.*	*Foreign*
Performance Plastics	1,029	5,286
Performance Chemicals	349	1,406
Agricultural Sciences	508	1,604
Basic Plastics	247	757
Basic Chemicals	38	78
Hydrocarbons and Energy	27	185
Unallocated and Other	68	162
Total	2,266	9,478

Dow's primary purpose in obtaining patents is to protect the results of its research for use in operations and licensing. Dow is also party to a substantial number of patent licenses and other technology agreements. The Company had revenue related to patent and technology royalties totaling $307 million in 2008, $247 million in 2007 and $512 million in 2006. Revenue related to licensing was higher in 2006 due to lump sum licensing revenue that was earned in the first quarter of 2006. The Company incurred royalties to others of $60 million in 2008, $57 million in 2007 and $64 million in 2006. Dow also has a substantial number of trademarks and trademark registrations in the United States and in other countries, including the "Dow in Diamond" trademark. Although the Company considers that its patents, licenses and trademarks in the aggregate constitute a valuable asset, it does not regard its business as being materially dependent upon any single patent, license or trademark.

Principal Partly Owned Companies
Dow's principal nonconsolidated affiliates at December 31, 2008, including direct or indirect ownership interest for each, are listed below:

- Americas Styrenics LLC – 50 percent – a U.S. limited liability company that manufactures polystyrene and styrene monomer.
- Compañía Mega S.A. – 28 percent – an Argentine company that owns a natural gas separation and fractionation plant, which provides feedstocks to the Company's petrochemical plant located in Bahia Blanca, Argentina.
- Dow Corning Corporation – 50 percent – a U.S. company that manufactures silicone and silicone products. See Note K to the Consolidated Financial Statements.
- EQUATE Petrochemical Company K.S.C. – 42.5 percent – a Kuwait-based company that manufactures ethylene, polyethylene and ethylene glycol.
- Equipolymers – 50 percent – a company, headquartered in Horgen, Switzerland, that manufactures purified terephthalic acid, and manufactures and markets polyethylene terephthalate resins.
- MEGlobal – 50 percent – a company, headquartered in Dubai, United Arab Emirates, that manufactures and markets monoethylene glycol and diethylene glycol.
- The OPTIMAL Group of Companies [consisting of OPTIMAL Olefins (Malaysia) Sdn. Bhd. – 23.75 percent; OPTIMAL Glycols (Malaysia) Sdn. Bhd. – 50 percent; OPTIMAL Chemicals (Malaysia) Sdn. Bhd. – 50 percent] – Malaysian companies that operate an ethane/propane cracker, an ethylene glycol facility and a production facility for ethylene and propylene derivatives within a world-scale, integrated chemical complex located in Kertih, Terengganu, Malaysia.
- The SCG-Dow Group [consisting of Siam Polyethylene Company Limited – 49 percent; Siam Polystyrene Company Limited – 50 percent; Siam Styrene Monomer Co., Ltd. – 50 percent; Siam Synthetic Latex Company Limited – 50 percent] – Thailand-based companies that manufacture polyurethanes, polyethylene, polystyrene, styrene and latex.
- Univation Technologies, LLC – 50 percent – a U.S. limited liability company that develops, markets and licenses polyethylene process technology and related catalysts.

See Note F to the Consolidated Financial Statements for additional information.

Financial Information About Foreign and Domestic Operations and Export Sales
In 2008, the Company derived 68 percent of its sales and had 47 percent of its property investment outside the United States. While the Company's international operations may be subject to a number of additional risks, such as changes in currency exchange rates, the Company does not regard its foreign operations, on the whole, as carrying any greater risk than its operations in the United States. Information on sales and long-lived assets by geographic area for each of the last three years appears in Note T to the Consolidated Financial Statements, and discussions of the Company's risk management program for foreign exchange and interest rate risk management appear in Item 1A. Risk Factors, Item 7A. Quantitative and Qualitative Disclosures About Market Risk, and Note H to the Consolidated Financial Statements.

Protection of the Environment
Matters pertaining to the environment are discussed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Notes A and K to the Consolidated Financial Statements.

Employees
Personnel count was 46,102 at December 31, 2008; 45,856 at December 31, 2007; and 42,578 at December 31, 2006. Headcount increased in 2008 from year-end 2007 primarily due to recent acquisitions. Headcount is expected to decline due to actions announced in the fourth quarter of 2008 to eliminate approximately 5,000 jobs (including planned divestitures). During 2007, headcount was impacted by the addition of research and development employees in India and China in support of the Company's growth initiatives; the addition of approximately 110 employees with the second quarter acquisition of Hyperlast Limited; and the addition of approximately 1,700 employees with the second quarter acquisition of Wolff Walsrode AG.

Other Activities
Dow engages in the property and casualty insurance and reinsurance business primarily through its Liana Limited subsidiaries.

The factors described below represent the Company's principal risks. Except as otherwise indicated, these factors may or may not occur and the Company is not in a position to express a view on the likelihood of any such factor occurring. Other factors may exist that the Company does not consider significant based on information that is currently available or that the Company is not currently able to anticipate.

Volatility in purchased feedstock and energy costs impacts Dow's operating costs and adds variability to earnings.
During 2008, purchased feedstock and energy costs were higher overall than in 2007, adding an additional $5.9 billion of costs compared with 2007 and accounting for 48 percent of the Company's total production costs and operating expenses in 2008, down from 49 percent in 2007 and 2006. Purchased feedstock and energy costs are expected to remain volatile throughout 2009. The Company uses its feedstock flexibility and financial and physical hedging programs to lower overall feedstock costs. However, when these costs increase, the Company is not always able to immediately raise selling prices and, ultimately, its ability to pass on underlying cost increases is greatly dependent on market conditions. As a result, increases in these costs could negatively impact the Company's results of operations.

The Company is party to a number of claims and lawsuits arising out of the normal course of business with respect to commercial matters, including product liability, governmental regulation and other actions.
Certain of the claims and lawsuits facing the Company purport to be class actions and seek damages in very large amounts. All such claims are being contested. With the exception of the possible effect of the asbestos-related liability of Union Carbide Corporation ("Union Carbide") and the ongoing litigation with Rohm and Haas Company ("Rohm and Haas"), described below, it is the opinion of the Company's management that the possibility is remote that the aggregate of all such claims and lawsuits will have a material adverse impact on the Company's consolidated financial statements.

Union Carbide is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. At December 31, 2008, Union Carbide's asbestos-related liability for pending and future claims was $934 million and its receivable for insurance recoveries related to its asbestos liability was $403 million. At December 31, 2008, Union Carbide also had receivables of $272 million for insurance recoveries for defense and resolution costs. It is the opinion of the Company's management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on the Company's results of operations and cash flows for a particular period and on the consolidated financial position of the Company.

The Company is involved in a lawsuit, filed in the Court of Chancery of the State of Delaware by Rohm and Haas for specific performance related to the July 10, 2008 agreement to acquire Rohm and Haas for $78 per share. The lawsuit was filed on January 26, 2009 following notification to Rohm and Haas that the Company would not close the proposed acquisition on or before January 27, 2009. It is the opinion of the Company's management that it is reasonably possible that the ultimate resolution of the litigation could have a material adverse impact on the Company's consolidated financial statements.

A downgrade of the Company's credit rating could have a negative impact on the Company's ability to access credit markets.
The Company's credit rating is investment grade. The Company's long-term credit ratings were downgraded on December 29, 2008 by Moody's from A3 to Baa1 with outlook under review for possible downgrade and by Standard & Poor's from A- to BBB with credit watch negative. The Company's short-term credit rating is A2/P2 negative/negative. If the Company's credit rating is further downgraded, it could have a negative impact on the Company's ability to access credit markets and could increase borrowing costs.

Volatility and disruption of financial markets could affect access to credit.
The current difficult economic market environment is causing contraction in the availability of credit in the marketplace. This could potentially reduce the sources of liquidity for the Company.

The value of investments are influenced by economic and market conditions.
The current economic environment is negatively impacting the fair value of pension and insurance assets, which could trigger increased future funding requirements of the pension trusts and could result in additional other-than-temporary impairment losses for certain insurance assets.

Adverse conditions in the global economy and disruption of financial markets could continue to negatively impact Dow's customers and therefore Dow's results of operations.
An economic downturn in the businesses or geographic areas in which Dow sells its products could further reduce demand for these products and result in a decrease in sales volume that could have a negative impact on Dow's results of operations. Volatility and disruption of financial markets could limit customers' ability to obtain adequate financing to maintain operations and could result in a decrease in sales volume that could have a negative impact on Dow's results of operations.

The earnings generated by the Company's basic chemical and basic plastic products will vary from period to period based in part on the balance of supply relative to demand within the industry.
The balance of supply relative to demand within the industry may be significantly impacted by the addition of new capacity. For basic commodities, capacity is generally added in large increments as world-scale facilities are built. This may disrupt industry balances and result in downward pressure on prices due to the increase in supply, which could negatively impact the Company's results of operations.

If key suppliers are unable to provide the raw materials required for production, Dow may not be able to obtain the raw materials from other sources on as favorable terms.
The Company purchases hydrocarbon raw materials including liquefied petroleum gases, crude oil, naphtha, natural gas and condensate. The Company also purchases electric power, benzene, ethylene, propylene and styrene to supplement internal production, and other raw materials. If the Company's key suppliers are unable to provide the raw materials required for production, it could have a negative impact on Dow's results of operations. For example, during 2005 and again in the third quarter of 2008, the Company experienced temporary supply disruptions related to major hurricanes on the U.S. Gulf Coast. In addition, volatility and disruption of financial markets could limit suppliers' ability to obtain adequate financing to maintain operations, which could have a negative impact on Dow's results of operations.

The Company experiences substantial competition in each of the operating segments and geographic areas in which it operates.
Historically, the chemical industry has operated in a competitive environment, and that environment is expected to continue. In addition to other chemical companies, the chemical divisions of major international oil companies provide substantial competition. Dow competes worldwide on the basis of quality, price and customer service. Increased levels of competition could result in lower prices or lower sales volume, which would have a negative impact on the Company's results of operations.

Actual or alleged violations of environmental laws or permit requirements could result in restrictions or prohibitions on plant operations, substantial civil or criminal sanctions, as well as the assessment of strict liability and/or joint and several liability.
The Company is subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. At December 31, 2008, the Company had accrued obligations of $312 million for environmental remediation and restoration costs, including $22 million for the remediation of Superfund sites. This is management's best estimate of the costs for remediation and restoration with respect to environmental matters for which the Company has accrued liabilities, although the ultimate cost with respect to these particular matters could range up to approximately twice that amount. Costs and capital expenditures relating to environmental, health or safety matters are subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose the requirements. Moreover, changes in environmental regulations could inhibit or interrupt the Company's operations, or require modifications to its facilities. Accordingly, environmental, health or safety regulatory matters may result in significant unanticipated costs or liabilities.

Local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals.
Growing public and political attention has been placed on protecting critical infrastructure, including the chemical industry, from security threats. Terrorist attacks and natural disasters have increased concern regarding the security of chemical production and distribution. In addition, local, state and federal governments have begun a regulatory process that could lead to new regulations impacting the security of chemical plant locations and the transportation of hazardous chemicals, which could result in higher operating costs and interruptions in normal business operations.

Risk Factors – Continued

Failure to develop new products could make the Company less competitive.
The Company is engaged in a continuous program of basic and applied research to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products. Failure to develop new products could make the Company less competitive.

Failure to protect the Company's intellectual property could negatively affect its future performance and growth.
The Company continually applies for and obtains U.S. and foreign patents to protect the results of its research for use in operations and licensing. Dow is also party to a substantial number of patent licenses and other technology agreements. The Company relies on patents, confidentiality agreements and internal security measures to protect its intellectual property. Failure to protect this intellectual property could negatively affect the Company's future performance and growth.

Weather-related matters could impact the Company's results of operations.
In 2005 and again in the third quarter of 2008, major hurricanes caused significant disruption in Dow's operations on the U.S. Gulf Coast, logistics across the region and the supply of certain raw materials, which had an adverse impact on volume and cost for some of Dow's products. If similar weather-related matters occur in the future, it could negatively affect Dow's results of operations, due to the Company's substantial presence on the U.S. Gulf Coast.

The Company's global business operations give rise to market risk exposure.
The Company's global business operations give rise to market risk exposure related to changes in foreign exchange rates, interest rates, commodity prices and other market factors such as equity prices. To manage such risks, Dow enters into hedging transactions, pursuant to established guidelines and policies. If Dow fails to effectively manage such risks, it could have a negative impact on the Company's consolidated financial statements.

UNRESOLVED STAFF COMMENTS

None.

PROPERTIES

The Company operates 150 manufacturing sites in 35 countries. Properties of Dow include facilities which, in the opinion of management, are suitable and adequate for the manufacture and distribution of Dow's products. During 2008, the Company's chemicals and plastics production facilities and plants operated at approximately 77 percent of capacity. The Company's major production sites are as follows:

United States:	Plaquemine and Hahnville, Louisiana; Midland, Michigan; Freeport, Seadrift and Texas City, Texas; South Charleston, West Virginia.
Canada:	Fort Saskatchewan and Prentiss, Alberta.
Germany:	Boehlen; Leuna; Rheinmuenster; Schkopau; Stade.
France:	Drusenheim.
The Netherlands:	Terneuzen.
Spain:	Tarragona.
Argentina:	Bahia Blanca.
Brazil:	Aratu.

Including the major production sites, the Company has plants and holdings in the following geographic areas:

United States:	42 manufacturing locations in 16 states.
Canada:	6 manufacturing locations in 3 provinces.
Europe:	48 manufacturing locations in 16 countries.
Latin America:	26 manufacturing locations in 5 countries.
Asia Pacific:	23 manufacturing locations in 8 countries.
India, Middle East and Africa:	5 manufacturing locations in 4 countries.

All of Dow's plants are owned or leased, subject to certain easements of other persons which, in the opinion of management, do not substantially interfere with the continued use of such properties or materially affect their value. Dow leases ethylene plants in Fort Saskatchewan, Alberta, Canada, and Terneuzen, The Netherlands.

A summary of properties, classified by type, is provided in Note E to the Consolidated Financial Statements. Additional information regarding leased properties can be found in Note N to the Consolidated Financial Statements.

LEGAL PROCEEDINGS

Asbestos-Related Matters of Union Carbide Corporation

Introduction

Union Carbide Corporation ("Union Carbide"), a wholly owned subsidiary of the Company, is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. These suits principally allege personal injury resulting from exposure to asbestos-containing products and frequently seek both actual and punitive damages. The alleged claims primarily relate to products that Union Carbide sold in the past, alleged exposure to asbestos-containing products located on Union Carbide's premises, and Union Carbide's responsibility for asbestos suits filed against a former Union Carbide subsidiary, Amchem Products, Inc. ("Amchem"). In many cases, plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of such exposure, or that injuries incurred in fact resulted from exposure to Union Carbide's products.

Influenced by the bankruptcy filings of numerous defendants in asbestos-related litigation and the prospects of various forms of state and national legislative reform, the rate at which plaintiffs filed asbestos-related suits against various companies, including Union Carbide and Amchem, increased in 2001, 2002 and the first half of 2003. Since then, the rate of filing has significantly abated. Union Carbide expects more asbestos-related suits to be filed against Union Carbide and Amchem in the future, and will aggressively defend or reasonably resolve, as appropriate, both pending and future claims.

The table below provides information regarding asbestos-related claims filed against Union Carbide and Amchem:

	2008	*2007*	*2006*
Claims unresolved at January 1	90,322	111,887	146,325
Claims filed	10,922	10,157	16,386
Claims settled, dismissed or otherwise resolved	(25,538)	(31,722)	(50,824)
Claims unresolved at December 31	75,706	90,322	111,887
Claimants with claims against both UCC and Amchem	24,213	28,937	38,529
Individual claimants at December 31	51,493	61,385	73,358

Plaintiffs' lawyers often sue dozens or even hundreds of defendants in individual lawsuits on behalf of hundreds or even thousands of claimants. As a result, the damages alleged are not expressly identified as to Union Carbide, Amchem or any other particular defendant, even when specific damages are alleged with respect to a specific disease or injury. In fact, there are no personal injury cases in which only Union Carbide and/or Amchem are the sole named defendants. For these reasons and based upon Union Carbide's litigation and settlement experience, Union Carbide does not consider the damages alleged against Union Carbide and Amchem to be a meaningful factor in its determination of any potential asbestos-related liability.

Estimating the Liability

Based on a study completed by Analysis, Research & Planning Corporation ("ARPC") in January 2003, Union Carbide increased its December 31, 2002 asbestos-related liability for pending and future claims for the 15-year period ending in 2017 to $2.2 billion, excluding future defense and processing costs. Since then, Union Carbide has compared current asbestos claim and resolution activity to the results of the most recent ARPC study at each balance sheet date to determine whether the accrual continues to be appropriate. In addition, Union Carbide has requested ARPC to review Union Carbide's historical asbestos claim and resolution activity each November since 2004 to determine the appropriateness of updating the most recent ARPC study.

In November 2006, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its January 2005 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2006 and concluded that the experience from 2004 through 2006 was sufficient for the purpose of forecasting future filings and values of asbestos claims filed against Union Carbide and Amchem, and could be used in place of previous assumptions to update the January 2005 study. The resulting study, completed by ARPC in December 2006, stated that the undiscounted cost of resolving pending and future asbestos-related claims against Union Carbide and Amchem, excluding future defense and processing costs, through 2021 was estimated to be between approximately $1.2 billion and $1.5 billion. As in its January 2003 and January 2005 studies, ARPC provided estimates for a longer period of time in its December 2006 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

Legal Proceedings – Continued

Based on ARPC's December 2006 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $1.2 billion at December 31, 2006 which covered the 15-year period ending in 2021, excluding future defense and processing costs. The reduction was $177 million and was shown as "Asbestos-related credit" in the consolidated statements of income.

In November 2007, Union Carbide requested ARPC to review Union Carbide's 2007 asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2007. In December 2007, ARPC stated that an update of its study would not provide a more likely estimate of future events than the estimate reflected in its study of the previous year and, therefore, the estimate in that study remained applicable. Based on Union Carbide's own review of the asbestos claim and resolution activity and ARPC's response, Union Carbide determined that no change to the accrual was required. At December 31, 2007, Union Carbide's asbestos-related liability for pending and future claims was $1.1 billion.

In November 2008, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2008. The resulting study, completed by ARPC in December 2008, stated that the undiscounted cost of resolving pending and future asbestos-related claims against UCC and Amchem, excluding future defense and processing costs, through 2023 was estimated to be between $952 million and $1.2 billion. As in its earlier studies, ARPC provided estimates for a longer period of time in its December 2008 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

In December 2008, based on ARPC's December 2008 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $952 million, which covered the 15-year period ending 2023, excluding future defense and processing costs. The reduction was $54 million and was shown as "Asbestos-related credit" in the consolidated statements of income. At December 31, 2008, the asbestos-related liability for pending and future claims was $934 million.

At December 31, 2008, approximately 21 percent of the recorded liability related to pending claims and approximately 79 percent related to future claims. At December 31, 2007, approximately 31 percent of the recorded liability related to pending claims and approximately 69 percent related to future claims.

Defense and Resolution Costs

The following table provides information regarding defense and resolution costs related to asbestos-related claims filed against Union Carbide and Amchem:

Defense and Resolution Costs				*Aggregate Costs to Date as of*
In millions	*2008*	*2007*	*2006*	*Dec. 31, 2008*
Defense costs	$60	$84	$62	$625
Resolution costs	$116	$88	$117	$1,386

The average resolution payment per asbestos claimant and the rate of new claim filings has fluctuated both up and down since the beginning of 2001. Union Carbide's management expects such fluctuations to continue in the future based upon a number of factors, including the number and type of claims settled in a particular period, the jurisdictions in which such claims arose, and the extent to which any proposed legislative reform related to asbestos litigation is being considered.

Union Carbide expenses defense costs as incurred. The pretax impact for defense and resolution costs, net of insurance, was $53 million in 2008, $84 million in 2007 and $45 million in 2006, and was reflected in "Cost of sales" in the consolidated statements of income.

Insurance Receivables

At December 31, 2002, Union Carbide increased the receivable for insurance recoveries related to its asbestos liability to $1.35 billion, substantially exhausting its asbestos product liability coverage. The insurance receivable related to the asbestos liability was determined by Union Carbide after a thorough review of applicable insurance policies and the 1985 Wellington Agreement, to which Union Carbide and many of its liability insurers are signatory parties, as well as other insurance settlements, with due consideration given to applicable deductibles, retentions and policy limits, and taking into account the solvency and historical payment experience of various insurance carriers. The Wellington Agreement and other agreements with insurers are designed to facilitate an orderly resolution and collection of Union Carbide's insurance policies and to resolve issues that the insurance carriers may raise.

In September 2003, Union Carbide filed a comprehensive insurance coverage case, now proceeding in the Supreme Court of the State of New York, County of New York, seeking to confirm its rights to insurance for various asbestos claims and to facilitate an orderly and timely collection of insurance proceeds. This lawsuit was filed against insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place with Union Carbide regarding their asbestos-related insurance coverage, in order to facilitate an orderly resolution and collection of such insurance policies and to resolve issues that the insurance carriers may raise. Although the lawsuit is continuing, through the end of 2008, Union Carbide had reached settlements with several of the carriers involved in this litigation.

Union Carbide's receivable for insurance recoveries related to its asbestos liability was $403 million at December 31, 2008 and $467 million at December 31, 2007. At December 31, 2008 and December 31, 2007, all of the receivable for insurance recoveries was related to insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place regarding their asbestos-related insurance coverage.

In addition to the receivable for insurance recoveries related to its asbestos liability, Union Carbide had receivables for defense and resolution costs submitted to insurance carriers for reimbursement as follows:

Receivables for Costs Submitted to Insurance Carriers at December 31		
In millions	*2008*	*2007*
Receivables for defense costs	$ 28	$ 18
Receivables for resolution costs	244	253
Total	$272	$271

After a review of its insurance policies, with due consideration given to applicable deductibles, retentions and policy limits, after taking into account the solvency and historical payment experience of various insurance carriers; existing insurance settlements; and the advice of outside counsel with respect to the applicable insurance coverage law relating to the terms and conditions of its insurance policies, Union Carbide continues to believe that its recorded receivable for insurance recoveries from all insurance carriers is probable of collection.

Summary

The amounts recorded by Union Carbide for the asbestos-related liability and related insurance receivable described above were based upon current, known facts. However, future events, such as the number of new claims to be filed and/or received each year, the average cost of disposing of each such claim, coverage issues among insurers, and the continuing solvency of various insurance companies, as well as the numerous uncertainties surrounding asbestos litigation in the United States, could cause the actual costs and insurance recoveries for Union Carbide to be higher or lower than those projected or those recorded.

Because of the uncertainties described above, Union Carbide's management cannot estimate the full range of the cost of resolving pending and future asbestos-related claims facing Union Carbide and Amchem. Union Carbide's management believes that it is reasonably possible that the cost of disposing of Union Carbide's asbestos-related claims, including future defense costs, could have a material adverse impact on Union Carbide's results of operations and cash flows for a particular period and on the consolidated financial position of Union Carbide.

It is the opinion of Dow's management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on the Company's results of operations and cash flows for a particular period and on the consolidated financial position of the Company.

Environmental Matters

On October 1, 2007, the Company received a Notice of Enforcement ("NOE") from the Texas Commission on Environmental Quality ("TCEQ") related to alleged air emission events at the Company's Freeport, Texas site. The NOE seeks a total civil penalty of $354,000. While the Company expects that the penalty will ultimately be reduced, resolution of the NOE may result in a civil penalty in excess of $100,000.

On various dates, the Company received additional NOEs from the TCEQ for alleged violations of air regulations related to nine independent air emission events that occurred between May 2007 and April 2008 at eight different plants at the Company's Freeport, Texas site. During the fourth quarter of 2008, these nine independent events were officially combined by the TCEQ into a single enforcement matter seeking an initial combined civil penalty of $312,325. The TCEQ Staff and the Company have tentatively agreed to settle this single enforcement matter for $202,325, half of which will be paid to the TCEQ, with the balance to be used to purchase low emission school buses for use near the Company's Freeport, Texas site. This settlement remains subject to final approval by the TCEQ Commissioners.

Legal Proceedings – Continued

The Company received an Administrative Complaint dated September 26, 2008 from the United States Environmental Protection Agency ("EPA") - Region 1 office notifying the Company of the EPA's intent to assess civil penalties in the proposed amount of $330,112 for seven alleged violations of the Company's Allyn's Point, Connecticut manufacturing facilities' Title V Clean Air Act Operating Permit and Title V regulations. The seven alleged violations relate primarily to environmental recordkeeping infractions, failure to follow required work practices and one alleged violation of volatile organic compound ("VOC") emission requirements. The Company has requested an informal settlement conference and intends to request a formal administrative hearing to contest the allegations and the proposed penalty, if necessary. While the Company expects that the penalty will be reduced, resolution may result in a civil penalty in excess of $100,000.

Matters Involving the Acquisition of Rohm and Haas Company

Introduction

On July 10, 2008, the Company and Rohm and Haas Company ("Rohm and Haas") entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (the "Merger"). The Merger did not close in January 2009, as originally anticipated, in light of the Company's determination that recent material developments had created unacceptable uncertainties with respect to the funding and economics of the combined Dow and Rohm and Haas enterprise. This assessment was based on several macro-economic factors such as the continued crisis in global financial and credit markets and unprecedented demand destruction, combined with the failure of PIC to fulfill its obligation to close the K-Dow joint venture transaction and fund the initial purchase price on January 2, 2009.

Litigation

On January 26, 2009, Rohm and Haas commenced an action in the Court of Chancery of the State of Delaware to compel the Company to acquire Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (plus a "ticking fee" commencing on January 10, 2009). The complaint (the "Complaint") in the action alleges that all conditions to the Company's obligation to close the Merger were met on January 23, 2009 and that the Company, pursuant to the terms of the Merger Agreement, was required to close the Merger within two business days thereafter, *i.e.*, by January 27, 2009. The Complaint further alleges that the Company advised Rohm and Haas on January 25, 2009 that it would not close the Merger on or by January 27, 2009, and that the Company knowingly and intentionally breached the Merger Agreement.

On January 27, 2009, the Court determined to expedite proceedings in the case and ordered that the trial commence on March 9, 2009. The trial will relate to the issue of whether the Court should order specific performance and thus require the Company to close the Merger. The Court also stated that it strongly encouraged the parties to focus on a business solution to the dispute.

On February 3, 2009, the Company filed its answer (the "Answer") to the Complaint. The Answer denied that all conditions to closing had been met as of January 23, 2009, noting that the United States Federal Trade Commission ("FTC") action on January 23, 2009 was only a provisional acceptance of the proposed consent order and not final approval, and that the FTC reserves discretion to reject the proposed consent order after the close of the public comment period. The Answer denied that Rohm and Haas is entitled to a decree of specific performance, and asserted affirmative defenses of frustration of purpose, commercial impracticability, impossibility of performance and undue hardship – all arising from the sudden and rapid economic and financial downturn, the dramatic falloff in the Company's earnings in the fourth quarter of 2008 and continuing into the first quarter of 2009, the risk of the Company's inability to comply with financial covenants contained in the bridge loan expected to provide temporary financing for the Merger, the risk of the Company losing access to the capital markets due to potential loss of its investment grade rating, and the collapse of the K-Dow joint venture. The Company also asserted that specific performance is not appropriate because Rohm and Haas has adequate remedies at law for any breach of the Merger Agreement.

Summary

Because of the uncertainties associated with the litigation described above, management cannot estimate the impact of the ultimate resolution of the litigation. It is the opinion of the Company's management that it is reasonably possible that the ultimate resolution could have a material adverse impact on the consolidated financial statements of the Company.

Derivative Litigation

On February 9, 2009, Michael D. Blum, in the name of and on behalf of the Company, commenced an action in the Court of Chancery of the State of Delaware against certain officers and directors of the Company ("Defendants") alleging, among other things, that Defendants breached their fiduciary duty by causing the Company to enter into the Merger Agreement without any contingencies for failure of financing or to receive the proceeds of the K-Dow transaction. The relief sought includes the implementation of certain corporate governance reforms by the Company as well as monetary damages and attorneys' fees. The Defendants have not yet answered or otherwise responded to the Complaint.

The Company believes the complaint in the action to be entirely without merit and intends to oppose it vigorously.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of 2008.

EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below is information related to the Company's executive officers as of February 18, 2009.

WILLIAM F. BANHOLZER, 52. DOW EXECUTIVE VICE PRESIDENT AND CHIEF TECHNOLOGY OFFICER. Employee of Dow since 2005. General Electric Company, Chemical Engineer 1983-1989. Laboratory Manager and Leader R&D Center 1989-1992. Engineering Manager of Superabrasives Business 1992-1997. Vice President of Global Engineering, GE Lighting 1997-1999. Vice President of Global Technology, GE Advanced Materials 1999-2005. Dow Corporate Vice President and Chief Technology Officer 2005-February 2009. Executive Vice President and Chief Technology Officer February 2009 to date. Director of Dow Corning Corporation* and Mycogen Corporation*. Member of Dow Corning Corporation Corporate Responsibility Committee. Elected to the U.S. National Academy of Engineering ("NAE") in 2002. Elected NAE Councilor 2005. Member of American Chemical Society and American Institute of Chemical Engineers. Advisory Board member for chemistry and chemical engineering at Massachusetts Institute of Technology and University of California, Berkeley.

CAROL A. DUDLEY, 50. DOW SENIOR VICE PRESIDENT, BASIC CHEMICALS DIVISION. Employee of Dow since 1980. Director of Analytical Science Lab 1993-1995. Global R&D Director Epoxy Products and Intermediates Business 1995-1999. North America Chlor-Alkali Assets Business Operations Leader, Site Leader 1999-2000. Business Vice President Chlor-Alkali Assets 2000-2003. Vice President Global Purchasing 2003-2004. R&D Vice President Hydrocarbons & Energy, Chemicals & Intermediates and Corporate R&D 2004-2005. Vice President Business Development Market Facing Businesses 2005-2006. Vice President R&D, Performance Plastics & Chemicals Portfolio 2006-2007. Corporate Vice President Market Facing, Business Development and Licensing 2007-2008. Senior Vice President Basic Chemicals Division December 2008 to date. Advisory Board member Engineering Department at Carnegie Mellon University. Member of Society of Women Engineers. Member of American Institute of Chemical Engineers.

GREGORY M. FREIWALD, 55. DOW EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES, CORPORATE AFFAIRS AND AVIATION. Employee of Dow since 1979. Human Resources Manager, Chemical & Performance Business-U.S. Region 1992-1993. Human Resources Director for Executive, Finance, Law and Corporate 1993-1994. Latin America Human Resources and Quality Performance Director 1994-1996. Latin America Human Resources Leader and PBBPolisur S.A.* Human Resources Integration Leader 1996-1997. Global Human Resources, Resources Center Director 1997-2001. Senior Human Resources Director for Global Human Resources, Resource Center and Human Resources Director for Geographic Council 2001-2004. Human Resources Vice President, Operations 2004-2005. Human Resources Vice President 2005-2006. Vice President, Corporate Affairs, Aviation and Executive Compensation 2006-2007. Senior Vice President, Human Resources, Corporate Affairs and Aviation 2008 to February 2009. Executive Vice President, Human Resources, Corporate Affairs and Aviation February 2009 to date.

MICHAEL R. GAMBRELL, 55. DOW EXECUTIVE VICE PRESIDENT, MANUFACTURING AND ENGINEERING OPERATIONS. Employee of Dow since 1976. Business Director for the North America Chlor-Alkali Assets Business 1989-1992. General Manager for the Plastic Lined Pipe Business 1992-1994. Vice President of Operations for Latin America 1994-1996. Corporate Director, Technology Centers and Global Process Engineering 1996-1998. Global Business Director, Chlor-Alkali Assets Business 1998-2000. Business Vice President, EDC/VCM & ECU Management 2000-2003. Business Vice President, Chlor-Vinyl Business 2003. Senior Vice President, Chemicals and Intermediates 2003-2005. Executive Vice President, Basic Plastics and Chemicals Portfolio 2005-2007. Executive Vice President, Basic Plastics and Chemicals, and Manufacturing and Engineering 2007 to February 2009. Executive Vice President, Manufacturing and Engineering Operations February 2009 to date. Ex-officio member of the Dow Board of Director's Environment, Health and Safety Committee. Board member of Oman Petrochemical Industries Company LLC*. Director of TRW Automotive Holdings Corporation. Director of the National Association of Manufacturers. Member of U.S.-India Business Council. Recipient of the President's Distinguished Alumnus Award from Rose-Hulman Institute of Technology 1996.

HEINZ HALLER, 53. DOW EXECUTIVE VICE PRESIDENT, HEALTH, AGRICULTURE AND INFRASTRUCTURE GROUP. Employee of Dow 1980-1994 and since 2006. Sales representative 1980-1983. Marketing manager, Chlorinated Solvents 1984-1985. Frankfurt Sales office manager and Regional manager, Emulsion Polymers and Specialty Chemicals 1986-1989. Dow business operations manager, Emulsion Polymers, New Ventures and Plastic Lined Pipe 1989-1992. Global business director, Emulsion Polymers 1993-1994. Managing Director in Horgen, Plüss-Staufer AG 1994-1999. Chief Executive Officer, Red Bull Sauber AG and Sauber Petronas Engineering AG 2000-2002. Managing Director, Allianz Capital Partners GmbH 2002-2006. Dow Corporate Vice President, Strategic Development and New Ventures 2006-2007. Executive Vice President, Performance Plastics and Chemicals 2007 to February 2009. Executive Vice President, Health, Agriculture and Infrastructure Group February 2009 to date. Director of Mycogen Corporation* and Dow Corning Corporation*. Member of the Dow AgroSciences LLC* Members Committee. Director of the Michigan Molecular Institute.

CHARLES J. KALIL, 57. DOW EXECUTIVE VICE PRESIDENT, LAW AND GOVERNMENT AFFAIRS, GENERAL COUNSEL AND CORPORATE SECRETARY. Employee of Dow since 1980. U.S. Department of Justice – Assistant U.S. Attorney, Eastern District of Michigan 1977-1980. General Counsel of Petrokemya (a former 50:50 joint venture of the Company) 1982-1983. Regional Counsel to Middle East/Africa 1983-1986. Senior Environmental Attorney 1986-1987. Litigation Staff Counsel and Group Leader 1987-1990. Senior Financial Law Counsel, Mergers and Acquisitions 1990-1992. General Counsel and Area Director of Government and Public Affairs for Dow Latin America 1992-1997. Special Counsel and Manager of INSITE™ legal issues 1997-2000. Assistant General Counsel for Corporate and Financial Law 2000-2003. Associate General Counsel for Corporate Legal Affairs 2003-2004. Dow Corporate Vice President and General Counsel 2004-2007. Senior Vice President and General Counsel 2007-2008. Executive Vice President and General Counsel March 2008 to date. Corporate Secretary 2005 to date. Board member of Dow Corning Corporation*, Dorinco Reinsurance Company*, Liana Limited* and Oman Petrochemical Industries Company LLC*. Member of the Conference Board's Council of Chief Legal Officers. Member of the American Bar Association, District of Columbia Bar and the State Bar of Michigan.

DAVID E. KEPLER, 56. DOW EXECUTIVE VICE PRESIDENT, BUSINESS SERVICES, CHIEF SUSTAINABILITY OFFICER AND CHIEF INFORMATION OFFICER. Employee of Dow since 1975. Computer Services Manager of Dow U.S.A. Eastern Division 1984-1988. Commercial Director of Dow Canada Performance Products 1989-1991. Director of Pacific Area Information Systems 1991-1993. Manager of Information Technology for Chemicals and Plastics 1993-1994. Director of Global Information Systems Services 1994-1995. Director of Global Information Application 1995-1998. Vice President 1998-2000. Chief Information Officer 1998 to date. Corporate Vice President with responsibility for eBusiness 2000 to date. Responsibility for Advanced Electronic Materials 2002-2003. Responsibility for Shared Services – Customer Service, Information Systems, Purchasing, Six Sigma, Supply Chain, and Work Process Improvement 2004 to date. Senior Vice President with responsibility for EH&S 2006-2008. Responsibility as Chief Sustainability Officer 2007 to date. Executive Vice President March 2008 to date. Director of Dorinco Reinsurance Company* and Liana Limited*. Director of Teradata Corporation. Chairman of the MidMichigan Innovation Center Board of Directors. Member of U.S. Chamber of Commerce Board of Directors and Vice Chairman of the Great Lakes Region. Member of the American Chemical Society and the American Institute of Chemical Engineers.

ANDREW N. LIVERIS, 54. DOW PRESIDENT, CHIEF EXECUTIVE OFFICER AND CHAIRMAN. DIRECTOR SINCE 2004. Employee of Dow since 1976. General manager of Dow's Thailand operations 1989-1992. Group business director for Emulsion Polymers and New Ventures 1992-1993. General manager of Dow's start-up businesses in Environmental Services 1993-1994. Vice President of Dow's start-up businesses in Environmental Services 1994-1995. President of Dow Chemical Pacific Limited* 1995-1998. Vice President of Specialty Chemicals 1998-2000. Business Group President for Performance Chemicals 2000-2003. President and Chief Operating Officer 2003-2004. President and Chief Executive Officer 2004 to date and Chairman 2006 to date. Director of Citigroup, Inc. Chairman of the U.S.-China Business Council; Vice Chairman of the U.S. Business Council; Past Chairman of the American Chemistry Council and the International Council of Chemical Associations. Member of the United States Climate Action Partnership, the American Australian Association, the Business Roundtable, the Detroit Economic Club, the National Petroleum Council and the Société de Chimie Industrielle. Member of the Board of Trustees of Tufts University.

Executive Officers of the Registrant – Continued

JUAN R. LUCIANO, 47. DOW SENIOR VICE PRESIDENT, HYDROCARBONS AND BASIC PLASTICS DIVISION. Employee of Dow since 1985. Sales & Marketing Manager Specialty Chemicals 1994-1996. Senior Marketing Manager for the Americas, Polyglycols within Specialty Chemicals Portfolio 1996-1999. Business Director Chelants, Specialty Chemicals 1999-2000. Global Business Director LDPE/PRIMACOR™/SARAN™/Slurry PE 2000-2001. Global Business Director Polypropylene 2001-2004. Business Vice President Engineering Polymers 2004-2006. Global Business Vice President Olefins and Aromatics 2006-2007. Business Group President Hydrocarbons and Energy 2007-2008. Senior Vice President Hydrocarbons and Basic Plastics Division December 2008 to date.

JAMES D. MCILVENNY, 51. DOW SENIOR VICE PRESIDENT, PERFORMANCE PRODUCTS DIVISION. Employee of Dow since 1982. Business Manager Separation Systems 1989-1994. Director of Marketing, Sales and Service Liquid Separations 1994-1995. Global Business Director Liquid Separations 1995-1998. President and Chief Executive Officer FilmTec Corporation* 1995-1998. President and Chief Executive Officer Hampshire Chemical Corp.* 1998-2001. Business Vice President Specialty Polymers 2001-2004. President Greater China 2004-2006. President Dow Asia Pacific and Greater China 2006-2008. Senior Vice President Performance Products Division December 2008 to date.

GEOFFERY E. MERSZEI, 57. DOW EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER. DIRECTOR SINCE 2005. Employee of Dow 1977-2001 and since 2005. Dow Middle East/Africa Credit Manager 1977-1980. Dow Asia Pacific Credit Manager 1980-1982. Dow Asia Pacific Finance and Credit Manager 1982-1983. Dow Germany and Eastern Europe Treasurer 1983-1986. Dow Foreign Exchange Manager 1986-1988. Director of Finance for Dow Asia Pacific 1988-1991. Director of Finance/Treasurer for Dow Europe 1991-1996. Dow Vice President and Treasurer 1996-2001. Alcan, Inc., Executive Vice President and Chief Financial Officer 2001-2005. Dow Executive Vice President and Chief Financial Officer 2005 to date. Board member of Dow Corning Corporation*, Dow Credit Corporation*, Dow Financial Services Inc.*, Mycogen Corporation*, and Oman Petrochemical Industries Company LLC*. Chairman of Dorinco Reinsurance Company*, Dow International Holdings, S.A.* and Liana Limited*. Board member of Chemical Financial Corporation. Chairman of the Conference Board's Council of Financial Executives. Trustee and Executive Committee Member of the United States Council for International Business.

FERNANDO RUIZ, 53. DOW CORPORATE VICE PRESIDENT AND TREASURER. Employee of Dow since 1980. Treasurer, Ecuador Region 1982-1984. Treasurer, Mexico Region 1984-1988. Financial Operations Manager, Corporate Treasury 1988-1991. Assistant Treasurer, USA Area 1991-1992. Senior Finance Manager, Corporate Treasury 1992-1996. Assistant Treasurer 1996-2001. Corporate Director of Insurance and Risk Management 2001. Corporate Vice President and Treasurer 2001 to date. President and Chief Executive Officer, Liana Limited* and Dorinco Reinsurance Company* 2001 to date. President of Dow Credit Corporation* 2001 to date. Director of Dow Financial Services Inc.* Member of Financial Executives International and Michigan State University (Eli Broad College of Business) Advisory Board. Member of DeVry, Inc. Board of Directors.

WILLIAM H. WEIDEMAN, 54. DOW VICE PRESIDENT AND CONTROLLER. Employee of Dow since 1976. Controller of Texas Operations 1994-1996. Global Business Controller for Specialty Chemicals 1996-1998. Global Finance Director for Specialty Chemicals 1998-2000. Global Finance Director for Performance Chemicals 2000-2004. Finance Vice President, Chemicals and Intermediates and Dow Ventures 2004-2006. Group Finance Vice President for Basic Chemicals and Plastics Portfolio 2006. Vice President and Controller 2006 to date. Director of Diamond Capital Management, Inc.*, Dorinco Reinsurance Company* and Liana Limited*. Director of the Dow Chemical Employees' Credit Union and Family and Children's Services of Midland. Board and finance committee member of Mid Michigan Medical Center. Member of Financial Executives International Committee on Corporate Reporting, Member of Central Michigan University Accounting Advisory Committee and Central Michigan University Development Board.

* A number of Company entities are referenced in the biographies and are defined as follows. Some of these entities have had various names over the years. The names and relationships to the Company, unless otherwise indicated, are stated in this footnote as they existed as of February 13, 2009. Dow Corning Corporation and Oman Petrochemical Industries Company LLC – companies ultimately 50 percent owned by Dow. Diamond Capital Management, Inc.; Dorinco Reinsurance Company; Dow AgroSciences LLC; Dow Chemical Pacific Limited; Dow Credit Corporation; Dow Financial Services Inc.; Dow International Holdings, S.A.; FilmTec Corporation, Hampshire Chemical Corp., Liana Limited; Mycogen Corporation and PBBPolisur S.A. – all ultimately wholly owned subsidiaries of Dow. Ownership by Dow described above may be either direct or indirect.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal market for the Company's common stock is the New York Stock Exchange, traded under the symbol "DOW."

Quarterly market and dividend information can be found in Quarterly Statistics at the end of Part II, Item 8. Financial Statements and Supplementary Data, following the Notes to the Consolidated Financial Statements.

At December 31, 2008, there were 94,605 registered common stockholders. The Company estimates that there were an additional 587,000 stockholders whose shares were held in nominee names at December 31, 2008. At January 30, 2009, there were 94,558 registered common stockholders.

On February 12, 2009, the Board of Directors announced a quarterly dividend of $0.15 per share, payable April 30, 2009, to stockholders of record on March 31, 2009. Since 1912, the Company has paid a cash dividend every quarter and, in each instance prior to this dividend, has maintained or increased the amount of the dividend, adjusted for stock splits. During this 97-year period, Dow has increased the amount of the quarterly dividend 47 times (approximately 12 percent of the time), and maintained the amount of the quarterly dividend approximately 88 percent of the time. The dividend was reduced in February 2009, for the first time in the 97-year period, due to uncertainty in the credit markets, unprecedented lower demand for chemical products, the ongoing global recession and pending business issues. The Company declared dividends of $1.68 per share in 2008, $1.635 per share in 2007 and $1.50 per share in 2006.

See Part III, Item 11. Executive Compensation for information relating to the Company's equity compensation plans.

The following table provides information regarding purchases of the Company's common stock by the Company during the three months ended December 31, 2008:

Issuer Purchases of Equity Securities

Period	*Total number of shares purchased* (1)	*Average price paid per share*	*Total number of shares purchased as part of the Company's publicly announced share repurchase program* (2)	*Approximate dollar value of shares that may yet be purchased under the Company's publicly announced share repurchase program* (2)
October 2008	67	$25.59	-	-
November 2008	-	-	-	-
December 2008	3,463	$20.11	-	-
Fourth quarter 2008	3,530	$20.21	-	-

(1) Shares received from employees and non-employee directors to pay taxes owed to the Company as a result of the exercise of stock options or the delivery of deferred stock. For information regarding the Company's stock option plans, see Note O to the Consolidated Financial Statements.

(2) On October 26, 2006, the Company announced that the Board of Directors had approved a share buy-back program, authorizing up to $2 billion to be spent on the repurchase of the Company's common stock. Purchases under this program began in March 2007 and were completed in the third quarter of 2008.

The Dow Chemical Company and Subsidiaries
PART II, Item 6. Selected Financial Data.

In millions, except as noted *(Unaudited)*	*2008*	*2007*	*2006*
Summary of Operations			
Net sales (1)	$ 57,514	$ 53,513	$ 49,124
Cost of sales (1)	52,019	46,400	41,526
Research and development expenses	1,310	1,305	1,164
Selling, general and administrative expenses	1,969	1,864	1,663
Amortization of intangibles	92	72	50
Purchased in-process research and development charges	44	57	-
Special charges, merger-related expenses, and restructuring charges	1,127	578	591
Asbestos-related charge (credit)	(54)	-	(177)
Equity in earnings of nonconsolidated affiliates	787	1,122	959
Other income	89	324	137
Interest expense - net	562	454	431
Income (Loss) before income taxes and minority interests	1,321	4,229	4,972
Provision (Credit) for income taxes	667	1,244	1,155
Minority interests' share in income	75	98	93
Preferred stock dividends	-	-	-
Income (Loss) before cumulative effect of changes in accounting principles	579	2,887	3,724
Cumulative effect of changes in accounting principles	-	-	-
Net income (loss) available for common stockholders	$ 579	$ 2,887	$ 3,724
Per share of common stock (in dollars): (2)			
Earnings (Loss) before cumulative effect of changes in accounting principles per common share - basic	$ 0.62	$ 3.03	$ 3.87
Earnings (Loss) per common share - basic	0.62	3.03	3.87
Earnings (Loss) before cumulative effect of changes in accounting principles per common share - diluted	0.62	2.99	3.82
Earnings (Loss) per common share - diluted	0.62	2.99	3.82
Cash dividends declared per share of common stock	1.68	1.635	1.50
Cash dividends paid per share of common stock	1.68	1.59	1.46
Book value per share of common stock	14.62	20.62	17.81
Weighted-average common shares outstanding - basic (2)	930.4	953.1	962.3
Weighted-average common shares outstanding - diluted (2)	939.0	965.6	974.4
Convertible preferred shares outstanding	-	-	-
Year-end Financial Position			
Total assets	$ 45,474	$ 48,801	$ 45,581
Working capital	2,952	6,209	6,608
Property - gross	48,391	47,708	44,381
Property - net	14,294	14,388	13,722
Long-term debt and redeemable preferred stock	8,042	7,581	8,036
Total debt	11,856	9,715	9,546
Net stockholders' equity	13,511	19,389	17,065
Financial Ratios			
Research and development expenses as percent of net sales (1)	2.3%	2.4%	2.4%
Income (Loss) before income taxes and minority interests as percent of net sales (1)	2.3%	7.9%	10.1%
Return on stockholders' equity (3)	4.3%	14.9%	21.8%
Debt as a percent of total capitalization	45.7%	31.8%	34.1%
General			
Capital expenditures	$ 2,276	$ 2,075	$ 1,775
Depreciation	2,016	1,959	1,904
Salaries and wages paid	4,681	4,404	3,935
Cost of employee benefits	981	1,130	1,125
Number of employees at year-end (thousands)	46.1	45.9	42.6
Number of Dow stockholders of record at year-end (thousands) (4)	94.6	98.7	103.1

(1) Adjusted for reclassification of freight on sales in 2000 and reclassification of insurance operations in 2002.

(2) Adjusted for 3-for-1 stock split in 2000.

(3) Included Temporary Equity in 1998-1999.

2005	2004	2003	2002	2001	2000	1999	1998
$ 46,307	$ 40,161	$ 32,632	$ 27,609	$ 28,075	$ 29,798	$ 26,131	$ 25,396
38,276	34,244	28,177	23,780	23,892	24,310	20,422	19,566
1,073	1,022	981	1,066	1,072	1,119	1,075	1,026
1,545	1,436	1,392	1,598	1,765	1,825	1,776	1,964
55	81	63	65	178	139	160	106
-	-	-	-	69	6	6	349
114	543	-	280	1,487	-	94	458
-	-	-	828	-	-	-	-
964	923	322	40	29	354	95	31
755	699	146	54	394	352	329	1,135
564	661	736	708	648	519	432	458
6,399	3,796	1,751	(622)	(613)	2,586	2,590	2,635
1,782	877	(82)	(280)	(228)	839	874	902
82	122	94	63	32	72	74	20
-	-	-	-	-	-	5	6
4,535	2,797	1,739	(405)	(417)	1,675	1,637	1,707
(20)	-	(9)	67	32	-	(20)	-
$ 4,515	$ 2,797	$ 1,730	$ (338)	$ (385)	$ 1,675	$ 1,617	$ 1,707
$ 4.71	$ 2.98	$ 1.89	$ (0.44)	$ (0.46)	$ 1.88	$ 1.87	$ 1.92
4.69	2.98	1.88	(0.37)	(0.43)	1.88	1.85	1.92
4.64	2.93	1.88	(0.44)	(0.46)	1.85	1.84	1.89
4.62	2.93	1.87	(0.37)	(0.43)	1.85	1.82	1.89
1.34	1.34	1.34	1.34	1.295	1.16	1.16	1.16
1.34	1.34	1.34	1.34	1.25	1.16	1.16	1.16
15.84	12.88	9.89	8.36	11.04	13.22	12.40	11.34
963.2	940.1	918.8	910.5	901.8	893.2	874.9	888.1
976.8	953.8	926.1	910.5	901.8	904.5	893.5	904.8
-	-	-	-	-	-	1.3	1.4
$ 45,934	$ 45,885	$ 41,891	$ 39,562	$ 35,515	$ 35,991	$ 33,456	$ 31,121
6,741	5,384	3,578	2,519	2,183	1,150	2,848	1,570
41,934	41,898	40,812	37,934	35,890	34,852	33,333	32,844
13,537	13,828	14,217	13,797	13,579	13,711	13,011	12,628
9,186	11,629	11,763	11,659	9,266	6,613	6,941	5,890
10,706	12,594	13,109	13,036	10,883	9,450	8,708	8,099
15,324	12,270	9,175	7,626	9,993	11,840	10,940	9,878
2.3%	2.5%	3.0%	3.9 %	3.8 %	3.8%	4.1%	4.0%
13.8%	9.5%	5.4%	(2.3)%	(2.2)%	8.7%	9.9%	10.4%
29.5%	22.8%	18.9%	(4.4)%	(3.9)%	14.1%	14.7%	17.2%
39.1%	47.9%	55.4%	59.2 %	48.9 %	42.5%	42.2%	43.6%
$ 1,597	$ 1,333	$ 1,100	$ 1,623	$ 1,587	$ 1,808	$ 2,176	$ 2,328
1,904	1,904	1,753	1,680	1,595	1,554	1,516	1,559
4,309	3,993	3,608	3,202	3,215	3,395	3,536	3,579
988	885	783	611	540	486	653	798
42.4	43.2	46.4	50.0	52.7	53.3	51.0	50.7
105.6	108.3	113.1	122.5	125.1	87.9	87.7	93.0

(4) Stockholders of record as reported by the transfer agent. The Company estimates that there were an additional 587,000 stockholders whose shares were held in nominee names at December 31, 2008.

PART II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of The Dow Chemical Company and its subsidiaries ("Dow" or the "Company"). This section covers the current performance and outlook of the Company and each of its operating segments. The forward-looking statements contained in this section and in other parts of this document involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices and other factors as more fully discussed elsewhere and in filings with the U.S. Securities and Exchange Commission ("SEC"). These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental and technological factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company assumes no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

ABOUT DOW

Dow is a diversified chemical company that combines the power of science and technology with the "Human Element" to constantly improve what is essential to human progress. The Company offers a broad range of products and services, connecting chemistry and innovation with the principles of sustainability to help provide everything from fresh water, food, and pharmaceuticals to paints, packaging and personal care products. Dow is the largest U.S. producer of chemicals and plastics, in terms of sales, with total sales of $57.5 billion in 2008. The Company conducts its worldwide operations through global businesses, which are reported in six operating segments: Performance Plastics, Performance Chemicals, Agricultural Sciences, Basic Plastics, Basic Chemicals, and Hydrocarbons and Energy.

In 2008, the Company sold its approximately 3,300 products and its services to customers in approximately 160 countries throughout the world. Thirty-six percent of the Company's sales were to customers in North America; 38 percent were in Europe; while the remaining 26 percent were to customers in Asia Pacific and Latin America. The Company employs approximately 46,000 people and has a broad, global reach with 150 manufacturing sites in 35 countries.

2008 OVERVIEW

Significant challenges were presented to Dow and the chemical industry as a whole in 2008. The first half of the year was characterized by rising feedstock and energy costs, coupled with continued economic weakness in the United States, particularly in the automotive and residential construction sectors. The latter half of the year was marked by the escalation of a global financial crisis, the landfall of two major hurricanes along the U.S. Gulf Coast, and the sharp deterioration of the global economic environment. Consequently, in the fourth quarter of the year, the industry saw substantially lower end-market demand and steep inventory de-stocking across most value chains. In response, Dow shut down or idled capacity and took measures to manage costs and preserve cash, consistent with its commitment to financial discipline.

Dow's sales increased 7 percent to $57.5 billion, setting a new sales record for the Company, as a 12 percent increase in prices outweighed a 5 percent decline in volume. Volatile feedstock and energy costs presented a significant challenge during the year, which the Company reacted to with responsive price and volume management, including the implementation of two broad-based pricing initiatives in the middle of the year. The Company's purchased feedstock and energy costs increased $5.9 billion (28 percent) compared with 2007, making this the sixth consecutive year of double-digit percentage increases in feedstock and energy costs.

The combined Performance segments (Performance Plastics, Performance Chemicals and Agricultural Sciences) mitigated rising raw material costs with higher prices across all operating segments, offsetting a slight decline in volume that was predominantly driven by weakness in the fourth quarter. The Agricultural Sciences segment had an exceptional year, setting new records for both sales and earnings. Dow's combined Basics segments (Basic Plastics, Basic Chemicals, and Hydrocarbons and Energy) swiftly enacted measures in the face of volatile feedstock and energy costs. These actions led to double-digit percent price increases, which helped mitigate declining volumes. In addition, the benefit of Dow's strategic decision to invest for growth through joint ventures was again reflected in this year's results, with Dow's equity in earnings of nonconsolidated affiliates totaling $787 million.

Overall, Dow's focus on price and volume management, control of discretionary spending and capital expenditures, and active portfolio management helped to partially offset deteriorating results in a challenging economic environment. Capital expenditures were $2.3 billion, above the level of depreciation but in line with the target for the year. Working capital fell $3.3 billion compared with year-end 2007 due in part to a decline in fourth quarter sales and inventories as the Company reduced operating rates in the fourth quarter of 2008. The Company ended the year with $2.8 billion of cash and cash equivalents and reported strong cash flow from operating activities of $4.7 billion. Despite the difficult economic conditions in the latter part of the year, the Company had sufficient liquidity and financial flexibility to meet all of its business obligations.

In 2008, the Company continued its effort to implement its strategy, which is designed to reduce earnings cyclicality and improve earnings growth by increasing investment in the Performance businesses, maintaining integration with the Basics businesses, and growing the Basics businesses through cost-advantaged joint ventures. Actions taken during 2008 included:

- Dow announced plans to invest in a state-of-the-art membrane chlor-alkali production facility at its Freeport, Texas site. The new facility will replace several facilities that are nearing the end of their economic life.
- Dow Agrosciences broadened its product portfolio and geographic reach with the announcements of six bolt-on acquisitions: Triumph Seed Co., Inc.; Dairyland Seed Co., Inc.; Bio-Plant Research Ltd.; assets of Renze Hybrids Inc.; assets of Südwestsaat GbR; and assets of Brodbeck Seed Inc.
- Dow Polyurethanes broke ground on a major capacity expansion at its polyols plant in Terneuzen, The Netherlands.
- Dow Epoxy Systems introduced AIRSTONE™ epoxy systems, a family of products with performance characteristics that are well-suited for use in the fabrication of wind blades.
- Americas Styrenics LLC, a joint venture between Dow and Chevron Phillips Chemical Company LP, began operations.
- The Company announced two broad-based pricing initiatives to combat surging feedstock and energy costs. The first announcement, in May, called for an increase of up to 20 percent on all products. The second initiative, announced in June, called for an additional price increase of up to 25 percent as well as freight surcharges.
- The SCG-Dow Group, a joint venture between Dow and The Siam Cement Group, broke ground on a world-scale propylene oxide facility in Thailand that will use innovative hydrogen peroxide to propylene oxide technology jointly developed by Dow and BASF. In 2008, the SCG-Dow Group announced a 50:50 joint venture to construct a specialty elastomers train, also in Thailand.

2008 Overview – Continued

- Dow Water Solutions announced plans to expand its Edina, Minnesota manufacturing facility to produce additional products for advanced water solutions. It will be the third expansion at this location in the past eight years.
- Dow Building Solutions completed its acquisition of STEVENS ROOFING SYSTEMS™ and Geomembrane Systems.
- Dow Izolan, a joint venture between Dow and Russia-based Scientific Manufacturing Company Izolan Ltd., broke ground on a state-of-the-art polyurethane systems manufacturing facility in Vladimir, Russia.
- The Kuwait Olefins Company, a joint venture between Dow and Petrochemical Industries Company (K.S.C.) ("PIC"), announced the launch of commercial operations of its Olefins II Kuwait Program Ethylene Unit and its Ethylene Glycol Unit.
- On November 28, 2008, the Company and PIC signed a Joint Venture Formation Agreement ("JVFA") to form a 50:50 global petrochemicals joint venture, K-Dow Petrochemicals ("K-Dow"). However, PIC failed to close the K-Dow transaction on January 2, 2009, as required by the JVFA. As a result, the Company is pursuing all legal options available to it relating to PIC's failure to close the proposed K-Dow joint venture. In addition, the Company is in the process of seeking an alternative joint venture partner. See Matters Involving the Formation of K-Dow Petrochemicals at the end of Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding these matters.
- As economic conditions worsened toward the end of the year, Dow announced a restructuring plan as part of a series of actions to advance the Company's strategy and respond to the recent, severe economic downturn. The restructuring plan included the elimination of approximately 5,000 jobs (including planned divestitures) and the closure of facilities in high-cost locations. Related to this plan, the Company recorded a pretax restructuring charge of $785 million in the fourth quarter. In addition, the Company announced the temporary idling of nearly 200 plants.
- On July 10, 2008, the Company and Rohm and Haas Company ("Rohm and Haas") announced a definitive agreement, under which the Company would acquire all outstanding shares of Rohm and Haas common stock for $78 per share in cash. The acquisition of Rohm and Haas would make the Company the world's leading specialty chemicals and advanced materials company, combining the two organizations' best-in-class technologies, broad geographic reach and strong industry channels to create a business portfolio with significant growth opportunities. The Rohm and Haas transaction did not close in January 2009 in light of the Company's determination that recent material developments created unacceptable uncertainties related to the funding and economics of the combined Dow and Rohm and Haas enterprise. This assessment was based on several macro-economic factors such as the continued crisis in global financial and credit markets, combined with the failure of PIC to fulfill its obligation to complete the formation of the proposed K-Dow joint venture. See Matters Involving the Acquisition of Rohm and Haas Company at the end of Management's Discussion and Analysis of Financial Condition and Results of Operations and Part I, Item 3. Legal Proceedings for additional information regarding these matters.

Looking to 2009, there are growing signs of a prolonged global economic slowdown, with growth rates in developed economies in North America and Europe projected to remain weak well into the first half of the year and possibly continuing for the entire year. With approximately two-thirds of its sales outside the United States, Dow's global reach is expected to enable it to continue to capture opportunities in developing regions, such as Brazil, India and China, where growth rates are projected to be more positive than in the developed world, although not nearly as strong as in 2008. As the Company continues to implement its strategy in a volatile global economic environment, its focus will remain on financial discipline, with an emphasis on cash preservation measures to ensure financial flexibility.

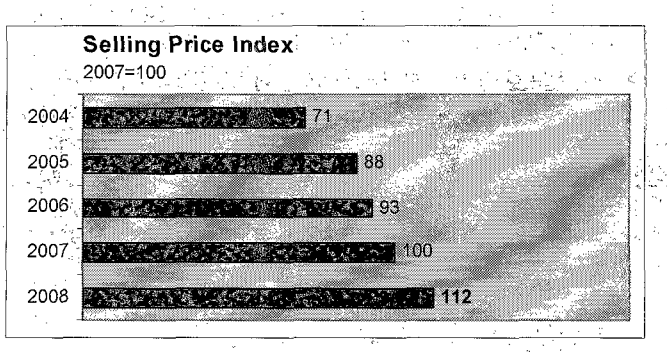
Dow's results of operations and financial condition for the year ended December 31, 2008 are described in further detail in the following discussion and analysis.

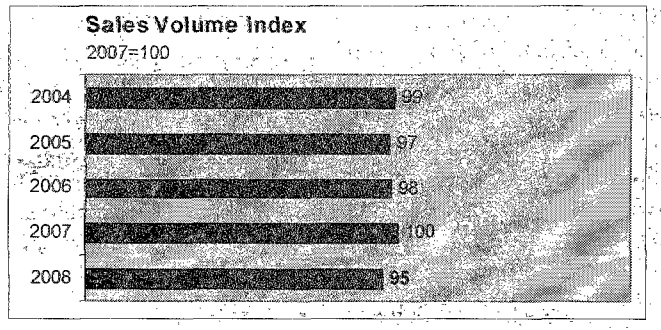
RESULTS OF OPERATIONS

Dow reported record sales of $57.5 billion in 2008, up 7 percent from $53.5 billion in 2007 and up 17 percent from $49.1 billion in 2006. Compared with last year, prices rose 12 percent (with currency accounting for approximately 3 percent of the increase), with increases in all operating segments and in all geographic areas. In 2008, double-digit price increases were reported in all operating segments except Performance Plastics (which was up 8 percent), driven by continuing increases in feedstock and energy costs. In 2008, volume declined 5 percent from last year, decreasing in all segments except Agricultural Sciences (up 8 percent) and Hydrocarbons and Energy (up 5 percent). Through the first half of the year, volume improved 3 percent overall despite a 5 percent decline in the United States, but fell in the second half and most notably in the fourth quarter as global demand collapsed. From a geographic standpoint, 2008 volume was down in all geographic areas, except India, Middle East and Africa ("IMEA"), which was up 3 percent from 2007. The most significant volume decline was in the United States, which ended the year down 11 percent from 2007.

In 2007, sales rose 9 percent, as prices rose 7 percent, with increases in all operating segments and in all geographic areas. In 2007, the most significant price increases were reported in Basic Plastics and Hydrocarbons and Energy, driven by continuing increases in feedstock and energy costs. Volume improved 2 percent in 2007, with growth in all segments with the exception of a slight decline in Basic Chemicals. From a geographic standpoint, 2007 volume in the United States was down slightly from 2006, due in part to weakness in the housing and automotive industries, while Europe and the rest of the world reported significant volume growth. Growth was strong in Asia Pacific, up 8 percent from 2006, and in Latin America, up 7 percent.

Sales in the United States accounted for 32 percent of total sales in 2008, compared with 34 percent in 2007 and 37 percent in 2006. See the Sales Price and Volume table at the end of the section titled "Segment Results" for details regarding the change in sales by operating segment and geographic area. In addition, sales and other information by operating segment and geographic area are provided in Note T to the Consolidated Financial Statements.

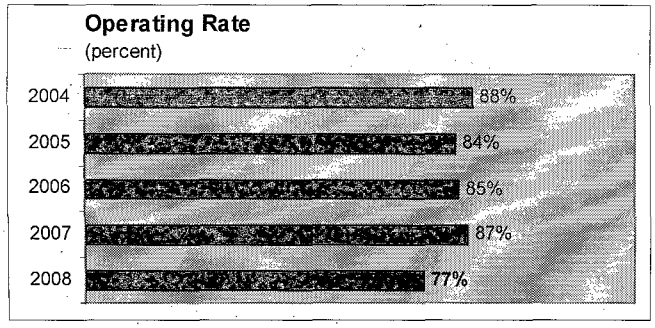




Gross margin for 2008 was $5.5 billion, compared with $7.1 billion in 2007 and $7.6 billion in 2006. Despite the $6.8 billion impact of higher selling prices, gross margin declined compared with 2007, due to an increase of $5.9 billion in feedstock and energy costs, lower sales volume, higher costs of other raw materials, significantly reduced operating rates and the unfavorable impact of currency on costs. Gross margin was also impacted by Hurricanes Gustav and Ike, which hit the U.S. Gulf Coast, resulting in temporary outages for several of the Company's Gulf Coast production facilities and resulting in $181 million in additional manufacturing expenses including the repair of property damage, clean-up costs, unabsorbed fixed costs and inventory write-offs. In addition, gross margin was reduced by legal expenses and other costs of $69 million in the fourth quarter of 2008 related to the K-Dow transaction; these costs were expensed (to "Cost of sales") upon PIC's refusal to close the K-Dow transaction (reflected in Unallocated and Other). In 2007, gross margin declined compared with 2006, due to an increase of $2.5 billion in feedstock and energy costs, higher costs of other raw materials, the unfavorable impact of currency on costs and increased freight costs.

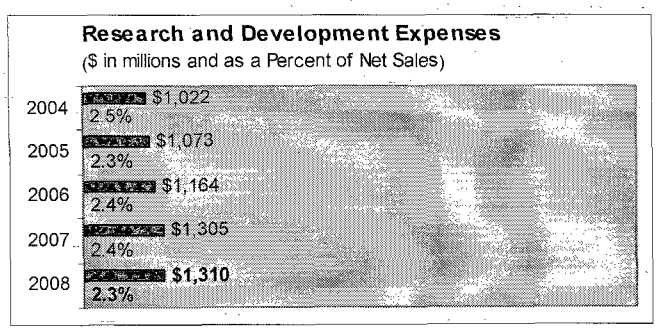
Dow's global plant operating rate (for its chemicals and plastics businesses) was 77 percent of capacity in 2008, down from 87 percent of capacity in 2007 and 85 percent of capacity in 2006. Operating rates declined across the businesses in 2008, particularly in the second half of the year, impacted by actions taken by management in response to lower demand resulting from the slowing global economy, as well as by Hurricanes Gustav and Ike which hit the U.S. Gulf Coast in the third quarter of 2008. In 2007, operating rates improved compared with 2006 for most of the Company's businesses, reflecting a higher level of demand and the closure of some of the Company's manufacturing facilities. Depreciation expense was $2,016 million in 2008, $1,959 million in 2007 and $1,904 million in 2006.

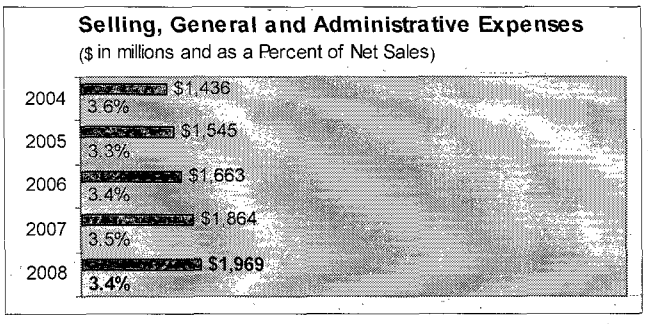
Results of Operations – Continued



Personnel count was 46,102 at December 31, 2008, 45,856 at December 31, 2007 and 42,578 at December 31, 2006. Headcount increased slightly in 2008 from year-end 2007 primarily due to recent acquisitions. Headcount is expected to decline due to actions announced in the fourth quarter of 2008 to eliminate approximately 5,000 jobs (including planned divestitures). During 2007, headcount was impacted by the addition of research and development employees in India and China in support of the Company's growth initiatives; the addition of approximately 110 employees with the second quarter acquisition of Hyperlast Limited; and the addition of approximately 1,700 employees with the second quarter acquisition of Wolff Walsrode.

Operating expenses (research and development, and selling, general and administrative expenses) totaled $3,279 million in 2008, up 3 percent from $3,169 million in 2007. Operating expenses were $2,827 million in 2006. Research and development ("R&D") expenses were $1,310 million in 2008, compared with $1,305 million in 2007 and $1,164 million in 2006. Selling, general and administrative expenses were $1,969 million in 2008, compared with $1,864 million in 2007 and $1,663 million in 2006. In 2008, the increase in operating expenses was primarily related to planned spending for growth initiatives in the Performance businesses and operating expenses for new acquisitions. In 2007, consistent with the Company's strategy, approximately 75 percent of the increase in operating expenses was related to spending for growth initiatives and product development in the Performance businesses, including expenses related to the 2007 acquisition of Wolff Walsrode and Hyperlast Limited, and for early stage research into new growth opportunities. The balance of the increase in 2007 was related to the global expansion of the Company's corporate branding campaign and other corporate expenses. Operating expenses were 5.7 percent of sales in 2008, 5.9 percent of sales in 2007 and 5.8 percent of sales in 2006.





The following table illustrates the relative size of the primary components of total production costs and operating expenses of Dow. More information about each of these components can be found in other sections of Management's Discussion and Analysis of Financial Condition and Results of Operations, Notes to the Consolidated Financial Statements, and Part II, Item 6. Selected Financial Data.

Production Costs and Operating Expenses			
Cost components as a percent of total	*2008*	*2007*	*2006*
Hydrocarbon feedstocks and energy	48%	49%	49%
Salaries, wages and employee benefits	10	11	11
Maintenance	3	3	3
Depreciation	4	4	4
Restructuring charges	1	1	1
Supplies, services and other raw materials	34	32	32
Total	100%	100%	100%

Amortization of intangibles was $92 million in 2008, $72 million in 2007 and $50 million in 2006. Amortization of intangibles was up in 2008 due to several small acquisitions in 2007. During the fourth quarter of 2008, the Company performed its annual impairment tests for goodwill. As a result of this review, it was determined that goodwill associated with the Dow Automotive and Polypropylene reporting units was impaired. The impairment was based on a review performed by management in which discounted cash flows did not support the carrying value of the goodwill. The Company recorded pretax charges totaling $239 million for goodwill impairment losses including $209 million for the Dow Automotive reporting unit (impacting the Performance Plastics segment) and $30 million for the Polypropylene reporting unit (impacting the Basic Plastics segment). See Note G to the Consolidated Financial Statements for additional information regarding goodwill and other intangible assets.

On December 5, 2008, the Company's Board of Directors approved a restructuring plan as part of a series of actions to advance the Company's strategy and respond to the recent, severe economic downturn. The restructuring plan includes the shutdown of a number of facilities and a global workforce reduction, which are targeted for completion by the end of 2010. As a result of the shutdowns and global workforce reduction, the Company recorded pretax restructuring charges of $785 million in the fourth quarter of 2008. The charges consisted of asset write-downs and write-offs of $336 million, costs associated with exit or disposal activities of $128 million and severance costs of $321 million. The impact of the charges is shown as "Restructuring charges" in the consolidated statements of income and was reflected in the Company's segment results as follows: $109 million in Performance Plastics, $24 million in Performance Chemicals, $98 million in Basic Plastics, $106 million in Basic Chemicals, $18 million in Hydrocarbons and Energy, and $430 million in Unallocated and Other. In addition to the charges related to the 2008 restructuring plan, the Company also recorded additional pretax charges of $60 million related to the 2007 restructuring plan, primarily impacting the Basic Plastics segment, and a reduction of $6 million related to the 2006 restructuring plan. When the 2008 restructuring plan has been fully implemented, the Company expects to realize ongoing annual savings of approximately $700 million. See Note B to the Consolidated Financial Statements for details on the restructuring charges.

On December 3, 2007, the Company's Board of Directors approved a restructuring plan that included the shutdown of a number of assets and organizational changes within targeted support functions to improve the efficiency and cost effectiveness of the Company's global operations. As a result of these shutdowns and organizational changes, which are scheduled to be completed by the end of 2009, the Company recorded pretax restructuring charges totaling $590 million in 2007. The charges consisted of asset write-downs and write-offs of $422 million, costs associated with exit or disposal activities of $82 million and severance costs of $86 million. The charges were reflected in the Company's segment results as follows: $184 million in Performance Plastics, $85 million in Performance Chemicals, $77 million in Agricultural Sciences, $88 million in Basic Plastics, $7 million in Basic Chemicals, $44 million in Hydrocarbons and Energy, and $105 million in Unallocated and Other. In 2007, the Company also recorded a $12 million reduction of the 2006 restructuring charges, which included an $8 million reduction of the estimated severance costs (included in Unallocated and Other) and a $4 million reduction of the reserve for contract termination fees (included in Performance Plastics). When the 2007 restructuring plan has been fully implemented, the Company expects to realize ongoing annual savings of approximately $180 million. See Note B to the Consolidated Financial Statements for details on the restructuring charges.

Results of Operations – Continued

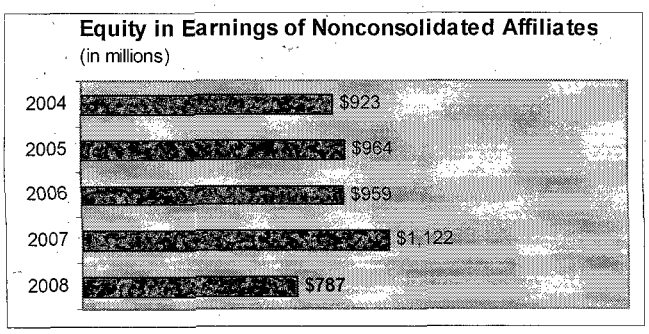
On August 29, 2006, the Company's Board of Directors approved a plan to shut down a number of assets around the world as the Company continued its drive to improve the competitiveness of its global operations. As a consequence of these shutdowns, which are scheduled to be completed at the end of the first quarter of 2009, and other optimization activities, the Company recorded pretax restructuring charges totaling $591 million in 2006. The charges included asset write-downs and write-offs of $346 million, costs associated with exit or disposal activities of $172 million and severance costs of $73 million. The charges were shown as "Restructuring charges" in the consolidated statements of income and were reflected in the Company's segment results as follows: $242 million in Performance Plastics, $12 million in Performance Chemicals, $16 million in Basic Plastics, $184 million in Basic Chemicals, and $137 million in Unallocated and Other. When the 2006 restructuring plan has been fully implemented, the Company expects to realize ongoing annual savings of approximately $160 million. See Note B to the Consolidated Financial Statements for details on the restructuring charges.

During 2008, pretax charges totaling $44 million were recorded for purchased in-process research and development ("IPR&D") impacting the Agricultural Sciences segment. Purchased IPR&D in 2007 amounted to $57 million in pretax charges; $50 million was related to acquisitions within the Agricultural Sciences segment and $7 million was related to the acquisition of Wolff Walsrode on June 30, 2007 and impacted the results of the Performance Chemicals segment. Future costs required to bring the purchased IPR&D projects to technological feasibility are expected to be immaterial. See Note C to the Consolidated Financial Statements for information regarding these charges.

During 2008, pretax charges totaling $49 million were recorded for legal expenses and other transaction costs related to the pending acquisition of Rohm and Haas Company; these charges are reflected in Unallocated and Other. These charges were expensed in anticipation of a 2009 closing of the acquisition and the application of revised Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations."

Following the December 2008 completion of a study to review Union Carbide's asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims (excluding future defense and processing costs) by $54 million. The reduction was shown as "Asbestos-related credit" in the consolidated statements of income and was reflected in the results of Unallocated and Other. In 2006, following the December 2006 completion of a study to review Union Carbide's asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims (excluding future defense and processing costs) by $177 million. See Note K to the Consolidated Financial Statements for additional information regarding asbestos-related matters of Union Carbide.

Dow's share of the earnings of nonconsolidated affiliates in 2008 was $787 million, compared with $1,122 million in 2007 and $959 million in 2006. Equity earnings declined compared with 2007, reflecting volatile feedstock and energy costs in 2008 and the collapse in global demand that took place in the fourth quarter of 2008. Equity earnings for 2008 reflected decreased earnings from MEGlobal, EQUATE Petrochemical Company K.S.C. ("EQUATE"), Equipolymers and Siam Polyethylene Company Limited ("Siam Polyethylene"); partially offset by increased earnings from Dow Corning Corporation and the OPTIMAL Group of Companies ("OPTIMAL"). Equity earnings in 2007 exceeded $1 billion for the first time in the Company's history, reflecting increased earnings from EQUATE, MEGlobal and OPTIMAL. See Note F to the Consolidated Financial Statements for additional information on nonconsolidated affiliates.



Sundry income - net includes a variety of income and expense items such as the gain or loss on foreign currency exchange, dividends from investments, and gains and losses on sales of investments and assets. Sundry income for 2008 was $89 million, down from $324 million in 2007 and $137 million in 2006. In 2008, net sundry income reflected unfavorable foreign exchange hedging results and a decrease in net gains on the sale of assets. In 2007, net sundry income reflected the impact of favorable foreign exchange hedging results and gains on the sale of miscellaneous assets. In 2006, sundry income was reduced by the recognition of a loss contingency of $85 million (reflected in the Performance Plastics segment) related to a fine imposed by the European Commission ("EC") associated with synthetic rubber industry matters (see Note K to the Consolidated Financial Statements for additional information).

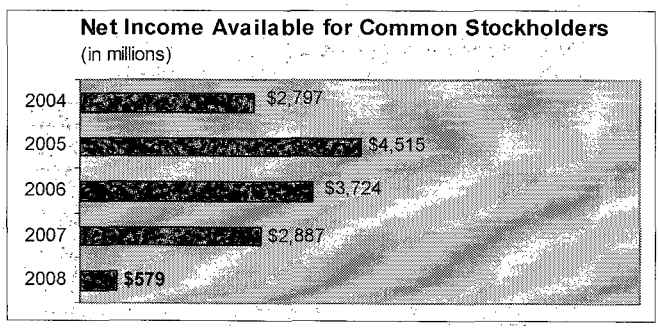
Net interest expense (interest expense less capitalized interest and interest income) was $562 million in 2008, up from $454 million in 2007 and $431 million in 2006. Interest income was $86 million in 2008, down from $130 million in 2007 and $185 million in 2006 principally due to lower interest rates on investments. Interest expense (net of capitalized interest) and amortization of debt discount totaled $648 million in 2008, $584 million in 2007 and $616 million in 2006. Interest expense increased due to an increased level of debt, throughout 2008 compared with 2007.

The provision for income taxes was $667 million in 2008, compared with $1,244 million in 2007 and $1,155 million in 2006. The Company's effective tax rate fluctuates based on, among other factors, where income is earned and the level of income relative to tax credits available. For example, as the percentage of foreign sourced income increases, the Company's effective tax rate declines. The Company's tax rate is also influenced by the level of equity earnings, since most of the earnings from the Company's equity companies are taxed at the joint venture level. In 2008, the effective tax rate was 50.5 percent compared with 29.4 percent in 2007 and 23.2 percent in 2006. In addition to the above factors, the tax rate for 2008 was negatively impacted by goodwill impairment losses that are not deductible for tax purposes. The tax rate for 2007 was negatively impacted by a change in German tax law that was enacted in August 2007 and included a reduction in the German income tax rate. As a result of the change, the Company adjusted the value of its net deferred tax assets in Germany (using the lower tax rate) and recorded a charge of $362 million against the "Provision for income taxes" in the third quarter of 2007. Also in 2007, the Company changed the legal ownership structure of its investment in EQUATE, resulting in a favorable impact to the "Provision for income taxes" of $113 million in the fourth quarter of 2007. Excluding these items, the effective tax rate was 23.5 percent in 2007.

Based on tax strategies developed in Brazil during 2006, as well as projections of future earnings, it was determined that it was more likely than not that tax loss carryforwards would be utilized, resulting in a reversal of existing valuation allowances of $63 million. This impact, combined with strong financial results in jurisdictions with lower tax rates than the United States, enacted reductions in the tax rates in Canada and The Netherlands, and improved earnings from a number of the Company's joint ventures, resulted in an effective tax rate for 2006 that was lower than the U.S. statutory rate. Excluding the reversal of the valuation allowances in 2006, the effective tax rate for 2006 was 24.5 percent. The underlying factors affecting Dow's overall effective tax rates are summarized in Note S to the Consolidated Financial Statements.

Minority interests' share in income was $75 million in 2008, $98 million in 2007 and $93 million in 2006. The decline in 2008 was related to the third quarter 2008 redemption by the outside partner of its ownership interest in Hobbes Capital S.A. (see Note Q to the Consolidated Financial Statements).

Net income available for common stockholders was $579 million in 2008 ($0.62 per share) compared with $2,887 million in 2007 ($2.99 per share) and $3,724 million in 2006 ($3.82 per share).



Results of Operations – Continued

The following table summarizes the impact of certain items recorded in 2008, 2007 and 2006:

	Pretax Impact (1)			*Impact on Net Income* (2)			*Impact on EPS* (3)		
In millions, except per share amounts	*2008*	*2007*	*2006*	*2008*	*2007*	*2006*	*2008*	*2007*	*2006*
Cost of sales:									
Impact of Hurricanes Gustav and Ike	$ (181)	-	-	$ (115)	-	-	$(0.12)	-	-
K-Dow related expenses	(69)	-	-	(44)	-	-	(0.05)	-	-
Goodwill impairment losses	(239)	-	-	(230)	-	-	(0.25)	-	-
Restructuring charges	(839)	$(578)	$(591)	(628)	$(436)	$(445)	(0.68)	$(0.46)	$(0.46)
Purchased in-process research and development charges	(44)	(57)	-	(44)	(50)	-	(0.05)	(0.05)	-
Acquisition-related expenses	(49)	-	-	(43)	-	-	(0.05)	-	-
Asbestos-related credit	-	-	177	-	-	112	-	-	0.12
Sundry income - net:									
Loss contingency related to EC fine	-	-	(85)	-	-	(84)	-	-	(0.09)
Provision for income taxes:									
German tax law change	-	-	-	-	(362)	-	-	(0.38)	-
Change in EQUATE legal ownership structure	-	-	-	-	113	-	-	0.12	-
Total	$(1,421)	$(635)	$(499)	$(1,104)	$(735)	$(417)	$(1.20)	$(0.77)	$(0.43)

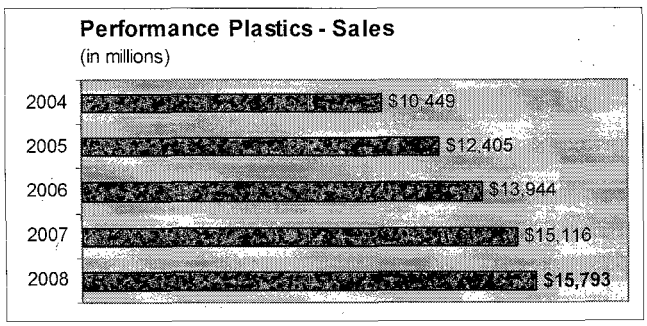
(1) Impact on "Income before Income Taxes and Minority Interests"
(2) Impact on "Net Income Available for Common Stockholders"
(3) Impact on "Earnings per common share - diluted"

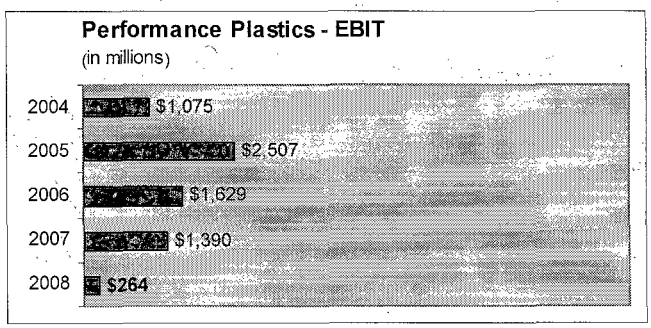
SEGMENT RESULTS

The Company uses EBIT (which Dow defines as earnings before interest, income taxes and minority interests) as its measure of profit/loss for segment reporting purposes. EBIT includes all operating items relating to the businesses and excludes items that principally apply to the Company as a whole. Additional information regarding the Company's operating segments and a reconciliation of EBIT to "Net Income Available for Common Stockholders" can be found in Note T to the Consolidated Financial Statements.

PERFORMANCE PLASTICS

Performance Plastics sales were $15,793 million in 2008, up from $15,116 million in 2007 and $13,944 million in 2006. Compared with 2007, sales increased 4 percent as prices rose 8 percent, including a 3 percent favorable impact of currency, and volume declined 4 percent. The improvement in prices was broad-based with increases in all geographic areas, as well as across all businesses with the exception of Dow Building Solutions, which was flat versus last year. Volume declined in 2008 due to the significant downturn in the global economy in the fourth quarter of 2008. In 2007, prices increased 6 percent over 2006 and volume improved 2 percent.





EBIT for 2008 was $264 million, compared with $1,390 million in 2007 and $1,629 million in 2006. Results for 2008 were negatively impacted by a goodwill impairment loss of $209 million, costs of $48 million related to the U.S. Gulf Coast hurricanes, and restructuring charges of $111 million related to the closure or impairment of several manufacturing facilities announced in the fourth quarter. Despite the improvement in prices, EBIT for 2008 declined from 2007 primarily due to the slowing global economy, which resulted in lower sales volumes and reduced operating rates across the Company's

manufacturing facilities, lower equity earnings, significant increases in feedstock and raw material costs, and the unfavorable impact of currency on costs.

Results for 2007 were negatively impacted by net restructuring charges of $180 million related to the fourth quarter of 2007 announced closure or impairment of a number of manufacturing facilities. EBIT for 2007 declined from 2006 primarily due to lump sum technology licensing revenue realized in 2006 that did not recur in 2007 and an increase in operating expenses related to the Company's effort to expand geographic markets and develop new technologies and product applications within the Performance Plastics segment. EBIT for 2006 included a fine of $85 million imposed by the European Commission associated with the synthetic rubber industry matter and $242 million in asset restructuring costs as part of the plan announced by the Company in the third quarter of 2006, which included the permanent shutdown of the Company's toluene diisocyanate ("TDI") plant in Porto Marghera, Italy. See Note B to the Consolidated Financial Statements for information on restructuring charges.

Dow Automotive sales for 2008 declined 1 percent from 2007, as a 10 percent improvement in price was more than offset by an 11 percent decline in volume, driven by a severe downturn in the global automotive industry. During 2008, the business worked to restore margins compressed by higher raw material costs and was successful in raising prices across all geographic areas. The decline in volume was most significant in North America where a weak economy and a drop in consumer confidence, coupled with tight credit markets, limited demand. Automotive manufacturers took action in the fourth quarter to reduce inventories and preserve cash, driving demand further downward for the year. Due to the significant downturn across the industry, when the Company performed its annual review of goodwill in the fourth quarter, it was determined that the goodwill associated with the Dow Automotive reporting unit was impaired, resulting in a charge of $209 million. In addition, the Company announced a restructuring plan in the fourth quarter of 2008 that included a charge of $27 million for impairment of the automotive sealants business in Europe, which will be divested in the first quarter of 2009. EBIT declined in 2008 as a result of these charges and the downturn in the automotive industry, which resulted in lower sales volumes and reduced operating rates. EBIT for 2007 was reduced by a $64 million charge primarily associated with the Company's decision in the fourth quarter of 2007 to exit the automotive sealants business in North America, Latin America and Asia Pacific.

Dow Building Solutions sales for 2008 were up slightly versus the prior year due to a 1 percent improvement in volume. Prices were flat versus 2007 as a 4 percent decline in prices was offset by a 4 percent favorable currency impact. Results for the business were heavily impacted by the financial crisis in North America, resulting in a decline in demand for building and construction materials in 2008. EBIT in 2008 was negatively impacted by restructuring charges of $13 million associated with the closure of three manufacturing plants. Compared with 2007, EBIT for 2008 was down due to sharply higher hydrocarbon and raw material costs in the first half of the year and the significant economic downturn in the second half of the year. EBIT for 2007 was reduced by $21 million of restructuring charges related to the closure of five small manufacturing plants.

Dow Epoxy sales in 2008 declined 7 percent compared with last year, as an 11 percent drop in volume more than offset a 4 percent improvement in price, including a 2 percent favorable impact of currency. Demand declined in all geographic areas and key market segments as a result of the financial crisis and global economic downturn. The decline in volume was most noticeable in Asia Pacific where demand for electrical laminate applications in consumer electronics trended sharply lower in the second half of the year. The improvement in price was largely due to a more favorable overall sales mix, with particular strength in the business' specialty product offerings. Results for 2008 included a restructuring charge of $28 million related to the Company's fourth quarter decision to exit the solution vinyl resin business and shut down its manufacturing plant located in Texas City, Texas. In addition, the business incurred costs of $15 million due to the U.S. Gulf Coast hurricanes in the second half of 2008. Compared with 2007, EBIT declined in 2008 due to the slowdown in the global economy, which resulted in lower sales volume and reduced operating rates, significantly higher hydrocarbon and raw material costs and increased operating expenses. In 2007, EBIT was negatively impacted by a $2 million charge related to the Company's decision to exit the hydroxyalkyl acrylate business.

Polyurethanes and Polyurethane Systems sales for 2008 increased 3 percent versus the prior year with a 10 percent increase in price offset by a 7 percent decline in volume. The improvement in price was reported in all geographic areas and product lines, supported by significantly higher hydrocarbon and raw material prices during most of the year. The decline in volume was driven by a sharp drop in demand late in the year due to the weakened global economy and efforts by customers to preserve cash and reduce inventory levels. EBIT for 2008 was negatively impacted by $25 million of costs related to the third quarter hurricanes, and $1 million of restructuring charges. Compared with last year, EBIT declined significantly due to the global economic slowdown, which resulted in a significant decline in sales volume and reduced operating rates, and significantly higher raw material costs.

Specialty Plastics and Elastomers established a new sales record in 2008, up 14 percent from 2007 due to a 12 percent improvement in price and a 2 percent increase in volume. Double-digit price improvement was reported in all geographic areas except Asia Pacific where prices improved 9 percent. The gain in volume was largely due to a new marketing agreement between the Company and Nippon Unicar Company Limited ("NUC"), a nonconsolidated affiliate, which became effective in

Segment Results – Continued

the first quarter of 2008. Excluding the impact of the new marketing agreement with NUC, volume was flat with 2007. EBIT for 2008 was reduced by restructuring charges of $42 million, which included $40 million for the Company's fourth quarter decision to shut down facilities that manufacture NORDEL™ hydrocarbon rubber in Seadrift, Texas, and TYRIN™ chlorinated polyethylene in Plaquemine, Louisiana, and a $2 million adjustment to the 2007 restructuring charge related to contract cancellation penalties associated with the decision to shut down the rubber plant located in Berre, France. In addition, EBIT was reduced $7 million due to the impact of the hurricanes in the second half of 2008. Compared with 2007, EBIT for the business declined due to lower operating rates, lower equity earnings and higher raw material costs. Results for 2007 included restructuring charges of $97 million which included impairment charges related to the rubber plant in Berre, France and a fiber solutions plant in Tarragona, Spain.

Technology Licensing and Catalyst sales and EBIT were up significantly in 2008 due to increased licensing of polyethylene technology in Europe and increased licensing of polypropylene technology and catalyst sales in IMEA.

Performance Plastics Outlook for 2009

Due to an expectation of continued softness in the global economy, Performance Plastics sales are expected to decline in 2009, with particular weakness in the first half of the year. Expectations are for a recovery to begin late in 2009 as demand begins to improve and spending related to announced economic stimulus plans increases. A number of the businesses within the Performance Plastics segment stand to benefit from increased spending on infrastructure projects. In addition to lower sales volume in 2009, hydrocarbon and raw material costs are expected to be lower, creating downward pressure on selling prices.

Dow Automotive expects sales to be down for the year, in line with global automotive industry trends, driven by a lack of consumer confidence and tight credit markets. North America and Europe are expected to experience the most significant declines. Prices are expected to be in line with 2008 as competitive pressure associated with the downturn in the automotive industry will make price increases difficult to implement. Dow Automotive will continue to take action in 2009 to exit low margin business.

Dow Building Solutions expects sales volume to decline in 2009 due to the expanding effects of the global economic crisis. The construction industry in general is not expected to improve before late in 2009. North American producers of extruded polystyrene foam are required by the Montreal Protocol to have new foaming agent formulations implemented by year end 2009. This will result in manufacturers incurring additional costs and capital spending in 2009. The process of converting the various manufacturing plants is expected to reduce North American production capacity. Further, it is expected that some capacity will be permanently shut down as manufacturers decide not to invest in the foaming agent conversion. Dow Building Solutions has previously announced its decision to shut down three extruded polystyrene plants by the end of 2009.

Dow Epoxy volume is expected to be down in 2009 due to the fourth quarter of 2008 decision to exit the solution vinyl resin business and the expectation that overall industry demand will remain low in the first half of 2009, although some improvement is expected late in the year. Sales of epoxy systems into wind energy applications are expected to continue growing despite the downturn in the global economy. Excess capacity across the industry will create a very competitive market place in 2009.

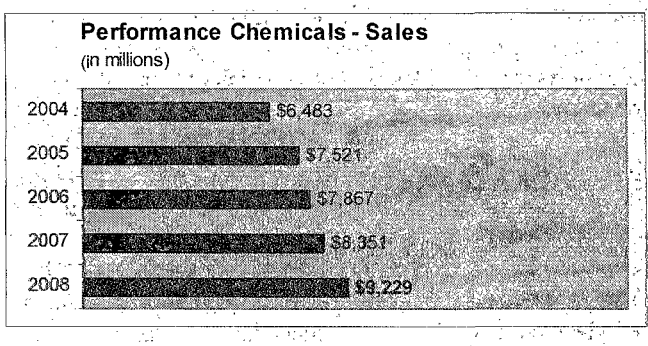
Polyurethanes and Polyurethane Systems expect volume to be soft in the first half of 2009 with some recovery in the second half of the year linked to overall improvement in global economic conditions. Prices are expected to be lower in 2009 consistent with lower hydrocarbon and other raw material costs. Recent capacity additions are expected to keep industry operating rates depressed.

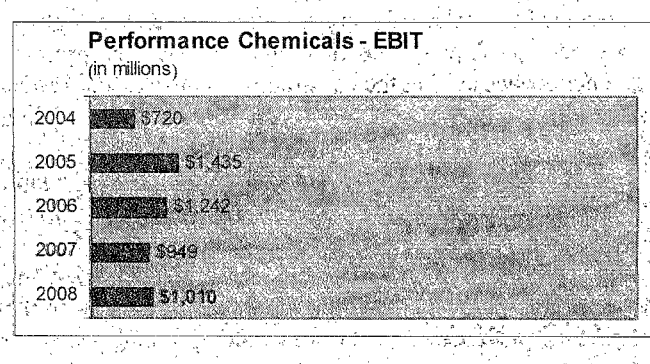
Specialty Plastics and Elastomers expect sales volume in 2009 to be well below 2008 levels with particular weakness in the first half of the year. Prices are projected to be lower in 2009 due to declining hydrocarbon and other raw material costs and increased competitive pressure as market participants aggressively pursue sales volume in a weak market. Medical and food packaging applications are proving to be somewhat less impacted by the global downturn, and governmental economic stimulus plans that target increased spending on infrastructure projects could help fuel growth in some niche applications like wire and cable.

Technology Licensing and Catalyst revenue for certain products is expected to grow in 2009 due to increased catalyst demand associated with new plants starting up in 2009. However, demand from existing plants is expected to be down due to lower operating rates.

PERFORMANCE CHEMICALS

Performance Chemicals sales increased 11 percent to $9,229 million in 2008, compared with $8,351 million in 2007; sales were $7,867 million in 2006. Compared with 2007, prices increased 14 percent; volume fell 3 percent as demand dropped in the second half of the year. The increase in prices in 2008 was driven by higher raw material costs. In 2007, volume increased 2 percent from 2006 due in large part to the acquisition of Wolff Walsrode, while prices rose 4 percent.





EBIT for 2008 was $1,010 million, compared with $949 million in 2007 and $1,242 million in 2006. EBIT increased in 2008 as higher prices and increased equity earnings from OPTIMAL and Dow Corning were partially offset by higher raw material costs and reduced operating rates. In addition, EBIT for 2008 was reduced by restructuring charges totaling $24 million and $15 million of costs related to the U.S. Gulf Coast hurricanes. The restructuring charges included the write-down of manufacturing assets (due to plant closures in Xiaolan, China; Varennes, Quebec, Canada; King's Lynn, United Kingdom; Pittsburg, California; Plaquemine, Louisiana; and Midland, Michigan). In 2007, EBIT declined as higher raw material and energy costs and higher operating expenses related to product development and growth initiatives more than offset higher selling prices. In addition, EBIT in 2007 was reduced by restructuring charges totaling $85 million and a $7 million charge for IPR&D related to the acquisition of Wolff Walsrode. In 2006, EBIT was reduced by restructuring charges totaling $12 million. See Notes B and C to the Consolidated Financial Statements for additional information regarding restructuring charges and IPR&D.

Designed Polymers sales increased 20 percent versus 2007, with volume growth of 13 percent and price increases of 7 percent including a 3 percent favorable impact of currency. The improvement in volume was driven by the full-year impact of the 2007 acquisition of Wolff Walsrode and strong sales of methyl cellulosics used in pharmaceutical and food applications. Benefiting from the membrane production capacity start-up in Edina, Minnesota, volume improved in Dow Water Solutions, particularly in the reverse osmosis and ion exchange water applications. Compared with 2007, EBIT improved as higher sales more than offset higher raw material costs and higher operating expenses. EBIT for 2008 was reduced by restructuring charges totaling $10 million related to the permanent closure of a pharmaceutical plant in Midland, Michigan and a manufacturing plant in Plaquemine, Louisiana, and $2 million for hurricane-related costs. EBIT for 2007 was reduced by restructuring charges totaling $27 million related to the permanent closure of the cellulosics plant in Aratu, Brazil, and the shutdown of a second small pharmaceutical plant in Midland, Michigan, as well as a $7 million IPR&D charge.

Dow Latex sales increased 5 percent versus 2007, with a 16 percent increase in price and an 11 percent decrease in volume. Compared with 2007, paper and carpet latex prices were higher in all geographic areas, while volume declined due to economic conditions in both industries. Carpet latex volume was down due to the slow housing industry. Paper latex continued to be impacted by changes in the advertising industry, as spending moves toward alternative media versus print and coated paper, as well as excess capacity in both North America and Europe. Significantly higher prices for specialty latex were negated by volume declines due to weak demand for architectural coatings. EBIT for 2008 increased compared with 2007 as higher selling prices were partially offset by higher raw material costs and lower volumes. In addition, EBIT in 2008 was reduced by restructuring charges of $14 million related to the permanent closure of four manufacturing facilities located in Varennes, Canada; Pittsburg, California; King's Lynn, United Kingdom; and Xiaolan, China. EBIT for 2007 included a charge of $42 million related to the write-down of the Company's indirect 50 percent interest in Dow Reichhold Specialty Latex LLC.

Specialty Chemicals sales were up 9 percent versus 2007, with a 16 percent increase in price and a 7 percent decrease in volume. Compared with 2007, prices were up across all geographic areas principally driven by higher raw material costs. Volume declined versus 2007 primarily due to lower demand across all major products as customers depleted inventory levels. Despite improvements in prices and equity earnings from OPTIMAL, EBIT declined in 2008 due to higher raw material and energy costs, lower sales volume and lower operating rates. In addition, EBIT in 2008 was reduced by hurricane-related costs of $13 million. EBIT for 2007 included restructuring charges of $16 million related to the write-down of two manufacturing facilities.

Segment Results – Continued

Performance Chemicals Outlook for 2009

Performance Chemicals sales for 2009 are expected to decrease due to lower demand for paper and carpet and continued weakness in the housing industry. Lower demand and declining raw material costs will put downward pressure on selling prices.

Designed Polymers sales are expected to decrease slightly. An anticipated increase in sales of METHOCEL™ cellulose ethers used in food, pharmaceuticals and personal care products is expected to be partially offset by a decrease in sales of methyl cellulosics used in the construction industry. Sales of specialty polymers, biocides, and the specialty chemical products of ANGUS Chemical Company are expected to decrease, while Dow Water Solutions sales are expected to be flat versus 2008.

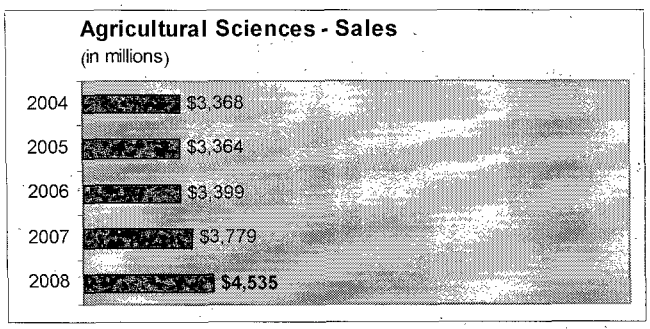
Dow Latex sales are expected to decrease due to the continued slowdown in the housing industry, impacting demand for both carpet and specialty latexes. Significant pressure on pricing is expected as raw material costs decline and demand further weakens.

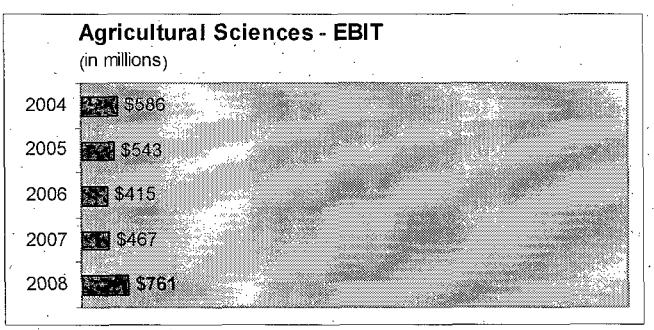
Specialty Chemicals sales are expected to decline. Volume is expected to remain at low levels in the first half of 2009; however, inventory restocking should offset slower demand in the second half of 2009. Prices are expected to decrease due to declining monoethylene glycol prices, putting pricing pressure on ethylene oxide derivative products, including amines and glycol ethers.

AGRICULTURAL SCIENCES

Sales for Agricultural Sciences were a record $4,535 million in 2008, compared with $3,779 million in 2007 and $3,399 million in 2006. Volume increased 8 percent compared with 2007, while prices increased 12 percent. Sales were up significantly across the segment due to favorable economic conditions within the agricultural industry and strong demand for agricultural products in 2008. Compared with last year, prices increased in response to strong demand, escalating raw material costs and tight global supply of certain products. Volume for seeds, traits and oils grew 33 percent year over year; corn grew 29 percent and sunflower grew 74 percent. Six new acquisitions were completed in 2008, as Dow AgroSciences continued to increase scale and reach in the seeds industry. Volumes for new agricultural chemicals products, penoxsulam rice herbicide and aminopyralid range and pasture herbicide, continued to show strong growth, almost doubling year-over-year sales. High commodity prices and excellent growing conditions across Europe and North America drove strong sales of proprietary herbicides. New cereal herbicide pyroxsulam also benefited, having a strong and successful launch, and together with spinetoram insecticide received excellent customer support in their first full year of launch. Commodity products, glyphosate and acetochlor herbicides, as well as chlorpyrifos insecticides, also experienced solid year-over-year growth.

In 2007, volume increased 9 percent over 2006, while prices increased 2 percent. Volume increased as demand for cereal and corn applications grew, while spinosad and chlorpyrifos insecticides benefited from a mild winter and early spring in Europe. The increase in price was primarily driven by the favorable impact of currency which offset local currency price decreases associated with generic competition.

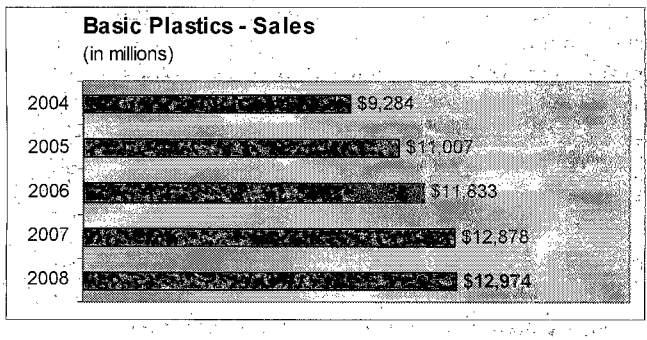


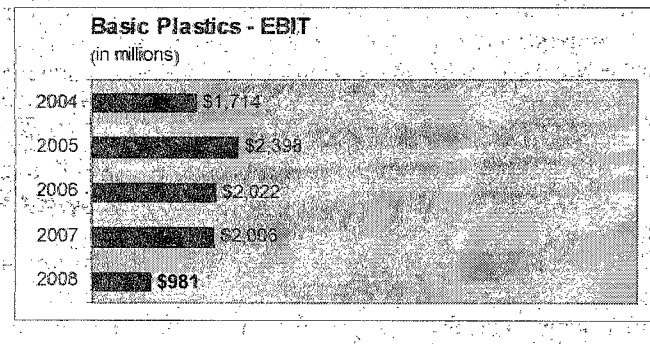


EBIT in 2008 was $761 million, a new annual record, versus $467 million in 2007 and $415 million in 2006. Despite an increase in raw material costs and operating expense (in support of growth initiatives), EBIT for 2008 improved significantly due to the increase in sales, the result of the buoyant agricultural market and new product launches. EBIT in 2008 was negatively impacted by $44 million of IPR&D costs related to seed acquisitions, $3 million in restructuring charges, as well as a $2 million impact related to the 2008 hurricanes. In 2007 EBIT increased from 2006 on strong demand related to high farm commodity prices and increased acres planted, economic stability across Latin America and marked improvement in the seeds business. EBIT in 2007 was negatively impacted by $77 million of restructuring charges primarily related to the impairment of the Company's manufacturing site in Lauterbourg, France, and by $50 million of IPR&D charges related to acquisitions.

Agricultural Sciences Outlook for 2009
Agricultural Sciences sales for 2009 are expected to grow above the levels achieved in 2008. Volume is anticipated to increase in key regions; however growth may be dampened by current economic conditions and as lower farm commodity prices impact global demand and grower confidence. New products sales of pyroxsulam, spinetoram, penoxsulam and aminopyralid are expected to ramp up in 2009, and HERCULEX™ insect protection is expanding into Brazil. Investments in technology, scale and reach in the seeds, traits and oils business remain a priority.

BASIC PLASTICS
Sales for the Basic Plastics segment were $12,974 million in 2008, up 1 percent from $12,878 million in 2007. Sales were $11,833 million in 2006. Prices increased 13 percent in 2008, while volume decreased 12 percent. While strong price increases were reported in all geographic areas, there was considerable decline in prices in the fourth quarter. During the first nine months of 2008, prices moved significantly higher in response to rapidly escalating feedstock and energy costs. In the fourth quarter, an unprecedented drop in feedstock costs and the global economic crisis resulted in significant price declines across all geographic areas and product lines. While volume improved in IMEA, high prices, wide fluctuations in feedstock and energy costs, and growing weakness in the global economy resulted in volume declines in all other geographic areas. North America volumes were reduced by the May 2008 formation of Americas Styrenics LLC; the December 2007 closure of the polypropylene manufacturing facility at St. Charles Operations in Hahnville, Louisiana; and the impact of the U.S. Gulf Coast hurricanes. In 2007, prices increased 8 percent over 2006, while volume increased 1 percent. Price increases were reported in all geographic areas, reflecting significantly higher feedstock and energy costs. While 2007 volume was higher in Asia Pacific and Europe, higher prices, a competitive industry, and concerns about the strength of the U.S. economy resulted in lower volume in North America, which was also impacted by the shutdown of two production facilities at the end of 2006.





EBIT for 2008 was $981 million, down from $2,006 million in 2007 and $2,022 million in 2006. EBIT declined in 2008 as price increases were not sufficient to offset the significant increases in feedstock and other raw material costs, lower equity earnings, and reduced operating rates. While equity earnings from EQUATE were slightly higher than 2007, EBIT was negatively impacted by significantly lower earnings from Siam Polyethylene and Equipolymers, and a loss from Americas Styrenics LLC. EBIT in 2008 was reduced by restructuring charges totaling $148 million. The restructuring charges reflect the write-down of the Company's investment in a project to form a joint venture in Oman with the Oman Petrochemicals Industries Company LLC; costs related to the shutdown of production facilities (Terneuzen, The Netherlands; Freeport, Texas; and Riverside, Missouri); as well as costs associated with the permanent shutdown of the operations of the Pétromont and Company, Limited Partnership ("Pétromont") joint venture in Varennes, Canada. EBIT also included a goodwill impairment loss of $30 million associated with the polypropylene reporting unit (see Note G to the Consolidated Financial Statements), as well as costs of $14 million related to the U.S. Gulf Coast hurricanes. EBIT declined in 2007 as price increases were not sufficient to offset the significant increase in feedstock and other raw material costs. Equity earnings increased over 2006 due to significantly higher earnings from EQUATE (due to planned maintenance turnarounds in 2006), partially offset by lower equity earnings from Siam Polyethylene and Equipolymers. EBIT in 2007 reflected restructuring charges totaling $88 million related to the announced shutdown of the polypropylene production facility at St. Charles Operations in Hahnville, Louisiana; the write-down of the Company's 50 percent interest in Pétromont; and the write-off of abandoned engineering costs. In addition, EBIT in 2006 was negatively impacted by restructuring charges totaling $16 million related to the shutdown of the polystyrene and polyethylene production facilities in Sarnia, Ontario, Canada.

Polyethylene sales increased 11 percent in 2008 as prices increased 16 percent and volume declined 5 percent. During the first nine months of 2008, double-digit price increases were seen in all geographic areas in response to significantly higher feedstock and energy costs. Prices fell sharply in the fourth quarter as the result of an unprecedented drop in crude oil prices. Volume declines occurred as the growing global economic crisis and rapidly declining oil and natural gas prices resulted in customers significantly reducing purchases. Volume in Asia Pacific was lower during the second half of the year as customers

Segment Results – Continued

were slow to return to the market following the Olympic Games. Despite the improvement in selling prices, EBIT declined in 2008 due to higher raw material costs, the decline in volume, lower operating rates and lower equity earnings from Siam Polyethylene. EBIT in 2008 reflected restructuring charges of $142 million including the write-down of costs associated with the Oman Petrochemicals Industries Company LLC joint venture; and costs associated with the permanent closure of the Pétromont joint venture. EBIT for 2008 also reflected costs of $12 million related to the U.S. Gulf Coast hurricanes. EBIT in 2007 reflected a restructuring charge of $46 million related to the impairment write-down of the Company's 50 percent interest in Pétromont and the write-down of abandoned engineering costs of $16 million. EBIT in 2007 was favorably impacted by a gain on the sale of the Company's low-density polyethylene plant in Cubatão, Brazil, in the second quarter of 2007.

Polypropylene sales decreased 10 percent in 2008 as prices improved 10 percent and volume declined 20 percent. Polypropylene prices increased during the first nine months of 2008 in response to significantly higher propylene costs; however prices fell sharply in the fourth quarter due to declining feedstock costs. Volume declined significantly in Europe and North America during 2008. Volume in Europe was lower due to new industry capacity and lower demand. Volume in North America was lower due to the December 2007 shutdown of the Company's polypropylene manufacturing facility at St. Charles Operations in Hahnville, Louisiana, reduced customer demand, and lower exports. EBIT was significantly lower in 2008 due to higher propylene costs, lower volume, reduced operating rates, the $30 million goodwill impairment loss associated with the polypropylene reporting unit (see Note G to the Consolidated Financial Statements) and $2 million of costs related to the U.S. Gulf Coast hurricanes. EBIT for 2007 was negatively impacted by a restructuring charge of $26 million related to the shutdown of the Company's polypropylene manufacturing facility at St. Charles Operations.

Polystyrene sales declined 28 percent in 2008 as prices improved 3 percent and volume decreased 31 percent. Prices improved in all geographic areas, reflecting significantly higher feedstock and energy costs. Volume declined significantly in North America and Latin America due to the formation of Americas Styrenics LLC in May 2008. Volume also declined in Europe and Asia Pacific as the growing economic crisis and high prices resulted in lower demand. In 2008, EBIT was significantly lower than 2007 due to higher feedstock and raw material costs, lower volume, reduced operating rates, equity losses from Americas Styrenics LLC, and restructuring charges of $6 million related to the shutdown of the Company's production facilities in Terneuzen, The Netherlands; and Riverside, Missouri.

Basic Plastics Outlook for 2009

Feedstock and energy costs are expected to increase from year-end 2008 levels during 2009, but on average remain lower overall than in 2008. The global economy is expected to remain weak during 2009, limiting the ability to increase prices and grow volume. New global polyethylene and polypropylene capacity will be coming on-line during 2009 further increasing competition and limiting the ability to increase prices and improve volumes.

With feedstock costs expected to be lower on average in 2009, polyethylene margins are expected to be lower as well. Significant new Middle East industry production capacity will be coming on stream during 2009 and, given that these will have cost-advantaged feedstocks, exports from the Middle East to Europe and North America are expected to increase. EQUATE will start up a new polyethylene train in mid-2009, however equity earnings are expected to be significantly lower due to depressed polyethylene prices and lower demand.

Polypropylene prices and demand are both expected to remain low during 2009. The business will be impacted by lower feedstock costs, the global economic slowdown, and new industry capacity in the Middle East that will come on-line during the year. With the shutdown of the St. Charles Operations production facility in 2007, the focus in North America will continue to be on targeted, higher margin products, and the business expects to achieve margins similar to 2008. In Europe, new industry capacity in the Middle East and weak industry fundamentals will negatively impact margins.

Polystyrene prices and volume are both expected to decline in 2009. Volume will be lower, reflecting the full-year impact of the formation of Americas Styrenics LLC. The shutdown of polystyrene production facilities in The Netherlands and United States will also negatively impact volume. Prices are expected to decline in 2009 as a result of lower feedstock costs. Despite these challenges, the business expects to achieve margins similar to 2008. Equity earnings from Americas Styrenics LLC will be lower due to poor industry dynamics and planned maintenance turnaround activities.

On November 28, 2008, the Company and PIC signed a Joint Venture Formation Agreement ("JVFA") to form a 50:50 global petrochemicals joint venture, K-Dow Petrochemicals ("K-Dow"). However, PIC failed to close the K-Dow transaction on January 2, 2009, as required by the JVFA. See Matters Involving the Formation of K-Dow Petrochemicals at the end of Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

BASIC CHEMICALS

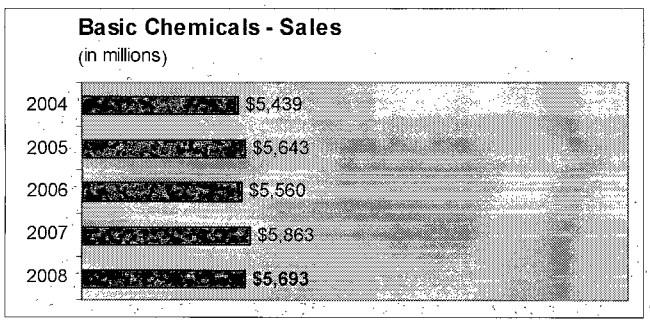
Sales for Basic Chemicals were $5,693 million in 2008, compared with $5,863 million in 2007 and $5,560 million in 2006. Overall, sales decreased 3 percent as prices rose 13 percent and volume decreased 16 percent. Price increases were reported in all geographic areas with particular strength in Latin America and North America, driven by significant increases in feedstock and energy costs through the third quarter of 2008 and tight industry supply/demand balances in the caustic soda market that drove prices higher. Volume decreased across all business and geographic areas, with the largest decline in ethylene oxide/ethylene glycol ("EO/EG"), mainly driven by weak economic conditions, poor industry fundamentals and planned and unplanned outages. In 2007, volume was down 1 percent from 2006, due to declines in EG and ethylene dichloride ("EDC") driven by the shutdown of the Company's EDC production facility in Fort Saskatchewan, Alberta, Canada in the fourth quarter of 2006. Prices rose 6 percent in 2007 versus 2006 due to price improvements in EO/EG and solvents and intermediates, mainly driven by increases in feedstock and energy costs.

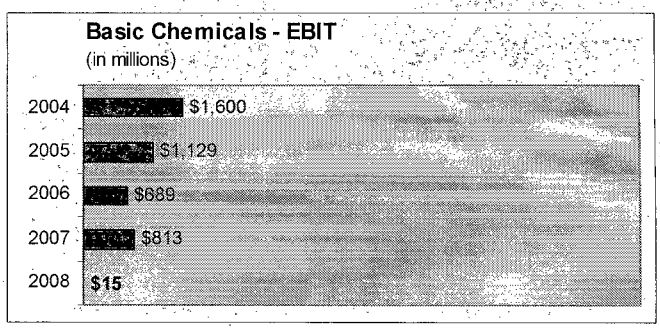
Caustic soda sales improved 20 percent in 2008 as a 39 percent increase in price was offset by a 19 percent decline in volume. Volume declined due to the impact of the U.S. Gulf Coast hurricanes that forced a temporary outage of the Company's U.S. Gulf Coast manufacturing facilities and reduced chlorine derivative demand, prompting the declaration of force majeure in Europe, Latin America and North America. This led to a tight supply of caustic soda in the market and as demand remained strong across all market segments, prices rose significantly. The sale of the Company's caustic soda distribution business in Western Canada in the fourth quarter of 2007 also contributed to the decline in volume.

Vinyl chloride monomer ("VCM") sales were down slightly, as price increases were more than offset by a decline in volume. Volume declined primarily due to the impacts of the U.S. Gulf Coast hurricanes which forced a temporary outage of the Company's U.S. Gulf Coast manufacturing facilities, unplanned maintenance outages and a large inventory correction by downstream polyvinyl chloride ("PVC") fabricators as industry conditions declined.

EO/EG sales decreased 21 percent in 2008. Volume declined 24 percent driven by weak industry fundamentals, additional capacity in the Middle East, planned and unplanned outages, and a significant decline in textile demand in Europe and North America, which reduced the demand for polyester fiber in Asia Pacific. Price was up 3 percent due to the favorable impact of currency. In the first half of the year prices increased due to high feedstock and energy costs; however, significant price erosion occurred in the fourth quarter as feedstock and energy prices declined.

Solvents and intermediates sales were flat in 2008 with a 15 percent increase in prices offset by a 15 percent decline in volume. The increase in prices, particularly in North America, was driven by high feedstock and energy costs. Volume declined due to the weak economic conditions, production outages experienced at various manufacturing facilities and lower butanol sales in Asia Pacific.





EBIT for Basic Chemicals was $15 million in 2008, compared with $813 million in 2007 and $689 million in 2006. Results for the segment in 2008 were reduced by hurricane-related costs of $41 million and restructuring charges of $103 million related to the impairment of the EO/EG plant at Wilton, England; the closure of the chlorinated organics plant in Aratu, Brazil; and the closure of the chlor-alkali plant in Oyster Creek, Texas (see Note B to the Consolidated Financial Statements). EBIT in 2008 declined sharply from 2007 due to higher feedstock and energy costs which compressed margins, and lower equity earnings from EQUATE and MEGlobal. In 2007, results were reduced by restructuring charges of $7 million related to the write-off of capital project spending. Results for 2006 included restructuring charges of $184 million related to the closure of the chlor-alkali plant at Fort Saskatchewan, Canada, as well as a number of other small manufacturing facilities. Excluding restructuring charges, EBIT for 2007 declined from 2006 as sharply higher feedstock and energy costs and increases in other raw material costs more than offset the improvement in sales and increase in equity earnings from EQUATE and MEGlobal.

Segment Results – Continued

Basic Chemicals Outlook for 2009

Caustic soda demand is expected to soften during 2009 due to depressed global economic conditions. Prices are expected to remain at record levels in early 2009 due to favorable supply/demand balances the first half of the year; a correction, however, is expected to occur in the latter part of 2009. Volume is expected to decline in 2009 due to continuing low demand for chlorine derivatives and the closure of the chlor-alkali plant in Oyster Creek, Texas.

VCM sales are expected to decline in 2009 as prices sharply decrease, despite anticipated volume increases. Prices are expected to decline due to weak supply/demand fundamentals and lower feedstock and energy prices. Volume is expected to increase as downstream PVC inventories are critically low and restocking is expected to occur. Expected improvements in the global economy in the later part of 2009 will increase the demand for end-use applications of PVC.

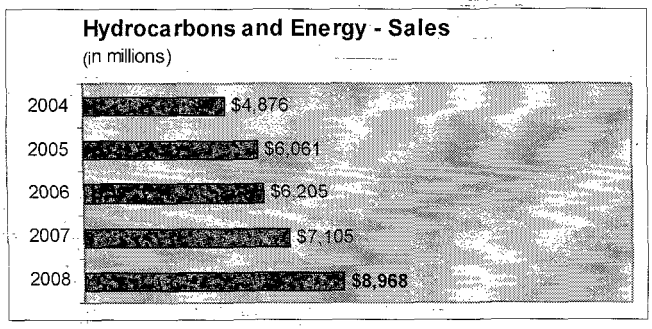
Supply of EG is expected to increase in an already oversupplied market facing declining customer demand as significant additional production capacity is expected to come on-line in the Middle East in 2009.

Solvents and intermediates volume and margins are expected to be flat in early 2009; while demand is expected to recover modestly in the second half of 2009, additional margin compression is expected as the competitive environment strengthens.

Significant deterioration of equity income from EQUATE, MEGlobal and OPTIMAL is expected due to price deterioration.

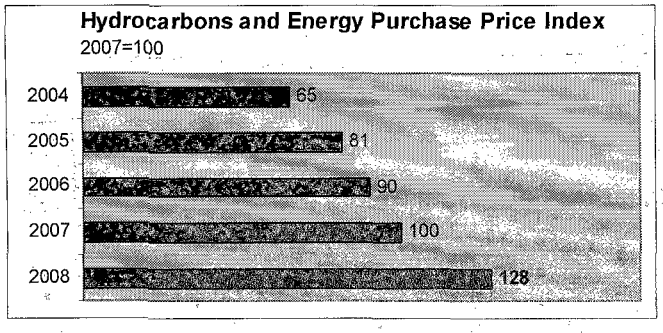
HYDROCARBONS AND ENERGY

Hydrocarbons and Energy sales were $8,968 million in 2008 compared with $7,105 million in 2007 and $6,205 million in 2006. In 2008, prices were up 21 percent and volume increased 5 percent from 2007. The increase in selling prices in 2008 was driven by significantly higher overall feedstock, monomer and energy costs. Sales of monomers increased compared with last year due to a styrene supply contract with Americas Styrenics LLC. In 2007, prices were up 12 percent and volume increased 3 percent from 2006. Prices improved in 2007 following the continued rise in crude oil and feedstock costs, and tight supply/demand balance for certain hydrocarbon products. Volume in 2007 increased primarily due to additional U.S. power sales resulting from the fourth quarter 2006 acquisition of the Plaquemine Cogeneration Facility in Louisiana.



The Hydrocarbons and Energy business transfers materials to Dow's derivative businesses at net cost, which results in EBIT that is at or near breakeven. EBIT in 2008 was a loss of $70 million due to hurricane-related costs of $52 million and restructuring charges of $18 million. In 2007, EBIT was a loss of $45 million due to restructuring charges of $44 million principally due to the shutdown of the Company's styrene monomer plant in Camaçari, Brazil, and the closure of storage wells in Fort Saskatchewan, Canada. EBIT for the segment was at breakeven in 2006. See Note B to the Consolidated Financial Statements for information on restructuring charges.

The Company uses derivatives of crude oil and natural gas as feedstocks in its ethylene facilities, while natural gas is used as fuel. The Company's cost of purchased feedstock and energy rose $5.9 billion (28 percent) in 2008. Crude oil prices increased for much of the year, and on average, 2008 prices were $24 per barrel higher than 2007 levels. North American natural gas prices continued the upward trend, and were approximately $1.89 per million Btu higher than in 2007, an increase of approximately 27 percent.



Hydrocarbons and Energy Outlook for 2009

Crude oil and natural gas prices are expected to remain volatile and sensitive to external factors such as weather, economic activity and geopolitical tensions. The Company expects crude oil prices, on average, to be significantly lower than 2008. Ethylene margins are expected to be lower in 2009 due to global capacity growth, particularly in the Middle East, exceeding global demand growth. Ethylene margins could improve somewhat compared with these expectations, in the event of stronger than anticipated demand and a delay of new capacity within the industry. The economic outlook is uncertain and the faltering economy and/or major spikes in crude oil prices could contribute to a decline in margins and volume.

UNALLOCATED AND OTHER

Sales for Unallocated and Other, which primarily relate to the Company's insurance operations, were $322 million in 2008 compared with $421 million in 2007 and $316 million in 2006. Included in the results for Unallocated and Other are:

- results of insurance company operations,
- gains and losses on sales of financial assets,
- stock-based compensation expense and severance costs,
- changes in the allowance for doubtful receivables,
- expenses related to New Ventures,
- asbestos-related defense and resolution costs,
- foreign exchange hedging results, and
- certain overhead and other cost recovery variances not allocated to the operating segments

EBIT was a loss of $1,078 million in 2008 compared with a loss of $897 million in 2007 and a loss of $594 million in 2006. EBIT for 2008 was reduced by 2008 restructuring charges totaling $430 million, including employee-related severance expenses of $321 million, pension curtailment costs and termination benefits of $88 million, asset write-offs and environmental obligations of $21 million; net unfavorable adjustments to prior year restructuring plans of $2 million; increased spending related to acquisitions and joint venture formation activity, including legal expenses and other costs related to the K-Dow transaction ($69 million) and the pending acquisition of Rohm and Haas Company ($49 million); and costs associated with the U.S. Gulf Coast hurricanes of $9 million. EBIT in 2008 was also impacted by lower foreign exchange hedging results, lower earnings from insurance company operations, a reduction in performance-based compensation (including stock-based compensation) of $295 million compared with 2007, and a $54 million reduction in the asbestos-related liability.

EBIT for 2007 was reduced by 2007 restructuring charges totaling $105 million, including employee-related severance expenses of $86 million, pension curtailment costs and termination benefits of $15 million and asset write-offs of $4 million; franchise taxes of approximately $80 million; and higher performance-based compensation expenses (including stock-based compensation) of approximately $230 million. EBIT for 2007 was favorably impacted by improved results from insurance company operations, foreign exchange hedging results, and an $8 million favorable adjustment to the restructuring charge for employee-related expenses recorded in the third quarter of 2006.

See Note B to the Consolidated Financial Statements for information regarding restructuring charges.

Segment Results – Continued

Sales Price and Volume

Percent change from prior year	2008			2007			2006		
	Volume	*Price*	*Total*	*Volume*	*Price*	*Total*	*Volume*	*Price*	*Total*
Operating Segments:									
Performance Plastics	(4)%	8%	4%	2%	6%	8%	7%	5%	12%
Performance Chemicals	(3)	14	11	2	4	6	4	1	5
Agricultural Sciences	8	12	20	9	2	11	3	(2)	1
Basic Plastics	(12)	13	1	1	8	9	1	7	8
Basic Chemicals	(16)	13	(3)	(1)	6	5	(2)	1	(1)
Hydrocarbons and Energy	5	21	26	3	12	15	(9)	11	2
Total	(5)%	12%	7%	2%	7%	9%	1%	5%	6%
Geographic Areas:									
United States	(11)%	12%	1%	(1)%	2%	1%	-	4%	4%
Europe	(3)	14	11	5	12	17	1%	6	7
Rest of World	(2)	12	10	5	5	10	5	3	8
Total	(5)%	12%	7%	2%	7%	9%	1%	5%	6%

Price includes the impact of currency. Volume includes the impact of acquisitions and divestitures.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash flows from operating, investing and financing activities, as reflected in the Consolidated Statements of Cash Flows, are summarized in the following table:

Cash Flow Summary

In millions	*2008*	*2007*	*2006*
Cash provided by (used in):			
Operating activities	$ 4,711	$ 4,484	$ 4,154
Investing activities	(2,737)	(2,858)	(1,907)
Financing activities	(978)	(2,728)	(3,302)
Effect of exchange rate changes on cash	68	81	6
Net increase (decrease) in cash and cash equivalents	$ 1,064	$(1,021)	$(1,049)

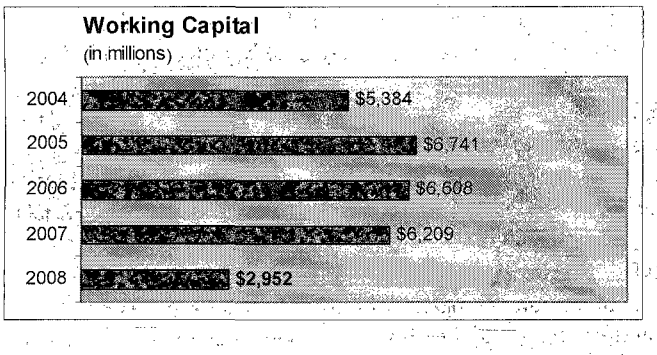
Despite significantly lower earnings in 2008, cash provided by operating activities improved compared with 2007 due to a reduction in working capital requirements, largely the result of the Company's intense focus on cost control and cash generation in the fourth quarter of 2008 in response to the global economic downturn. Despite lower earnings in 2007, cash provided by operating activities increased versus 2006, principally due to a reduction in cash contributed to the Company's pension plans.

Cash used in investing activities in 2008 was down slightly compared with 2007, as an increase in capital expenditures of $201 million and an increase in investments in nonconsolidated affiliates (including $69 million for Americas Styrenics LLC and $161 million additional investment in two Kuwaiti joint ventures), was more than offset by a lower level of investing in consolidated companies, despite acquisitions of several small agricultural seed companies totaling $100 million in 2008. Cash used in investing activities in 2007 increased significantly compared with 2006 due to investments in consolidated companies (including $603 million for Wolff Walsrode and $151 million for Hyperlast Limited; see Notes C and G to the Consolidated Financial Statements), a $300 million increase in capital expenditures, several acquisitions of agricultural businesses, partially offset by a lower usage of cash to purchase previously leased assets.

Cash used in financing activities in 2008 was down significantly compared with 2007, as cash generated by proceeds from issuances of long-term debt in excess of payments on long-term debt and a decrease in purchases of treasury stock, more than offset a reduction in the change in proceeds from the issuance of promissory notes under the Company's U.S. commercial paper program and lower proceeds from the sales of common stock (related to the exercise of stock options and the Employees' Stock Purchase Plan). Cash used in financing activities in 2007 decreased compared with 2006 as the issuance of commercial paper and higher proceeds from the sales of common stock, more than offset increases in purchases of treasury stock and dividends paid to shareholders. In May 2007, the quarterly dividend was increased 12 percent.

On August 29, 2006, the Board of Directors approved a plan (the "2006 Plan") to shut down a number of the Company's manufacturing facilities. These shutdowns are scheduled to be completed by the end of the first quarter of 2009. On December 3, 2007, the Board of Directors approved a restructuring plan (the "2007 Plan") that included the shutdown of a number of assets and organizational changes within targeted functions. These restructuring activities are expected to be completed by the end of 2009. On December 5, 2008, the Board of Directors approved a restructuring plan (the "2008 Plan") as part of a series of actions to advance the Company's strategy and respond to the recent, severe economic downturn, including the shutdown of a number of facilities and a workforce reduction. The 2008 Plan is expected to be completed by the end of 2010. The activities related to the three plans are expected to result in additional cash expenditures of approximately $683 million over the next few years related to severance costs, contract termination fees, asbestos abatement and environmental remediation (see Note B to the Consolidated Financial Statements). Dow expects to incur future costs related to its restructuring activities, as the Company continually looks for ways to enhance the efficiency and cost effectiveness of its operations, to ensure competitiveness across its businesses and across geographic areas. Future costs are expected to include demolition costs related to the closed facilities, which will be recognized as incurred. The Company also expects to incur additional employee-related costs, including involuntary termination benefits, related to its other optimization activities, and pension plan settlement costs. These costs cannot be reasonably estimated at this time.

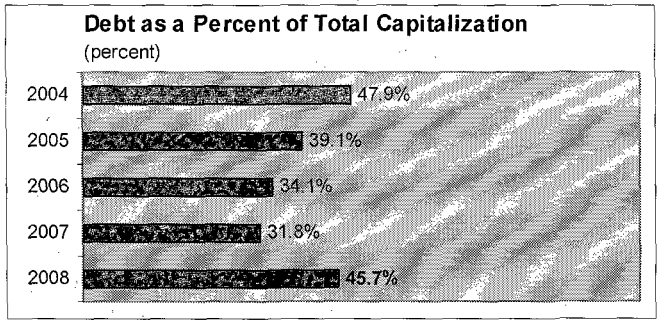
Working Capital at December 31 In millions	*2008*	*2007*
Current assets	$16,060	$18,654
Current liabilities	13,108	12,445
Working capital	$ 2,952	$ 6,209
Current ratio	1.23:1	1.50:1



At December 31, 2008, trade receivables were $3.8 billion, down from $5.9 billion at December 31, 2007, consistent with the significant drop in sales (23 percent) in the fourth quarter of 2008 compared with the fourth quarter of 2007. Days-sales-outstanding-in-receivables (excluding the impact of sales of receivables) was 42 days at December 31, 2008 compared with 38 days at December 31, 2007. At December 31, 2008, total inventories were $6.0 billion, down from $6.9 billion at December 31, 2007, due to lower feedstock and energy costs at year end 2008 and significantly lower plant operating rates. Days-sales-in-inventory at December 31, 2008 was 58 days versus 61 days at December 31, 2007.

Total Debt at December 31 In millions	*2008*	*2007*
Notes payable	$ 2,360	$1,548
Long-term debt due within one year	1,454	586
Long-term debt	8,042	7,581
Total debt	$11,856	$9,715
Debt as a percent of total capitalization	45.7%	31.8%

Liquidity and Capital Resources – Continued



Debt as a percent of total capitalization increased from 31.8 percent in 2007 to 45.7 percent in 2008, with almost two-thirds of the increase due to a decline in equity, principally the result of lower earnings and a significant increase in "Accumulated other comprehensive loss" largely driven by a decline in the value of pension plan assets.

As part of its ongoing financing activities, Dow has the ability to issue promissory notes under its U.S. and Euromarket commercial paper programs. At December 31, 2008, there was $1.6 billion of commercial paper outstanding. Through January 2009, the Company maintained access to the commercial paper market at competitive rates. In the event Dow has short-term liquidity needs and is unable to access these short-term markets for any reason, Dow has the ability to access liquidity through its committed and available $3 billion 5-year revolving credit facility with various U.S. and foreign banks. This credit facility matures in April 2011; at December 31, 2008 and thru January 2009, the Company had not utilized this facility.

At December 31, 2008, the Company had $365 million of SEC-registered securities available for issuance under the Company's U.S. retail medium-term note program (InterNotes), Euro 5.0 billion (approximately $7.0 billion) available for issuance under the Company's Euro Medium Term Note Program, as well as Japanese yen 50 billion (approximately $554 million) of securities available for issuance under a shelf registration filed with the Tokyo Stock Exchange on July 31, 2006 and renewed on July 31, 2008. In addition, as a well-known seasoned issuer, the Company filed an automatic shelf registration for an unspecified amount of mixed securities with the SEC on February 23, 2007. Under this shelf registration, the Company may offer common stock, preferred stock, depositary shares, debt securities, warrants, stock purchase contracts and stock purchase units.

On May 1, 2008, the Company issued $800 million in unsecured notes with a coupon rate of 5.70 percent, semi-annual interest payments due every May and November, and the principal amount due at maturity on May 15, 2018. Between May and December 2008, the Company issued $579 million in retail medium-term notes with varying maturities in 2013, 2015 and 2018 and at various interest rates averaging 6.15 percent. Net proceeds from the notes were primarily used to refinance maturing debt. On September 29, 2008, Calvin Capital LLC ("Calvin"), a newly formed wholly owned subsidiary of the Company, issued a three-year $674 million note payable ("Note") with a floating rate based on London Interbank Offered Rate (LIBOR). The Note was issued in exchange for the redemption of the other partner's ownership in Hobbes Capital S.A. and was a non-cash transaction (see Note Q of the Consolidated Financial Statements for further information on this transaction). The Note is recorded in "Long-term debt due within one year" in the consolidated balance sheets since the Note holder has the annual option to require the Company to prepay the outstanding principal.

The Note was issued under a note purchase agreement which contains, among other provisions, covenants with which Calvin must comply while the Note is outstanding. Such covenants include compliance with Calvin's Limited Liability Company Agreement, the obligation to not merge or consolidate with any other corporation or sell or convey all or substantially all of Calvin's assets, and limitations on making distributions and incurring other debt. Failure of Calvin to comply with any of these covenants could result in a default under the agreement, which would allow the Note holder to accelerate the due date of the outstanding principal and accrued interest on the Note. Although a consolidated subsidiary, Calvin is a separate and distinct legal entity with separate assets of $1,342 million consisting of a $1,317 million note receivable from the Company with a three-year term and optional prepayment at the end of each fiscal quarter, and cash and cash equivalents of $25 million; separate liabilities consisting of the $674 million Note; and separate business and operations.

Dow's public debt instruments and documents for its private funding transactions contain, among other provisions, certain covenants and default provisions. At December 31, 2008, management believes the Company was in compliance with all of these covenants and default provisions. For information on Dow's covenants and default provisions, see Note L to the Consolidated Financial Statements.

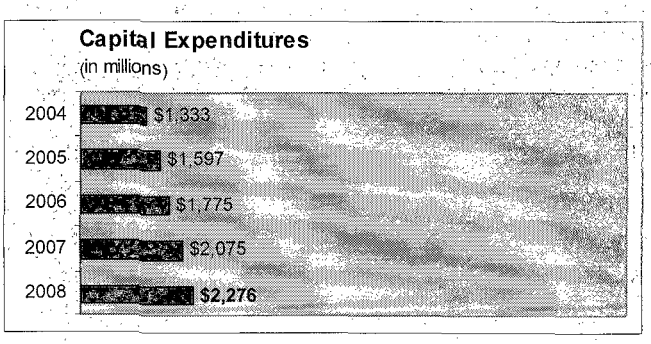
The Company's credit rating is investment grade. The Company's long-term credit ratings were downgraded on December 29, 2008 by Moody's from A3 to Baa1 with outlook under review for possible downgrade and by Standard & Poor's from A- to BBB with credit watch negative. The Company's short-term credit rating is A2/P2 negative/negative. If the Company's credit rating is further downgraded, it could have a negative impact on the Company's ability to access credit markets and could increase borrowing costs.

On July 14, 2005, the Board of Directors authorized the repurchase of up to 25 million shares of Dow common stock over the period ended on December 31, 2007 (the "2005 Program"). The Company purchased 714,200 shares in 2005 and 18,084,207 shares in 2006 under the 2005 Program. During 2007, the Company purchased the remaining 6,201,593 shares under the 2005 Program, bringing the program to a close.

On October 26, 2006, the Company announced that its Board of Directors had approved a new share buy-back program, authorizing up to $2 billion to be spent on the repurchase of the Company's common stock (the "2006 Program"). Purchases under the 2006 Program began in March 2007, following completion of the 2005 Program. In 2007, the Company purchased 26,225,207 shares under the 2006 Program. In 2008, the Company purchased 21,867,831 shares under the 2006 Program, bringing the total number of shares purchased under this program to 48,093,038 and bringing the program to a close.

Capital Expenditures

Capital spending for the year was $2,276 million, up from $2,075 million in 2007 and $1,775 million in 2006. In 2008, approximately 40 percent of the Company's capital expenditures were directed toward additional capacity for new and existing products, compared with 31 percent in 2007 and 33 percent in 2006. In 2008, approximately 18 percent was committed to projects related to environmental protection, safety, loss prevention and industrial hygiene compared with 23 percent in 2007 and 24 percent in 2006. The remaining capital was utilized to maintain the Company's existing asset base, including projects related to productivity improvements, energy conservation and facilities support.



Major projects underway during 2008 included: the design and construction of a new chlor-alkali production facility to replace existing facilities, and the replacement of furnaces used in the production of ethylene in Freeport, Texas; construction of a regional headquarters facility in Shanghai, China; construction of a train for the production of synthetic rubber and a Dow Automotive production facility for glass bonding and primer products in Schkopau, Germany; expansion of methyl cellulosics capacity at Dow Wolff Cellulosics in Bitterfeld, Germany; construction of a new polyols plant in Terneuzen, The Netherlands; and projects to expand the capacity of the ethanolamines and ethyleneamines production facilities in Hahnville, Louisiana. Additional major projects included upgrades to isopropanol production facilities in Texas City, Texas; construction of a facility to produce diesel particulate filters in Midland, Michigan; and the construction of a facility to produce DOWANOL™ glycol ethers in Zhangjiagang, China. Because the Company designs and builds most of its capital projects in-house, it had no material capital commitments other than for the purchase of materials from fabricators and construction labor. The Company expects to lower its capital spending in 2009 to $1.1 billion; this reduction in capital spending may result in placing current capital projects on hold.

Liquidity and Capital Resources – Continued

Contractual Obligations

The following tables summarize the Company's contractual obligations, commercial commitments and expected cash requirements for interest at December 31, 2008. Additional information related to these obligations can be found in Notes K, L, M, N and S to the Consolidated Financial Statements.

Contractual Obligations at December 31, 2008	*Payments Due by Year*						
In millions	*2009*	*2010*	*2011*	*2012*	*2013*	*2014 and beyond*	*Total*
Long-term debt – current and noncurrent	$1,454	$1,060	$1,523	$1,004	$ 601	$ 3,854	$ 9,496
Deferred income tax liabilities – noncurrent (1)	-	-	-	-	-	746	746
Pension and other postretirement benefits	487	521	796	723	788	2,151	5,466
Other noncurrent obligations (2)	253	306	168	90	63	3,152	4,032
FIN No. 48 obligations, including interest and penalties (3)	254	-	-	-	-	573	827
Other contractual obligations:							
Minimum operating lease commitments	204	157	103	75	64	340	943
Purchase commitments – take-or-pay and throughput obligations	2,023	1,708	1,798	1,392	895	5,969	13,785
Purchase commitments – other (4)	178	136	5	3	-	5	327
Expected cash requirements for interest	552	501	438	356	298	4,096	6,241
Total	$5,405	$4,389	$4,831	$3,643	$2,709	$20,886	$41,863

(1) Deferred income tax liabilities may vary according to changes in tax laws, tax rates and the operating results of the Company. As a result, it is impractical to determine whether there will be a cash impact to an individual year. All noncurrent deferred income tax liabilities have been reflected in "2014 and beyond."

(2) Annual payments to resolve asbestos litigation will vary based on changes in defense strategies, changes in state and national law, and claims filing and resolution rates. As a result, it is impractical to determine the anticipated payments in any given year. Therefore, the majority of the noncurrent asbestos-related liability of $824 million has been reflected in "2014 and beyond."

(3) Due to uncertainties in the timing of the effective settlement of tax positions with the respective taxing authorities, the Company is unable to determine the timing of payments related to its FIN No. 48 noncurrent obligations, including interest and penalties. These amounts are therefore reflected in "2014 and beyond."

(4) Includes outstanding purchase orders and other commitments greater than $1 million, obtained through a survey of the Company.

Off-Balance Sheet Arrangements

Guarantees arise during the ordinary course of business from relationships with customers and nonconsolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specific triggering events occur. Information regarding the Company's outstanding guarantees at December 31, 2008 is disclosed in Note K to the Consolidated Financial Statements.

The Company leases an ethylene facility in The Netherlands from an owner trust that is a variable interest entity ("VIE"). Dow is not the primary beneficiary of the owner trust and, therefore, is not required to consolidate the owner trust. Additional information regarding this VIE can be found in Note N to the Consolidated Financial Statements.

Fair Value Measurements

The Company's assets and liabilities measured at fair value are classified in the fair value hierarchy (Level 1, 2 or 3) based on the inputs used for valuation. Assets that are traded on an exchange with a quoted price are classified as Level 1. Assets and liabilities that are valued based on a bid or bid evaluation are classified as Level 2. The custodian of the Company's debt and equity securities uses multiple industry-recognized vendors for pricing information and established processes for validation and verification to assist the Company in its process for determining and validating fair values for these assets. The Company currently has no assets or liabilities that are valued using unobservable inputs and therefore no assets or liabilities classified as Level 3. The sensitivity of fair value estimates is immaterial relative to the assets and liabilities measured at fair value, as well as to the total equity of the Company. See Note I to the Consolidated Financial Statements for the Company's disclosures about fair value measurements.

Portfolio managers and external investment managers regularly review all of the Company's holdings to determine if any investments are other-than-temporarily impaired. The analysis includes reviewing the amount of the temporary impairment, as well as the length of time it has been impaired. In addition, specific guidelines for each instrument type are followed to determine if an other-than-temporary impairment has occurred. For debt securities, the credit rating of the issuer, current credit rating trends and the trends of the issuer's overall sector are considered in determining impairment. For equity securities, the Company's investments are primarily in Standard & Poor's ("S&P") 500 companies; however, the Company also allows investments in companies outside of the S&P 500. In 2008, other-than-temporary impairment write-downs were $42 million.

Dividends

On February 12, 2009, the Board of Directors announced a quarterly dividend of $0.15 per share, payable April 30, 2009, to stockholders of record on March 31, 2009. Since 1912, the Company has paid a cash dividend every quarter and, in each instance prior to this dividend, has maintained or increased the amount of the dividend, adjusted for stock splits. During this 97-year period, Dow has increased the amount of the quarterly dividend 47 times (approximately 12 percent of the time), and maintained the amount of the quarterly dividend approximately 88 percent of the time. The dividend was reduced in February 2009, for the first time in the 97-year period, due to uncertainty in the credit markets, unprecedented lower demand for chemical products, the ongoing global recession and pending business issues. The Company declared dividends of $1.68 per share in 2008, $1.635 per share in 2007 and $1.50 per share in 2006.

Outlook for 2009

In 2008, the Company maintained its strong financial position in the face of several significant challenges, including the sixth consecutive year of double-digit percentage increases in feedstock and energy costs, the escalation of a global financial crisis, the landfall of two major hurricanes along the U.S. Gulf Coast, and a sharp deterioration in the global economic environment. In the face of these challenges, Dow's actions supported its commitment to financial discipline. Despite the difficult economic conditions in the latter part of the year, the Company had sufficient liquidity and financial flexibility to meet all of its business obligations.

Looking to 2009, the Company is assuming that the weak demand levels seen in late 2008 will continue for several quarters, with growth rates in developed economies in North America and Europe projected to remain weak well into the first half of the year and possibly for the entire year. Growth rates in developing regions, such as Brazil, India, and China, are projected to be more positive than in the developed world, although not nearly as strong as in 2008. At this early stage in the year, product inventories across value chains remain low and substantial capacity is still off-line. Many end-market producers, including those in emerging geographies, are favoring a make-to-order philosophy until clear demand signs emerge. Historically low inventory levels in North America, coupled with stabilizing commodity prices, are expected to provide some demand lift in the first part of 2009, although it is still unclear if these buying patterns will be short-lived. Government stimuli in the latter half of the year could bring greater speed to economic recovery, but it is too early to speculate on the impact of these incentives. Volatility in feedstock and energy costs is expected to continue, adding uncertainty to the Company's outlook. Ethylene chain supply fundamentals are expected to be impacted by significant capacity additions projected to start up in 2009.

As the Company continues to implement its strategy in a volatile global economic environment, its focus will remain on financial discipline, with an emphasis on cash preservation measures to ensure financial flexibility. The Company expects to generate positive cash flow from operations in 2009. The Company will continue to optimize its investment decisions while supporting its key growth initiatives, principally in its Performance businesses and in emerging geographies. The Company expects to lower its capital spending in 2009 to $1.1 billion, well below the expected level of depreciation but sufficient to maintain the safety and reliability of the Company's facilities and invest for growth. Approximately $3.8 billion of debt will become due in 2009, including approximately $1.6 billion of commercial paper and $0.8 billion of notes payable. The Company intends to meet its scheduled maturing debt obligations with the issuance of new debt. These actions, along with equity earnings from Dow's joint ventures, will help the Company to partially offset the challenging economic environment ahead.

In addition, the Company will continue to strive to implement its strategic transformation. See Matters Involving the Formation of K-Dow Petrochemicals and Matters Involving the Acquisition of Rohm and Haas Company at the end of Management's Discussion and analysis of Financial Condition and Results of Operations for more information regarding these matters.

OTHER MATTERS

Recent Accounting Pronouncements

See Note A to the Consolidated Financial Statements for a summary of significant accounting policies and recent accounting pronouncements.

Critical Accounting Policies

The preparation of financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make judgments, assumptions and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note A to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. Following are the Company's critical accounting policies impacted by judgments, assumptions and estimates:

Litigation

The Company is subject to legal proceedings and claims arising out of the normal course of business. The Company routinely assesses the likelihood of any adverse judgments or outcomes to these matters, as well as ranges of probable losses. A determination of the amount of the reserves required, if any, for these contingencies is made after thoughtful analysis of each known issue and an actuarial analysis of historical claims experience for incurred but not reported matters. Dow has an active risk management program consisting of numerous insurance policies secured from many carriers. These policies provide coverage that is utilized to minimize the impact, if any, of the legal proceedings. The required reserves may change in the future due to new developments in each matter. For further discussion, see Note K to the Consolidated Financial Statements.

Asbestos-Related Matters of Union Carbide Corporation

Union Carbide Corporation ("Union Carbide"), a wholly owned subsidiary of the Company, and a former Union Carbide subsidiary, Amchem Products, Inc. ("Amchem"), are and have been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. Based on a study completed by Analysis, Research & Planning Corporation ("ARPC") in January 2003, Union Carbide increased its December 31, 2002 asbestos-related liability for pending and future claims for the 15-year period ending in 2017 to $2.2 billion, excluding future defense and processing costs. Union Carbide also increased the receivable for insurance recoveries related to its asbestos liability to $1.35 billion at December 31, 2002. Since then, Union Carbide has compared current asbestos claim and resolution activity to the results of the most recent ARPC study at each balance sheet date to determine whether the accrual continues to be appropriate. In addition, Union Carbide has requested ARPC to review Union Carbide's historical asbestos claim and resolution activity each November since 2004 to determine the appropriateness of updating the most recent ARPC study.

In November 2006, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its January 2005 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2006 and concluded that the experience from 2004 through 2006 was sufficient for the purpose of forecasting future filings and values of asbestos claims filed against UCC and Amchem, and could be used in place of previous assumptions to update the January 2005 study. The resulting study, completed by ARPC in December 2006, stated that the undiscounted cost of resolving pending and future asbestos-related claims against UCC and Amchem, excluding future defense and processing costs, through 2021 was estimated to be between approximately $1.2 billion and $1.5 billion. As in its January 2003 and January 2005 studies, ARPC provided estimates for a longer period of time in its December 2006 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

Based on ARPC's December 2006 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims $177 million to $1.2 billion at December 31, 2006 which covered the 15-year period ending in 2021, excluding future defense and processing costs.

Following the completion of the review by ARPC in December 2007, as well as Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide determined that no change to the asbestos-related liability for pending and future claims was required. At December 31, 2007, Union Carbide's asbestos-related liability for pending and future claims was $1.1 billion.

In November 2008, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2008. The resulting study, completed by ARPC in December 2008, stated that the undiscounted cost of resolving pending and future asbestos-related claims against UCC and Amchem, excluding future defense and processing costs, through 2023 was estimated to be between $952 million and $1.2 billion. As in its earlier studies, ARPC provided estimates for a longer period of time in its December 2008 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

In December 2008, based on ARPC's December 2008 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $952 million, which covered the 15-year period ending 2023, excluding future defense and processing costs. The reduction was $54 million and was shown as "Asbestos-related credit" in the consolidated statements of income. At December 31, 2008, the asbestos-related liability for pending and future claims was $934 million.

Union Carbide's receivable for insurance recoveries related to its asbestos liability was $403 million at December 31, 2008 and $467 million at December 31, 2007. In addition, Union Carbide had receivables of $272 million at December 31, 2008 and $271 million at December 31, 2007 for insurance recoveries for defense and resolution costs.

The amounts recorded by Union Carbide for the asbestos-related liability and related insurance receivable were based upon current, known facts. However, future events, such as the number of new claims to be filed and/or received each year, the average cost of disposing of each such claim, coverage issues among insurers, and the continuing solvency of various insurance companies, as well as the numerous uncertainties surrounding asbestos litigation in the United States, could cause the actual costs and insurance recoveries for Union Carbide to be higher or lower than those projected or those recorded.

For additional information, see Legal Proceedings, Asbestos-Related Matters of Union Carbide Corporation in Management's Discussion and Analysis of Financial Condition and Results of Operations, and Note K to the Consolidated Financial Statements.

Environmental Matters

The Company determines the costs of environmental remediation of its facilities and formerly owned facilities based on evaluations of current law and existing technologies. Inherent uncertainties exist in such evaluations primarily due to unknown environmental conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies. The recorded liabilities are adjusted periodically as remediation efforts progress, or as additional technical or legal information becomes available. In the case of landfills and other active waste management facilities, Dow recognizes the costs over the useful life of the facility. At December 31, 2008, the Company had accrued obligations of $312 million for environmental remediation and restoration costs, including $22 million for the remediation of Superfund sites. This is management's best estimate of the costs for remediation and restoration with respect to environmental matters for which the Company has accrued liabilities, although the ultimate cost with respect to these particular matters could range up to approximately twice that amount. The Company had accrued obligations of $322 million at December 31, 2007 for environmental remediation and restoration costs, including $28 million for the remediation of Superfund sites. For further discussion, see Environmental Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes A and K to the Consolidated Financial Statements.

Pension and Other Postretirement Benefits

The amounts recognized in the consolidated financial statements related to pension and other postretirement benefits are determined from actuarial valuations. Inherent in these valuations are assumptions including expected return on plan assets, discount rates at which the liabilities could be settled at December 31, 2008, rate of increase in future compensation levels, mortality rates and health care cost trend rates. These assumptions are updated annually and are disclosed in Note M to the Consolidated Financial Statements. In accordance with U.S. GAAP, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods. The U.S. pension plans represent approximately 73 percent of the Company's pension plan assets and 71 percent of the pension obligations.

Critical Accounting Policies – Continued

The following information relates to the U.S. plans only; a similar approach is used for the Company's non-U.S. plans.

The Company determined the expected long-term rate of return on assets by performing a detailed analysis of historical and expected returns based on the strategic asset allocation approved by the Board of Directors and the underlying return fundamentals of each asset class. The Company's historical experience with the pension fund asset performance was also considered. The expected return of each asset class is derived from a forecasted future return confirmed by historical experience. The expected long-term rate of return is an assumption and not what is expected to be earned in any one particular year. The weighted-average long-term rate of return assumption used for determining net periodic pension expense for 2008 was 8.44 percent. This assumption remained unchanged for determining 2009 net periodic pension expense. Future actual pension expense will depend on future investment performance, changes in future discount rates and various other factors related to the population of participants in the Company's pension plans.

The discount rates utilized to measure the pension and other postretirement obligations of the U.S. qualified plans are based on the yield on high-quality fixed income investments at the measurement date. Future expected actuarially determined cash flows of Dow's major U.S. plans are matched against the Citigroup Pension Discount Curve (Above Median) to arrive at a single discount rate by plan. The resulting discount rate decreased from 6.75 percent at December 31, 2007 to 6.61 percent at December 31, 2008.

The value of the U.S. qualified plan assets decreased from $11.9 billion at December 31, 2007 to $8.4 billion at December 31, 2008. The Company did not make any contributions to the U.S. qualified plans in 2008. The unfavorable impact of asset returns combined with a decrease in the assumed discount rate, resulted in a $3.9 billion reduction in the funded status from December 31, 2007 to December 31, 2008. At December 31, 2008, the U.S. qualified plans were underfunded on a projected benefit obligation basis by $2.3 billion.

The assumption for the long-term rate of increase in compensation levels for the principal U.S. qualified plans is zero percent for 2009, 4.25 percent for 2010 and 4.50 percent thereafter. Since 2002, the Company has used a generational mortality table to determine the duration of its pension and other postretirement obligations.

The following discussion relates to all of the Company's pension plans.

The Company bases the determination of pension expense or income on a market-related valuation of plan assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose represent the difference between the expected return calculated using the market-related value of plan assets and the actual return based on the market value of plan assets. Since the market-related value of plan assets recognizes gains or losses over a five-year period, the future value of plan assets will be impacted when previously deferred gains or losses are recorded. Over the life of the plan, both gains and losses have been recognized and amortized. At December 31, 2008, net losses of $3,184 million remain to be recognized in the calculation of the market-related value of plan assets. These net losses will result in increases in future pension expense as they are recognized in the market-related value of assets and are a component of the total net loss of $5,691 million shown under "Pretax amounts recognized in AOCI at December 31" in the table entitled "Change in Projected Benefit Obligations, Plan Assets and Funded Status of all Significant Plans" included in Note M to the Consolidated Financial Statements. The other $2,507 million of net losses represents cumulative changes in plan experience and actuarial assumptions. The net decrease in the market-related value of assets due to the recognition of prior gains and losses is presented in the following table:

Net Decrease in Market-Related Asset Value Due to Recognition of Prior Asset Gains and Losses In millions	
2009	$ 728
2010	738
2011	827
2012	891
Total	$3,184

Based on the 2009 pension assumptions, a reduction in curtailment costs and changes in the market-related value of assets due to the recognition of prior asset losses, the Company expects net periodic benefit costs to increase by approximately $25 million for all pension and other postretirement benefits in 2009 compared with 2008.

A 25 basis point increase or decrease in the long-term return on assets assumption would change the Company's total pension expense for 2009 by approximately $36 million. A 25 basis point increase in the discount rate assumption would lower the Company's total pension expense for 2009 by approximately $33 million. A 25 basis point decrease in the discount rate would increase pension expense by approximately $41 million. A 25 basis point change in the long-term return and discount rate assumptions would have an immaterial impact on the other postretirement benefit expense for 2009.

Income Taxes

Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. Based on the evaluation of available evidence, both positive and negative, the Company recognizes future tax benefits, such as net operating loss carryforwards and tax credit carryforwards, to the extent that realizing these benefits is considered to be more likely than not.

At December 31, 2008, the Company had a net deferred tax asset balance of $3.4 billion, after valuation allowances of $487 million.

In evaluating the ability to realize the deferred tax assets, the Company relies principally on forecasted taxable income using historical and projected future operating results, the reversal of existing temporary differences and the availability of tax planning strategies.

At December 31, 2008, the Company had deferred tax assets for tax loss and tax credit carryforwards of $2.2 billion, $43 million of which is subject to expiration in the years 2009-2013. In order to realize these deferred tax assets for tax loss and tax credit carryforwards, the Company needs taxable income of approximately $6.9 billion across multiple jurisdictions. The taxable income needed to realize the deferred tax assets for tax loss and tax credit carryforwards that are subject to expiration between 2009-2013 is approximately $222 million.

The Company recognizes the financial statement effects of an uncertain income tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. At December 31, 2008, the Company had uncertain tax positions for both domestic and foreign issues of $736 million.

The Company accrues for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. At December 31, 2008, the Company had a non-income tax contingency reserve for both domestic and foreign issues of $163 million.

For additional information, see Notes A and S to the Consolidated Financial Statements.

Environmental Matters

Environmental Policies

Dow is committed to world-class environmental, health and safety ("EH&S") performance, as demonstrated by industry-leading performance, a long-standing commitment to Responsible Care®, and a strong commitment to achieve the Company's 2015 Sustainability Goals – goals that set the standard for sustainability in the chemical industry by focusing on improvements in Dow's local corporate citizenship and product stewardship, and by actively pursuing methods to reduce the Company's environmental impact.

To meet the Company's public commitments, as well as the stringent laws and government regulations related to environmental protection and remediation to which its global operations are subject, Dow has well-defined policies, requirements and management systems. Dow's EH&S Management System ("EMS") defines the "who, what, when and how" needed for the businesses to achieve the Company's policies, requirements, performance objectives, leadership expectations and public commitments. To ensure effective utilization, the EMS is integrated into a company-wide management system for EH&S, Operations, Quality and Human Resources.

It is Dow's policy to adhere to a waste management hierarchy that minimizes the impact of wastes and emissions on the environment. First, Dow works to eliminate or minimize the generation of waste and emissions at the source through research, process design, plant operations and maintenance. Second, Dow finds ways to reuse and recycle materials. Finally, unusable or non-recyclable hazardous waste is treated before disposal to eliminate or reduce the hazardous nature and volume of the waste. Treatment may include destruction by chemical, physical, biological or thermal means. Disposal of waste materials in landfills is considered only after all other options have been thoroughly evaluated. Dow has specific requirements for waste that is transferred to non-Dow facilities, including the periodic auditing of these facilities.

Environmental Matters – Continued

Dow believes third-party verification and transparent public reporting are cornerstones of world-class EH&S performance and building public trust. As such, numerous Dow sites in Europe, Latin America, Australia and North America have received third-party verification of Dow's compliance with Responsible Care® and with outside specifications such as ISO-14001. During 2008, the Company's corporate headquarters in Midland, Michigan was audited by Lloyd's Register Quality Assurance, and found to be in conformance with Responsible Care® Management System requirements.

Dow's EH&S policies helped the Company achieve excellent safety performance in 2008. Dow's 2008 recordable injury/illness frequency rate and its injury/illness severity rate, while slightly increased from 2007 record-low levels, were both consistent with the path necessary to achieve the 2015 goals. Dow's 2008 leaks, breaks and spills performance was the best ever and is consistent with the path necessary to achieve the 2015 goals. Improvement in process safety and environmental compliance remains a top management priority, with initiatives underway to further improve performance and compliance in 2009.

Detailed information on Dow's performance regarding environmental matters and goals can be found online on Dow's Environment, Health and Safety webpage at *www.dow.com*.

Chemical Security

Public and political attention continues to be placed on the protection of critical infrastructure, including the chemical industry, from security threats. Terrorist attacks and natural disasters have increased concern about the security of chemical production and distribution. Many, including Dow and the American Chemistry Council, have called for uniform risk-based and performance-based national standards for securing the U.S. chemical industry. The Maritime Transportation Security Act ("MTSA") of 2002 and its regulations further set forth risk-based and performance-based standards that must be met at U.S. Coast Guard-regulated facilities. U.S. Chemical Plant Security legislation was passed in 2006 and the Department of Homeland Security ("DHS") is now implementing the regulations known as the Chemical Facility Anti-Terrorism Standards. The U.S. Transportation Security Administration ("TSA") and the U.S. Department of Transportation finalized regulations covering the rail transportation of chemicals as required by the 9/11 Commission Act of 2007. Dow continues to support uniform risk-based national standards for securing the chemical industry.

The focus on security is not new to Dow. A comprehensive, multi-level security plan for the Company has been maintained since 1988. This plan, which has been activated in response to significant world and national events since then, is reviewed on an annual basis. Dow continues to improve its security plans, placing emphasis on the safety of Dow communities and people by being prepared to meet risks at any level and to address both internal and external identifiable risks. Dow's security plans also are developed to avert interruptions of normal business work operations that could materially and adversely affect the Company's results of operations, liquidity and financial condition.

Dow played a key role in the development and implementation of the American Chemistry Council's Responsible Care® Security Code that requires that all aspects of security – including facility, transportation and cyberspace – be assessed and gaps addressed. Through the Company's global implementation of the Security Code, Dow has permanently heightened the level of security – not just in the United States, but worldwide. Dow employs several hundred employees and contractors in its Emergency Services and Security department worldwide. In addition, Dow has committed approximately $200 million in capital over a ten-year period for plant security, supply chain and cyberspace security enhancements, regulatory compliance and response capabilities as well as other components of Dow's security program. These costs are not considered material to the Company's consolidated financial statements.

Through the implementation of the Security Code, including voluntary security enhancements and upgrades made since 2002, Dow is well-positioned to comply with the new U.S. chemical facility regulations and other regulatory security frameworks. In addition, Dow was the first chemical company to receive Support Anti-terrorism by Fostering Effective Technologies Act ("SAFETY Act") coverage in 2007 from the DHS for the Company's MTSA regulated-sites and to receive SAFETY Act coverage in 2008 for the Company's Rail Transportation Security Services. This unprecedented certification helps validate Dow's efforts and provides additional liability coverage in the event of a terrorist attack.

Dow continues to work collaboratively across the supply chain on Responsible Care®, Supply Chain Design, Emergency Preparedness, Shipment Visibility and transportation of hazardous materials. Dow is cooperating with public and private entities to lead the implementation of advanced tank car design and track and trace technologies. Further, Dow's Distribution Risk Review process that has been in place for decades was expanded to address potential threats in all modes of transportation across the Company's supply chain. To reduce vulnerabilities, Dow maintains security measures that meet or exceed regulatory and industry security standards in all areas in which the Company operates.

Dow continually works to strengthen partnerships with local responders, law enforcement, and security agencies, and to enhance confidence in the integrity of the Company's security and risk management program, as well as strengthen its preparedness and response capabilities. Dow also works closely with its supply chain partners and strives to educate lawmakers, regulators and communities about the Company's resolve and actions to date which are mitigating security and crisis threats.

Climate Change

There is a growing political and scientific consensus that emissions of greenhouse gases ("GHG") due to human activities continue to alter the composition of the global atmosphere in ways that are affecting the climate. Dow is committed to reducing its GHG intensity (pounds of GHG per pound of product), developing climate-friendly products and processes and, over the longer term, implementing technology solutions to achieve even greater climate change improvements. Since 1990, Dow has reduced its absolute GHG emissions by more than 20 percent, a more rapid reduction than required by Kyoto Protocol targets; and has achieved a 22 percent improvement in energy intensity (the amount of energy required to produce one pound of product) since 1994. In doing so, it has avoided consuming more than 1,600 trillion Btus, a savings that when converted to electricity would be more than sufficient to supply the electricity consumed by residential users in the State of California for one year. Through its energy savings, Dow has prevented more than 86 million metric tons of carbon dioxide from entering the atmosphere. This trend could change, however, depending on business growth, capacity utilization and the pace of new technology development.

Dow also contributes to the climate change solution by producing products that help others reduce GHG emissions, such as lightweight plastics for automobiles and insulation for energy efficient homes and appliances. Dow has demonstrated its commitment to technological innovation and conservation. For example, a third-party verified life cycle assessment confirmed that the net reduction in GHG emissions resulting from the use of Dow thermal insulation in residential and commercial buildings and industrial pipe applications, avoided the emission of GHG to the atmosphere by approximately seven times the total GHG emissions of the Company itself. Dow Building Solutions built a 210 kilowatt solar farm at the Company's Pittsburg, California site. This project is the largest solar installation in Dow and the first commercial pilot for the Company, providing the energy equivalent to power 175 homes. At Dow's carpet latex plant in Dalton, Georgia, the Company will use approximately 160 billion Btus of methane gas annually, supplied by a local landfill, to fuel the plant; equivalent to the energy required to heat 2,000 U.S. homes annually. By utilizing landfill gas, Dow will reduce carbon dioxide emissions by approximately 17 million pounds annually, which is equivalent to keeping 13,500 cars off the road each year.

Gains made toward Dow's Energy Efficiency goal will directly impact progress in meeting its 2015 Climate Change goal to reduce GHG intensity by 2.5 percent a year per pound of product, from a 2005 baseline. Dow is studying the life cycle impact of its products on climate change and additional global projects that could offset the Company's overall GHG emissions through carbon dioxide reduction.

Dow's Energy & Climate Change Policy and Issue Management Team, formed in 2007, is tasked with developing and implementing a comprehensive climate change strategy and is advocating an international framework that establishes clear pathways to help slow, stop and reverse the rate of GHG emissions. In 2008, Dow announced its Energy Plan for America, which calls for a bold, comprehensive, bipartisan national energy policy that will help strengthen the economy, increase security, clean the environment through the reduction of GHG emissions, and revitalize U.S. manufacturing.

Environmental Remediation

Dow accrues the costs of remediation of its facilities and formerly owned facilities based on current law and existing technologies. The nature of such remediation includes, for example, the management of soil and groundwater contamination and the closure of contaminated landfills and other waste management facilities. In the case of landfills and other active waste management facilities, Dow recognizes the costs over the useful life of the facility. The accounting policies adopted to properly reflect the monetary impacts of environmental matters are discussed in Note A to the Consolidated Financial Statements. To assess the impact on the financial statements, environmental experts review currently available facts to evaluate the probability and scope of potential liabilities. Inherent uncertainties exist in such evaluations primarily due to unknown environmental conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies. These liabilities are adjusted periodically as remediation efforts progress or as additional technical or legal information becomes available. Dow had an accrued liability of $290 million at December 31, 2008, related to the remediation of current or former Dow-owned sites. The liability related to remediation at December 31, 2007 was $294 million.

Environmental Matters – Continued

In addition to current and former Dow-owned sites, under the Federal Comprehensive Environmental Response, Compensation and Liability Act and equivalent state laws (hereafter referred to collectively as "Superfund Law"), Dow is liable for remediation of other hazardous waste sites where Dow allegedly disposed of, or arranged for the treatment or disposal of, hazardous substances. Because Superfund Law imposes joint and several liability upon each party at a site, Dow has evaluated its potential liability in light of the number of other companies that also have been named potentially responsible parties ("PRPs") at each site, the estimated apportionment of costs among all PRPs, and the financial ability and commitment of each to pay its expected share. The Company's remaining liability for the remediation of Superfund sites at December 31, 2008 was $22 million ($28 million at December 31, 2007). The Company has not recorded any third-party recovery related to these sites as a receivable.

Information regarding environmental sites is provided below:

Environmental Sites	*Dow-owned Sites* (1)		*Superfund Sites* (2)	
	2008	*2007*	*2008*	*2007*
Number of sites at January 1	251	251	94	64
Sites added during year	3	3	9	31
Sites closed during year	(2)	(3)	(18)	(1)
Number of sites at December 31	252	251	85	94

(1) Dow-owned sites are sites currently or formerly owned by Dow, where remediation obligations are imposed (in the United States) by the Resource Conservation Recovery Act or analogous state law. 153 of these sites were formerly owned by Dowell Schlumberger, Inc., a group of companies in which the Company previously owned a 50 percent interest. Dow sold its interest in Dowell Schlumberger in 1992.

(2) Superfund sites are sites, including sites not owned by Dow, where remediation obligations are imposed by Superfund Law.

The Company's manufacturing sites in Freeport, Texas, and Midland, Michigan, are the sites for which the Company has the largest environmental remediation accruals. From the start of operations at the Freeport site in the 1940s until the mid-1970s, manufacturing wastes were typically placed in on-site pits and landfills. The resulting soil and groundwater contamination is being assessed and remediated under the provisions of the Resource Conservation Recovery Act ("RCRA"), in concert with the state of Texas. At December 31, 2008, the Company had an accrual of $25 million ($37 million at December 31, 2007) related to environmental remediation at the Freeport manufacturing site. In 2008, $5 million ($6 million in 2007) was spent on environmental remediation at the Freeport site.

Similar to the Freeport site, in the early days of operations at the Midland site, manufacturing wastes were usually disposed of on-site, resulting in soil and groundwater contamination, which has been contained and managed on-site under a series of RCRA permits and regulatory agreements. The most recent Hazardous Waste Operating License for the Midland site, issued in 2003, also included provisions for the Company to conduct an investigation to determine the nature and extent of off-site contamination from historic Midland site operations. The scope of the investigation includes Midland area soils; Tittabawassee and Saginaw River sediment and floodplain soils; and Saginaw Bay, and requires the Company to conduct interim response actions. See Note K to the Consolidated Financial Statements for additional information. At December 31, 2008, the Company had an accrual of $35 million ($36 million at December 31, 2007) for environmental remediation and investigation associated with the Midland site. In 2008, the Company spent $36 million ($52 million in 2007) on environmental remediation at the Midland site.

In total, the Company's accrued liability for probable environmental remediation and restoration costs was $312 million at December 31, 2008, compared with $322 million at the end of 2007. This is management's best estimate of the costs for remediation and restoration with respect to environmental matters for which the Company has accrued liabilities, although the ultimate cost with respect to these particular matters could range up to approximately twice that amount. It is the opinion of the Company's management that the possibility is remote that costs in excess of those disclosed will have a material adverse impact on the Company's consolidated financial statements.

The amounts charged to income on a pretax basis related to environmental remediation totaled $140 million in 2008, $92 million in 2007 and $125 million in 2006. Capital expenditures for environmental protection were $193 million in 2008, $189 million in 2007 and $193 million in 2006.

Asbestos-Related Matters of Union Carbide Corporation

Introduction

Union Carbide Corporation ("Union Carbide"), a wholly owned subsidiary of the Company, is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. These suits principally allege personal injury resulting from exposure to asbestos-containing products and frequently seek both actual and punitive damages. The alleged claims primarily relate to products that Union Carbide sold in the past, alleged exposure to asbestos-containing products located on Union Carbide's premises, and Union Carbide's responsibility for asbestos suits filed against a former Union Carbide subsidiary, Amchem Products, Inc. ("Amchem"). In many cases, plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of such exposure, or that injuries incurred in fact resulted from exposure to Union Carbide's products.

Influenced by the bankruptcy filings of numerous defendants in asbestos-related litigation and the prospects of various forms of state and national legislative reform, the rate at which plaintiffs filed asbestos-related suits against various companies, including Union Carbide and Amchem, increased in 2001, 2002 and the first half of 2003. Since then, the rate of filing has significantly abated. Union Carbide expects more asbestos-related suits to be filed against Union Carbide and Amchem in the future, and will aggressively defend or reasonably resolve, as appropriate, both pending and future claims.

The table below provides information regarding asbestos-related claims filed against Union Carbide and Amchem:

	2008	*2007*	*2006*
Claims unresolved at January 1	90,322	111,887	146,325
Claims filed	10,922	10,157	16,386
Claims settled, dismissed or otherwise resolved	(25,538)	(31,722)	(50,824)
Claims unresolved at December 31	75,706	90,322	111,887
Claimants with claims against both UCC and Amchem	24,213	28,937	38,529
Individual claimants at December 31	51,493	61,385	73,358

Plaintiffs' lawyers often sue dozens or even hundreds of defendants in individual lawsuits on behalf of hundreds or even thousands of claimants. As a result, the damages alleged are not expressly identified as to Union Carbide, Amchem or any other particular defendant, even when specific damages are alleged with respect to a specific disease or injury. In fact, there are no personal injury cases in which only Union Carbide and/or Amchem are the sole named defendants. For these reasons and based upon Union Carbide's litigation and settlement experience, Union Carbide does not consider the damages alleged against Union Carbide and Amchem to be a meaningful factor in its determination of any potential asbestos-related liability.

Estimating the Liability

Based on a study completed by Analysis, Research & Planning Corporation ("ARPC") in January 2003, Union Carbide increased its December 31, 2002 asbestos-related liability for pending and future claims for the 15-year period ending in 2017 to $2.2 billion, excluding future defense and processing costs. Since then, Union Carbide has compared current asbestos claim and resolution activity to the results of the most recent ARPC study at each balance sheet date to determine whether the accrual continues to be appropriate. In addition, Union Carbide has requested ARPC to review Union Carbide's historical asbestos claim and resolution activity each November since 2004 to determine the appropriateness of updating the most recent ARPC study.

In November 2006, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its January 2005 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2006 and concluded that the experience from 2004 through 2006 was sufficient for the purpose of forecasting future filings and values of asbestos claims filed against Union Carbide and Amchem, and could be used in place of previous assumptions to update the January 2005 study. The resulting study, completed by ARPC in December 2006, stated that the undiscounted cost of resolving pending and future asbestos-related claims against Union Carbide and Amchem, excluding future defense and processing costs, through 2021 was estimated to be between approximately $1.2 billion and $1.5 billion. As in its January 2003 and January 2005 studies, ARPC provided estimates for a longer period of time in its December 2006 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

Based on ARPC's December 2006 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $1.2 billion at December 31, 2006 which covered the 15-year period ending in 2021 (excluding future defense and processing costs). The reduction was $177 million and was shown as "Asbestos-related credit" in the consolidated statements of income.

Asbestos-Related Matters of Union Carbide Corporation – Continued

In November 2007, Union Carbide requested ARPC to review Union Carbide's 2007 asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2007. In December 2007, ARPC stated that an update of its study would not provide a more likely estimate of future events than the estimate reflected in its study of the previous year and, therefore, the estimate in that study remained applicable. Based on Union Carbide's own review of the asbestos claim and resolution activity and ARPC's response, Union Carbide determined that no change to the accrual was required. At December 31, 2007, Union Carbide's asbestos-related liability for pending and future claims was $1.1 billion.

In November 2008, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2008. The resulting study, completed by ARPC in December 2008, stated that the undiscounted cost of resolving pending and future asbestos-related claims against UCC and Amchem, excluding future defense and processing costs, through 2023 was estimated to be between $952 million and $1.2 billion. As in its earlier studies, ARPC provided estimates for a longer period of time in its December 2008 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

In December 2008, based on ARPC's December 2008 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $952 million, which covered the 15-year period ending 2023, excluding future defense and processing costs. The reduction was $54 million and was shown as "Asbestos-related credit" in the consolidated statements of income. At December 31, 2008, the asbestos-related liability for pending and future claims was $934 million.

At December 31, 2008, approximately 21 percent of the recorded liability related to pending claims and approximately 79 percent related to future claims. At December 31, 2007, approximately 31 percent of the recorded liability related to pending claims and approximately 69 percent related to future claims.

Defense and Resolution Costs

The following table provides information regarding defense and resolution costs related to asbestos-related claims filed against Union Carbide and Amchem:

Defense and Resolution Costs				*Aggregate Costs to Date as of*
In millions	*2008*	*2007*	*2006*	*Dec. 31, 2008*
Defense costs	$60	$84	$62	$625
Resolution costs	$116	$88	$117	$1,386

The average resolution payment per asbestos claimant and the rate of new claim filings has fluctuated both up and down since the beginning of 2001. Union Carbide's management expects such fluctuations to continue in the future based upon a number of factors, including the number and type of claims settled in a particular period, the jurisdictions in which such claims arose, and the extent to which any proposed legislative reform related to asbestos litigation is being considered.

Union Carbide expenses defense costs as incurred. The pretax impact for defense and resolution costs, net of insurance, was $53 million in 2008, $84 million in 2007 and $45 million in 2006, and was reflected in "Cost of sales" in the consolidated statements of income.

Insurance Receivables

At December 31, 2002, Union Carbide increased the receivable for insurance recoveries related to its asbestos liability to $1.35 billion, substantially exhausting its asbestos product liability coverage. The insurance receivable related to the asbestos liability was determined by Union Carbide after a thorough review of applicable insurance policies and the 1985 Wellington Agreement, to which Union Carbide and many of its liability insurers are signatory parties, as well as other insurance settlements, with due consideration given to applicable deductibles, retentions and policy limits, and taking into account the solvency and historical payment experience of various insurance carriers. The Wellington Agreement and other agreements with insurers are designed to facilitate an orderly resolution and collection of Union Carbide's insurance policies and to resolve issues that the insurance carriers may raise.

In September 2003, Union Carbide filed a comprehensive insurance coverage case, now proceeding in the Supreme Court of the State of New York, County of New York, seeking to confirm its rights to insurance for various asbestos claims and to facilitate an orderly and timely collection of insurance proceeds. This lawsuit was filed against insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place with Union Carbide regarding their asbestos-related insurance coverage, in order to facilitate an orderly resolution and collection of such insurance policies and to resolve issues that the insurance carriers may raise. Although the lawsuit is continuing, through the end of 2008, Union Carbide had reached settlements with several of the carriers involved in this litigation.

Union Carbide's receivable for insurance recoveries related to its asbestos liability was $403 million at December 31, 2008 and $467 million at December 31, 2007. At December 31, 2008 and December 31, 2007, all of the receivable for insurance recoveries was related to insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place regarding their asbestos-related insurance coverage.

In addition to the receivable for insurance recoveries related to its asbestos liability, Union Carbide had receivables for defense and resolution costs submitted to insurance carriers for reimbursement as follows:

Receivables for Costs Submitted to Insurance Carriers at December 31

In millions	*2008*	*2007*
Receivables for defense costs	$ 28	$ 18
Receivables for resolution costs	244	253
Total	$272	$271

After a review of its insurance policies, with due consideration given to applicable deductibles, retentions and policy limits, after taking into account the solvency and historical payment experience of various insurance carriers; existing insurance settlements; and the advice of outside counsel with respect to the applicable insurance coverage law relating to the terms and conditions of its insurance policies, Union Carbide continues to believe that its recorded receivable for insurance recoveries from all insurance carriers is probable of collection.

Summary

The amounts recorded by Union Carbide for the asbestos-related liability and related insurance receivable described above were based upon current, known facts. However, future events, such as the number of new claims to be filed and/or received each year, the average cost of disposing of each such claim, coverage issues among insurers, and the continuing solvency of various insurance companies, as well as the numerous uncertainties surrounding asbestos litigation in the United States, could cause the actual costs and insurance recoveries for Union Carbide to be higher or lower than those projected or those recorded.

Because of the uncertainties described above, Union Carbide's management cannot estimate the full range of the cost of resolving pending and future asbestos-related claims facing Union Carbide and Amchem. Union Carbide's management believes that it is reasonably possible that the cost of disposing of Union Carbide's asbestos-related claims, including future defense costs, could have a material adverse impact on Union Carbide's results of operations and cash flows for a particular period and on the consolidated financial position of Union Carbide.

It is the opinion of Dow's management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on the Company's results of operations and cash flows for a particular period and on the consolidated financial position of the Company.

Matters Involving the Formation of K-Dow Petrochemicals

Introduction

On December 13, 2007, the Company and Petrochemical Industries Company (K.S.C.) ("PIC") of Kuwait, a wholly owned subsidiary of Kuwait Petroleum Corporation ("KPC"), announced plans to form a 50:50 global petrochemicals joint venture. The proposed joint venture, K-Dow Petrochemicals ("K-Dow"), was expected to have revenues of more than $11 billion and employ more than 5,000 people worldwide.

On November 28, 2008, the Company entered into a Joint Venture Formation Agreement (the "JVFA") with PIC that provided for the establishment of K-Dow. To form the joint venture, the Company would transfer by way of contribution and sale to K-Dow, assets used in the research, development, manufacture, distribution, marketing and sale of polyethylene, polypropylene, polycarbonate, polycarbonate compounds and blends, ethyleneamines, ethanolamines, and related licensing and catalyst technologies; and K-Dow would assume certain related liabilities. PIC would receive a 50 percent equity interest in K-Dow in exchange for the payment by PIC of the initial purchase price, estimated to be $7.5 billion. The purchase price was subject to certain post-closing adjustments.

Failure to Close

On December 31, 2008, the Company received a written notice from PIC with respect to the JVFA advising the Company of PIC's position that certain conditions to closing were not satisfied and, therefore, PIC was not obligated to close the transaction. On January 2, 2009, PIC refused to close the K-Dow transaction in accordance with the JVFA. The Company disagrees with the characterizations and conclusions expressed by PIC in the written notice and the Company has informed PIC that it breached the JVFA. On January 6, 2009, the Company announced that it would seek to fully enforce its rights under the terms of the JVFA and various related agreements.

Although the Company currently is prepared to close the K-Dow transaction immediately despite PIC's breach, the Company has been approached by other interested parties about joint venturing with the Company for the businesses originally intended to be part of K-Dow. The Company is in the process of seeking an alternative joint venture partner for these businesses.

Arbitration

The Company's claims against PIC are subject to an arbitration agreement between the parties, which provides for arbitration under the Rules of Arbitration of the International Chamber of Commerce. Pursuant to the arbitration agreement, the Company delivered a Dispute Notice to PIC on January 8, 2009, which commenced a 30-day period for negotiations to resolve the dispute informally. That period expired on February 11, 2009. On February 18, 2009, the Company initiated arbitration proceedings against PIC alleging that PIC breached the JVFA by failing to close the transaction on January 2, 2009. The Company is seeking damages in excess of $2.5 billion in the arbitration proceeding.

Matters Involving the Acquisition of Rohm and Haas Company

Introduction

On July 10, 2008, the Company and Rohm and Haas Company ("Rohm and Haas") entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (the "Merger"). The Merger did not close in January 2009, as originally anticipated, in light of the Company's determination that recent material developments had created unacceptable uncertainties with respect to the funding and economics of the combined Dow and Rohm and Haas enterprise. This assessment was based on several macro-economic factors such as the continued crisis in global financial and credit markets and unprecedented demand destruction, combined with the failure of PIC to fulfill its obligation to close the K-Dow joint venture transaction and fund the initial purchase price on January 2, 2009.

Litigation

On January 26, 2009, Rohm and Haas commenced an action in the Court of Chancery of the State of Delaware to compel the Company to acquire Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (plus a "ticking fee" commencing on January 10, 2009). The complaint (the "Complaint") in the action alleges that all conditions to the Company's obligation to close the Merger were met on January 23, 2009 and that the Company, pursuant to the terms of the Merger Agreement, was required to close the Merger within two business days thereafter, *i.e.*, by January 27, 2009. The Complaint further alleges that the Company advised Rohm and Haas on January 25, 2009 that it would not close the Merger on or by January 27, 2009, and that the Company knowingly and intentionally breached the Merger Agreement.

On January 27, 2009, the Court determined to expedite proceedings in the case and ordered that the trial commence on March 9, 2009. The trial will relate to the issue of whether the Court should order specific performance and thus require the Company to close the Merger. The Court also stated that it strongly encouraged the parties to focus on a business solution to the dispute.

On February 3, 2009, the Company filed its answer (the "Answer") to the Complaint. The Answer denied that all conditions to closing had been met as of January 23, 2009, noting that the United States Federal Trade Commission ("FTC") action on January 23, 2009 was only a provisional acceptance of the proposed consent order and not final approval, and that the FTC reserves discretion to reject the proposed consent order after the close of the public comment period. The Answer denied that Rohm and Haas is entitled to a decree of specific performance, and asserted affirmative defenses of frustration of purpose, commercial impracticability, impossibility of performance and undue hardship – all arising from the sudden and rapid economic and financial downturn, the dramatic falloff in the Company's earnings in the fourth quarter of 2008 and continuing into the first quarter of 2009, the risk of the Company's inability to comply with financial covenants contained in the bridge loan expected to provide temporary financing for the Merger, the risk of the Company losing access to the capital markets due to potential loss of its investment grade rating, and the collapse of the K-Dow joint venture. The Company also asserted that specific performance is not appropriate because Rohm and Haas has adequate remedies at law for any breach of the Merger Agreement.

Summary

Because of the uncertainties associated with the litigation described above, management cannot estimate the impact of the ultimate resolution of the litigation. It is the opinion of the Company's management that it is reasonably possible that the ultimate resolution could have a material adverse impact on the consolidated financial statements of the Company.

PART II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Dow's business operations give rise to market risk exposure due to changes in foreign exchange rates, interest rates, commodity prices and other market factors such as equity prices. To manage such risks effectively, the Company enters into hedging transactions, pursuant to established guidelines and policies, which enable it to mitigate the adverse effects of financial market risk. Derivatives used for this purpose are designated as hedges per Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," where appropriate. A secondary objective is to add value by creating additional non-specific exposure within established limits and policies; derivatives used for this purpose are not designated as hedges per SFAS No. 133. The potential impact of creating such additional exposures is not material to the Company's results.

The global nature of Dow's business requires active participation in the foreign exchange markets. As a result of investments, production facilities and other operations on a global basis, the Company has assets, liabilities and cash flows in currencies other than the U.S. dollar. The primary objective of the Company's foreign exchange risk management is to optimize the U.S. dollar value of net assets and cash flows, keeping the adverse impact of currency movements to a minimum. To achieve this objective, the Company hedges on a net exposure basis using foreign currency forward contracts, over-the-counter option contracts, cross-currency swaps, and nonderivative instruments in foreign currencies. Main exposures are related to assets and liabilities denominated in the currencies of Europe, Asia Pacific and Canada; bonds denominated in foreign currencies – mainly the euro; and economic exposure derived from the risk that currency fluctuations could affect the U.S. dollar value of future cash flows. The majority of the foreign exchange exposure is related to European currencies and the Japanese yen.

The main objective of interest rate risk management is to reduce the total funding cost to the Company and to alter the interest rate exposure to the desired risk profile. Dow uses interest rate swaps, "swaptions," and exchange-traded instruments to accomplish this objective. The Company's primary exposure is to the U.S. dollar yield curve.

Dow has a portfolio of equity securities derived primarily from the investment activities of its insurance subsidiaries. This exposure is managed in a manner consistent with the Company's market risk policies and procedures.

Inherent in Dow's business is exposure to price changes for several commodities. Some exposures can be hedged effectively through liquid tradable financial instruments. Feedstocks for ethylene production and natural gas constitute the main commodity exposures. Over-the-counter and exchange traded instruments are used to hedge these risks when feasible.

Dow uses value at risk ("VAR"), stress testing and scenario analysis for risk measurement and control purposes. VAR estimates the potential gain or loss in fair market values, given a certain move in prices over a certain period of time, using specified confidence levels. Through the end of 2007, the VAR methodology used by the Company was based primarily on a variance/covariance statistical model. The year-end VAR and average daily VAR for the aggregate of non-trading and trading positions for 2008 and 2007 are shown below. These amounts are immaterial relative to the total equity of the Company:

Total Daily VAR at December 31 (1)	*2008*		*2007*	
In millions	*Year-end*	*Average*	*Year-end*	*Average*
Foreign exchange	$1	$4	$7	$5
Interest rate	$121	$93	$57	$44
Equity exposures, net of hedges	$24	$17	$15	$16
Commodities	$8	$17	$17	$11

(1) Using a 95 percent confidence level

The Company's daily VAR for the aggregate of trading and non-trading positions using the variance/covariance statistical model increased from a total VAR of $96 million at December 31, 2007 to a total of $154 million at December 31, 2008. The increase related primarily to an increase in the interest rate VAR from $57 million to $121 million, principally due to an increase in interest rate volatility.

In the first quarter of 2008, the Company changed its primary VAR methodology from a variance/covariance statistical model to a historical simulation model to more effectively capture co-movements in market rates across different instruments and market risk exposure categories. In the new historical simulation model, a 97.5 percent confidence level is used and the historical scenario period includes at least six months of historical data. The new historical simulation model resulted in a composite daily VAR of $158 million at December 31, 2008; the VAR calculated for the individual exposure categories was $1 million for foreign exchange exposure, $161 million for interest rate exposure, $24 million for equities exposure and $6 million for commodities exposure.

See Note H to the Consolidated Financial Statements for further disclosure regarding market risk.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control framework and processes are designed to provide reasonable assurance to management and the Board of Directors regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements; and
- provide reasonable assurance as to the detection of fraud.

Because of its inherent limitations, any system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements.

Management assessed the effectiveness of the Company's internal control over financial reporting and concluded that, as of December 31, 2008, such internal control is effective. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework*.

The Company's independent auditors, Deloitte & Touche LLP, with direct access to the Company's Board of Directors through its Audit Committee, have audited the consolidated financial statements prepared by the Company. Their report on the consolidated financial statements is included herein. Deloitte & Touche LLP's report on the Company's internal control over financial reporting is included in Part II, Item 9A. Controls and Procedures.

/s/ ANDREW N. LIVERIS
Andrew N. Liveris
President, Chief Executive Officer and
Chairman of the Board

/s/ GEOFFERY E. MERSZEI
Geoffery E. Merszei
Executive Vice President and Chief
Financial Officer

/s/ WILLIAM H. WEIDEMAN
William H. Weideman
Vice President and Controller

February 11, 2009

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of
The Dow Chemical Company:

We have audited the accompanying consolidated balance sheets of The Dow Chemical Company and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15 (a) 2. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Dow Chemical Company and subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note U to the consolidated financial statements, the Company is involved in litigation related to an agreement to acquire Rohm and Haas Company. The Company has disclosed that it is reasonably possible that the ultimate resolution of the litigation could have a material adverse impact on the Company's consolidated financial statements.

As discussed in Note A to the consolidated financial statements, effective December 31, 2006, the Company changed its method of accounting for defined benefit pension and other postretirement plans to conform to Statement of Financial Accounting Standards No. 158.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Midland, Michigan
February 17, 2009

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Income

(In millions, except per share amounts) For the years ended December 31	2008	2007	2006
Net Sales	$ 57,514	$ 53,513	$ 49,124
Cost of sales	52,019	46,400	41,526
Research and development expenses	1,310	1,305	1,164
Selling, general and administrative expenses	1,969	1,864	1,663
Amortization of intangibles	92	72	50
Goodwill impairment losses	239	-	-
Restructuring charges	839	578	591
Purchased in-process research and development charges	44	57	-
Acquisition-related expenses	49	-	-
Asbestos-related credit	54	-	177
Equity in earnings of nonconsolidated affiliates	787	1,122	959
Sundry income - net	89	324	137
Interest income	86	130	185
Interest expense and amortization of debt discount	648	584	616
Income before Income Taxes and Minority Interests	1,321	4,229	4,972
Provision for income taxes	667	1,244	1,155
Minority interests' share in income	75	98	93
Net Income Available for Common Stockholders	$ 579	$ 2,887	$ 3,724
Share Data			
Earnings per common share - basic	$ 0.62	$ 3.03	$ 3.87
Earnings per common share - diluted	$ 0.62	$ 2.99	$ 3.82
Common stock dividends declared per share of common stock	$ 1.68	$ 1.635	$ 1.50
Weighted-average common shares outstanding - basic	930.4	953.1	962.3
Weighted-average common shares outstanding - diluted	939.0	965.6	974.4

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Balance Sheets

(In millions, except share amounts) At December 31	2008	2007
Assets		
Current Assets		
Cash and cash equivalents	$ 2,800	$ 1,736
Marketable securities and interest-bearing deposits	-	1
Accounts and notes receivable:		
Trade (net of allowance for doubtful receivables - 2008: $124; 2007: $118)	3,782	5,944
Other	3,074	3,740
Inventories	6,036	6,885
Deferred income tax assets - current	368	348
Total current assets	16,060	18,654
Investments		
Investment in nonconsolidated affiliates	3,204	3,089
Other investments	2,245	2,489
Noncurrent receivables	276	385
Total investments	5,725	5,963
Property		
Property	48,391	47,708
Less accumulated depreciation	34,097	33,320
Net property	14,294	14,388
Other Assets		
Goodwill	3,394	3,572
Other intangible assets (net of accumulated amortization - 2008: $825; 2007: $721)	829	781
Deferred income tax assets - noncurrent	3,900	2,126
Asbestos-related insurance receivables - noncurrent	658	696
Deferred charges and other assets	614	2,621
Total other assets	9,395	9,796
Total Assets	$ 45,474	$ 48,801
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	$ 2,360	$ 1,548
Long-term debt due within one year	1,454	586
Accounts payable:		
Trade	3,306	4,555
Other	2,227	1,981
Income taxes payable	637	728
Deferred income tax liabilities - current	88	117
Dividends payable	411	418
Accrued and other current liabilities	2,625	2,512
Total current liabilities	13,108	12,445
Long-Term Debt	8,042	7,581
Other Noncurrent Liabilities		
Deferred income tax liabilities - noncurrent	746	854
Pension and other postretirement benefits - noncurrent	5,466	3,014
Asbestos-related liabilities - noncurrent	824	1,001
Other noncurrent obligations	3,208	3,103
Total other noncurrent liabilities	10,244	7,972
Minority Interest in Subsidiaries	69	414
Preferred Securities of Subsidiaries	500	1,000
Stockholders' Equity		
Common stock (authorized 1,500,000,000 shares of $2.50 par value each; issued 981,377,562 shares)	2,453	2,453
Additional paid-in capital	872	902
Retained earnings	17,013	18,004
Accumulated other comprehensive loss	(4,389)	(170)
Treasury stock at cost (2008: 57,031,291 shares; 2007: 41,011,018 shares)	(2,438)	(1,800)
Net stockholders' equity	13,511	19,389
Total Liabilities and Stockholders' Equity	$ 45,474	$ 48,801

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Cash Flows

(In millions) For the years ended December 31	2008	2007	2006
Operating Activities			
Net Income Available for Common Stockholders	$ 579	$ 2,887	$ 3,724
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,236	2,190	2,074
Purchased in-process research and development charges	44	57	-
Provision (Credit) for deferred income tax	(260)	494	104
Earnings of nonconsolidated affiliates less than (in excess of) dividends received	49	(348)	(343)
Minority interests' share in income	75	98	93
Pension contributions	(185)	(183)	(575)
Net loss (gain) on sales of investments	1	(143)	(19)
Net gain on sales of property, businesses and consolidated companies	(127)	(108)	(130)
Other net loss (gain)	15	(75)	(12)
Goodwill impairment losses	239	-	-
Restructuring charges	837	577	586
Asbestos-related credit	(54)	-	(177)
Excess tax benefits from share-based payment arrangements	(8)	(31)	(11)
Changes in assets and liabilities:			
Accounts and notes receivable	2,853	(1,002)	242
Inventories	812	(712)	(758)
Accounts payable	(1,062)	799	(129)
Other assets and liabilities	(1,333)	(16)	(515)
Cash provided by operating activities	4,711	4,484	4,154
Investing Activities			
Capital expenditures	(2,276)	(2,075)	(1,775)
Proceeds from sales of property, businesses and consolidated companies	318	211	296
Acquisitions of businesses	-	(143)	-
Purchases of previously leased assets	(63)	(30)	(208)
Investments in consolidated companies	(336)	(867)	(111)
Investments in nonconsolidated affiliates	(331)	(78)	(103)
Distributions from nonconsolidated affiliates	6	63	6
Proceeds from sales of ownership interests in nonconsolidated affiliates	-	30	10
Purchases of investments	(855)	(1,952)	(1,405)
Proceeds from sales and maturities of investments	800	1,983	1,383
Cash used in investing activities	(2,737)	(2,858)	(1,907)
Financing Activities			
Changes in short-term notes payable	825	1,220	23
Payments on long-term debt	(760)	(1,354)	(1,359)
Proceeds from issuance of long-term debt	1,453	21	-
Purchases of treasury stock	(898)	(1,462)	(739)
Proceeds from sales of common stock	72	379	223
Payment of deferred financing costs	(70)	-	-
Excess tax benefits from share-based payment arrangements	8	31	11
Distributions to minority interests	(45)	(51)	(57)
Dividends paid to stockholders	(1,563)	(1,512)	(1,404)
Cash used in financing activities	(978)	(2,728)	(3,302)
Effect of Exchange Rate Changes on Cash	68	81	6
Summary			
Increase (Decrease) in cash and cash equivalents	1,064	(1,021)	(1,049)
Cash and cash equivalents at beginning of year	1,736	2,757	3,806
Cash and cash equivalents at end of year	$ 2,800	$ 1,736	$ 2,757

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Stockholders' Equity

(In millions) For the years ended December 31	2008	2007	2006
Common Stock			
Balance at beginning and end of year	$ 2,453	$ 2,453	$ 2,453
Additional Paid-in Capital			
Balance at beginning of year	902	830	661
Stock-based compensation	(30)	72	169
Balance at end of year	872	902	830
Unearned ESOP Shares			
Balance at beginning of year	-	-	(1)
Shares allocated to ESOP participants	-	-	1
Balance at end of year	-	-	-
Retained Earnings			
Balance at beginning of year	18,004	16,987	14,719
Net income	579	2,887	3,724
Dividends declared on common stock (Per share: $1.68 in 2008, $1.635 in 2007 and $1.50 in 2006)	(1,556)	(1,548)	(1,438)
Other	(14)	(32)	(18)
Impact of the adoption of FIN No. 48	-	(290)	-
Balance at end of year	17,013	18,004	16,987
Accumulated Other Comprehensive Loss			
Unrealized Gains on Investments at beginning of year	71	42	11
Unrealized gains (losses)	(182)	29	31
Balance at end of year	(111)	71	42
Cumulative Translation Adjustments at beginning of year	723	(12)	(663)
Translation adjustments	(502)	735	651
Balance at end of year	221	723	(12)
Minimum Pension Liability at beginning of year	-	-	(1,312)
Adjustments	-	-	1,147
Balance at end of year, prior to Dec. 31, 2006 adoption of SFAS No. 158	-	-	(165)
Reversal of Minimum Pension Liability under SFAS No. 158	-	-	165
Recognition of prior service cost and net loss under SFAS No. 158	-	-	(2,192)
Pension and Other Postretirement Benefit Plans at beginning of year	(989)	(2,192)	-
Net prior service (cost) credit	16	(74)	-
Net gain (loss)	(3,278)	1,277	-
Pension and Other Postretirement Benefit Plans at end of year	(4,251)	(989)	(2,192)
Accumulated Derivative Gain (Loss) at beginning of year	25	(73)	15
Net hedging results	(452)	20	(127)
Reclassification to earnings	179	78	39
Balance at end of year	(248)	25	(73)
Total accumulated other comprehensive loss	(4,389)	(170)	(2,235)
Treasury Stock			
Balance at beginning of year	(1,800)	(970)	(559)
Purchases	(898)	(1,455)	(746)
Issuance to employees and employee plans	260	625	335
Balance at end of year	(2,438)	(1,800)	(970)
Net Stockholders' Equity	$ 13,511	$ 19,389	$ 17,065

See Notes to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries
Consolidated Statements of Comprehensive Income

(In millions) For the years ended December 31	2008	2007	2006
Net Income Available for Common Stockholders	$ 579	$ 2,887	$ 3,724
Other Comprehensive Income (Loss), Net of Tax (tax amounts shown below for 2008, 2007, 2006)			
Unrealized gains (losses) on investments:			
Unrealized holding gains (losses) during the period (net of tax of $(70), $42, $30)	(158)	70	61
Less: Reclassification adjustments for net amounts included in net income (net of tax of $(13), $(22), $(16))	(24)	(41)	(30)
Cumulative translation adjustments (net of tax of $(22), $5, $(39))	(502)	735	651
Minimum pension liability adjustments (net of tax of $ -, $ -, $657)	-	-	1,147
Defined benefit pension plans:			
Prior service cost arising during period (net of tax of $ -, $(53))	(4)	(88)	-
Net gain (loss) arising during period (net of tax of $(1,561), $630)	(3,307)	1,150	-
Less: Amortization of prior service cost included in net periodic pension costs (net of tax of $8, $5)	20	14	-
Less: Amortization of net loss included in net periodic pension costs (net of tax of $13, $67)	29	127	-
Net gains (losses) on cash flow hedging derivative instruments (net of tax of $(49), $14, $(39))	(273)	98	(88)
Total other comprehensive income (loss)	(4,219)	2,065	1,741
Comprehensive Income (Loss)	$ (3,640)	$ 4,952	$ 5,465

See Notes to the Consolidated Financial Statements.

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation
The accompanying consolidated financial statements of The Dow Chemical Company and its subsidiaries ("Dow" or the "Company") were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the assets, liabilities, revenues and expenses of all majority-owned subsidiaries over which the Company exercises control and, when applicable, entities for which the Company has a controlling financial interest or is the primary beneficiary. Intercompany transactions and balances are eliminated in consolidation. Investments in nonconsolidated affiliates (20-50 percent owned companies, joint ventures and partnerships) are accounted for on the equity basis.

Use of Estimates in Financial Statement Preparation
The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company's consolidated financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

Foreign Currency Translation
The local currency has been primarily used as the functional currency throughout the world. Translation gains and losses of those operations that use local currency as the functional currency are included in the consolidated balance sheets in "Accumulated other comprehensive income (loss)" ("AOCI"). Where the U.S. dollar is used as the functional currency, foreign currency gains and losses are reflected in income.

Environmental Matters
Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies. These accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. Accruals for environmental liabilities are included in the consolidated balance sheets in "Other noncurrent obligations" at undiscounted amounts. Accruals for related insurance or other third-party recoveries for environmental liabilities are recorded when it is probable that a recovery will be realized and are included in the consolidated balance sheets as "Accounts and notes receivable - Other."

Environmental costs are capitalized if the costs extend the life of the property, increase its capacity, and/or mitigate or prevent contamination from future operations. Environmental costs are also capitalized in recognition of legal asset retirement obligations resulting from the acquisition, construction and/or normal operation of a long-lived asset. Costs related to environmental contamination treatment and cleanup are charged to expense. Estimated future incremental operations, maintenance and management costs directly related to remediation are accrued when such costs are probable and reasonably estimable.

Cash and Cash Equivalents
Cash and cash equivalents include time deposits and readily marketable securities with original maturities of three months or less.

Financial Instruments
The Company calculates the fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available for various types of financial instruments (such as forwards, options and swaps), the Company uses standard pricing models with market-based inputs, which take into account the present value of estimated future cash flows.

The Company utilizes derivative instruments to manage exposures to currency exchange rates, commodity prices and interest rate risk. The fair values of all derivative instruments are recognized as assets or liabilities at the balance sheet date. Changes in the fair value of these instruments are reported in income or AOCI, depending on the use of the derivative and whether it qualifies for hedge accounting treatment under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted.

Gains and losses on derivative instruments that qualify as cash flow hedges are recorded in AOCI, to the extent the hedges are effective, until the underlying transactions are recognized in income. To the extent effective, gains and losses on derivative and nonderivative instruments used as hedges of the Company's net investment in foreign operations are recorded in AOCI as part of the cumulative translation adjustment. The ineffective portions of cash flow hedges and hedges of net investment in foreign operations, if any, are recognized in income immediately.

Gains and losses on derivative instruments designated and qualifying as fair value hedging instruments, as well as the offsetting losses and gains on the hedged items, are reported in income in the same accounting period. Derivative instruments not designated as hedges are marked-to-market at the end of each accounting period with the results included in income.

Inventories
Inventories are stated at the lower of cost or market. The method of determining cost for each subsidiary varies among last-in, first-out ("LIFO"); first-in, first-out ("FIFO"); and average cost, and is used consistently from year to year.

Property
Land, buildings and equipment, including property under capital lease agreements, are carried at cost less accumulated depreciation. Depreciation is based on the estimated service lives of depreciable assets and is calculated using the straight-line method. For most assets capitalized through 1996, the declining balance method was used. Fully depreciated assets are retained in property and accumulated depreciation accounts until they are removed from service. In the case of disposals, assets and related accumulated depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

Impairment and Disposal of Long-Lived Assets
The Company evaluates long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted future cash flows are not expected to be sufficient to recover an asset's carrying amount, the asset is written down to its fair value. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Long-lived assets to be disposed of by sale are classified as held for sale and are reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased.

NOTE A – Summary of Significant Accounting Policies and Recent Accounting Pronouncements – Continued

Asset Retirement Obligations
The Company records asset retirement obligations as incurred and reasonably estimable, including obligations for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. The fair values of obligations are recorded as liabilities on a discounted basis and are accreted over time for the change in present value. Costs associated with the liabilities are capitalized and amortized over the estimated remaining useful life of the asset, generally for periods of 10 years or less.

Investments
Investments in debt and marketable equity securities, including warrants, are classified as trading, available-for-sale, or held-to-maturity. Investments classified as trading are reported at fair value with unrealized gains and losses included in income. Those classified as available-for-sale are reported at fair value with unrealized gains and losses recorded in AOCI. Those classified as held-to-maturity are recorded at amortized cost. The cost of investments sold is determined by specific identification. The Company routinely reviews available-for-sale securities for other-than-temporary declines in fair value below the cost basis, and when events or changes in circumstances indicate the carrying value of an asset may not be recoverable, the security is written down to fair value.

The excess of the cost of investments in subsidiaries over the values assigned to assets and liabilities is shown as goodwill and is subject to the impairment provisions of SFAS No. 142, "Goodwill and Other Intangible Assets." Absent any impairment indicators, recorded goodwill is tested annually for impairment by comparing the fair value of each reporting unit, determined using a discounted cash flow method, with its carrying value.

Revenue
Sales are recognized when the revenue is realized or realizable, and has been earned. Approximately 98 percent of the Company's sales are related to sales of product. The remaining 2 percent are related to the Company's service offerings, insurance operations, and licensing of patents and technology. Revenue for product sales is recognized as risk and title to the product transfer to the customer, which usually occurs at the time shipment is made. Substantially all of the Company's products are sold FOB (free on board) shipping point or, with respect to countries other than the United States, an equivalent basis. As such, title to the product passes when the product is delivered to the freight carrier. Dow's standard terms of delivery are included in its contracts of sale, order confirmation documents and invoices. Freight costs and any directly related associated costs of transporting finished product to customers are recorded as "Cost of sales."

The Company's primary service offerings are in the form of contract manufacturing services and services associated with Dow AgroSciences' termite solution, SENTRICON™ Termite Colony Elimination System. Revenue associated with these service offerings is recognized when services are rendered, according to contractual agreements.

Revenue related to the Company's insurance operations includes third-party insurance premiums, which are earned over the terms of the related insurance policies and reinsurance contracts. Revenue related to the initial licensing of patents and technology is recognized when earned; revenue related to running royalties is recognized according to licensee production levels.

Legal Costs
The Company expenses legal costs, including those legal costs expected to be incurred in connection with a loss contingency, as incurred.

Severance Costs
The Company routinely reviews its operations around the world in an effort to ensure competitiveness across its businesses and geographic areas. When the reviews result in a workforce reduction related to the shutdown of facilities or other optimization activities, severance benefits are provided to employees primarily under Dow's ongoing benefit arrangements. These severance costs are accrued (under SFAS No. 112, "Employers' Accounting for Postemployment Benefits – an amendment of FASB Statements No. 5 and 43") once management commits to a plan of termination including the number of employees to be terminated, their job classifications or functions, their locations and the expected completion date.

Income Taxes
The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities using enacted rates.

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examinations of prior year tax returns; however, the amount ultimately paid upon resolution of issues raised may differ from the amounts accrued.

The Company recognizes the financial statement effects of an uncertain income tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company accrues for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. The current portion of uncertain income tax positions is included in "Income taxes payable" and the long-term portion is included in "Other noncurrent obligations" in the consolidated balance sheets.

Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested.

Earnings per Common Share

The calculation of earnings per common share is based on the weighted-average number of the Company's common shares outstanding for the applicable period. The calculation of diluted earnings per common share reflects the effect of all potential dilutive common shares that were outstanding during the respective periods, unless the effect of doing so is antidilutive.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes," which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 was effective for fiscal years beginning after December 15, 2006. On January 1, 2007, the Company adopted the provisions of FIN No. 48. The cumulative effect of adoption was a $290 million reduction of retained earnings. See Note S for further information on income taxes.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)." The Statement, which was effective December 31, 2006 for the Company, requires employers to recognize the funded status of defined benefit postretirement plans as an asset or liability on the balance sheet and to recognize changes in that funded status through comprehensive income. See Note M for further information on pension plans and other postretirement benefits.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements and was effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position ("FSP") FAS No. 157-2, which delayed the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008. On January 1, 2008, the Company adopted the portion of SFAS No. 157 that was not delayed, and since the Company's existing fair value measurements are consistent with the guidance of the Statement, the partial adoption of the Statement did not have a material impact on the Company's consolidated financial statements. Since the Company's existing fair value measurements for pension assets are also consistent with the guidance of the Statement, the adoption of the Statement for pension and postretirement plans at the December 31, 2008 measurement date did not have a material impact on the Company's consolidated financial statements. In accordance with FSP FAS No. 157-2, the provisions of SFAS No. 157 were not applied to the long-lived asset impairments described in Note B or to the goodwill impairments described in Note G. The Company does not expect the adoption of the Statement for nonfinancial assets and nonfinancial liabilities on January 1, 2009 to have a material impact on the Company's consolidated financial statements. See Note I for expanded disclosures about fair value measurements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of SFAS No. 133." The Statement requires enhanced disclosures about an entity's derivative and hedging activities. The Statement is effective for fiscal years and interim periods beginning after November 15, 2008, which is January 1, 2009 for the Company; early adoption is encouraged. The Company's enhanced disclosures are included in Note H.

In September 2008, the FASB issued FSP FAS No. 133-1 and FIN No. 45-4, "Disclosures About Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161." The FSP amends and enhances the disclosure requirements for sellers of credit derivatives (including hybrid instruments that have embedded credit derivatives) and financial guarantees. The FSP was effective for reporting periods ending after November 15, 2008. The Company currently does not hold any of these instruments, thus the FSP did not have an impact on the disclosures in the Company's consolidated financial statements at December 31, 2008.

NOTE A – Summary of Significant Accounting Policies and Recent Accounting Pronouncements – Continued

In October 2008, the FASB issued FSP FAS No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active." The FSP clarifies the application of SFAS No. 157, "Fair Value Measurements," when the market for a financial asset is not active. The FSP was effective upon issuance, including reporting for prior periods for which financial statements had not been issued. The adoption of the FSP did not have a material impact on the Company's consolidated financial statements. See Note I for further information on fair value measurements.

In December 2008, the FASB issued FSP FAS No. 140-4 and FIN No. 46R-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities." The FSP, which is effective in the first reporting period ending after December 15, 2008, requires additional disclosures concerning transfers of financial assets. The FSP also requires additional disclosures concerning an enterprise's involvement with variable interest entities and qualifying special purpose entities under certain conditions, none of which apply to the Company. The Company's required disclosures concerning transfers of financial assets are included in Note J.

In January 2009, the FASB issued FSP Emerging Issues Task Force ("EITF") Issue No. 99-20-1, "Amendments to the Impairment Guidance of EITF Issue No. 99-20." The FSP provides clarification on other-than-temporary impairment assessments for securitized assets within the scope of EITF Issue No. 99-20, "Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets." The FSP is effective in the first reporting period ending after December 15, 2008. The implementation of the EITF did not have a material impact on the Company's consolidated financial statements.

Accounting Standards Issued But Not Yet Adopted

In December 2007, the FASB revised SFAS No. 141, "Business Combinations" ("SFAS No. 141R"), to establish revised principles and requirements for how entities will recognize and measure assets and liabilities acquired in a business combination. The Statement is effective for business combinations completed on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company will apply the guidance of the Statement to business combinations completed on or after January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." The Statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The Statement is effective for annual reporting periods beginning on or after December 15, 2008. The Company does not expect the adoption of the Statement on January 1, 2009 to have a material impact on the Company's consolidated financial statements. The Company will incorporate presentation and disclosure requirements outlined by SFAS No. 160 in the Company's Quarterly Report on Form 10-Q for the period ending March 31, 2009.

In April 2008, the FASB issued FSP FAS No. 142-3, "Determination of the Useful Life of Intangible Assets." The FSP amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS No. 142, "Goodwill and Other Intangible Assets." The FSP must be applied prospectively to intangible assets acquired in fiscal years beginning after December 15, 2008. The Company will apply the guidance of the FSP to intangible assets acquired on or after January 1, 2009.

In May 2008, the FASB issued FSP Accounting Principles Board ("APB") Opinion No. 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." The FSP applies to convertible debt securities that, upon conversion, may be settled by the issuer fully or partially in cash. The FSP, which is effective January 1, 2009 for the Company, is to be applied retrospectively to all past periods presented. The Company has not issued convertible debt securities; therefore, the FSP is not anticipated to have an impact on the Company's consolidated financial statements.

In June 2008, the FASB issued FSP EITF Issue No. 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." The FSP addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. The FSP affects entities that accrue dividends on share-based payment awards during the awards' service period when the dividends do not need to be returned if the employees forfeit the award. This FSP is effective for fiscal years beginning after December 15, 2008, which is January 1, 2009 for the Company. The Company does not have share-based payment awards that contain rights to nonforfeitable dividends, thus this FSP is not anticipated to have an impact on the Company's consolidated financial statements.

In September 2008, the FASB ratified the consensus reached by the EITF with respect to EITF Issue No. 08-5, "Issuer's Accounting for Liabilities Measured at Fair Value With a Third-Party Credit Enhancement." The Issue, which is effective in the first reporting period beginning on or after December 15, 2008, instructs issuers of a liability with a third-party credit enhancement that is inseparable from the liability to treat the liability and the credit enhancement as two units of accounting, and provide related disclosures. The Company does not carry any liabilities with inseparable third-party credit enhancements, thus the Issue is not anticipated to have an impact on the Company's consolidated financial statements.

In November 2008, the FASB ratified the consensus reached by the EITF with respect to EITF Issue No. 08-6, "Equity Method Investment Considerations." The Issue is effective in the first reporting period beginning on or after December 15, 2008, which is January 1, 2009 for the Company. The Issue addresses accounting for certain transactions and impairment considerations involving equity method investments, in light of SFAS No. 141R and SFAS No. 160. The Company will apply the guidance of the Issue to equity method investments acquired on or after January 1, 2009.

In November 2008, the FASB ratified the consensus reached by the EITF with respect to EITF Issue No. 08-7, "Accounting For Defensive Intangible Assets." The Issue, which is effective in the first annual reporting period beginning on or after December 15, 2008, which is January 1, 2009 for the Company, applies to acquired intangible assets, except for intangible assets used in research and development activities, that are not intended for active use, but rather will be held to prevent others from obtaining access to the asset. The Issue requires such assets to be treated as separate units of accounting and provides guidance on determining the useful life of such assets. The Company will apply the guidance of the Issue to defensive intangible assets acquired on or after January 1, 2009.

In November 2008, the FASB ratified the consensus reached by the EITF with respect to EITF Issue No. 08-8, "Accounting for an Instrument (or an Embedded Feature) With a Settlement Amount That Is Based on the Stock of an Entity's Consolidated Subsidiary." The Issue is effective in the first reporting period beginning on or after December 15, 2008, which is January 1, 2009 for the Company. The Company does not have instruments of this nature, thus the Issue is not anticipated to have an impact on the Company's consolidated financial statements.

In December 2008, the FASB issued FSP FAS No. 132R-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." The FSP requires new disclosures on investment policies and strategies, categories of plan assets, fair value measurements of plan assets, and significant concentrations of risk, and is effective for fiscal years ending after December 15, 2009, with earlier application permitted. The provisions of the FSP are not required for earlier periods that are presented for comparative purposes.

NOTE B – RESTRUCTURING

2008 Restructuring

On December 5, 2008, the Company's Board of Directors approved a restructuring plan as part of a series of actions to advance the Company's strategy and respond to the recent, severe economic downturn. The restructuring plan includes the shutdown of a number of facilities and a global workforce reduction, which are targeted to be completed by the end of 2010. As a result of the shutdowns and global workforce reduction, the Company recorded pretax restructuring charges of $785 million in the fourth quarter of 2008. The charges consisted of asset write-downs and write-offs of $336 million, costs associated with exit or disposal activities of $128 million and severance costs of $321 million. The impact of the charges is shown as "Restructuring charges" in the consolidated statements of income and was reflected in the Company's segment results as shown in the following table, which also reflects adjustments made in 2008 to the 2007 and 2006 restructuring charges, as discussed in the sections titled "2007 Restructuring" and "2006 Restructuring:"

2008 Restructuring Charges by Operating Segment

In millions	*Impairment of Long-Lived Assets and Other Assets*	*Costs associated with Exit or Disposal Activities*	*Severance Costs*	*Total*
Performance Plastics	$108	$ 1	-	$109
Performance Chemicals	23	1	-	24
Basic Plastics	96	2	-	98
Basic Chemicals	86	20	-	106
Hydrocarbons and Energy	15	3	-	18
Unallocated and Other	8	101	$321	430
Total 2008 restructuring charges	$336	$128	$321	$785
Adjustments to 2007 restructuring:				
Performance Plastics	-	2	-	2
Agricultural Sciences	-	3	-	3
Basic Plastics	30	20	-	50
Unallocated and Other	-	5	-	5
Adjustments to 2006 restructuring:				
Basic Chemicals	-	(3)	-	(3)
Unallocated and Other	-	-	(3)	(3)
Net 2008 restructuring charges	$366	$155	$318	$839

NOTE B – Restructuring – Continued

Details regarding the components of the 2008 restructuring charges are discussed below:

Impairment of Long-Lived Assets and Other Assets
The restructuring charges related to the write-down or write-off of assets in 2008 totaled $336 million and included the impact of plant closures and impairments of $288 million. The most significant write-downs were related to Dow's facilities located in Oyster Creek, Freeport, Seadrift and Texas City, Texas; Pittsburg, California; Terneuzen, The Netherlands; Varennes, Quebec, Canada; Plaquemine, Louisiana; Aratu, Brazil; King's Lynn and Wilton, England; assets related to the pending sale of the automotive sealants business in Europe; and project investment costs related to a potential joint venture in Oman. Details regarding these write-downs or write-offs are as follows:

- Due to the recent, severe economic downturn, the Company decided in the fourth quarter of 2008 to shut down a number of facilities, including the following:
  - Chlor-alkali manufacturing facility in Oyster Creek, Texas. A $31 million write-off of the net book value of the related buildings, machinery and equipment against the Basic Chemicals segment was recorded in the fourth quarter of 2008. This facility will be shut down in the first quarter of 2009.
  - Styrene and styrene derivatives manufacturing facilities principally in Freeport, Texas; Pittsburg, California; Terneuzen, The Netherlands; King's Lynn, England, and Varennes, Canada. A $37 million write-off of the net book value of the related buildings, machinery and equipment against the Hydrocarbons and Energy ($14 million), Basic Plastics ($6 million), Performance Chemicals ($10 million) and Performance Plastics ($2 million) segments, as well as Unallocated and Other ($5 million) was recorded in the fourth quarter of 2008. The facilities will be shut down by the end of 2009.
  - Facilities that manufacture NORDEL™ hydrocarbon rubber in Seadrift, Texas, and TYRIN™ chlorinated polyethylene in Plaquemine, Louisiana. A $36 million write-down of the net book value of the related buildings, machinery and equipment against the Performance Plastics segment was recorded in the fourth quarter of 2008. Both facilities will close in the first quarter of 2009.
  - Solution vinyl resin manufacturing facilities in Texas City, Texas. A $26 million write-down of the net book value of the related buildings, machinery and equipment against the Performance Plastics segment was recorded in the fourth quarter of 2008. This plant will be shut down in the third quarter of 2009.
  - Perchloroethylene/carbon tetrachloride manufacturing facility in Aratu, Brazil. An $11 million write-off of the net book value of the related buildings, machinery and equipment against the Basic Chemicals segment was recorded in the fourth quarter of 2008. This facility will be shut down by the end of 2009.
  - In addition to the locations described above, the restructuring charges for plant closures included $26 million related to the shutdown of several small production facilities.
- The Company decided in the fourth quarter to pursue strategic alternatives regarding its Wilton, England, ethylene oxide/ethylene glycol ("EO/EG") plant. Based on the results of asset impairment testing, an impairment charge of $30 million against the Basic Chemicals segment was recorded in the fourth quarter of 2008.
- Due to an expected loss on the pending sale of the automotive sealants business in Europe, an impairment charge of $8 million against the Performance Plastics segment was recorded in the fourth quarter of 2008.
- Due to a change in scope, the Company's investment (primarily engineering costs) in a project to form a joint venture to design, build and operate a petrochemical complex in Oman was written down. An $83 million write-down of the project-related spending against the Basic Plastics segment was recorded in the fourth quarter of 2008.

The restructuring charges in the fourth quarter of 2008 also included the write-off of capital project spending ($13 million); spare parts ($9 million); catalysts ($6 million) associated with plant closures; other assets ($5 million); as well as a loss on the sale of inventory ($15 million) associated with the divestiture of the automotive sealants business in Europe. These write-offs were related to the businesses involved in the shutdown of assets and were therefore reflected in the results of various operating segments.

Costs Associated with Exit or Disposal Activities
The restructuring charges for costs associated with exit or disposal activities totaled $128 million in 2008 and included pension curtailment costs and termination benefits of $88 million reflected in Unallocated and Other; and environmental remediation and asbestos abatement of $40 million primarily impacting Basic Chemicals and Unallocated and Other.

Severance Costs
As a result of the Company's decision to shut down assets around the world and implement a global workforce reduction, the restructuring charges included severance of $321 million for the separation of approximately 3,000 employees under the terms of Dow's ongoing benefit arrangements, primarily over the next two years. These costs were charged against Unallocated and Other. At December 31, 2008, severance of approximately $2 million had been paid to 35 employees and a liability of $319 million remained for approximately 2,965 employees.

The following table summarizes the activities related to the Company's restructuring reserve:

2008 Restructuring Activities In millions	*Impairment of Long-Lived Assets and Other Assets*	*Costs associated with Exit or Disposal Activities*	*Severance Costs*	*Total*
Restructuring charges recognized in the fourth quarter of 2008	$ 336	$128	$321	$ 785
Cash payments	-	-	(2)	(2)
Charges against reserve	(336)	-	-	(336)
Reserve balance at December 31, 2008	-	$128	$319	$ 447

Dow expects to incur future costs related to its restructuring activities, as the Company continually looks for ways to enhance the efficiency and cost effectiveness of its operations, and to ensure competitiveness across its businesses and across geographic areas. Future costs are expected to include demolition costs related to the closed facilities, which will be recognized as incurred. The Company also expects to incur additional employee-related costs, including involuntary termination benefits, related to its other optimization activities, and pension plan settlement costs. These costs cannot be reasonably estimated at this time.

2007 Restructuring
On December 3, 2007, the Company's Board of Directors approved a restructuring plan that included the shutdown of a number of assets and organizational changes within targeted support functions to improve the efficiency and cost effectiveness of the Company's global operations. As a result of these shutdowns and organizational changes, which are scheduled to be completed by the end of 2009, the Company recorded pretax restructuring charges totaling $590 million in the fourth quarter of 2007. The charges consisted of asset write-downs and write-offs of $422 million, costs associated with exit or disposal activities of $82 million and severance costs of $86 million. The impact of the charges is shown as "Restructuring charges" in the consolidated statements of income and was reflected in the Company's segment results as shown in the following table, which also reflects adjustments made in 2007 to the 2006 restructuring charges, as discussed in the section titled "2006 Restructuring:"

2007 Restructuring Charges by Operating Segment In millions	*Impairment of Long-Lived Assets, Other Intangible Assets and Equity Investments*	*Costs associated with Exit or Disposal Activities*	*Severance Costs*	*Total*
Performance Plastics	$153	$31	-	$184
Performance Chemicals	81	4	-	85
Agricultural Sciences	58	19	-	77
Basic Plastics	88	-	-	88
Basic Chemicals	7	-	-	7
Hydrocarbons and Energy	31	13	-	44
Unallocated and Other	4	15	$86	105
Total 2007 restructuring charges	$422	$82	$86	$590
Adjustments to 2006 restructuring:				
Performance Plastics	-	(4)	-	(4)
Unallocated and Other	-	-	(8)	(8)
Net 2007 restructuring charges	$422	$78	$78	$578

NOTE B – Restructuring – Continued

Details regarding the components of the 2007 restructuring charges are discussed below:

Impairment of Long-Lived Assets, Other Intangible Assets and Equity Investments
The restructuring charges related to the write-down or write-off of assets and equity investments in 2007 totaled $422 million and included the impact of plant closures and impairments of $273 million. The most significant plant write-downs affected Dow's facilities located in Lauterbourg, France; Camaçari, Brazil; Aratu, Brazil; Tarragona, Spain; Hahnville, Louisiana; and Berre, France; and assets related to the exit of the automotive sealants business in North America, Latin America and Asia Pacific. Details regarding these write-downs are as follows:

- Due to overcapacity within the industry, a disadvantaged cost position, and increasing pressure from generic suppliers, the Company launched an information/consultation process with local employee representatives on a closure project in the fourth quarter of 2007 and recorded an asset impairment charge related to its agricultural products manufacturing site located in Lauterbourg, France; upon completion of the information/consultation process, the plant was shut down in the fourth quarter of 2008. A $44 million write-down of the net book value of the related buildings, machinery and equipment against the Agricultural Sciences segment was recorded in the fourth quarter of 2007.
- The Company evaluated the economic and financial feasibility of its styrene plant in Camaçari, Brazil, and due to raw material competitiveness, the age of the facility, as well as the ready availability of styrene within the global marketplace, the Company idled the facility in the fourth quarter of 2007 and recorded a $14 million write-down of the net book value of the related buildings, machinery and equipment against the Hydrocarbons and Energy segment.
- The Company closed its hydroxyethyl cellulose manufacturing facility located in Aratu, Brazil, in the first quarter of 2008, due to a number of factors, including capacity limitations, high structural and raw material costs, and older technology. A $12 million write-down of the net book value of the related buildings, machinery and equipment was recorded against the Performance Chemicals segment in the fourth quarter of 2007.
- The Company determined that the operating costs of its fiber solution manufacturing plant in Tarragona, Spain, cannot be sustained. The Company is evaluating more economically viable alternative manufacturing options. As a result, the Company recorded a $29 million impairment write-down of the net book value of the related buildings, machinery and equipment against the Performance Plastics segment in the fourth quarter of 2007.
- Due to a number of factors, including the inability to secure an economically sustainable source of propylene and the use of older technologies at the plant, Union Carbide decided in the fourth quarter of 2007 to shut down its polypropylene facility at St. Charles Operations in Hahnville, Louisiana. As a result of the shutdown, a $23 million write-down of the net book value of the related buildings, machinery and equipment was recorded against the Basic Plastics segment in the fourth quarter of 2007. The plant was shut down in the first quarter of 2008.
- The Company determined that it would not be possible to renegotiate an economically viable contract manufacturing agreement to continue the operations of the rubber plant located in Berre, France. A $27 million impairment write-down of the net book value of the related buildings, machinery and equipment was recorded against the Performance Plastics segment in the fourth quarter of 2007. The plant was shut down in the second quarter of 2008.
- The Company assessed the long-term profitability of its participation in the automotive sealants business and determined that the projected results are inconsistent with the financial performance expected of a market-facing business. As a result, in the fourth quarter of 2007, the Company made the decision to exit the automotive sealants business in North America, Asia Pacific and Latin America by mid-2009; the business explored strategic options within Europe and decided in the fourth quarter of 2008 to divest the automotive sealants business within Europe. A $58 million write-down of the net book value of the related buildings, machinery and equipment against the Performance Plastics segment was recorded in the fourth quarter of 2007.

In addition to the write-downs described above, the restructuring charges for plant closures included $66 million related to the shutdown of several small production facilities and the closure of certain storage wells in Canada.

The restructuring charges in the fourth quarter of 2007 also included the write-down of investments in nonconsolidated affiliates of $99 million. The most significant write-downs were related to the Company's investment in Pétromont and Company, Limited Partnership ("Pétromont") and Dow Reichhold Specialty Latex LLC. Details regarding these write-downs are as follows:

- Due to an unfavorable financial outlook, reflecting significant long-term economic challenges, the Company determined in the fourth quarter of 2007 that its equity investment in Pétromont, a 50 percent owned company, was other-than-temporarily impaired and recorded a $46 million write-down of its interest in Pétromont against the Basic Plastics segment. In the fourth quarter of 2008, the joint venture announced the permanent shutdown of its operations. As a result of this announcement, the Company recorded an additional charge of $50 million in the fourth quarter of 2008.

- Due to the loss of a significant portion of business and the lack of replacement business opportunities, the Company determined its equity investment in Dow Reichold Specialty Latex LLC, a 50:50 joint venture to be other-than-temporarily impaired and recorded a $42 million write-down of its interest in Dow Reichhold Specialty Latex LLC against the Performance Chemicals segment in the fourth quarter of 2007. An agreement was reached in the third quarter of 2008 to end the Company's involvement in the joint venture.

In addition to the write-downs described above, the restructuring charges for investments in nonconsolidated affiliates included $11 million related to the dissolution of two smaller joint ventures.

The restructuring charges in the fourth quarter of 2007 also included the write-off of capital project spending ($37 million), and trademarks and patents ($2 million) which the Company determined to be of no further value; as well as spare parts and catalysts ($11 million) associated with the plant closures. These write-offs were principally related to the businesses involved in the shutdown of assets and were therefore reflected in the results of various operating segments.

Costs Associated with Exit or Disposal Activities

The restructuring charges for costs associated with exit or disposal activities totaled $82 million in 2007 and included contract termination fees of $53 million, pension curtailment costs and termination benefits of $15 million, environmental remediation of $7 million and $7 million of other related costs. In the fourth quarter of 2008, an additional $5 million was recorded for environmental remediation and reflected in Unallocated and Other.

Contract termination fees of $53 million represented the Company's best estimate of the fair value to negotiate the settlement of the early cancellation of several service and supply agreements principally related to the shutdown of manufacturing assets within the Performance Plastics and Agricultural Sciences segments. In the fourth quarter of 2008, based on negotiated settlements related to contract termination fees, the contract termination fees associated with the 2007 restructuring charge were increased $5 million and reflected in the Performance Plastics ($2 million) and Agricultural Sciences ($3 million) segments.

Severance Costs

As a result of the Company's decision to shut down assets around the world, and complete other workforce optimization activities, the restructuring charges recorded in 2007 included severance of $86 million for the separation of approximately 978 employees under the terms of Dow's ongoing benefit arrangements, primarily over two years. These costs were charged against Unallocated and Other. At December 31, 2007, severance of approximately $1 million had been paid to 12 employees and a liability of $85 million remained for approximately 966 employees. During 2008, severance of $47 million was paid to 439 employees, bringing the total payments against the program to $48 million paid to 451 employees. At December 31, 2008, a liability of $37 million (including foreign currency impact) remained for approximately 527 employees.

The following table summarizes the activities related to the Company's restructuring reserve:

2007 Restructuring Activities In millions	*Impairment of Long-Lived Assets, Other Intangible Assets and Equity Investments*	*Costs associated with Exit or Disposal Activities*	*Severance Costs*	*Total*
Restructuring charges recognized in the fourth quarter of 2007	$ 422	$82	$ 86	$ 590
Cash payments	-	-	(1)	(1)
Charges against reserve	(422)	(3)	-	(425)
Reserve balance at December 31, 2007	-	$79	$ 85	$ 164
Adjustments to reserve	$ 30	30	-	60
Cash payments	-	(7)	(47)	(54)
Charges against reserve	(30)	-	-	(30)
Foreign currency impact	-	(9)	(1)	(10)
Reserve balance at December 31, 2008	-	$93	$ 37	$ 130

NOTE B – Restructuring – Continued

2006 Restructuring

On August 29, 2006, the Company's Board of Directors approved a plan to shut down a number of assets around the world as the Company continued its drive to improve the competitiveness of its global operations. As a consequence of these shutdowns, which are scheduled to be completed by the end of the first quarter of 2009, and other optimization activities, the Company recorded pretax restructuring charges totaling $591 million in 2006. The charges consisted of asset write-downs and write-offs of $346 million, costs associated with exit or disposal activities of $172 million and severance costs of $73 million. The impact of the charges is shown as "Restructuring charges" in the consolidated statements of income and was reflected in the Company's segment results as follows:

2006 Restructuring Charges by Operating Segment

In millions	*Impairment of Long-Lived Assets and Other Intangible Assets*	*Costs associated with Exit or Disposal Activities*	*Severance Costs*	*Total*
Performance Plastics	$174	$ 68	-	$242
Performance Chemicals	10	2	-	12
Basic Plastics	15	1	-	16
Basic Chemicals	129	55	-	184
Unallocated and Other	18	46	$73	137
Total	$346	$172	$73	$591

Details regarding the components of the restructuring charges are discussed below:

Impairment of Long-Lived Assets and Other Intangible Assets

The restructuring charges related to the write-down or write-off of assets in 2006 totaled $346 million and included the impact of plant closures of $269 million. The most significant plant closures affected Dow's facilities in Porto Marghera, Italy, and Fort Saskatchewan, Alberta, and Sarnia, Ontario, Canada. Details regarding these shutdowns are as follows:

- In Porto Marghera, Italy, the Company's toluene diisocyanate ("TDI") plant was shut down for planned maintenance in early August 2006. Business fundamentals in the TDI business were weak due to excess global capacity. As a result, the Company decided to permanently close the facility at the end of August, resulting in a $115 million write-down of the net book value of the related buildings, machinery and equipment against the Performance Plastics segment in the third quarter of 2006.
- Substantial capital costs would be required to address efficiency issues at the Company's chlor-alkali and direct chlorination ethylene dichloride plants in Fort Saskatchewan, Canada. Based on an analysis of the discounted future cash flows, management determined that an investment in these facilities could not be justified. As a result, the Company shut down the facilities at the end of October 2006, resulting in a $74 million write-down of the net book value of the related buildings, machinery and equipment against the Basic Chemicals segment in the third quarter of 2006.
- Assessments by the businesses located in Sarnia, Canada, were triggered by the suspension of ethylene shipments through the Cochin Pipeline, a subsidiary of BP Canada Energy Resources Company, due to safety concerns. The assessments highlighted a variety of issues related to the effectiveness, efficiency and long-term sustainability of the Sarnia-based assets. Based on these assessments, the Company decided to cease all production activity at the Sarnia site by the end of the first quarter of 2009 as follows:
  - The low density polyethylene plant was shut down in the third quarter of 2006.
  - The polystyrene plant ceased production in December 2006.
  - Latex production from the UCAR Emulsion Systems facility was shut down in the fourth quarter of 2007.
  - The polyols plant is expected to be shut down in the first quarter of 2009.

  The closure of manufacturing plants in 2006 resulted in a $24 million write-down of the net book value of the machinery and equipment in the third quarter of 2006 (with $11 million reflected in Performance Plastics, $10 million in Basic Plastics, and $3 million in Unallocated and Other).

In addition to the larger shutdowns described above, the restructuring charges for plant closures included $56 million related to the shutdown of several small production facilities, a terminal, and a research and development facility.

The restructuring charges in the third quarter of 2006 also included the write-off of capital project spending ($47 million) and technology assets ($18 million) which the Company determined to be of no further value, as well as spare parts and catalysts ($12 million) associated with the plant closures. These write-offs were principally related to the businesses involved in the shutdown of assets and were therefore reflected in the results of various operating segments.

Costs Associated with Exit or Disposal Activities

The restructuring charges for costs associated with exit or disposal activities totaled $172 million in 2006 and included contract termination fees of $65 million, environmental remediation of $60 million, pension curtailment costs and termination benefits of $33 million, and asbestos abatement of $14 million.

Contract termination fees of $65 million represented the Company's best estimate of the fair value to negotiate the settlement of the early cancellation of several supply agreements principally related to the shutdown of manufacturing assets primarily within the Performance Plastics segment. In the second quarter of 2007, the Company reached agreements with certain suppliers regarding the early cancellation of supply agreements, resulting in a $4 million reduction of the restructuring reserve for contract termination fees. The adjustment was credited against the Performance Plastics segment.

The restructuring charges for environmental remediation of $60 million and asbestos abatement of $14 million principally related to the shutdown of the Company's facilities in Canada. The charges were therefore reflected in various operating segments. In the first quarter of 2008, a reduction of $5 million was recorded against the reserve and included in "Cost of sales" in the consolidated statements of income. In the fourth quarter of 2008, an additional reduction of $3 million was recorded against the reserve for environmental remediation.

According to the restructuring plan for Canada, the chlor-alkali and direct chlorination ethylene dichloride plants in Fort Saskatchewan were shut down at the end of October 2006; the Sarnia site will cease all production by the end of the first quarter of 2009. As such, for purposes of calculating the Company's obligation associated with Dow's defined benefit plans in Canada, the expected years of future service of active employees has been significantly reduced. In addition, the Company is obligated to provide certain termination benefits. As a result, the restructuring charge included pension curtailment costs and termination benefits of $33 million in 2006. These costs were reflected in Unallocated and Other.

Severance Costs

As a result of the Company's plans to shut down assets around the world, and conduct other optimization activities principally in Europe, the restructuring charges recorded in 2006 included net charges for severance of $73 million for the separation of approximately 810 employees under the terms of Dow's ongoing benefit arrangements, primarily over two years. These costs were charged against Unallocated and Other. At December 31, 2006, severance of $4 million had been paid to 115 employees and a liability of $69 million remained for approximately 695 employees. In the fourth quarter of 2007, a reduction of $8 million was recorded against the estimated program costs. During 2007, severance of $25 million was paid to 245 employees; during 2008, severance of $17 million was paid to 195 employees, bringing the total payments against the program to $46 million paid to 555 employees. In the fourth quarter of 2008, a reduction of $3 million was recorded against the reserve. At December 31, 2008, a liability of $14 million (including foreign currency impact) remained for approximately 215 employees.

The following table summarizes the activities related to the Company's restructuring reserve:

2006 Restructuring Activities In millions	*Impairment of Long-Lived Assets and Other Intangible Assets*	*Costs associated with Exit or Disposal Activities*	*Severance Costs*	*Total*
Restructuring charges recognized in 2006	$ 346	$172	$ 73	$ 591
Cash payments	-	(1)	(4)	(5)
Charges against reserve	(346)	-	-	(346)
Reserve balance at December 31, 2006	-	$171	$ 69	$ 240
Adjustments to reserve	-	(4)	(8)	(12)
Cash payments	-	(53)	(25)	(78)
Foreign currency impact	-	21	3	24
Reserve balance at December 31, 2007	-	$135	$ 39	$ 174
Adjustments to reserve	-	(8)	(3)	(11)
Cash payments	-	(15)	(17)	(32)
Foreign currency impact	-	(20)	(5)	(25)
Reserve balance at December 31, 2008	-	$ 92	$ 14	$ 106

NOTE C – ACQUISITIONS

Acquisition-Related Expenses

During 2008, pretax charges totaling $49 million were recorded for legal expenses and other transaction costs related to the pending acquisition of Rohm and Haas Company; these charges are reflected in Unallocated and Other. These charges were expensed in anticipation of a 2009 closing of the acquisition and the application of revised SFAS No. 141, "Business Combinations."

Acquisition of Wolff Walsrode

Consistent with the Company's strategy to invest in its Performance businesses, the Company announced on December 18, 2006, that it had reached an agreement with the Bayer Group to acquire Wolff Walsrode AG and certain related affiliates and assets ("Wolff Walsrode"), subject to regulatory approval. Wolff Walsrode, headquartered in Bomlitz, Germany, specializes in cellulose derivatives, food casings and site services. Following approval from the European Commission on June 20, 2007, Dow acquired Wolff Walsrode on June 30, 2007 for a cash purchase price of approximately $603 million.

On July 2, 2007, the Company announced the creation of a new specialty business unit, Dow Wolff Cellulosics, which combined the newly acquired Wolff Walsrode with Dow's Water Soluble Polymers business. Dow Wolff Cellulosics encompasses cellulosics and related chemistries, providing application formulation expertise and other technical services to a broad range of strategic industry sectors, including construction, paint, personal care, pharmaceuticals, food and a number of specialty industrial applications.

The following table summarizes the values of the assets acquired and liabilities assumed at the date of the acquisition, as well as adjustments that have been made primarily as a result of final valuations.

Assets Acquired and Liabilities Assumed In millions	*At June 30, 2007*	*Purchase Price Adjustments* (1)	*At Dec. 31, 2007*	*Purchase Price Adjustments*	*At Dec. 31, 2008*
Current assets	$188	$ 15	$203	-	$203
Property	233	89	322	$(3)	319
Goodwill (2)	364	(163)	201	6	207
Other intangible assets (2)	8	148	156	-	156
Other assets	11	(5)	6	-	6
Total assets acquired	$804	$ 84	$888	$ 3	$891
Accounts payable	$ 27	-	$ 27	-	$ 27
Long-term debt	10	-	10	-	10
Accrued and other liabilities	47	$ (5)	42	-	42
Pension benefits	117	(11)	106	-	106
Deferred tax liabilities - noncurrent	-	88	88	-	88
Total liabilities assumed	$201	$ 72	$273	-	$273
Net assets acquired	$603	$ 12	$615	$ 3	$618

(1) Includes a $7 million write-off of purchased in-process research and development, the addition of transaction costs of $7 million in the second half of 2007 and $15 million of working capital adjustments.
(2) See Note G for additional information.

The Company evaluated the materiality of assets acquired, liabilities assumed and results of operations, individually and in the aggregate at June 30, 2007, and concluded that such assets, liabilities and results of operations were not material to the consolidated financial statements.

Beginning in the third quarter of 2007, the results of Wolff Walsrode's operations were reflected in the Company's consolidated income statement.

Purchased In-Process Research and Development

Purchased in-process research and development ("IPR&D") represents the value assigned in a business combination to acquired research and development projects that, as of the date of the acquisition, had not established technological feasibility and had no alternative future use. Amounts assigned to IPR&D meeting these criteria must be charged to expense as part of the allocation of the purchase price of the business combination.

The Company recorded pretax charges totaling $44 million in 2008 and $57 million in 2007 for IPR&D projects associated with several recent acquisitions. The estimated values assigned to the IPR&D projects were determined primarily based on a discounted cash flow model and are shown below:

In-Process Research and Development Projects Acquired In millions	Date of Acquisition	Estimated Value Assigned to IPR&D
2008		
Germplasm from Triumph Seed Co., Inc.	February 29, 2008	$ 4
Germplasm from Dairyland Seed Co., Inc. and Bio-Plant Research Ltd.	August 29, 2008	23
Germplasm from Südwestsaat GbR	December 16, 2008	17
Total 2008 IPR&D		$44
2007		
Germplasm from Maize Technologies International	May 1, 2007	$ 2
Manufacturing process R&D from Wolff Walsrode	June 30, 2007	7
Germplasm from Agromen Tecnologia Ltda.	August 1, 2007	26
Germplasm from Duo Maize	August 30, 2007	3
Intellectual property for crop trait discovery from Exelixis Plant Sciences	September 4, 2007	19
Total 2007 IPR&D		$57

IPR&D charges are shown as "Purchased in-process research and development charges" in the consolidated statements of income. The 2008 IPR&D charges were related to projects within the Agricultural Sciences segment. In 2007, IPR&D charges of $50 million related to projects within the Agricultural Sciences segment; $7 million related to IPR&D acquired from Wolff Walsrode and impacted the results for the Performance Chemicals segment.

NOTE D – INVENTORIES

The following table provides a breakdown of inventories:

Inventories at December 31 In millions	2008	2007
Finished goods	$3,351	$4,085
Work in process	1,217	1,595
Raw materials	830	566
Supplies	638	639
Total inventories	$6,036	$6,885

The reserves reducing inventories from a FIFO basis to a LIFO basis amounted to $627 million at December 31, 2008 and $1,511 million at December 31, 2007. Inventories valued on a LIFO basis, principally hydrocarbon and U.S. chemicals and plastics product inventories, represented 32 percent of the total inventories at December 31, 2008 and 34 percent of total inventories at December 31, 2007.

A reduction of certain inventories resulted in the liquidation of some of the Company's LIFO inventory layers, decreasing pretax income $45 million in 2008 and increasing pretax income $321 million in 2007 and $97 million in 2006.

NOTE E – PROPERTY

Property at December 31 In millions	Estimated Useful Lives (Years)	2008	2007
Land	-	$ 590	$ 602
Land and waterway improvements	15-25	1,308	1,286
Buildings	5-55	3,700	3,717
Machinery and equipment	3-20	36,285	36,266
Utility and supply lines	5-20	2,248	2,253
Other property	3-30	2,166	1,770
Construction in progress	-	2,094	1,814
Total property		$48,391	$47,708

NOTE E – Property – Continued

In millions	*2008*	*2007*	*2006*
Depreciation expense	$2,016	$1,959	$1,904
Manufacturing maintenance and repair costs	$1,622	$1,482	$1,376
Capitalized interest	$97	$85	$73

NOTE F – NONCONSOLIDATED AFFILIATES AND RELATED COMPANY TRANSACTIONS

The Company's investments in related companies accounted for by the equity method ("nonconsolidated affiliates") were $3,204 million at December 31, 2008 and $3,089 million at December 31, 2007. At December 31, 2008, the carrying amount of the Company's investments in nonconsolidated affiliates was $90 million more than its share of the investees' net assets, exclusive of additional differences for Dow Corning Corporation ("Dow Corning"), MEGlobal, Equipolymers and Americas Styrenics LLC, which are discussed separately below. This difference was $64 million at December 31, 2007. Dividends received from the Company's nonconsolidated affiliates were $836 million in 2008, $774 million in 2007 and $616 million in 2006.

On May 15, 1995, Dow Corning, in which the Company is a 50 percent shareholder, voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code (see Note K). As a result, the Company fully reserved its investment in Dow Corning and reserved its 50 percent share of equity earnings from that time through the third quarter of 2000. In November 2000, following affirmation of the Bankruptcy Court's order confirming the Joint Plan of Reorganization (the "Joint Plan"), the Company reviewed the value of its investment in Dow Corning, revised its assessment of the recoverability of its investment, and determined that it had adequately provided for the other-than-temporary decline associated with the bankruptcy. On June 1, 2004, Dow Corning's Joint Plan became effective and Dow Corning emerged from bankruptcy. Since May 1995, a difference between the Company's 50 percent share of the underlying equity of Dow Corning and the carrying value of this investment has existed. The Company considers the difference to be permanent. The difference was $227 million at December 31, 2008 and December 31, 2007.

At December 31, 2008, the Company's investment in MEGlobal was $265 million less than the Company's proportionate share of MEGlobal's underlying net assets ($274 million less at December 31, 2007). This amount represents the difference between the value of certain assets of the joint venture and the Company's related valuation on a U.S. GAAP basis, of which $75 million is being amortized over the remaining useful lives of the assets and $190 million represents the Company's share of the joint venture's goodwill.

At December 31, 2008, the Company's investment in Equipolymers was $9 million less than the Company's proportionate share of Equipolymers' underlying net assets ($48 million less at December 31, 2007). This amount represents the difference between the value of certain assets of the joint venture and the Company's related valuation on a U.S. GAAP basis, all of which is being amortized over the remaining useful lives of the assets.

At December 31, 2008, the Company's investment in Americas Styrenics LLC was $150 million less than the Company's proportionate share of Americas Styrenics LLC's underlying net assets. This amount represents the difference between the book value of assets contributed to the joint venture by the Company at the time of formation and the Company's 50 percent share of the total recorded value of the joint venture's assets. This difference is being amortized over the remaining useful lives of the assets.

All of the nonconsolidated affiliates in which the Company has investments are privately held companies; therefore, quoted market prices are not available.

Principal Nonconsolidated Affiliates

Dow's principal nonconsolidated affiliates and the Company's direct or indirect ownership interest for each at December 31, 2008, 2007 and 2006 are as follows.

Principal Nonconsolidated Affiliates at December 31	Ownership Interest		
	2008	2007	2006
Americas Styrenics LLC	50%	-	-
Compañía Mega S.A.	28%	28%	28%
Dow Corning Corporation	50%	50%	50%
EQUATE Petrochemical Company K.S.C.	42.5%	42.5%	42.5%
Equipolymers	50%	50%	50%
MEGlobal	50%	50%	50%
The OPTIMAL Group of Companies:			
OPTIMAL Chemicals (Malaysia) Sdn. Bhd.	50%	50%	50%
OPTIMAL Glycols (Malaysia) Sdn. Bhd.	50%	50%	50%
OPTIMAL Olefins (Malaysia) Sdn. Bhd.	23.75%	23.75%	23.75%
The SCG-Dow Group:			
Pacific Plastics (Thailand) Limited	-	49%	49%
Siam Polyethylene Company Limited	49%	49%	49%
Siam Polystyrene Company Limited	50%	49%	49%
Siam Styrene Monomer Co., Ltd.	50%	49%	49%
Siam Synthetic Latex Company Limited	50%	49%	49%
Univation Technologies, LLC	50%	50%	50%

The Company's investment in its principal nonconsolidated affiliates was $2,439 million at December 31, 2008 and $2,488 million at December 31, 2007. Equity earnings from these companies were $824 million in 2008, $1,072 million in 2007 and $883 million in 2006. The summarized financial information presented below represents the combined accounts (at 100 percent) of the principal nonconsolidated affiliates.

Summarized Balance Sheet Information at December 31		
In millions	2008	2007
Current assets	$ 6,234	$ 6,943
Noncurrent assets	12,656	9,669
Total assets	$18,890	$16,612
Current liabilities	$ 3,534	$ 3,165
Noncurrent liabilities	8,572	6,700
Total liabilities	$12,106	$ 9,865

Summarized Income Statement Information			
In millions	2008 (1)	2007	2006
Sales	$15,488	$13,884	$11,916
Gross profit	$4,066	$3,492	$3,168
Net income	$2,001	$2,464	$1,960

(1) The summarized income statement information for 2008 includes the results for Americas Styrenics LLC from May 1, 2008 through December 31, 2008.

The Company has service agreements with some of these entities, including contracts to manage the operations of manufacturing sites and the construction of new facilities; licensing and technology agreements; and marketing, sales, purchase and lease agreements.

Excess ethylene glycol produced in Dow's plants in the United States and Europe is sold to MEGlobal and represented 2 percent of total net sales in 2008, 2007 and 2006. In addition, the Company sells ethylene to MEGlobal as a raw material for its ethylene glycol plants in Canada. The impact of these sales to MEGlobal by operating segment is summarized below:

Impact of Sales to MEGlobal by Operating Segment			
Percent of segment sales	2008	2007	2006
Basic Chemicals	11%	16%	15%
Hydrocarbons and Energy	3%	4%	4%

Overall, transactions with other nonconsolidated affiliates and balances due to and due from these entities were not material to the consolidated financial statements.

NOTE G – GOODWILL AND OTHER INTANGIBLE ASSETS

The following table shows changes in the carrying amount of goodwill for the year ended December 31, 2008, by operating segment:

Goodwill In millions	*Performance Plastics*	*Performance Chemicals*	*Agricultural Sciences*	*Basic Plastics*	*Hydrocarbons and Energy*	*Total*
Balance at January 1, 2008	$1,034	$ 995	$1,380	$100	$63	$3,572
2008 acquisitions:						
Additional 51% interest in Pacific Plastics (Thailand) Limited	7	-	-	-	-	7
Additional 18% interest in Nantong DAS Chemical Co., Ltd.	-	-	4	-	-	4
Triumph Seed Co., Inc.	-	-	3	-	-	3
Dairyland Seed Co., Inc.	-	-	1	-	-	1
Brodbeck Seed Inc. assets	-	-	2	-	-	2
Südwestsaat GbR assets	-	-	1	-	-	1
STEVENS ROOFING SYSTEMS™	32	-	-	-	-	32
Adjustment related to formation of Americas Styrenics LLC	-	-	-	(5)	-	(5)
Adjustments related to 2007 acquisitions of:						
Wolff Walsrode	-	6	-	-	-	6
Hyperlast Limited	11	-	-	-	-	11
Poly-Carb, Inc.	(6)	-	-	-	-	(6)
UPPC AG	11	-	-	-	-	11
Edulan A/S	(6)	-	-	-	-	(6)
Impairment losses:						
Dow Automotive	(209)	-	-	-	-	(209)
Polypropylene	-	-	-	(30)	-	(30)
Balance at December 31, 2008	$ 874	$1,001	$1,391	$ 65	$63	$3,394

On May 1, 2007, Dow Chemical Company Limited, a wholly owned subsidiary of the Company, acquired Hyperlast Limited, British Vita's polyurethane systems business, for $151 million. The recording of the acquisition resulted in goodwill of $71 million and intangible assets of $62 million as shown below. None of the goodwill is expected to be deductible for tax purposes.

Hyperlast Limited Intangible Assets In millions	*Gross Carrying Amount*	*Weighted-average Amortization Period*
Intangible assets with finite lives:		
Trademarks	$10	15 years
Other (customer-related)	52	14 years
Total	$62	14 years

On June 30, 2007, the Company completed the acquisition of Wolff Walsrode. The recording of the acquisition resulted in goodwill of $207 million and intangible assets of $156 million as shown below. None of the goodwill is expected to be deductible for tax purposes. See Note C for additional information related to purchase price adjustments.

Wolff Walsrode Intangible Assets In millions	*Gross Carrying Amount*	*Weighted-average Amortization Period*
Intangible assets with finite lives:		
Intellectual property	$ 46	10 years
Trademarks	6	10 years
Software	7	5 years
Other (customer-related)	97	5 years
Total	$156	7 years

On August 1, 2007, Dow AgroSciences acquired the corn seed business of Agromen Tecnologia Ltda. for $116 million. The recording of the acquisition resulted in goodwill of $59 million and intellectual property of $14 million with a weighted-average amortization period of six years. All of the goodwill is expected to be deductible for tax purposes.

Goodwill Impairments
During the fourth quarter of 2008, the Company performed its annual impairment tests for goodwill. As a result of this review, it was determined that the goodwill associated with the Dow Automotive reporting unit was impaired. The impairment was based on a review of the Dow Automotive reporting unit performed by management, in which discounted cash flows did not support the carrying value of the goodwill due to the severe downturn in the automotive industry and the future projections for the business. As a result, an estimated impairment loss of $209 million was recognized in the fourth quarter of 2008 against the Performance Plastics segment. Also as a result of the annual tests, it was determined that the goodwill associated with the Polypropylene reporting unit was impaired. The impairment was based on a review of the Polypropylene reporting unit performed by management, in which discounted cash flows did not support the carrying value of the goodwill due to demand decline in North America and Western Europe, as well as significant new industry capacity which came on-stream in 2008 and additional industry capacity which is expected in 2009. As a result, an impairment loss of $30 million was recognized in the fourth quarter of 2008 against the Basic Plastics segment. The second step to determine the implied fair value of goodwill for the Dow Automotive reporting unit will be finalized in the first quarter of 2009 and any adjustment to the estimated impairment loss based on completion of the allocation process will be recognized at that time.

Other Intangible Assets
The following table provides information regarding the Company's other intangible assets:

Other Intangible Assets at December 31	*2008*			*2007*		
In millions	*Gross Carrying Amount*	*Accumulated Amortization*	*Net*	*Gross Carrying Amount*	*Accumulated Amortization*	*Net*
Intangible assets with finite lives:						
Licenses and intellectual property	$ 316	$(192)	$124	$ 302	$(165)	$137
Patents	139	(100)	39	145	(104)	41
Software	700	(363)	337	575	(318)	257
Trademarks	169	(61)	108	173	(51)	122
Other	330	(109)	221	307	(83)	224
Total other intangible assets	$1,654	$(825)	$829	$1,502	$(721)	$781

During 2008, the Company acquired software for $98 million. The weighted-average amortization period for the acquired software is five years.

The following table provides information regarding amortization expense:

Amortization Expense In millions	*2008*	*2007*	*2006*
Other intangible assets, excluding software	$92	$72	$50
Software, included in "Cost of sales"	$48	$47	$45

NOTE G – Goodwill and Other Intangible Assets – Continued

Total estimated amortization expense for the next five fiscal years is as follows:

Estimated Amortization Expense for Next Five Years In millions	
2009	$147
2010	$151
2011	$140
2012	$118
2013	$98

NOTE H – FINANCIAL INSTRUMENTS

Investments

The Company's investments in marketable securities are primarily classified as available-for-sale.

Investing Results In millions	*2008*	*2007*	*2006*
Proceeds from sales of available-for-sale securities	$851	$1,994	$1,305
Gross realized gains	$56	$137	$55
Gross realized losses	$(18)	$(23)	$(42)

The following table summarizes the contractual maturities of the Company's investments in debt securities:

Contractual Maturities of Debt Securities at December 31, 2008 In millions	*Amortized Cost*	*Fair Value*
Within one year	$ 49	$ 49
One to five years	557	555
Six to ten years	582	627
After ten years	255	264
Total	$1,443	$1,495

The following tables provide the fair value and gross unrealized losses of the Company's investments that were deemed to be temporarily impaired at December 31, 2008 and 2007, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

Temporarily Impaired Securities at December 31, 2008	*Less than 12 months*		*12 months or more*		*Total*	
In millions	*Fair Value*	*Unrealized Losses*	*Fair Value*	*Unrealized Losses*	*Fair Value*	*Unrealized Losses*
Debt securities:						
U.S. Treasury obligations and direct obligations of U.S. government agencies	$ 14	-	-	-	$ 14	-
Corporate bonds	388	$ (35)	$ 8	$ (1)	396	$ (36)
Other	4	-	2	-	6	-
Total debt securities	$406	$ (35)	$10	$ (1)	$416	$ (36)
Equity securities	268	(152)	37	(25)	305	(177)
Total temporarily impaired securities	$674	$(187)	$47	$(26)	$721	$(213)

Temporarily Impaired Securities at December 31, 2007

In millions	*Less than 12 months* Fair Value	*Less than 12 months* Unrealized Losses	*12 months or more* Fair Value	*12 months or more* Unrealized Losses	*Total* Fair Value	*Total* Unrealized Losses
Debt securities:						
U.S. Treasury obligations and direct obligations of U.S. government agencies	$ 14	-	$ 6	-	$ 20	-
Federal agency mortgage-backed securities	-	-	4	-	4	-
Corporate bonds	104	$ (3)	127	$ (3)	231	$ (6)
Other	-	-	6	-	6	-
Total debt securities	$118	$ (3)	$143	$ (3)	$261	$ (6)
Equity securities	220	(9)	27	(21)	247	(30)
Total temporarily impaired securities	$338	$(12)	$170	$(24)	$508	$(36)

Portfolio managers regularly review all of the Company's holdings to determine if any investments are other-than-temporarily impaired. The analysis includes reviewing the amount of the temporary impairment, as well as the length of time it has been impaired. In addition, specific guidelines for each instrument type are followed to determine if an other-than-temporary impairment has occurred.

For debt securities, the credit rating of the issuer, current credit rating trends, the trends of the issuer's overall sector and the length of time the security has been in a loss position are considered in determining impairment.

For equity securities, the Company's investments are primarily in Standard & Poor's ("S&P") 500 companies; however, the Company also allows additional investments in companies outside of the S&P 500. The increase in temporarily impaired equity securities from December 31, 2007 to December 31, 2008 relates to the overall decline in the equity markets in late 2008. The Company considers the volatility of the stock, the length of time the security has been in a loss position, value and growth expectations, and overall market and sector fundamentals, as well as technical analysis, in determining impairment. In 2008, other-than-temporary impairment write-downs were $42 million.

The aggregate cost of the Company's cost method investments totaled $104 million at December 31, 2008 and $102 million at December 31, 2007. Due to the nature of these investments, the fair market value is not readily determinable. These investments are reviewed for impairment indicators. There were no material impairment indicators or circumstances at December 31, 2008 that would result in a material adjustment to the cost basis of these investments. Of the $102 million cost method investments at December 31, 2007, a $3 million impairment was recorded in 2008 based on the review of the impairment indicators.

The following table summarizes the fair value of financial instruments at December 31, 2008 and December 31, 2007:

Fair Value of Financial Instruments at December 31

In millions	*2008* Cost	*2008* Gain	*2008* Loss	*2008* Fair Value	*2007* Cost	*2007* Gain	*2007* Loss	*2007* Fair Value
Marketable securities (1):								
Debt securities	$1,443	$ 88	$ (36)	$1,495	$1,500	$ 59	$ (6)	$1,553
Equity securities	518	17	(177)	358	696	55	(30)	721
Total marketable securities	$1,961	$105	$(213)	$1,853	$2,196	$114	$(36)	$2,274
Long-term debt including debt due within one year (2)	$(9,496)	$551	$(38)	$(8,983)	$(8,167)	$15	$(346)	$(8,498)
Derivatives relating to:								
Foreign currency	-	$122	$(163)	$(41)	-	$97	$(24)	$73
Interest rates	-	-	-	-	-	$2	$(2)	-
Commodities	-	$65	$(220)	$(155)	-	$71	$(21)	$50

(1) Included in "Marketable securities and interest-bearing deposits" and "Other investments" in the consolidated balance sheets.
(2) Cost includes fair value adjustments per SFAS No. 133 of $27 million in 2008 and $26 million in 2007.

NOTE H – Financial Instruments – Continued

Risk Management
Dow's business operations give rise to market risk exposure due to changes in interest rates, foreign currency exchange rates, commodity prices and other market factors such as equity prices. To manage such risks effectively, the Company enters into hedging transactions, pursuant to established guidelines and policies, which enable it to mitigate the adverse effects of financial market risk. Derivatives used for this purpose are designated as cash flow, fair value or net foreign investment hedges per SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," where appropriate. SFAS No. 133 requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the consolidated balance sheets. A secondary objective is to add value by creating additional nonspecific exposures within established limits and policies; derivatives used for this purpose are not designated as hedges per SFAS No. 133. The potential impact of creating such additional exposures is not material to the Company's results.

The Company's risk management program for interest rate, foreign currency and commodity risks is based on fundamental, mathematical and technical models that take into account the implicit cost of hedging. Risks created by derivative instruments and the mark-to-market valuations of positions are strictly monitored at all times, using value at risk and stress tests. Credit risk arising from these contracts is not significant because the Company minimizes counterparty concentration, deals primarily with major financial institutions of solid credit quality, and the majority of its hedging transactions mature in less than three months. In addition, the Company minimizes concentrations of credit risk through its global orientation in diverse businesses with a large number of diverse customers and suppliers. It is the Company's policy not to have credit-risk-related contingent features in its derivative instruments. The Company does not anticipate losses from credit risk and the net cash requirements arising from risk management activities are not expected to be material in 2009. No significant concentration of credit risk existed at December 31, 2008.

The Company reviews its overall financial strategies and the impacts from using derivatives in its risk management program with the Company's Office of the Chief Executive and the Board of Directors' Audit Committee and revises its strategies as market conditions dictate.

Interest Rate Risk Management
The Company enters into various interest rate contracts with the objective of lowering funding costs or altering interest rate exposures related to fixed and variable rate obligations. In these contracts, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated on an agreed-upon notional principal amount.

Foreign Currency Risk Management
The Company's global operations require active participation in foreign exchange markets. The Company enters into foreign exchange forward contracts and options, and cross-currency swaps to hedge various currency exposures or create desired exposures. Exposures primarily relate to assets, liabilities and bonds denominated in foreign currencies, as well as economic exposure, which is derived from the risk that currency fluctuations could affect the dollar value of future cash flows related to operating activities. The primary business objective of the activity is to optimize the U.S. dollar value of the Company's assets, liabilities and future cash flows with respect to exchange rate fluctuations. Assets and liabilities denominated in the same foreign currency are netted, and only the net exposure is hedged. At December 31, 2008, the Company had forward contracts, options and cross-currency swaps to buy, sell or exchange foreign currencies. These contracts had various expiration dates, primarily in the first quarter of 2009.

Commodity Risk Management
The Company has exposure to the prices of commodities in its procurement of certain raw materials. The primary purpose of commodity hedging activities is to manage the price volatility associated with these forecasted inventory purchases. At December 31, 2008, the Company had futures contracts, options and swaps to buy, sell or exchange commodities. These agreements had various expiration dates primarily in 2009.

Accounting for Derivative Instruments and Hedging Activities
Cash Flow Hedges
For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is recorded in "Accumulated other comprehensive income (loss)" ("AOCI"); it is reclassified to "Cost of sales" in the same period or periods that the hedged transaction affects income. The unrealized amounts in AOCI fluctuate based on changes in the fair value of open contracts at the end of each reporting period. The Company anticipates volatility in AOCI and net income from its cash flow hedges. The amount of volatility varies with the level of derivative activities and market conditions during any period. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current period income.

The net loss from previously terminated interest rate cash flow hedges included in AOCI at December 31, 2008 was $9 million after tax ($16 million after tax at December 31, 2007). During 2008, 2007 and 2006, there was no material impact on the consolidated financial statements due to interest rate hedge ineffectiveness. Net losses related to cash flow hedge terminations recorded in "Cost of sales" or "Interest expense and amortization of debt discount" were $13 million in 2008 and 2007 and $11 million in 2006. The Company had no open interest rate cash flow hedges at December 31, 2008.

At December 31, 2008, the Company had open foreign currency forward contracts in a net gain position of $9 million (net loss position of $4 million at December 31, 2007) designated as cash flow hedges of underlying forecasted purchases of feedstocks. Current open contracts hedge forecasted transactions until September 2009. The effective portion of the mark-to-market effects of the foreign currency forward contracts is recorded in AOCI; it is reclassified to income in the same period or periods that the underlying feedstock purchase affects income. The net gain from the foreign currency hedges included in AOCI at December 31, 2008 was $15 million after tax (net loss of $4 million after tax at December 31, 2007). During 2008, 2007 and 2006, there was no material impact on the consolidated financial statements due to foreign currency hedge ineffectiveness. At December 31, 2008, the Company had open forward contracts with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of $3,219 million.

Commodity swaps, futures and option contracts with maturities of not more than 36 months are utilized and designated as cash flow hedges of forecasted commodity purchases. Current open contracts hedge forecasted transactions until March 2010. The effective portion of the mark-to-market effect of the cash flow hedge instrument is recorded in AOCI; it is reclassified to income in the same period or periods that the underlying commodity purchase affects income. The net loss from commodity hedges included in AOCI at December 31, 2008 was $239 million after tax (net gain of $48 million after tax at December 31, 2007). During 2008, 2007 and 2006, there was no material impact on the consolidated financial statements due to commodity hedge ineffectiveness. At December 31, 2008, the Company had the following aggregate notionals of outstanding commodity forward contracts to hedge forecasted purchases:

Commodity	*Notional Volume*
Crude Oil	1.8 million barrels
Naphtha	33 kilotons
Natural Gas	11,800 million British thermal units

Fair Value Hedges

For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current period income and reflected as "Interest expense and amortization of debt discount" in the consolidated statements of income. The short-cut method under SFAS No. 133 is being used when the criteria are met. The Company had no open interest rate swaps designated as fair value hedges of underlying fixed rate debt obligations at December 31, 2008 and December 31, 2007.

Net losses of $2 million related to fair value hedge terminations were recorded in interest expense in 2008; net gains were recorded of $10 million in 2007 and $16 million in 2006. Unamortized losses relating to terminated fair value hedges were $27 million at December 31, 2008 and $26 million at December 31, 2007.

Net Foreign Investment Hedges

For derivative instruments that are designated and qualify as net foreign investment hedges, the effective portion of the gain or loss on the derivative is included in "Cumulative Translation Adjustments" in AOCI. The results of hedges of the Company's net investment in foreign operations included in "Cumulative Translation Adjustments" in AOCI was a net gain of $36 million after tax at December 31, 2008 (net loss of $100 million after tax at December 31, 2007). During 2008, 2007 and 2006 there was no material impact on the consolidated financial statements due to hedge ineffectiveness. At December 31, 2008, the Company had no open forward contracts or outstanding options to buy, sell or exchange foreign currencies. At December 31, 2008, the Company had outstanding foreign-currency denominated debt designated as a hedge of net foreign investment of $1,267 million.

NOTE H – Financial Instruments – Continued

Other Derivative Instruments

The Company utilizes futures, options and swap instruments that are effective as economic hedges of commodity price exposures, but do not meet the hedge accounting criteria of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and interpreted. At December 31, 2008, the Company had derivative assets of $19 million and derivative liabilities of $17 million related to these instruments, with the related mark-to-market effects included in "Cost of sales" in the consolidated statements of income. At December 31, 2007, the Company had derivative assets of $3 million and derivative liabilities of $6 million related to these instruments. The Company had no outstanding commodity forward contracts at December 31, 2008.

The Company also uses foreign exchange forward contracts, options, and cross-currency swaps that are not designated as hedging instruments primarily to manage foreign currency and interest rate exposure. The Company had derivative assets of $111 million and derivative liabilities of $160 million related to these instruments at December 31, 2008. The Company had open forward contracts with various expiration dates to buy, sell or exchange foreign currencies with a U.S. dollar equivalent of $10,799 million at December 31, 2008.

The following table provides the fair value and balance sheet presentation of derivative instruments at December 31:

Fair Values of Derivative Instruments at December 31		
In millions	*Balance Sheet Classification*	*2008*
Asset Derivatives		
Derivatives designated as hedges:		
Foreign currency	Accounts and notes receivable – Other	$ 77
Commodities	Accounts and notes receivable – Other	68
Total derivatives designated as hedges		$145
Derivatives not designated as hedges:		
Foreign currency	Accounts and notes receivable – Other	$235
Commodities	Accounts and notes receivable – Other	63
Total derivatives not designated as hedges		$298
Total asset derivatives		$443
Liability Derivatives		
Derivatives designated as hedges:		
Foreign currency	Accounts payable – Other	$ 69
Commodities	Accounts payable – Other	262
Commodities	Other noncurrent obligations	22
Total derivatives designated as hedges		$353
Derivatives not designated as hedges:		
Foreign currency	Accounts payable – Other	$284
Commodities	Accounts payable – Other	61
Total derivatives not designated as hedges		$345
Total liability derivatives		$698

Effect of Derivative Instruments at December 31, 2008 In millions	*Change in Unrealized Gain (Loss) in AOCI* (1,2)	*Income Statement Classification*	*Loss Reclassified from AOCI to Income* (3)	*Additional Loss Recognized in Income* (3,4)
Derivatives designated as hedges:				
Fair value:				
Interest rates	-	Interest expense (5)	-	$ (2)
Cash flow:				
Interest rates	-	Cost of sales	$ (12)	-
Interest rates	-	Interest expense (5)	(1)	-
Commodities	$(353)	Cost of sales	(154)	(1)
Foreign currency	7	Cost of sales	(12)	-
Net foreign investment:				
Foreign currency	1	n/a	-	-
Total derivatives designated as hedges	$(345)		$(179)	$ (3)
Derivatives not designated as hedges:				
Foreign currency (6)	-	Sundry income – net	-	$(167)
Commodities	-	Cost of sales	-	(34)
Total derivatives not designated as hedges	-		-	$(201)
Total derivatives	$(345)		$(179)	$(204)

(1) Accumulated other comprehensive income (loss) ("AOCI")
(2) Net unrealized gains/losses from hedges related to interest rates, commodities and long-term debt are included in "Accumulated Derivative Gain (Loss) – Net hedging results" in the consolidated statements of stockholders' equity; net unrealized gains/losses from hedges related to foreign currency (net of tax) are included in "Cumulative Translation Adjustments – Translation adjustments" in the consolidated statements of stockholders' equity.
(3) Pre-tax amounts.
(4) Amounts impacting income not related to AOCI reclassification; also includes immaterial amounts of hedge ineffectiveness.
(5) Interest expense and amortization of debt discount.
(6) Foreign currency derivatives not designated as hedges under SFAS No. 133 are offset by foreign exchange gains of $150 million resulting from the underlying exposures of foreign currency denominated assets and liabilities per SFAS No. 52, "Foreign Currency Translation."

The net after-tax amounts to be reclassified from AOCI to income within the next 12 months are a $7 million loss for interest rate contracts, a $213 million loss for commodity contracts and a $15 million gain for foreign currency contracts.

NOTE I – FAIR VALUE MEASUREMENTS

The following table summarizes the bases used to measure certain assets and liabilities at fair value on a recurring basis in the consolidated balance sheets:

Basis of Fair Value Measurements at December 31, 2008 In millions	*Quoted Prices in Active Markets for Identical Items (Level 1)*	*Significant Other Observable Inputs (Level 2)*	*Counterparty and Cash Collateral Netting* (1)	*Total*
Assets at fair value:				
Equity securities (2)	$337	$ 21	-	$ 358
Debt securities (2)	-	1,495	-	1,495
Derivatives relating to: (3)				
Foreign currency	-	312	$(190)	122
Commodities	-	131	(66)	65
Total assets at fair value	$337	$1,959	$(256)	$2,040
Liabilities at fair value:				
Long-term debt (4)	-	$8,983	-	$8,983
Derivatives relating to: (3)				
Foreign currency	-	353	$(190)	163
Commodities	$ 49	296	(125)	220
Total liabilities at fair value	$ 49	$9,632	$(315)	$9,366

(1) Cash collateral is classified as "Accounts and notes receivable – Other" in the consolidated balance sheets. Amounts represent the effect of legally enforceable master netting arrangements between the Company and its counterparties and the payable or receivable for cash collateral held or placed with the same counterparty.
(2) The Company's investments in equity and debt securities are classified as available-for-sale, and are included in "Other investments" in the consolidated balance sheets.
(3) See Note H for the classification of derivatives in the consolidated balance sheets.
(4) See Note H for information on fair value adjustments to long-term debt.

For assets and liabilities classified as Level 1 (measured using quoted prices in active markets), the total fair value is either the price of the most recent trade at the time of the market close or the official close price as defined by the exchange in which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

For assets and liabilities classified as Level 2 (measured using significant other observable inputs), the Level 1 process is utilized where available (primarily for some debt securities). For other Level 2 assets and liabilities, the fair value is based on the price a dealer would pay for the security or similar securities, adjusted for any terms specific to that asset or liability. Market inputs are obtained from well established and recognized vendors of market data and placed through tolerance/quality checks. For long-term debt as well as derivative assets and liabilities, the fair value is calculated using standard industry models used to calculate the fair value of the various financial instruments based on significant observable market inputs such as foreign exchange rates, commodity prices, swap rates, interest rates, and implied volatilities obtained from various market sources.

For all other assets and liabilities for which observable inputs are used, fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models. See Note H for further information on the types of instruments used by the Company for risk management.

Assets and liabilities related to forward contracts, interest rate swaps, currency swaps, options and other conditional or exchange contracts executed with the same counterparty under a master netting arrangement are netted. Per the guidance of FSP FIN No. 39-1, collateral accounts are netted with corresponding assets and liabilities. The balance of cash collateral posted by the Company was $64 million at December 31, 2008 ($6 million after netting against derivative liabilities included in the fair value table), and was classified as "Accounts and notes receivable – Other" in the consolidated balance sheets.

NOTE J – SUPPLEMENTARY INFORMATION

Accrued and Other Current Liabilities

"Accrued and other current liabilities" were $2,625 million at December 31, 2008 and $2,512 million at December 31, 2007. Accrued payroll, which is a component of "Accrued and other current liabilities," was $732 million at December 31, 2008 and $704 million at December 31, 2007. No other component of accrued liabilities was more than 5 percent of total current liabilities.

Sundry Income – Net			
In millions	*2008*	*2007*	*2006*
Gain on sales of assets and securities	$ 91	$171	$156
Foreign exchange gain (loss)	(17)	73	21
Dividend income	3	9	6
Other – net (1)	12	71	(46)
Total sundry income – net	$ 89	$324	$137

(1) 2006 included the recognition of a loss contingency of $85 million related to a fine imposed by the European Commission associated with synthetic rubber industry matters (see Note K for additional information).

Other Supplementary Information			
In millions	*2008*	*2007*	*2006*
Cash payments for interest	$713	$671	$673
Cash payments for income taxes	$864	$966	$1,390
Provision for doubtful receivables (1)	$20	$2	$(20)

(1) Included in "Selling, general and administrative expenses" in the consolidated statements of income.

Earnings Per Share Calculations	*2008*		*2007*		*2006*	
In millions, except per share amounts	*Basic*	*Diluted*	*Basic*	*Diluted*	*Basic*	*Diluted*
Net income available for common stockholders	$579	$579	$2,887	$2,887	$3,724	$3,724
Weighted-average common shares outstanding	930.4	930.4	953.1	953.1	962.3	962.3
Add dilutive effect of stock options and awards	-	8.6	-	12.5	-	12.1
Weighted-average common shares for EPS calculations	930.4	939.0	953.1	965.6	962.3	974.4
Earnings per common share	$0.62	$0.62	$3.03	$2.99	$3.87	$3.82
Stock options and deferred stock awards excluded from EPS calculations (1)	-	42.8	-	21.9	-	17.8

(1) Outstanding options to purchase shares of common stock and deferred stock awards that were not included in the calculation of diluted earnings per share because the effect of including them would have been antidilutive.

Sales of Accounts Receivable

Since 1997, the Company has routinely sold, without recourse, a participation in pools of qualifying trade accounts receivable. According to the agreements of the various programs, Dow maintains the servicing of these receivables. No servicing liability is recorded as the related costs are insignificant. As receivables in the pools are collected, new qualifying receivables are added. The maximum amount of receivables available for sale in the pools was $1,874 million in 2008, $2,324 million in 2007 and $1,658 million in 2006. The average monthly participation in the pools was $586 million in 2008, $271 million in 2007 and $135 million in 2006.

The net cash flow in any given period represents the discount on sales, which is recorded as interest expense. The average monthly discount was not material in 2008, 2007 and 2006.

NOTE K – COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

Breast Implant Matters

On May 15, 1995, Dow Corning Corporation ("Dow Corning"), in which the Company is a 50 percent shareholder, voluntarily filed for protection under Chapter 11 of the Bankruptcy Code to resolve litigation related to Dow Corning's breast implant and other silicone medical products. On June 1, 2004, Dow Corning's Joint Plan of Reorganization (the "Joint Plan") became effective and Dow Corning emerged from bankruptcy. The Joint Plan contains release and injunction provisions resolving all tort claims brought against various entities, including the Company, involving Dow Corning's breast implant and other silicone medical products.

To the extent not previously resolved in state court actions, cases involving Dow Corning's breast implant and other silicone medical products filed against the Company were transferred to the U.S. District Court for the Eastern District of Michigan (the "District Court") for resolution in the context of the Joint Plan. On October 6, 2005, all such cases then pending in the District Court against the Company were dismissed. Should cases involving Dow Corning's breast implant and other silicone medical products be filed against the Company in the future, they will be accorded similar treatment. It is the opinion of the Company's management that the possibility is remote that a resolution of all future cases will have a material adverse impact on the Company's consolidated financial statements.

As part of the Joint Plan, Dow and Corning Incorporated have agreed to provide a credit facility to Dow Corning in an aggregate amount of $300 million. The Company's share of the credit facility is $150 million and is subject to the terms and conditions stated in the Joint Plan. At December 31, 2008, no draws had been taken against the credit facility.

DBCP Matters

Numerous lawsuits have been brought against the Company and other chemical companies, both inside and outside of the United States, alleging that the manufacture, distribution or use of pesticides containing dibromochloropropane ("DBCP") has caused personal injury and property damage, including contamination of groundwater. It is the opinion of the Company's management that the possibility is remote that the resolution of such lawsuits will have a material adverse impact on the Company's consolidated financial statements.

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. At December 31, 2008, the Company had accrued obligations of $312 million for environmental remediation and restoration costs, including $22 million for the remediation of Superfund sites. This is management's best estimate of the costs for remediation and restoration with respect to environmental matters for which the Company has accrued liabilities, although the ultimate cost with respect to these particular matters could range up to approximately twice that amount. Inherent uncertainties exist in these estimates primarily due to unknown environmental conditions, changing governmental regulations and legal standards regarding liability, and emerging remediation technologies for handling site remediation and restoration. At December 31, 2007, the Company had accrued obligations of $322 million for environmental remediation and restoration costs, including $28 million for the remediation of Superfund sites.

The following table summarizes the activity in the Company's accrued obligations for environmental matters for the years ended December 31, 2008 and 2007:

Accrued Obligations for Environmental Matters		
In millions	*2008*	*2007*
Balance at January 1	$ 322	$ 347
Additional accruals	141	113
Charges against reserve	(138)	(152)
Adjustments to reserve	(13)	14
Balance at December 31	$ 312	$ 322

The amounts charged to income on a pretax basis related to environmental remediation totaled $140 million in 2008, $92 million in 2007 and $125 million in 2006. Capital expenditures for environmental protection were $193 million in 2008, $189 million in 2007 and $193 million in 2006.

Midland Site Environmental Matters

On June 12, 2003, the Michigan Department of Environmental Quality ("MDEQ") issued a Hazardous Waste Operating License (the "License") to the Company's Midland, Michigan manufacturing site (the "Midland site"), which included provisions requiring the Company to conduct an investigation to determine the nature and extent of off-site contamination in Midland area soils; Tittabawassee and Saginaw River sediment and floodplain soils; and Saginaw Bay. The License required the Company, by August 11, 2003, to propose a detailed Scope of Work for the off-site investigation for the City of Midland and the Tittabawassee River and floodplain for review and approval by the MDEQ. Revised Scopes of Work were approved by the MDEQ on October 18, 2005. The Company was required to submit a Scope of Work for the investigation of the Saginaw River and Saginaw Bay by August 11, 2007. The Company submitted the Scope of Work for the Saginaw River and Saginaw Bay on July 13, 2007. The Company received a Notice of Deficiency dated August 29, 2007, from the MDEQ with respect to the Scope of Work for the Saginaw River and Saginaw Bay. The Company submitted a revised Scope of Work for the Saginaw River and Saginaw Bay to the MDEQ on October 15, 2007. On February 1, 2008, the Company received an approval with modification for the Saginaw River and Saginaw Bay Scope of Work. The Company appealed the MDEQ's approval with modification action in Midland Circuit Court on February 21, 2008 and then by filing a Contested Case Petition with the Michigan Office of Administrative Hearings and Rules on March 28, 2008. Following subsequent discussions between the Company and the MDEQ, a Remedial Investigation Work Plan along with a revised Scope of Work for the Saginaw River was submitted to the MDEQ on June 10, 2008. The Midland Circuit Court matter has been stayed by agreement of the parties.

Discussions between the Company and the MDEQ that occurred in 2004 and early 2005 regarding how to proceed with off-site corrective action under the License resulted in the execution of the Framework for an Agreement Between the State of Michigan and The Dow Chemical Company (the "Framework") on January 20, 2005. The Framework committed the Company to propose a remedial investigation work plan by the end of 2005, conduct certain studies, and take certain immediate interim remedial actions in the City of Midland and along the Tittabawassee River.

Remedial Investigation Work Plans

The Company submitted Remedial Investigation Work Plans for the City of Midland and for the Tittabawassee River on December 29, 2005. By letters dated March 2, 2006 and April 13, 2006, the MDEQ provided two Notices of Deficiency ("Notices") to the Company regarding the Remedial Investigation Work Plans. The Company responded, as required, to some of the items in the Notices on May 1, 2006, and as required responded to the balance of the items and submitted revised Remedial Investigation Work Plans on December 1, 2006. In response to subsequent discussions with the MDEQ, the Company submitted further revised Remedial Investigation Work Plans on September 17, 2007, for the Tittabawassee River and on October 15, 2007, for the City of Midland. On June 10, 2008, the Company submitted revised Human Health Risk Assessment and Ecological Risk Assessment Work Plans for the Tittabawassee River in addition to a Work Plan for the collection of fish for analysis in support of the Human Health Risk Assessment Work Plan. Also on June 10, 2008, the Company submitted the Remedial Investigation Work Plan for the Saginaw River and the Saginaw Bay. The Company has not received comments on these plans.

Studies Conducted

On July 12, 2006, the MDEQ approved the sampling for the first six miles of the Tittabawassee River. On December 1, 2006, the MDEQ approved the Sampling and Analysis Plan in Support of Bioavailability Study for Midland (the "Plan"). The results of the Plan were provided to the MDEQ on March 22, 2007. On May 3, 2007, the MDEQ approved the GeoMorph® Pilot Site Characterization Report for the first six miles and approved this approach for the balance of the Tittabawassee River with some qualifications. On July 12, 2007, the MDEQ approved, with qualifications, the sampling for the next 11 miles of the Tittabawassee River. On March 1, 2008 the Company submitted to the MDEQ the Tittabawassee River Site Characterization Report that incorporated the data obtained from the 2006 and 2007 field investigations. On June 30, 2008, the Company submitted the Lower Tittabawassee River Sampling and Analysis Plan to the MDEQ. The Sampling and Analysis Plan was approved by the MDEQ by letters dated July 10, 2008 and August 15, 2008. The sampling work has been completed and the results are due to be submitted in a report to MDEQ by June 1, 2009.

Interim Remedial Actions

The Company has been working with the MDEQ to implement Interim Response Activities and Pilot Corrective Action Plans in specific areas in and along the Tittabawassee River, where elevated levels of dioxins and furans were found during the investigation of the first six miles of the river. In September 2008, the Company and the MDEQ reached agreement to implement pilot projects to evaluate their applicability to future actions.

NOTE K – Commitments and Contingent Liabilities – Continued

Removal Actions
On June 27, 2007, the U.S. Environmental Protection Agency ("EPA") sent a letter to the Company demanding that the Company enter into consent orders under Section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") for three areas identified during investigation of the first six miles of the Tittabawassee River as areas for interim remedial actions under MDEQ oversight. The EPA sought a commitment that the Company immediately engage in remedial actions to remove soils and sediments. Three removal orders were negotiated and were signed on July 12, 2007, and the soil and sediment removal work required by these orders has been completed. On November 15, 2007, the Company and the EPA entered into a CERCLA removal order requiring the Company to remove sediment in the Saginaw River where elevated concentrations were identified during investigative work conducted on the Saginaw River. The sediment removal work was completed in December 2007. On July 11, 2008, the Company and the EPA entered into a removal order under which the Company is required to remove soil, pave a road and driveways, and clean homes along a strip of land approximately 150 feet by 1,000 feet along the lower part of the Tittabawassee River. The work required under this removal order was completed in December 2008.

The Framework also contemplates that the Company, the State of Michigan and other federal and tribal governmental entities will negotiate the terms of an agreement or agreements to resolve potential governmental claims against the Company related to historical off-site contamination associated with the Midland site. The Company and the governmental parties began to meet in the fall of 2005 and entered into a Confidentiality Agreement in December 2005. The Company continues to conduct negotiations with the governmental parties under the Federal Alternative Dispute Resolution Act.

On September 12, 2007, the EPA issued a press release reporting that they were withdrawing from the alternative dispute resolution process. On September 28, 2007, the Company entered into a Funding and Participation Agreement with the natural resource damage trustees that addressed the Company's payment of past costs incurred by the trustees, payment of the costs of a trustee coordinator and a process to review additional cooperative studies that the Company might agree to fund or conduct with the natural resource damage trustees.

On October 10, 2007, the EPA presented a Special Notice Letter to the Company offering to enter into negotiations for an administrative order on consent for the Company to conduct or fund a remedial investigation, a feasibility study, interim remedial actions and a remedial design for the Tittabawassee River, Saginaw River, and Saginaw Bay. The Company agreed to enter into negotiations and submitted its Good Faith Offer to the EPA on December 10, 2007. On January 4, 2008, the EPA terminated negotiations under the Special Notice Letter.

On March 18, 2008, the Company and the natural resource damage trustees entered into a Memorandum of Understanding to provide a mechanism for the Company to fund cooperative studies related to the assessment of natural resource damages. On April 7, 2008 the natural resource damage trustees released for public review and comment their "Natural Resource Damage Assessment Plan for the Tittabawassee River System Assessment Area."

On October 31, 2008, the EPA informed the Company that the Company would receive a Special Notice Letter ("Letter") on or about December 15, 2008 offering to enter into negotiations for an administrative order on consent for the Company to conduct or fund a remedial investigation, a feasibility study and a remedial design for the Tittabawassee River, Saginaw River and Saginaw Bay. On November 18, 2008, the Company entered into a Confidentiality Agreement with EPA and the MDEQ regarding the Letter negotiations. On December 15, 2008, the Company received the Letter from the EPA, proposing that the Company enter into negotiations on an administrative order on consent to perform a remedial investigation, a feasibility study, an engineering evaluation, a cost analysis and a remedial design for the Tittabawassee River, Saginaw River and Saginaw Bay. The December 15, 2008 Letter also included a demand for $1.8 million for the EPA's response costs through October 31, 2008. On December 22, 2008, the Company indicated it was willing to enter into negotiations, which have since commenced.

At the end of 2008, the Company had an accrual for off-site corrective action of $8 million (included in the total accrued obligation of $312 million at December 31, 2008) based on the range of activities that the Company proposed and discussed implementing with the MDEQ and which is set forth in the Framework. At December 31, 2007, the accrual for off-site corrective action was $5 million (included in the total accrued obligation of $322 million at December 31, 2007).

Environmental Matters Summary
It is the opinion of the Company's management that the possibility is remote that costs in excess of those disclosed will have a material adverse impact on the Company's consolidated financial statements.

Asbestos-Related Matters of Union Carbide Corporation

Union Carbide Corporation ("Union Carbide"), a wholly owned subsidiary of the Company, is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. These suits principally allege personal injury resulting from exposure to asbestos-containing products and frequently seek both actual and punitive damages. The alleged claims primarily relate to products that Union Carbide sold in the past, alleged exposure to asbestos-containing products located on Union Carbide's premises, and Union Carbide's responsibility for asbestos suits filed against a former Union Carbide subsidiary, Amchem Products, Inc. ("Amchem"). In many cases, plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of such exposure, or that injuries incurred in fact resulted from exposure to Union Carbide's products.

Influenced by the bankruptcy filings of numerous defendants in asbestos-related litigation and the prospects of various forms of state and national legislative reform, the rate at which plaintiffs filed asbestos-related suits against various companies, including Union Carbide and Amchem, increased in 2001, 2002 and the first half of 2003. Since then, the rate of filing has significantly abated. Union Carbide expects more asbestos-related suits to be filed against Union Carbide and Amchem in the future, and will aggressively defend or reasonably resolve, as appropriate, both pending and future claims.

Based on a study completed by Analysis, Research & Planning Corporation ("ARPC") in January 2003, Union Carbide increased its December 31, 2002 asbestos-related liability for pending and future claims for the 15-year period ending in 2017 to $2.2 billion, excluding future defense and processing costs. Since then, Union Carbide has compared current asbestos claim and resolution activity to the results of the most recent ARPC study at each balance sheet date to determine whether the accrual continues to be appropriate. In addition, Union Carbide has requested ARPC to review Union Carbide's historical asbestos claim and resolution activity each November since 2004 to determine the appropriateness of updating the most recent ARPC study.

In November 2006, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its January 2005 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2006 and concluded that the experience from 2004 through 2006 was sufficient for the purpose of forecasting future filings and values of asbestos claims filed against Union Carbide and Amchem, and could be used in place of previous assumptions to update its January 2005 study. The resulting study, completed by ARPC in December 2006, stated that the undiscounted cost of resolving pending and future asbestos-related claims against Union Carbide and Amchem, excluding future defense and processing costs, through 2021 was estimated to be between approximately $1.2 billion and $1.5 billion. As in its January 2003 and January 2005 studies, ARPC provided estimates for a longer period of time in its December 2006 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

Based on ARPC's December 2006 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $1.2 billion at December 31, 2006 which covered the 15-year period ending in 2021, excluding future defense and processing costs. The reduction was $177 million and was shown as "Asbestos-related credit" in the consolidated statements of income for 2006.

In November 2007, Union Carbide requested ARPC to review Union Carbide's 2007 asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2007. In December 2007, ARPC stated that an update of its study would not provide a more likely estimate of future events than the estimate reflected in its study of the previous year and, therefore, the estimate in that study remained applicable. Based on Union Carbide's own review of the asbestos claim and resolution activity and ARPC's response, Union Carbide determined that no change to the accrual was required. At December 31, 2007, Union Carbide's asbestos-related liability for pending and future claims was $1.1 billion.

In November 2008, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2008. The resulting study, completed by ARPC in December 2008, stated that the undiscounted cost of resolving pending and future asbestos-related claims against UCC and Amchem, excluding future defense and processing costs, through 2023 was estimated to be between $952 million and $1.2 billion. As in its earlier studies, ARPC provided estimates for a longer period of time in its December 2008 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

In December 2008, based on ARPC's December 2008 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $952 million, which covered the 15-year period ending 2023, excluding future defense and processing costs. The reduction was $54 million and was shown as "Asbestos-related credit" in the consolidated statements of income. At December 31, 2008, the asbestos-related liability for pending and future claims was $934 million.

NOTE K – Commitments and Contingent Liabilities – Continued

At December 31, 2008, approximately 21 percent of the recorded liability related to pending claims and approximately 79 percent related to future claims. At December 31, 2007, approximately 31 percent of the recorded liability related to pending claims and approximately 69 percent related to future claims.

At December 31, 2002, Union Carbide increased the receivable for insurance recoveries related to its asbestos liability to $1.35 billion, substantially exhausting its asbestos product liability coverage. The insurance receivable related to the asbestos liability was determined by Union Carbide after a thorough review of applicable insurance policies and the 1985 Wellington Agreement, to which Union Carbide and many of its liability insurers are signatory parties, as well as other insurance settlements, with due consideration given to applicable deductibles, retentions and policy limits, and taking into account the solvency and historical payment experience of various insurance carriers. The Wellington Agreement and other agreements with insurers are designed to facilitate an orderly resolution and collection of Union Carbide's insurance policies and to resolve issues that the insurance carriers may raise.

In September 2003, Union Carbide filed a comprehensive insurance coverage case, now proceeding in the Supreme Court of the State of New York, County of New York, seeking to confirm its rights to insurance for various asbestos claims and to facilitate an orderly and timely collection of insurance proceeds. This lawsuit was filed against insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place with Union Carbide regarding their asbestos-related insurance coverage, in order to facilitate an orderly resolution and collection of such insurance policies and to resolve issues that the insurance carriers may raise. Although the lawsuit is continuing, through the end of 2008, Union Carbide had reached settlements with several of the carriers involved in this litigation.

Union Carbide's receivable for insurance recoveries related to its asbestos liability was $403 million at December 31, 2008 and $467 million at December 31, 2007. At December 31, 2008 and December 31, 2007, all of the receivable for insurance recoveries was related to insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place regarding their asbestos-related insurance coverage.

In addition to the receivable for insurance recoveries related to its asbestos liability, Union Carbide had receivables for defense and resolution costs submitted to insurance carriers for reimbursement as follows:

Receivables for Costs Submitted to Insurance Carriers at December 31		
In millions	*2008*	*2007*
Receivables for defense costs	$ 28	$ 18
Receivables for resolution costs	244	253
Total	$272	$271

Union Carbide expenses defense costs as incurred. The pretax impact for defense and resolution costs, net of insurance, was $53 million in 2008, $84 million in 2007 and $45 million in 2006, and was reflected in "Cost of sales."

After a review of its insurance policies, with due consideration given to applicable deductibles, retentions and policy limits, after taking into account the solvency and historical payment experience of various insurance carriers; existing insurance settlements; and the advice of outside counsel with respect to the applicable insurance coverage law relating to the terms and conditions of its insurance policies, Union Carbide continues to believe that its recorded receivable for insurance recoveries from all insurance carriers is probable of collection.

The amounts recorded by Union Carbide for the asbestos-related liability and related insurance receivable described above were based upon current, known facts. However, future events, such as the number of new claims to be filed and/or received each year, the average cost of disposing of each such claim, coverage issues among insurers, and the continuing solvency of various insurance companies, as well as the numerous uncertainties surrounding asbestos litigation in the United States, could cause the actual costs and insurance recoveries for Union Carbide to be higher or lower than those projected or those recorded.

Because of the uncertainties described above, Union Carbide's management cannot estimate the full range of the cost of resolving pending and future asbestos-related claims facing Union Carbide and Amchem. Union Carbide's management believes that it is reasonably possible that the cost of disposing of Union Carbide's asbestos-related claims, including future defense costs, could have a material adverse impact on Union Carbide's results of operations and cash flows for a particular period and on the consolidated financial position of Union Carbide.

It is the opinion of Dow's management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on the Company's results of operations and cash flows for a particular period and on the consolidated financial position of the Company.

Synthetic Rubber Industry Matters
In 2003, the U.S., Canadian and European competition authorities initiated separate investigations into alleged anticompetitive behavior by certain participants in the synthetic rubber industry. Certain subsidiaries of the Company (but as to the investigation in Europe only) have responded to requests for documents and are otherwise cooperating in the investigations.

On June 10, 2005, the Company received a Statement of Objections from the European Commission (the "EC") stating that it believed that the Company and certain subsidiaries of the Company (the "Dow Entities"), together with other participants in the synthetic rubber industry, engaged in conduct in violation of European competition laws with respect to the butadiene rubber and emulsion styrene butadiene rubber businesses. In connection therewith, on November 29, 2006, the EC issued its decision alleging infringement of Article 81 of the Treaty of Rome and imposed a fine of Euro 64.575 million (approximately $85 million) on the Dow Entities. Several other companies were also named and fined. In the fourth quarter of 2006, the Company recognized a loss contingency of $85 million related to the fine. The Company has appealed the EC's decision. Subsequent to the imposition of the fine, the Company and/or certain subsidiaries of the Company became named parties in various related U.S., United Kingdom and Italian civil actions.

Additionally, on March 10, 2007, the Company received a Statement of Objections from the EC stating that it believed that DuPont Dow Elastomers L.L.C. ("DDE"), a former 50:50 joint venture with E.I. du Pont de Nemours and Company ("DuPont"), together with other participants in the synthetic rubber industry, engaged in conduct in violation of European competition laws with respect to the polychloroprene business. This Statement of Objections specifically names the Company, in its capacity as a former joint venture owner of DDE. On December 5, 2007, the EC announced its decision to impose a fine on the Company, among others, in the amount of Euro 48.675 million (approximately $70 million). The Company previously transferred its joint venture ownership interest in DDE to DuPont in 2005, and DDE then changed its name to DuPont Performance Elastomers L.L.C. ("DPE"). In February 2008, DuPont, DPE and the Company each filed an appeal of the December 5, 2007 decision of the EC. Based on the Company's allocation agreement with DuPont, the Company's share of this fine, regardless of the outcome of the appeals, will not have a material adverse impact on the Company's consolidated financial statements.

Other Litigation Matters
In addition to breast implant, DBCP, environmental and synthetic rubber industry matters, the Company is party to a number of other claims and lawsuits arising out of the normal course of business with respect to commercial matters, including product liability, governmental regulation and other actions. Certain of these actions purport to be class actions and seek damages in very large amounts. All such claims are being contested. Dow has an active risk management program consisting of numerous insurance policies secured from many carriers at various times. These policies provide coverage that will be utilized to minimize the impact, if any, of the contingencies described above.

Summary
Except for the possible effect of Union Carbide's asbestos-related liability described above and matters involving Rohm and Haas Company (see Note U), it is the opinion of the Company's management that the possibility is remote that the aggregate of all claims and lawsuits will have a material adverse impact on the Company's consolidated financial statements.

Purchase Commitments
The Company has numerous agreements for the purchase of ethylene-related products globally. The purchase prices are determined primarily on a cost-plus basis. Total purchases under these agreements were $1,502 million in 2008, $1,624 million in 2007 and $1,356 million in 2006. The Company's take-or-pay commitments associated with these agreements at December 31, 2008 are included in the table below.

The Company also has various commitments for take-or-pay and throughput agreements. Such commitments are at prices not in excess of current market prices. The terms of all but two of these agreements extend from one to 25 years. One agreement has terms extending to 36 years and another has terms extending to 80 years. The determinable future commitments for these agreements are included for 10 years in the following table which presents the fixed and determinable portion of obligations under the Company's purchase commitments at December 31, 2008:

NOTE K – Commitments and Contingent Liabilities – Continued

Fixed and Determinable Portion of Take-or-Pay and Throughput Obligations at December 31, 2008 In millions	
2009	$ 2,023
2010	1,708
2011	1,798
2012	1,392
2013	895
2014 and beyond	5,969
Total	$13,785

In addition to the take-or-pay obligations at December 31, 2008, the Company had outstanding commitments which ranged from one to nine years for steam, electrical power, materials, property and other items used in the normal course of business of approximately $327 million. Such commitments were at prices not in excess of current market prices.

Guarantees
The Company provides a variety of guarantees, as described more fully in the following sections.

Guarantees
Guarantees arise during the ordinary course of business from relationships with customers and nonconsolidated affiliates when the Company undertakes an obligation to guarantee the performance of others (via delivery of cash or other assets) if specified triggering events occur. With guarantees, such as commercial or financial contracts, non-performance by the guaranteed party triggers the obligation of the Company to make payments to the beneficiary of the guarantee. The majority of the Company's guarantees relates to debt of nonconsolidated affiliates, which have expiration dates ranging from less than one year to seven years, and trade financing transactions in Latin America and Asia Pacific, which typically expire within one year of their inception. The current expectation of future payment or performance related to the non-performance of others is considered unlikely.

Residual Value Guarantees
The Company provides guarantees related to leased assets specifying the residual value that will be available to the lessor at lease termination through sale of the assets to the lessee or third parties.

The following tables provide a summary of the final expiration, maximum future payments and recorded liability reflected in the consolidated balance sheets for each type of guarantee:

Guarantees at December 31, 2008 In millions	*Final Expiration*	*Maximum Future Payments*	*Recorded Liability*
Guarantees	2014	$ 330	$23
Residual value guarantees	2015	985	4
Total guarantees		$1,315	$27

Guarantees at December 31, 2007 In millions	*Final Expiration*	*Maximum Future Payments*	*Recorded Liability*
Guarantees	2014	$ 354	$22
Residual value guarantees	2015	1,035	5
Total guarantees		$1,389	$27

Asset Retirement Obligations
Dow has 150 manufacturing sites in 35 countries. Most of these sites contain numerous individual manufacturing operations, particularly at the Company's larger sites. Asset retirement obligations are recorded as incurred and reasonably estimable, including obligations for which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. Retirement of assets may involve such efforts as remediation and treatment of asbestos, contractually required demolition, and other related activities, depending on the nature and location of the assets, and are typically realized only upon demolition of those facilities. In identifying asset retirement obligations, the Company considers identification of legally enforceable obligations, changes in existing law, estimates of potential settlement dates and

the calculation of an appropriate discount rate to be used in calculating the fair value of the obligations. Dow has a well-established global process to identify, approve and track the demolition of retired or to-be-retired facilities; no assets are retired from service until this process has been followed. Dow typically forecasts demolition projects based on the usefulness of the assets; environmental, health and safety concerns; and other similar considerations. Under this process, as demolition projects are identified and approved, reasonable estimates may then be determined for the time frames during which any related asset retirement obligations are expected to be settled. For those assets where a range of potential settlement dates may be reasonably estimated, obligations are recorded. Dow routinely reviews all changes to items under consideration for demolition to determine if an adjustment to the value of the asset retirement obligation is required.

The Company has recognized asset retirement obligations for the following activities: demolition and remediation activities at manufacturing sites in the United States, Canada and Europe; capping activities at landfill sites in the United States, Canada, Italy and Brazil; and asbestos encapsulation as a result of planned demolition and remediation activities at manufacturing and administrative sites in the United States, Canada and Europe.

In 2008, the Company recognized asset retirement obligations of $4 million related to the 2008 restructuring plan (see Note B).

The following table shows changes in the aggregate carrying amount of the Company's asset retirement obligations:

Asset Retirement Obligations In millions	*2008*	*2007*
Balance at January 1	$116	$106
Additional accruals	7	25
Liabilities settled	(14)	(22)
Accretion expense	3	1
Revisions in estimated cash flows	1	-
Other	(7)	6
Balance at December 31	$106	$116

In accordance with FIN No. 47, the Company has recognized conditional asset retirement obligations related to asbestos encapsulation as a result of planned demolition and remediation activities at manufacturing and administrative sites in the United States, Canada and Europe. At December 31, 2008, the aggregate carrying amount of conditional asset retirement obligations recognized by the Company was $41 million ($45 million at December 31, 2007).

The discount rate used to calculate the Company's asset retirement obligations at December 31, 2008 was 7.13 percent (5.08 percent at December 31, 2007). These obligations are included in the consolidated balance sheets as "Other noncurrent obligations."

The Company has not recognized conditional asset retirement obligations for which a fair value cannot be reasonably estimated in its consolidated financial statements. Assets that have not been submitted/reviewed for potential demolition activities are considered to have continued usefulness and are generally still operating "normally." Therefore, without a plan to demolish the assets or the expectation of a plan, such as shortening the useful life of assets for depreciation purposes under the requirements of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," Dow is unable to reasonably forecast a time frame to use for present value calculations. As such, Dow has not recognized obligations for individual plants/buildings at its 150 manufacturing sites where estimates of potential settlement dates cannot be reasonably made. In addition, the Company has not recognized conditional asset retirement obligations for the capping of its approximately 45 underground storage wells at Dow-owned sites when there are no plans or expectations of plans to exit the sites. It is the opinion of the Company's management that the possibility is remote that such conditional asset retirement obligations, when estimable, will have a material adverse impact on the Company's consolidated financial statements based on current costs.

NOTE L – NOTES PAYABLE, LONG-TERM DEBT AND AVAILABLE CREDIT FACILITIES

Notes Payable at December 31 In millions	*2008*	*2007*
Commercial paper	$1,597	$1,162
Notes payable to banks	661	321
Notes payable to related companies	102	65
Total notes payable	$2,360	$1,548
Year-end average interest rates	4.04%	5.27%

NOTE L – Notes Payable, Long-Term Debt and Available Credit Facilities – Continued

Long-Term Debt at December 31 In millions	*2008 Average Rate*	*2008*	*2007 Average Rate*	*2007*
Promissory notes and debentures:				
Final maturity 2008	-	-	5.75%	$ 497
Final maturity 2009	6.76%	$ 682	6.76%	686
Final maturity 2010	9.14%	275	9.13%	276
Final maturity 2011	6.13%	806	6.13%	808
Final maturity 2012	6.00%	907	6.00%	909
Final maturity 2013	6.85%	139	6.85%	139
Final maturity 2014 and thereafter	7.05%	2,682	7.63%	1,881
Other facilities:				
U.S. dollar loans, various rates and maturities	2.43%	700	5.23%	1
Foreign currency loans, various rates and maturities	3.23%	73	3.13%	58
Medium-term notes, varying maturities through 2022	6.25%	1,072	6.17%	576
Foreign medium-term notes, various rates and maturities	4.13%	1	4.13%	1
Foreign medium-term notes, final maturity 2010, Euro	4.37%	561	4.37%	587
Foreign medium-term notes, final maturity 2011, Euro	4.63%	690	4.63%	718
Pollution control/industrial revenue bonds, varying maturities through 2033	5.61%	904	4.84%	1,004
Capital lease obligations	-	46	-	50
Unamortized debt discount	-	(15)	-	(24)
Unexpended construction funds	-	(27)	-	-
Long-term debt due within one year	-	(1,454)	-	(586)
Total long-term debt	-	$ 8,042	-	$7,581

Annual Installments on Long-Term Debt for Next Five Years In millions	
2009	$1,454
2010	$1,060
2011	$1,523
2012	$1,004
2013	$601

At December 31, 2008, the Company had an unused and committed $3 billion 5-year revolving credit facility with various U.S. and foreign banks, with a maturity date of April 2011, in support of its commercial paper borrowings and working capital requirements.

The Company's outstanding public debt of $9.5 billion has been issued under indentures which contain, among other provisions, covenants with which the Company must comply while the underlying notes are outstanding. Such covenants include obligations to not allow liens on principal U.S. manufacturing facilities, enter into sale and lease-back transactions with respect to principal U.S. manufacturing facilities, or merge or consolidate with any other corporation or sell or convey all or substantially all of the Company's assets. Failure of the Company to comply with any of these covenants could result in a default under the applicable indenture which would allow the note holders to accelerate the due date of the outstanding principal and accrued interest on the subject notes.

The Company's primary credit agreements contain covenant and default provisions in addition to the covenants set forth above with respect to the Company's public debt. Significant other covenants and defaults include:

(a) the obligation to maintain the ratio of the Company's consolidated indebtedness to consolidated capitalization at no greater than 0.65 to 1.00 at any time the aggregate outstanding amount of loans under the primary credit agreements exceeds $500 million,

(b) a default if the Company or an applicable subsidiary fails to make any payment on indebtedness of $50 million or more when due, or any other default under the applicable agreement permits the acceleration of $200 million or more of principal, or results in the acceleration of $100 million or more of principal, and

(c) a default if the Company or any applicable subsidiary fails to discharge or stay within 30 days after the entry of a final judgment of more than $200 million.

Failure of the Company to comply with any of the covenants or default provisions could result in a default under the applicable credit agreement which would allow the lenders to not fund future loan requests and to accelerate the due date of the outstanding principal and accrued interest on any outstanding loans.

At December 31, 2008, management believes the Company was in compliance with all of the covenants and default provisions referred to above.

NOTE M – PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

Pension Plans

The Company has defined benefit pension plans that cover employees in the United States and a number of other countries. The U.S. qualified plan covering the parent company is the largest plan. Benefits are based on length of service and the employee's three highest consecutive years of compensation. Employees hired after January 1, 2008 earn benefits that are based on a set percentage of annual pay, plus interest.

The Company's funding policy is to contribute to those plans when pension laws and/or economics either require or encourage funding. In 2008, Dow contributed $185 million to its pension plans, including contributions to fund benefit payments for its non-qualified supplemental plans. Dow expects to contribute $376 million to its pension plans in 2009.

The weighted-average assumptions used to determine pension plan obligations and net periodic benefit costs for the plans are provided in the two tables below:

Weighted-Average Assumptions for All Pension Plans	*Benefit Obligations at December 31*		*Net Periodic Costs for the Year*	
	2008	*2007*	*2008*	*2007*
Discount rate	6.35%	6.30%	6.33%	5.56%
Rate of increase in future compensation levels	4.14%	4.13%	4.14%	4.12%
Expected long-term rate of return on plan assets	-	-	8.12%	8.30%

Weighted-Average Assumptions for U.S. Pension Plans	*Benefit Obligations at December 31*		*Net Periodic Costs for the Year*	
	2008	*2007*	*2008*	*2007*
Discount rate	6.61%	6.75%	6.75%	5.98%
Rate of increase in future compensation levels	4.50%	4.50%	4.50%	4.50%
Expected long-term rate of return on plan assets	-	-	8.44%	8.79%

The Company determines the expected long-term rate of return on plan assets by performing a detailed analysis of historical and expected returns based on the strategic asset allocation approved by the Board of Directors and the underlying return fundamentals of each asset class. The Company's historical experience with the pension fund asset performance is also considered. The discount rates utilized to measure the pension and other postretirement obligations of the U.S. qualified plans are based on the yield on high-quality fixed income investments at the measurement date. Future expected actuarially determined cash flows of Dow's major U.S. plans are matched against the Citigroup Pension Discount Curve (Above Median) to arrive at a single discount rate by plan.

The accumulated benefit obligation ("ABO") for all defined benefit pension plans was $14.9 billion at December 31, 2008 and $14.7 billion at December 31, 2007.

Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets at December 31		
In millions	*2008*	*2007*
Projected benefit obligations	$13,514	$1,843
Accumulated benefit obligations	$13,027	$1,677
Fair value of plan assets	$9,536	$314

NOTE M – Pension Plans and Other Postretirement Benefits – Continued

In addition to the U.S. qualified plan, U.S. employees are eligible to participate in defined contribution plans (Employee Savings Plans) by contributing a portion of their compensation, which is partially matched by the Company. Defined contribution plans also cover employees in some subsidiaries in other countries, including Australia, Brazil, Canada, Italy, Spain and the United Kingdom. Expense recognized for all defined contribution plans was $49 million in 2008, $125 million in 2007 and $84 million in 2006.

Other Postretirement Benefits

The Company provides certain health care and life insurance benefits to retired employees. The Company's plans outside of the United States are not significant; therefore, this discussion relates to the U.S. plans only. The plans provide health care benefits, including hospital, physicians' services, drug and major medical expense coverage, and life insurance benefits. For employees hired before January 1, 1993, the plans provide benefits supplemental to Medicare when retirees are eligible for these benefits. The Company and the retiree share the cost of these benefits, with the Company portion increasing as the retiree has increased years of credited service, although there is a cap on the Company portion. The Company has the ability to change these benefits at any time. Employees hired after January 1, 2008 are not covered under the plans.

The Company funds most of the cost of these health care and life insurance benefits as incurred. In 2008, Dow did not make any contributions to its other postretirement benefit plan trusts. Likewise, Dow does not expect to contribute assets to its other postretirement benefits plan trusts in 2009.

The weighted-average assumptions used to determine other postretirement benefit obligations and net periodic benefit costs for the U.S. plans are provided below:

U.S. Plan Assumptions for Other Postretirement Benefits	*Benefit Obligations at December 31*		*Net Periodic Costs for the Year*	
	2008	*2007*	*2008*	*2007*
Discount rate	6.91%	6.57%	6.57%	5.89%
Expected long-term rate of return on plan assets	-	-	6.75%	9.00%
Initial health care cost trend rate	9.72%	10.30%	10.30%	8.79%
Ultimate health care cost trend rate	6.00%	6.00%	6.00%	6.00%
Year ultimate trend rate to be reached	2018	2014	2014	2011

Increasing the assumed medical cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation at December 31, 2008 by $15 million and the net periodic postretirement benefit cost for the year by $1 million. Decreasing the assumed medical cost trend rate by one percentage point in each year would decrease the accumulated postretirement benefit obligation at December 31, 2008 by $15 million and the net periodic postretirement benefit cost for the year by $1 million.

Impact of Remeasurements

An expense remeasurement of the Company's pension and other postretirement benefit plans was completed in the third quarter of 2006, due to curtailments as defined in SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," related to workforce reductions (see Note B), resulting in a $3 million increase in net periodic pension cost for 2006.

Net Periodic Benefit Cost for All Significant Plans

In millions	*Defined Benefit Pension Plans*			*Other Postretirement Benefits*		
	2008	*2007*	*2006*	*2008*	*2007*	*2006*
Service cost	$ 264	$ 289	$ 288	$ 18	$ 21	$ 22
Interest cost	961	881	827	117	113	115
Expected return on plan assets	(1,232)	(1,179)	(1,100)	(29)	(34)	(27)
Amortization of prior service cost (credit)	32	23	22	(4)	(4)	(4)
Amortization of unrecognized loss (gain)	43	191	222	(1)	3	7
Termination benefits/curtailment cost (1)	54	11	33	34	6	-
Net periodic benefit cost	$ 122	$ 216	$ 292	$135	$105	$113

(1) See Note B for information regarding termination benefits/curtailment costs recorded in 2008, 2007 and 2006.

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income for All Significant Plans

In millions	*Defined Benefit Pension Plans* 2008	2007	*Other Postretirement Benefits* 2008	2007
Net loss (gain)	$4,669	$(1,593)	$ 23	$(201)
Prior service cost	4	140	-	2
Amortization of prior service (cost) credit	(32)	(23)	4	4
Amortization of unrecognized (loss) gain	(43)	(191)	1	(3)
Total recognized in other comprehensive loss (income)	$4,598	$(1,667)	$ 28	$(198)
Total recognized in net periodic benefit cost and other comprehensive loss (income)	$4,720	$(1,451)	$163	$ (93)

Change in Projected Benefit Obligations, Plan Assets and Funded Status of All Significant Plans

In millions	*Defined Benefit Pension Plans*		*Other Postretirement Benefits*	
Change in projected benefit obligations	2008	2007	2008	2007
Benefit obligation at beginning of year	$15,604	$15,850	$ 1,890	$ 2,057
Service cost	264	289	18	21
Interest cost	961	881	117	113
Plan participants' contributions	21	23	-	-
Amendments	15	143	-	1
Actuarial changes in assumptions and experience	72	(1,354)	(71)	(186)
Acquisition/divestiture/other activity	(8)	140	-	-
Benefits paid	(980)	(918)	(144)	(146)
Currency impact	(420)	553	(23)	23
Termination benefits/curtailment cost (credit)	44	(3)	34	7
Benefit obligations at end of year	$15,573	$15,604	$ 1,821	$ 1,890
Change in plan assets				
Fair value of plan assets at beginning of year	$16,130	$14,958	$ 432	$ 383
Actual return on plan assets	(3,442)	1,424	(64)	49
Currency impact	(341)	437	-	-
Employer contributions	185	183	-	-
Plan participants' contributions	21	19	-	-
Acquisition/divestiture/other activity	-	27	-	-
Benefits paid	(980)	(918)	-	-
Fair value of plan assets at end of year	$11,573	$16,130	$ 368	$ 432
Funded status at end of year	$ (4,000)	$ 526	$(1,453)	$(1,458)
Net amounts recognized in the consolidated balance sheets at December 31:				
Noncurrent assets	$ 12	$ 2,080	-	-
Current liabilities	(45)	(43)	$ (54)	$ (58)
Noncurrent liabilities	(3,967)	(1,511)	(1,399)	(1,400)
Net amounts recognized in the consolidated balance sheets	$ (4,000)	$ 526	$(1,453)	$(1,458)
Pretax amounts recognized in AOCI at December 31:				
Net loss	$5,691	$1,065	$ 27	$ 3
Prior service cost (credit)	245	273	(16)	(20)
Pretax balance in AOCI at end of year	$5,936	$1,338	$ 11	$(17)

In 2009, an estimated net loss of $97 million and prior service cost of $30 million for the defined benefit pension plans will be amortized from AOCI to net periodic benefit cost. In 2009, an estimated net gain of $1 million and a prior service credit of $4 million for other postretirement benefit plans will be amortized from AOCI to net periodic benefit cost.

The Company uses a December 31 measurement date for all of its plans.

NOTE M – Pension Plans and Other Postretirement Benefits – Continued

Estimated Future Benefit Payments
The estimated future benefit payments, reflecting expected future service, as appropriate, are presented in the following table:

Estimated Future Benefit Payments at December 31, 2008

In millions	*Defined Benefit Pension Plans*	*Other Postretirement Benefits*
2009	$ 954	$ 168
2010	1,089	165
2011	967	162
2012	986	156
2013	999	152
2014 through 2018	5,316	720
Total	$10,311	$1,523

Plan Assets
Plan assets consist mainly of equity and fixed income securities of U.S. and foreign issuers, and may include alternative investments such as real estate, private equity and other absolute return strategies. At December 31, 2008, plan assets totaled $11.6 billion and included Company common stock with a value of $7 million (less than 1 percent of total plan assets). At December 31, 2007, plan assets totaled $16.1 billion and included Company common stock with a value of $16 million (less than 1 percent of total plan assets).

Weighted-Average Allocation of All Plan Assets at December 31

	2008	*2007*
Equity securities	40%	51%
Debt securities	40%	30%
Alternative investments	20%	19%
Total	100%	100%

Weighted-Average Allocation of U.S. Plan Assets at December 31

	2008	*2007*
Equity securities	41%	53%
Debt securities	37%	26%
Alternative investments	22%	21%
Total	100%	100%

Investment Strategy and Risk Management for Plan Assets
The Company's investment strategy for the plan assets is to manage the assets in order to pay retirement benefits to plan participants while minimizing cash contributions from the Company over the life of the plans. This is accomplished by diversifying investments in various asset classes and earning an acceptable long-term rate of return consistent with an acceptable degree of risk, while considering the liquidity needs of the plans.

The plans are permitted to use derivative instruments for investment purposes, as well as for hedging the underlying asset and liability exposure and rebalancing the asset allocation. The plans use value at risk, stress testing, scenario analysis, and Monte Carlo simulation to monitor and manage risk in the portfolios.

Strategic Weighted-Average Target Allocation of U.S. Plan Assets

Asset Category	*Target Allocation*	*Range*
Equity securities	50%	34% - 60%
Debt securities	33%	23% - 49%
Alternative investments	17%	9% - 25%
Total	100%	

NOTE N – LEASED PROPERTY AND VARIABLE INTEREST ENTITIES

Leased Property

The Company routinely leases premises for use as sales and administrative offices, warehouses and tanks for product storage, motor vehicles, railcars, computers, office machines, and equipment under operating leases. In addition, the Company leases a gas turbine and aircraft in the United States, and ethylene plants in Canada and The Netherlands. At the termination of the leases, the Company has the option to purchase these plants and certain other leased equipment and buildings based on a fair market value determination.

Rental expenses under operating leases, net of sublease rental income, were $439 million in 2008, $445 million in 2007 and $441 million in 2006. Future minimum rental payments under operating leases with remaining non-cancelable terms in excess of one year are as follows:

Minimum Operating Lease Commitments at December 31, 2008 In millions	
2009	$204
2010	157
2011	103
2012	75
2013	64
2014 and thereafter	340
Total	$943

Variable Interest Entities

The Company leases an ethylene facility in The Netherlands from an owner trust that is a variable interest entity ("VIE"). Dow is not the primary beneficiary of the owner trust and is, therefore, not required to consolidate the owner trust. Based on a valuation completed in mid-2003 when Dow entered into the lease, the facility was valued at $394 million. Upon expiration of the lease, which matures in 2014, Dow may purchase the facility for an amount based upon a fair market value determination. At December 31, 2008, Dow had provided to the owner trust a residual value guarantee of $363 million, which represents Dow's maximum exposure to loss under the lease. Given the productive nature of the facility, it is probable that the facility will have continuing value to Dow or the owner trust in excess of the residual value guarantee.

In September 2001, Hobbes Capital S.A. ("Hobbes"), a former consolidated foreign subsidiary of the Company, issued $500 million of preferred securities in the form of equity certificates. The certificates provided a floating rate of return (which may be reinvested) based on London Interbank Offered Rate (LIBOR). Under FIN No. 46R, Hobbes was a VIE and the Company was the primary beneficiary. During the third quarter of 2008, the other partner of Hobbes redeemed its $674 million ownership in Hobbes. Prior to redemption, the equity certificates were classified as "Preferred Securities of Subsidiaries" and the reinvested preferred returns were included in "Minority Interest in Subsidiaries" in the consolidated balance sheets. The preferred return was included in "Minority interests' share in income" in the consolidated statements of income.

NOTE O – STOCK-BASED COMPENSATION

The Company grants stock-based compensation to employees and non-employee directors in the form of the Employees' Stock Purchase Plan and stock option plans, which include deferred and restricted stock. Information regarding these plans is provided below.

Accounting for Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment", which replaced SFAS No. 123, "Accounting for Stock-Based Compensation," and superseded Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." This statement, which requires that the cost of all share-based payment transactions be recognized in the financial statements, established fair value as the measurement objective and required entities to apply a fair-value-based measurement method in accounting for share-based payment transactions. As issued, the statement applied to all awards granted, modified, repurchased or cancelled after July 1, 2005, and unvested portions of previously issued and outstanding awards. On April 14, 2005, the U.S. Securities and Exchange Commission announced the adoption of a new rule that amended the compliance date for SFAS No. 123R, allowing companies to implement the statement at the beginning of their next fiscal year that began after June 15, 2005, which was January 1, 2006 for the Company. Effective January 1, 2006, the Company began expensing stock-based compensation newly issued in 2006 to employees in accordance with the fair-value-based measurement method of accounting set forth in SFAS No. 123R, using the modified prospective method.

NOTE O – Stock-Based Compensation – Continued

The Company grants stock-based compensation awards which vest over a specified period or upon employees meeting certain performance and retirement eligibility criteria. The Company has historically amortized these awards over the specified vesting period and recognized any unrecognized compensation cost at the date of retirement (the "nominal vesting period approach"). The Company will continue applying the nominal vesting period approach to the portion of outstanding awards that were unvested at December 31, 2005, until the awards are fully vested. SFAS No. 123R specifies that an award is vested when the employee's right to the award is no longer contingent upon providing additional service (the "non-substantive vesting period approach"). The Company began applying this approach to all stock-based compensation awarded after December 31, 2005. The fair value of equity instruments issued to employees is measured on the date of grant and is recognized over the vesting period or from the grant date to the date on which retirement eligibility provisions have been met and additional service is no longer required.

The Company uses a lattice-based option valuation model to estimate the fair value of stock options and a Black-Scholes option valuation model for subscriptions to purchase shares under the Employees' Stock Purchase Plan ("ESPP"). The weighted-average assumptions used to calculate total stock-based compensation are included in the following table:

	2008	*2007*	*2006*
Dividend yield	4.4%	3.5%	3.3%
Expected volatility	29.57%	23.33%	25.67%
Risk-free interest rate	3.42%	4.89%	4.55%
Expected life of stock options granted during period	6 years	6 years	6 years
Life of Employees' Stock Purchase Plan	6.5 months	6.6 months	6.6 months

The dividend yield assumption for all years was based on the Company's current declared dividend as a percentage of the stock price on the grant date. The expected volatility assumption for all years was based on an equal weighting of the historical daily volatility and current implied volatility from exchange-traded options for the contractual term of the options. The risk-free interest rate for all years was based on the weighted-average of U.S. Treasury strip rates over the contractual term of the options. Based on an analysis of historical exercise patterns, exercise rates were developed that resulted in an average life of 6 years for all years.

EMPLOYEES' STOCK PURCHASE PLANS

On February 13, 2003, the Board of Directors authorized a 10-year ESPP, which was approved by stockholders at the Company's annual meeting on May 8, 2003. Under the 2008 annual offering, most employees were eligible to purchase shares of common stock of the Company valued at up to 10 percent of their annual base earnings. The value is determined using the plan price multiplied by the number of shares subscribed to by the employee. The plan price of the stock is set each year at no less than 85 percent of market price. Approximately 51 percent of the eligible employees enrolled in the annual plan for 2008; approximately 59 percent of the eligible employees enrolled in 2007; and approximately 52 percent enrolled in 2006.

Employees' Stock Purchase Plans	*2008*	
Shares in thousands	*Shares*	*Exercise Price* (1)
Outstanding at beginning of year	-	-
Granted	4,582	$35.57
Exercised	(1,082)	$29.92
Forfeited/Expired	(3,500)	$35.57
Outstanding and exercisable at end of year	-	-

(1) Weighted-average per share

Additional Information about ESPPs In millions, except per share amounts	*2008*	*2007*	*2006*
Weighted-average fair value per share of purchase rights granted	$4.33	$10.62	$7.83
Total compensation expense for ESPPs	$20	$57	$34
Related tax benefit	$7	$21	$12
Total amount of cash received from the exercise of purchase rights	$32	$145	$101
Total intrinsic value of purchase rights exercised (1)	$3	$65	$15
Related tax benefit	$1	$24	$6

(1) Difference between the market price at exercise and the price paid by the employee to exercise the purchase rights

STOCK OPTION PLANS

Under the 1988 Award and Option Plan (the "1988 Plan"), a plan approved by stockholders, the Company may grant options or shares of common stock to its employees subject to certain annual and individual limits. The terms of the grants are fixed at the grant date. At December 31, 2008, there were 30,609,222 shares available for grant under this plan.

No additional grants will be made under the 1994 Non-Employee Directors' Stock Plan, which previously allowed the Company to grant up to 300,000 options to non-employee directors. At December 31, 2008, there were 56,250 options outstanding under this plan.

No additional grants will be made under the 1998 Non-Employee Directors' Stock Plan, which previously allowed the Company to grant up to 600,000 options to non-employee directors. At December 31, 2008, there were 135,700 options outstanding under this plan.

The exercise price of each stock option equals the market price of the Company's stock on the date of grant. Options vest from one to three years, and have a maximum term of 10 years.

The following table provides stock option activity for 2008:

Stock Options	*2008*	
Shares in thousands	*Shares*	*Exercise Price* (1)
Outstanding at beginning of year	48,002	$39.16
Granted	9,176	$38.62
Exercised	(1,364)	$30.30
Forfeited/Expired	(2,037)	$36.47
Outstanding at end of year	53,777	$39.39
Remaining contractual life in years		5.31
Aggregate intrinsic value in millions	-	
Exercisable at end of year	37,459	$38.77
Remaining contractual life in years		3.95
Aggregate intrinsic value in millions	-	

(1) Weighted-average per share

Additional Information about Stock Options In millions, except per share amounts	*2008*	*2007*	*2006*
Weighted-average fair value per share of options granted	$8.88	$9.81	$10.31
Total compensation expense for stock option plans	$79	$86	$87
Related tax benefit	$29	$32	$32
Total amount of cash received from the exercise of options	$40	$235	$122
Total intrinsic value of options exercised (1)	$12	$103	$49
Related tax benefit	$4	$38	$18

(1) Difference between the market price at exercise and the price paid by the employee to exercise the options

Total unrecognized compensation cost related to unvested stock option awards was $36 million at December 31, 2008 and is expected to be recognized over a weighted-average period of 0.83 years.

NOTE O – Stock-Based Compensation – Continued

Deferred and Restricted Stock
Under the 1988 Plan, the Company grants deferred stock to certain employees. The grants vest after a designated period of time, generally two to five years.

Deferred Stock	*2008*	
Shares in thousands	*Shares*	*Grant Date Fair Value* (1)
Nonvested at beginning of year	6,633	$45.49
Granted	1,996	$38.38
Vested	(267)	$45.85
Canceled	(246)	$45.38
Nonvested at end of year	8,116	$43.73

(1) Weighted-average per share

Additional Information about Deferred Stock			
In millions, except per share amounts	*2008*	*2007*	*2006*
Weighted-average fair value per share of deferred stock granted	$38.38	$43.61	$43.34
Total fair value of deferred stock vested and delivered (1)	$11	$24	$48
Related tax benefit	$4	$9	$18
Total compensation expense for deferred stock awards	$95	$76	$67
Related tax benefit	$35	$28	$25

(1) Includes the fair value of shares vested in prior years and delivered in the reporting year.

Total unrecognized compensation cost related to deferred stock awards was $86 million at December 31, 2008 and is expected to be recognized over a weighted-average period of 1.09 years. At December 31, 2008, approximately 252,000 deferred shares with a grant date weighted-average fair value per share of $42.80 had previously vested, but were not issued. These shares are scheduled to be issued to employees within one to four years or upon retirement.

Also under the 1988 Plan, the Company has granted performance deferred stock awards that vest when the Company attains specified performance targets over a predetermined period, generally two to five years. Compensation expense related to performance deferred stock awards is recognized over the lesser of the service or performance period. The following table shows the performance deferred stock awards granted:

Performance Deferred Stock Awards			
Shares in millions	*Performance Period*	*Target Shares Granted* (1)	*Weighted-average Fair Value per Share*
2008	January 1, 2008 – December 31, 2010	1.1	$38.62
2007	January 1, 2007 – December 31, 2009	1.0	$43.59
2006	January 1, 2006 – December 31, 2008	0.9	$36.78

(1) At the end of the performance period, the actual number of shares issued can range from zero to 250 percent of the target shares granted for the 2008 and 2007 performance periods and from zero to 200 percent of the target shares granted for the 2006 performance period.

The following table shows changes in nonvested performance deferred stock:

Performance Deferred Stock	*2008*	
Shares in thousands	*Shares*	*Grant Date Fair Value* (1)
Nonvested at beginning of year	1,861	$40.32
Granted	1,070	$38.62
Vested	(865)	$36.78
Canceled	(71)	$40.23
Nonvested at end of year	1,995	$40.95

(1) Weighted-average per share

Additional Information about Performance Deferred Stock In millions	2008	2007	2006
Total fair value of performance deferred stock vested and delivered (1)	$166	$127	$52
Related tax benefit	$62	$47	$19
Total compensation expense for performance deferred stock awards	$17	$69	$86
Related tax benefit	$6	$26	$32

(1) Includes the fair value of shares vested in prior years and delivered in the reporting year.

During the second quarter of 2008, the Company settled 0.9 million shares of performance deferred stock for $35 million in cash. Total unrecognized compensation cost related to performance deferred stock awards was $10 million at December 31, 2008 and is expected to be recognized over a weighted-average period of 0.68 years. At December 31, 2008, approximately 0.1 million performance deferred shares with a grant date weighted-average fair value of $35.39 per share were vested, but not issued. These shares are scheduled to be issued in April 2009.

In addition, the Company is authorized to grant up to 300,000 deferred shares of common stock to executive officers of the Company under the 1994 Executive Performance Plan.

Under the 2003 Non-Employee Directors' Stock Incentive Plan, a plan approved by stockholders, the Company may grant up to 1.5 million shares (including options, restricted stock and deferred stock) to non-employee directors over the 10-year duration of the program, subject to an annual aggregate award limit of 25,000 shares for each individual director. In 2008, 28,200 shares of restricted stock with a weighted-average fair value of $37.71 per share were issued under this plan. The restricted stock issued under this plan cannot be sold, assigned, pledged or otherwise transferred by the non-employee director, until the director is no longer a member of the Board.

NOTE P – LIMITED PARTNERSHIP

In early 1998, a subsidiary of the Company purchased the 20 percent limited partner interests of outside investors in a consolidated subsidiary, Chemtech Royalty Associates L.P., for a fair value of $210 million in accordance with wind-up provisions in the partnership agreement. The limited partnership was renamed Chemtech II L.P. ("Chemtech II"). In June 1998, the Company contributed assets with an aggregate fair value of $783 million (through a wholly owned subsidiary) to Chemtech II and an outside investor acquired a limited partner interest in Chemtech II totaling 20 percent in exchange for $200 million. In September 2000, the Company contributed additional assets with an aggregate fair value of $18 million (through a wholly owned subsidiary) to Chemtech II. During the second quarter of 2008, the minority outside investor presented the Company with a liquidation notice, resulting in Dow's election to purchase the outside investor's share in the partnership for $200 million. The transaction was completed in the second quarter of 2008.

Prior to the sale of its interest, the outside investor in Chemtech II received a cumulative annual priority return on its investment and participated in residual earnings. For financial reporting purposes, the assets (other than intercompany loans, which were eliminated), liabilities, results of operations and cash flows of the partnership and subsidiaries were included in the Company's consolidated financial statements, and the outside investor's limited partner interest was included in "Minority Interest in Subsidiaries" in the consolidated balance sheets.

NOTE Q – PREFERRED SECURITIES OF SUBSIDIARIES

The following transactions were entered into for the purpose of providing diversified sources of funds to the Company.

In July 1999, Tornado Finance V.O.F., a consolidated foreign subsidiary of the Company, issued $500 million of preferred securities in the form of preferred partnership units. The units provide a distribution of 7.965 percent, may be redeemed in 2009 or thereafter, and may be called at any time by the subsidiary. The preferred partnership units are classified as "Preferred Securities of Subsidiaries" in the consolidated balance sheets. The distributions are included in "Minority interests' share in income" in the consolidated statements of income.

In September 2001, Hobbes Capital S.A. ("Hobbes"), a former consolidated foreign subsidiary of the Company, issued $500 million of preferred securities in the form of equity certificates. The certificates provided a floating rate of return (which may be reinvested) based on the London Interbank Offered Rate ("LIBOR"). During the third quarter of 2008, the other partner of Hobbes redeemed its $674 million ownership in Hobbes. The minority ownership was redeemed in a non-cash transaction in exchange for a three-year note payable with a floating rate based on LIBOR. Prior to redemption, the equity certificates of $500 million were classified as "Preferred Securities of Subsidiaries" and the reinvested preferred returns were included in "Minority Interest in Subsidiaries" in the consolidated balance sheets. The preferred return was included in "Minority interests' share in income" in the consolidated statements of income.

NOTE R – STOCKHOLDERS' EQUITY

There are no significant restrictions limiting the Company's ability to pay dividends.

Undistributed earnings of nonconsolidated affiliates included in retained earnings were $2,089 million at December 31, 2008 and $1,962 million at December 31, 2007.

On July 14, 2005, the Board of Directors authorized the repurchase of up to 25 million shares of Dow common stock over the period ending on December 31, 2007 (the "2005 Program"). Prior to that authorization (and since August 3, 1999 when the Board of Directors terminated its 1997 authorization which allowed the Company to repurchase shares of Dow common stock), the only shares purchased by the Company were those shares received from employees and non-employee directors to pay taxes owed to the Company as a result of the exercise of stock options or the delivery of deferred stock (see Note O for information regarding the Company's stock option plans). In 2005 and 2006, the Company purchased a total of 18,798,407 shares of the Company's common stock under the 2005 program. During the first quarter of 2007, the Company purchased 6,201,593 shares of the Company's common stock under the 2005 Program, bringing the program to a close.

On October 26, 2006, the Company announced that its Board of Directors had approved a share buy-back program, authorizing up to $2 billion to be spent on the repurchase of the Company's common stock (the "2006 Program"). Purchases under the 2006 Program began in March 2007, following the completion of the 2005 Program. In 2007, the Company purchased 26,225,207 shares of the Company's common stock under the 2006 Program. In 2008, the Company purchased 21,867,831 shares under the 2006 Program, bringing the total number of shares purchased under this program to 48,093,038 and bringing the program to a close.

The total number of treasury shares purchased by the Company, including shares received from employees and non-employee directors to pay taxes owed to the Company as a result of the exercise of stock options or the delivery of deferred stock, was 23,039,786 in 2008; 33,275,995 in 2007 and 18,694,453 in 2006.

The Company issues shares for options exercised as well as for the release of deferred and restricted stock out of treasury stock. The Company does not plan to repurchase shares for this activity in 2009.

The number of treasury shares issued to employees under the Company's option and purchase programs was 7.0 million in 2008, 15.6 million in 2007 and 9.6 million in 2006.

Reserved Treasury Stock at December 31			
Shares in millions	*2008*	*2007*	*2006*
Stock option and deferred stock plans	57.0	41.0	23.3

Employee Stock Ownership Plan

The Company has the Dow Employee Stock Ownership Plan (the "ESOP"), which is an integral part of The Dow Chemical Company Employees' Savings Plan. A significant majority of full-time employees in the United States are eligible to participate in the ESOP through the allocation of shares of the Company's common stock.

At December 31, 2008, 9 million common shares held by the ESOP were outstanding, all of which have been allocated to participants' accounts. Shares held by the ESOP are treated as outstanding shares in the determination of basic and diluted earnings per share.

NOTE S – INCOME TAXES

Operating loss carryforwards amounted to $4,087 million at December 31, 2008 and $5,439 million at December 31, 2007. At December 31, 2008, $216 million of the operating loss carryforwards were subject to expiration in 2009 through 2013. The remaining operating loss carryforwards expire in years beyond 2013 or have an indefinite carryforward period. Tax credit carryforwards at December 31, 2008 amounted to $680 million ($681 million at December 31, 2007), net of FIN No. 48 positions, of which $2 million is subject to expiration in 2009 through 2013. The remaining tax credit carryforwards expire in years beyond 2013.

Undistributed earnings of foreign subsidiaries and related companies that are deemed to be permanently invested amounted to $8,043 million at December 31, 2008, $7,752 million at December 31, 2007 and $5,951 million at December 31, 2006. It is not practicable to calculate the unrecognized deferred tax liability on those earnings.

The Company had valuation allowances, which were primarily related to the realization of recorded tax benefits on tax loss carryforwards from operations in the United States, Brazil, Asia Pacific and Switzerland, of $487 million at December 31, 2008 and $323 million at December 31, 2007.

The tax rate for 2008 was negatively impacted by increased foreign taxes, declining financial results in jurisdictions with lower tax rates than the United States and goodwill impairment losses that are not deductible for tax purposes (see Note G). Additionally, during 2008, the Company determined that it was more likely than not that certain tax loss carryforwards in the United States and Asia Pacific would not be utilized due to deteriorating market conditions for the Company's products in these areas, which resulted in increases in valuation allowances of $48 million in the United States and $24 million in Asia Pacific. These events resulted in an effective tax rate for 2008 that was higher than the U.S. statutory rate. The Company's reported effective tax rate for 2008 was 50.5 percent.

The tax rate for 2007 was negatively impacted by a change in German tax law that was enacted in August and included a reduction in the German income tax rate, which was effective January 1, 2008. As a result of the change, the Company adjusted the value of its net deferred tax assets in Germany (using the lower tax rate) and recorded a charge of $362 million against the "Provision for income taxes" in the third quarter of 2007. Additionally, during 2007, the Company determined that it was more likely than not that certain tax loss carryforwards in the United States and Brazil would be utilized due to positive financial performance, adherence to fiscal discipline and improved forecasted earnings, which resulted in net reversals of valuation allowances of $71 million related to the United States and $45 million related to Brazil. In addition, the Company changed the legal ownership structure of its investment in EQUATE, resulting in a favorable impact to the "Provision for income taxes" of $113 million in the fourth quarter of 2007. These events, combined with enacted changes in the tax rates in Canada and Italy, strong financial results in jurisdictions with lower tax rates than the United States and improved earnings from a number of the Company's joint ventures, partially offset by the impact of FIN No. 48, resulted in an effective tax rate for 2007 that was lower than the U.S. statutory rate. The Company's reported effective tax rate for 2007 was 29.4 percent.

During 2006, the Company developed tax planning strategies in Brazil and determined that it was more likely than not that tax loss carryforwards would be utilized, resulting in a reversal of valuation allowances of $63 million. This impact, combined with strong financial results in jurisdictions with lower tax rates than the United States, enacted reductions in the tax rates in Canada and The Netherlands, and improved earnings from a number of the Company's joint ventures, resulted in an effective tax rate for 2006 that was lower than the U.S. statutory rate. The Company's reported effective tax rate for 2006 was 23.2 percent.

Domestic and Foreign Components of Income before Income Taxes and Minority Interests

In millions	*2008*	*2007*	*2006*
Domestic	$(1,246)	$ 229	$2,244
Foreign	2,567	4,000	2,728
Total	$ 1,321	$4,229	$4,972

Reconciliation to U.S. Statutory Rate

In millions	*2008*	*2007*	*2006*
Taxes at U.S. statutory rate	$ 462	$1,480	$1,740
Equity earnings effect	(309)	(396)	(331)
Change in legal ownership structure of EQUATE	-	(113)	-
Foreign income taxed at rates other than 35% (1)	261	(686)	(456)
German tax law change	-	362	-
U.S. tax effect of foreign earnings and dividends	164	480	272
Goodwill impairment losses	75	-	-
Change in valuation allowances	60	(124)	(92)
Unrecognized tax benefits	31	166	-
Federal tax accrual adjustments	29	5	(40)
Tax contingency reserve adjustments	-	-	177
Other – net	(106)	70	(115)
Total tax provision	$ 667	$1,244	$1,155
Effective tax rate	50.5%	29.4%	23.2%

(1) Includes the tax provision for statutory taxable income in foreign jurisdictions for which there is no corresponding amount in "Income before Income Taxes and Minority Interests."

NOTE S – Income Taxes – Continued

Provision (Credit) for Income Taxes

	2008			2007			2006		
In millions	*Current*	*Deferred*	*Total*	*Current*	*Deferred*	*Total*	*Current*	*Deferred*	*Total*
Federal	$ 3	$(526)	$ (523)	$ 77	$141	$ 218	$ 367	$ 401	$ 768
State and local	6	(16)	(10)	87	4	91	82	(99)	(17)
Foreign	918	282	1,200	586	349	935	602	(198)	404
Total	$927	$(260)	$ 667	$750	$494	$1,244	$1,051	$ 104	$1,155

Deferred Tax Balances at December 31	2008		2007	
In millions	*Deferred Tax Assets* (1)	*Deferred Tax Liabilities*	*Deferred Tax Assets* (1)	*Deferred Tax Liabilities*
Property	$ 99	$1,908	$ 162	$2,157
Tax loss and credit carryforwards	2,226	-	2,142	-
Postretirement benefit obligations	2,642	950	1,066	912
Other accruals and reserves	1,462	306	1,278	570
Inventory	139	200	154	203
Long-term debt	3	89	4	110
Investments	186	1	154	2
Other – net	847	229	1,275	455
Subtotal	$7,604	$3,683	$6,235	$4,409
Valuation allowance	(487)	-	(323)	-
Total	$7,117	$3,683	$5,912	$4,409

(1) Included in current deferred tax assets are prepaid tax assets totaling $141 million in 2008 and $135 million in 2007.

Uncertain Tax Positions

On January 1, 2007, the Company adopted the provisions of FIN No. 48. The cumulative effect of adoption was a $290 million reduction of retained earnings. At December 31, 2008, the total amount of unrecognized tax benefits was $736 million ($892 million at December 31, 2007), of which $690 million would impact the effective tax rate, if recognized ($864 million at December 31, 2007).

Interest and penalties associated with uncertain tax positions are recognized as components of the "Provision for income taxes," and totaled $3 million in 2008 and $29 million in 2007. The Company's accrual for interest and penalties was $124 million at December 31, 2008 and $152 million at December 31, 2007.

Total Gross Unrecognized Tax Benefits

In millions	*2008*	*2007*
Balance at January 1	$ 892	$ 865
Increases related to positions taken on items from prior years	41	99
Decreases related to positions taken on items from prior years	(191)	(164)
Increases related to positions taken in the current year	34	110
Settlement of uncertain tax positions with tax authorities	(29)	(1)
Decreases due to expiration of statutes of limitations	(11)	(17)
Balance at December 31	$ 736	$ 892

The Company is currently under examination in a number of tax jurisdictions. It is reasonably possible that these examinations may be resolved within twelve months. As a result, it is reasonably possible that the total gross unrecognized tax benefits of the Company will be reduced by approximately $250 million ($285 million at December 31, 2007). The amount of settlement remains uncertain and it is reasonably possible that before settlement, the amount of gross unrecognized tax benefits may increase or decrease by approximately $20 million. The impact on the Company's results of operations is expected to be immaterial.

Tax years that remain subject to examination for the Company's major tax jurisdictions are shown below:

Tax Years Subject to Examination by Major Tax Jurisdiction at December 31

	Earliest Open Year	
Jurisdiction	*2008*	*2007*
Argentina	2002	2001
Brazil	2003	2002
Canada	2001	2001
France	2007	2005
Germany	2002	2002
Italy	2004	2003
The Netherlands	2008	2007
Spain	2004	2003
Switzerland	2006	2005
United Kingdom	2006	2005
United States:		
Federal income tax	2001	2001
State and local income tax	1989	1989

The reserve for non-income tax contingencies related to issues in the United States and foreign locations was $163 million at December 31, 2008 and $226 million at December 31, 2007. This is management's best estimate of the potential liability for non-income tax contingencies. Inherent uncertainties exist in estimates of tax contingencies due to changes in tax law, both legislated and concluded through the various jurisdictions' tax court systems. It is the opinion of the Company's management that the possibility is remote that costs in excess of those accrued will have a material adverse impact on the Company's consolidated financial statements.

NOTE T – OPERATING SEGMENTS AND GEOGRAPHIC AREAS

Dow is a diversified, worldwide manufacturer and supplier of approximately 3,300 products. The Company's products are used primarily as raw materials in the manufacture of customer products and services. The Company serves the following industries: appliance; automotive; agricultural; building and construction; chemical processing; electronics; furniture; housewares; oil and gas; packaging; paints, coatings and adhesives; personal care; pharmaceutical; processed foods; pulp and paper; textile and carpet; utilities; and water treatment.

Dow conducts its worldwide operations through global businesses, which are aggregated into reportable operating segments based on the nature of the products and production processes, end-use markets, channels of distribution and regulatory environment. The Company's reportable operating segments are Performance Plastics, Performance Chemicals, Agricultural Sciences, Basic Plastics, Basic Chemicals, and Hydrocarbons and Energy. Unallocated and Other contains the reconciliation between the totals for the reportable segments and the Company's totals. It also represents the operating segments that do not meet the quantitative threshold for determining reportable segments, research and other expenses related to new business development activities, and other corporate items not allocated to the reportable operating segments.

The Corporate Profile included below describes the operating segments, how they are aggregated, and the types of products and services from which their revenues are derived.

Corporate Profile

Dow is a diversified chemical company that combines the power of science and technology with the "Human Element" to constantly improve what is essential to human progress. The Company delivers a broad range of products and services to customers in approximately 160 countries, connecting chemistry and innovation with the principles of sustainability to help provide everything from fresh water, food and pharmaceuticals to paints, packaging and personal care products. In 2008, Dow had annual sales of $57.5 billion and employed approximately 46,000 people worldwide. The Company has 150 manufacturing sites in 35 countries and produces approximately 3,300 products. The following descriptions of the Company's operating segments include a representative listing of products for each business.

NOTE T – Operating Segments and Geographic Areas – Continued

PERFORMANCE PLASTICS

Applications: automotive interiors, exteriors, under-the-hood and body engineered systems • building and construction, thermal and acoustic insulation, roofing • communications technology, telecommunication cables, electrical and electronic connectors • footwear • home and office furnishings: kitchen appliances, power tools, floor care products, mattresses, carpeting, flooring, furniture padding, office furniture • information technology equipment and consumer electronics • packaging, food and beverage containers, protective packaging • sports and recreation equipment • wire and cable insulation and jacketing materials for power utility and telecommunications

Dow Automotive is a leading global provider of technology-driven solutions that meet consumer demands for vehicles that are safer, stronger, quieter, lighter, cleaner, more comfortable and stylish. The business provides plastics, adhesives, glass bonding systems, emissions control technology, films, fluids, structural enhancement and acoustical management solutions to original equipment manufacturers, tier, aftermarket and commercial transportation customers. With offices and application development centers around the world, Dow Automotive provides materials science expertise and comprehensive technical capabilities to its customers worldwide.

- **Products**: BETAFOAM™ NVH and structural foams; BETAMATE™ structural adhesives; BETASEAL™ glass bonding systems; DOW™ polyethylene resins; IMPAXX™ energy management foam; INSPIRE™ performance polymers; INTEGRAL™ adhesive films; ISONATE™ pure and modified methylene diphenyl diisocyanate (MDI) products; MAGNUM™ ABS resins; PELLETHANE™ thermoplastic polyurethane elastomers; Premium brake fluids and lubricants; PULSE™ engineering resins; SPECFLEX™ semi-flexible polyurethane foam systems; VORACTIV™ polyether and copolymer polyols

Dow Building Solutions manufactures and markets an extensive line of insulation, weather barrier, and oriented composite building solutions and adhesives. The business is the recognized leader in extruded polystyrene (XPS) insulation, known industry-wide by its distinctive Blue color and the Dow STYROFOAM™ brand for more than 60 years.

- **Products**: FROTH-PAK™ polyurethane spray foam; GREAT STUFF™ polyurethane foam sealant; INSTA-STIK™ roof insulation adhesive; SARAN™ vapor retarder film and tape; STYROFOAM™ brand insulation products (including XPS and polyisocyanurate rigid foam sheathing products); THERMAX™ brand insulation; TILE BOND™ roof tile adhesive; WEATHERMATE™ weather barrier solutions (housewraps, sill pans, flashings and tapes)

Dow Epoxy is a leading global producer of epoxy resins, intermediates and specialty resins and epoxy systems for a wide range of industries and applications such as coatings, electrical laminates, civil engineering, wind energy, adhesives and composites. With plants strategically located across four continents, the business is focused on providing customers around the world with differentiated solution-based epoxy products and innovative technologies and services.

- **Products**: AIRSTONE™ epoxy systems; D.E.H.™ epoxy curing agents or hardeners; D.E.N.™ epoxy novolac resins; D.E.R.™ epoxy resins (liquids, solids and solutions); Epoxy resin waterborne emulsions and dispersions; Epoxy intermediates (acetone, allyl chloride, bisphenol A, epichlorohydrin, and phenol); FORTEGRA™ epoxy tougheners; Glycidyl methacrylate (GMA); UCAR™ solution vinyl resins

The **Polyurethanes and Polyurethane Systems** business is a leading global producer of polyurethane raw materials and polyurethane systems. Dow's polyurethane products and fully formulated polyurethane systems are used for a broad range of applications including construction, automotive, appliance, furniture, bedding, shoe soles, decorative molding, athletic equipment and more.

- **Products**: ECHELON™ polyurethane prepolymer; ENFORCER™ and ENHANCER™ for polyurethane carpet and turf backing; HYPOL™ prepolymers; ISONATE™ MDI; MONOTHANE™ single component polyurethane elastomers; PAPI™ polymeric MDI; Propylene glycol; Propylene oxide; RENUVA™ Renewable Resource Technology; SPECFLEX™ copolymer polyols; TRAFFIDECK™ and VERDISEAL™ waterproofing systems; VORACOR™ and VORALAST™ polyurethane systems and VORALAST™ R renewable content system; VORALUX™ and VORAMER™ MR series; VORANATE™ isocyanate; VORANOL™ VORACTIV™ polyether and copolymer polyols; VORASTAR™ polyurethane systems; XITRACK™ polyurethane rail ballast stabilization systems

Specialty Plastics and Elastomers includes a broad range of engineering plastics and compounds, performance elastomers and plastomers, monomers, specialty copolymers, synthetic rubber, polyvinylidene chloride resins and films (PVDC), and specialty film substrates. Key applications include automotive, adhesives, civil construction, wire and cable, building and construction, consumer electronics and appliances, food and specialty packaging, textiles, and footwear.

- **Products**: AFFINITY™ polyolefin plastomers (POPs); AMPLIFY™ functional polymers; CALIBRE™ polycarbonate resins; DOW XLA™ elastic fiber; EMERGE™ advanced resins; ENGAGE™ polyolefin elastomers; FLEXOMER™ very low density polyethylene (VLDPE) resins; INTEGRAL™ adhesive films; ISOPLAST™ engineering thermoplastic polyurethane resins; MAGNUM™ ABS resins; NORDEL™ hydrocarbon rubber; PELLETHANE™ thermoplastic polyurethane elastomers; PRIMACOR™ copolymers; PROCITE™ window envelope films; PULSE™ engineering resins; REDI-LINK™ polyethylene-based wire & cable insulation compounds; SARAN™ PVDC resin and SARAN™ PVDC film; SARANEX™ barrier films; SI-LINK™ polyethylene-based low voltage insulation compounds; TRENCHCOAT™ protective films; TYRIL™ SAN resins; TYRIN™ chlorinated polyethylene; UNIGARD™ HP high-performance flame-retardant compounds; UNIGARD™ RE reduced emissions flame-retardant compounds; UNIPURGE™ purging compound; VERSIFY™ plastomers and elastomers

The **Technology Licensing and Catalyst** business includes licensing and supply of related catalysts, process control software and services for the UNIPOL™ polypropylene process, the METEOR™ process for ethylene oxide (EO) and ethylene glycol (EG), the LP OXO™ process for oxo alcohols, the Mass ABS process technology and Dow's proprietary technology for production of purified terephthalic acid (PTA). Licensing of the UNIPOL™ polyethylene process and sale of related catalysts, including metallocene catalysts, are handled through Univation Technologies, LLC, a 50:50 joint venture of Union Carbide.

- **Products**: LP OXO™ SELECTOR™ technology and NORMAX™ catalysts; METEOR™ EO/EG process technology and catalysts; PTA process technology; UNIPOL™ PP process technology and SHAC™ and SHAC™ ADT catalyst systems

PERFORMANCE CHEMICALS

Applications: agricultural and pharmaceutical products and processing • building materials • chemical processing and intermediates • electronics • food processing and ingredients • gas treating solvents • household products • metal degreasing and dry cleaning • oil and gas treatment • paints, coatings, inks, adhesives, lubricants • personal care products • pulp and paper manufacturing, coated paper and paperboard • textiles and carpet • water purification

Designed Polymers is a business portfolio of products and systems characterized by unique chemistry, specialty functionalities, and people with deep expertise in regulated industries. Within Designed Polymers, Dow Water Solutions offers technology-based solutions for desalination, water purification, trace contaminant removal and water recycling. Also in Designed Polymers, businesses such as Dow Wolff Cellulosics, Dow Biocides and ANGUS Chemical Company (a wholly owned subsidiary of Dow), develop and market a range of products that enhance or enable key physical and sensory properties of end-use products in applications such as food, pharmaceuticals, oil and gas, paints and coatings, personal care, and building and construction.

- **Products and Services**: Acrolein derivatives; Basic nitroparaffins and nitroparaffin-based specialty chemicals; CANGUARD™ BIT preservatives; CELLOSIZE™ hydroxyethyl cellulose; Chiral compounds and biocatalysts; CLEAR+STABLE™ carboxymethyl cellulose; CYCLOTENE™ advanced electronics resins; DOW™ electrodeionization; DOW™ latex powders; DOW™ ultrafiltration; DOWEX™ ion exchange resins; DOWICIDE™ antimicrobial bactericides and fungicides; FILMTEC™ elements; FORTEFIBER™ soluble dietary fiber; Hydrocarbon resins; Industrial biocides; METHOCEL™ cellulose ethers; POLYOX™ water-soluble resins; Quaternaries; Reverse osmosis, electrodeionization and ultrafiltration modules; SATINFX™ delivery system; SATISFIT™ Weight Care Technology; SILK™ semiconductor dielectric resins; SOLTERRA™ boost; UCARE™ polymers; WALOCEL™ cellulose polymers; WALSRODER™ nitrocellulose

The **Dow Latex** business provides the broadest line of styrene-butadiene products supporting customers in paper and paperboard applications, as well as carpet and artificial turf backings. UCAR Emulsion Systems manufactures and sells latexes for use in architectural and industrial coatings, adhesives, construction products and traffic paint.

- **Products**: EVOCAR™ vinyl acetate ethylene; FOUNDATIONS™ latex; NEOCAR™ branched vinyl ester latexes; Styrene-acrylic latex; Styrene-butadiene latex; UCAR™ all-acrylic, styrene-acrylic and vinyl-acrylic latexes; UCAR™ POLYPHOBE™ rheology modifiers; UCARHIDE™ opacifier

NOTE T – Operating Segments and Geographic Areas – Continued

The **Specialty Chemicals** business provides products and services used in a diverse range of applications, such as agricultural and pharmaceutical products and processing, building and construction, chemical processing and intermediates, electronics, food processing and ingredients, gas treating solvents, fuels and lubricants, oil and gas, household and institutional cleaners, coatings and paints, pulp and paper manufacturing, metal degreasing and dry cleaning, and transportation.

- **Products**: Acrylic acid/Acrylic esters; AMBITROL™ and NORKOOL™ industrial coolants; Butyl CARBITOL™ and Butyl CELLOSOLVE™ solvents; CARBOWAX™ and CARBOWAX™ SENTRY™ polyethylene glycols and methoxypolyethylene glycols; DOW™ polypropylene glycols; DOWANOL™ glycol ethers; DOWCAL™, DOWFROST™ and DOWTHERM™ heat transfer fluids; DOWFAX™, TERGITOL™ and TRITON™ surfactants; Dow Haltermann Custom Processing and Haltermann Products; Ethanolamines; Ethyleneamines; SAFE-TAINER™ closed-loop delivery system; SYNALOX™ lubricants; UCAR™ deicing fluids; UCARSOL™ formulated solvents; UCON™ fluids and VERSENE™ chelating agents

The Performance Chemicals segment also includes the results of Dow Corning Corporation, and a portion of the results of the OPTIMAL Group of Companies and the SCG-Dow Group, all joint ventures of the Company.

AGRICULTURAL SCIENCES
Applications: control of weeds, insects and plant diseases for agriculture and pest management • agricultural seeds and traits (genes)

Dow AgroSciences is a global leader in providing pest management, agricultural and crop biotechnology products and solutions. The business develops, manufactures and markets products for crop production; weed, insect and plant disease management; and industrial and commercial pest management. Dow AgroSciences is building a leading biotechnology business in agricultural seeds, traits and healthy oils.

- **Products**: AGROMEN™ seeds; BRODBECK™ seed; CLINCHER™ herbicide; DAIRYLAND™ seed; DELEGATE™ insecticide; DITHANE™ fungicide; EXZACT™ precision traits; FORTRESS™ fungicide; GARLON™ herbicide; GLYPHOMAX™ herbicide; GRANITE™ herbicide; HERCULEX™ I, HERCULEX™ RW and HERCULEX™ XTRA insect protection; KEYSTONE™ herbicides; LAREDO™ fungicide; LONTREL™ herbicide; LORSBAN™ insecticides; MILESTONE™ herbicide; MUSTANG™ herbicide; MYCOGEN™ seeds; NEXERA™ canola and sunflower seeds; PHYTOGEN™ brand cottonseeds; PROFUME™ gas fumigant; RENZE™ seed; SENTRICON™ termite colony elimination system; SIMPLICITY™ herbicide; STARANE™ herbicide; TELONE™ soil fumigant; TORDON™ herbicide; TRACER™ NATURALYTE™ insect control; TRIUMPH™ seed; VIKANE™ structural fumigant; WIDESTRIKE™ insect protection

BASIC PLASTICS
Applications: adhesives • appliances and appliance housings • agricultural films • automotive parts and trim • beverage bottles • bins, crates, pails and pallets • building and construction • coatings • consumer and durable goods • consumer electronics • disposable diaper liners • fibers and nonwovens • films, bags and packaging for food and consumer products • hoses and tubing • household and industrial bottles • housewares • hygiene and medical films • industrial and consumer films and foams • information technology • oil tanks and road equipment • plastic pipe • textiles • toys, playground equipment and recreational products • wire and cable compounds

The **Polyethylene** business is the world's leading supplier of polyethylene-based solutions through sustainable product differentiation. Through the use of multiple catalyst and process technologies, the business offers customers one of the industry's broadest ranges of polyethylene resins via a strong global network of local experts focused on partnering for long-term success.

- **Products**: ASPUN™ fiber grade resins; ATTANE™ ultra low density polyethylene (ULDPE) resins; CONTINUUM™ bimodal polyethylene resins; DOW™ high density polyethylene (HDPE) resins; DOW™ low density polyethylene (LDPE) resins; DOWLEX™ polyethylene resins; ELITE™ enhanced polyethylene (EPE) resins; TUFLIN™ linear low density polyethylene (LLDPE) resins; UNIVAL™ HDPE resins

The **Polypropylene** business, a major global polypropylene supplier, provides a broad range of products and solutions tailored to customer needs by leveraging Dow's leading manufacturing and application technology, research and product development expertise, extensive market knowledge and strong customer relationships.

- **Products**: DOW™ homopolymer polypropylene resins; DOW™ impact copolymer polypropylene resins; DOW™ random copolymer polypropylene resins; INSPIRE™ performance polymers

The **Polystyrene** business, the global leader in the production of polystyrene resins, is uniquely positioned with geographic breadth and participation in a diversified portfolio of applications. Through market and technical leadership and low cost capability, the business continues to improve product performance and meet customer needs.

- **Products**: STYRON A-TECH™ and C-TECH™ advanced technology polystyrene resins and a full line of STYRON™ general purpose polystyrene resins; STYRON™ high-impact polystyrene resins

The Basic Plastics segment also includes the results of Equipolymers and Americas Styrenics LLC, as well as a portion of the results of EQUATE Petrochemical Company K.S.C. and the SCG-Dow Group, all joint ventures of the Company.

BASIC CHEMICALS

Applications: agricultural products • alumina • automotive antifreeze and coolant systems • carpet and textiles • chemical processing • dry cleaning • dust control • household cleaners and plastic products • inks • metal cleaning • packaging, food and beverage containers, protective packaging • paints, coatings and adhesives • personal care products • petroleum refining • pharmaceuticals • plastic pipe • pulp and paper manufacturing • snow and ice control • soaps and detergents • water treatment

The **Core Chemicals** business is a leading global producer of each of its basic chemical products, which are sold to many industries worldwide, and also serve as key raw materials in the production of a variety of Dow's performance and plastics products.

- **Products**: Acids; Alcohols; Aldehydes; Caustic soda; Chlorine; Chloroform; COMBOTHERM™ blended deicer; DOWFLAKE™ calcium chloride; DOWPER™ dry cleaning solvent; Esters; Ethylene dichloride (EDC); LIQUIDOW™ liquid calcium chloride; MAXICHECK™ procedure for testing the strength of reagents; MAXISTAB™ stabilizers for chlorinated solvents; Methyl chloride; Methylene chloride; Monochloroacetic acid (MCAA); Oxo products; PELADOW™ calcium chloride pellets; Perchloroethylene; Trichloroethylene; Vinyl acetate monomer (VAM); Vinyl chloride monomer (VCM); Vinylidene chloride (VDC)

The **Ethylene Oxide/Ethylene Glycol** business is a key supplier of ethylene glycol to MEGlobal, a 50:50 joint venture and a world leader in the manufacture and marketing of merchant monoethylene glycol and diethylene glycol. Dow also supplies ethylene oxide to internal derivatives businesses. Ethylene glycol is used in polyester fiber, polyethylene terephthalate (PET) for food and beverage container applications, polyester film and antifreeze.

- **Products**: Ethylene glycol (EG); Ethylene oxide (EO)

The Basic Chemicals segment also includes the results of MEGlobal and a portion of the results of EQUATE Petrochemical Company K.S.C. and the OPTIMAL Group of Companies, all joint ventures of the Company.

HYDROCARBONS AND ENERGY

Applications: polymer and chemical production • power

The **Hydrocarbons and Energy** business encompasses the procurement of fuels, natural gas liquids and crude oil-based raw materials, as well as the supply of monomers, power and steam principally for use in Dow's global operations. The business regularly sells its by-products; the business also buys and sells products in order to balance regional production capabilities and derivative requirements. The business also sells products to certain Dow joint ventures. Dow is the world leader in the production of olefins and aromatics.

- **Products**: Benzene; Butadiene; Butylene; Cumene; Ethylene; Propylene; Styrene; Power, steam and other utilities

The Hydrocarbons and Energy segment also includes the results of Compañía Mega S.A. and a portion of the results of the SCG-Dow Group, both joint ventures of the Company.

Unallocated and Other includes the results of New Ventures (which includes new business incubation platforms focused on identifying and pursuing new commercial opportunities); Venture Capital; the Company's insurance operations and environmental operations; and certain overhead and other cost recovery variances not allocated to the operating segments.

NOTE T – Operating Segments and Geographic Areas – Continued

Transfers of products between operating segments are generally valued at cost. However, transfers of products to Agricultural Sciences from other segments are generally valued at market-based prices; the revenues generated by these transfers are provided in the following table:

Operating Segment Information

In millions	*Performance Plastics*	*Performance Chemicals*	*Agricultural Sciences*	*Basic Plastics*	*Basic Chemicals*	*Hydrocarbons and Energy*	*Unallocated and Other*	*Total*
2008								
Sales to external customers	$15,793	$9,229	$4,535	$12,974	$5,693	$8,968	$ 322	$57,514
Intersegment revenues	33	55	-	-	74	-	(162)	-
Equity in earnings of nonconsolidated affiliates	28	437	4	76	209	41	(8)	787
Goodwill impairment losses (1)	209	-	-	30	-	-	-	239
Restructuring charges (2)	111	24	3	148	103	18	432	839
Purchased in-process R&D (3)	-	-	44	-	-	-	-	44
Acquisition-related expenses (4)	-	-	-	-	-	-	49	49
Asbestos-related credit (5)	-	-	-	-	-	-	(54)	(54)
EBIT (6)	264	1,010	761	981	15	(70)	(1,078)	1,883
Total assets	10,223	8,233	4,676	6,531	3,790	3,233	8,788	45,474
Investments in nonconsolidated affiliates	375	1,023	41	726	505	520	14	3,204
Depreciation and amortization	706	455	111	592	292	80	-	2,236
Capital expenditures	743	480	191	168	305	389	-	2,276
2007								
Sales to external customers	$15,116	$8,351	$3,779	$12,878	$5,863	$7,105	$ 421	$53,513
Intersegment revenues	32	63	-	5	72	-	(172)	-
Equity in earnings of nonconsolidated affiliates	68	382	4	176	405	87	-	1,122
Restructuring charges (2)	180	85	77	88	7	44	97	578
Purchased in-process R&D (3)	-	7	50	-	-	-	-	57
EBIT (6)	1,390	949	467	2,006	813	(45)	(897)	4,683
Total assets	11,698	8,824	4,152	8,808	4,691	3,370	7,258	48,801
Investments in nonconsolidated affiliates	331	1,051	38	637	615	402	15	3,089
Depreciation and amortization	598	444	109	576	375	87	1	2,190
Capital expenditures	547	525	116	158	316	413	-	2,075
2006								
Sales to external customers	$13,944	$7,867	$3,399	$11,833	$5,560	$6,205	$ 316	$49,124
Intersegment revenues	28	56	-	-	77	-	(161)	-
Equity in earnings of nonconsolidated affiliates	89	368	1	173	241	85	2	959
Restructuring charges (2)	242	12	-	16	184	-	137	591
Asbestos-related credit (5)	-	-	-	-	-	-	(177)	(177)
EBIT (6)	1,629	1,242	415	2,022	689	-	(594)	5,403
Total assets	10,640	7,170	3,947	7,871	4,341	3,075	8,537	45,581
Investments in nonconsolidated affiliates	282	847	16	617	533	436	4	2,735
Depreciation and amortization	641	393	113	470	382	74	1	2,074
Capital expenditures	377	364	94	169	283	488	-	1,775

(1) See Note G for information regarding the goodwill impairment losses.
(2) See Note B for information regarding restructuring charges.
(3) See Note C for information regarding purchased in-process research and development.
(4) See Note C for information regarding acquisition-related expenses.
(5) See Note K for information regarding asbestos-related credits.
(6) The Company uses EBIT (which Dow defines as earnings before interest, income taxes and minority interests) as its measure of profit/loss for segment reporting purposes. EBIT by operating segment includes all operating items relating to the businesses; items that principally apply to the Company as a whole are assigned to Unallocated and Other. A reconciliation of EBIT to "Net Income Available for Common Stockholders" is provided below:

In millions	*2008*	*2007*	*2006*
EBIT	$1,883	$4,683	$5,403
+ Interest income	86	130	185
- Interest expense and amortization of debt discount	648	584	616
- Provision for income taxes	667	1,244	1,155
- Minority interests' share in income	75	98	93
Net Income Available for Common Stockholders	$ 579	$2,887	$3,724

The Company operates 150 manufacturing sites in 35 countries. The United States is home to 42 of these sites, representing 53 percent of the Company's long-lived assets. Sales are attributed to geographic areas based on customer location; long-lived assets are attributed to geographic areas based on asset location.

Geographic Area Information In millions	*United States*	*Europe*	*Rest of World*	*Total*
2008				
Sales to external customers	$18,459	$21,850	$17,205	$57,514
Long-lived assets (1)	$7,631	$4,343	$2,320	$14,294
2007				
Sales to external customers	$18,271	$19,614	$15,628	$53,513
Long-lived assets (1)	$7,586	$4,542	$2,260	$14,388
2006				
Sales to external customers	$18,172	$16,776	$14,176	$49,124
Long-lived assets (1)	$7,505	$3,946	$2,271	$13,722

(1) Long-lived assets in Germany represented approximately 14 percent of the total at December 31, 2008 and December 31, 2007 and 11 percent of the total at December 31, 2006.

NOTE U – SUBSEQUENT EVENTS

Matters Involving the Acquisition of Rohm and Haas Company

Introduction

On July 10, 2008, the Company and Rohm and Haas Company ("Rohm and Haas") entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (the "Merger"). The Merger did not close in January 2009, as originally anticipated, in light of the Company's determination that recent material developments had created unacceptable uncertainties with respect to the funding and economics of the combined Dow and Rohm and Haas enterprise. This assessment was based on several macro-economic factors such as the continued crisis in global financial and credit markets and unprecedented demand destruction, combined with the failure of Petrochemical Industries Company (K.S.C.) of Kuwait to fulfill its obligation to close the K-Dow Petrochemicals ("K-Dow") joint venture transaction and fund the initial purchase price on January 2, 2009.

Litigation

On January 26, 2009, Rohm and Haas commenced an action in the Court of Chancery of the State of Delaware to compel the Company to acquire Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (plus a "ticking fee" commencing on January 10, 2009). The complaint (the "Complaint") in the action alleges that all conditions to the Company's obligation to close the Merger were met on January 23, 2009 and that the Company, pursuant to the terms of the Merger Agreement, was required to close the Merger within two business days thereafter, *i.e.*, by January 27, 2009. The Complaint further alleges that the Company advised Rohm and Haas on January 25, 2009 that it would not close the Merger on or by January 27, 2009, and that the Company knowingly and intentionally breached the Merger Agreement.

On January 27, 2009, the Court determined to expedite proceedings in the case and ordered that the trial commence on March 9, 2009. The trial will relate to the issue of whether the Court should order specific performance and thus require the Company to close the Merger. The Court also stated that it strongly encouraged the parties to focus on a business solution to the dispute.

On February 3, 2009, the Company filed its answer (the "Answer") to the Complaint. The Answer denied that all conditions to closing had been met as of January 23, 2009, noting that the United States Federal Trade Commission ("FTC") action on January 23, 2009 was only a provisional acceptance of the proposed consent order and not final approval, and that the FTC reserves discretion to reject the proposed consent order after the close of the public comment period. The Answer denied that Rohm and Haas is entitled to a decree of specific performance, and asserted affirmative defenses of frustration of purpose, commercial impracticability, impossibility of performance and undue hardship – all arising from the sudden and rapid economic and financial downturn, the dramatic falloff in the Company's earnings in the fourth quarter of 2008 and continuing into the first quarter of 2009, the risk of the Company's inability to comply with financial covenants contained in the bridge loan expected to provide temporary financing for the Merger, the risk of the Company losing access to the capital markets due to potential loss of its investment grade rating, and the collapse of the K-Dow joint venture. The Company also asserted that specific performance is not appropriate because Rohm and Haas has adequate remedies at law for any breach of the Merger Agreement.

Summary

Because of the uncertainties associated with the litigation described above, management cannot estimate the impact of the ultimate resolution of the litigation. It is the opinion of the Company's management that it is reasonably possible that the ultimate resolution could have a material adverse impact on the consolidated financial statements of the Company.

The Dow Chemical Company and Subsidiaries

Selected Quarterly Financial Data

In millions, except per share amounts *(Unaudited)*

2008	*1st*	*2nd*	*3rd*	*4th*	*Year*
Net sales	$ 14,824	$ 16,380	$ 15,411	$ 10,899	$ 57,514
Cost of sales	12,908	14,643	13,975	10,493	52,019
Gross margin	1,916	1,737	1,436	406	5,495
Goodwill impairment losses	-	-	-	239	239
Restructuring charges	-	-	-	839	839
Purchased in-process research and development charges	-	-	27	17	44
Acquisition-related expenses	-	-	18	31	49
Asbestos-related credit	-	-	-	54	54
Net income (loss) available for common stockholders	941	762	428	(1,552)	579
Earnings (Loss) per common share - basic (1)	1.00	0.82	0.46	(1.68)	0.62
Earnings (Loss) per common share - diluted (1)	0.99	0.81	0.46	(1.68)	0.62
Common stock dividends declared per share of common stock	0.42	0.42	0.42	0.42	1.68
Market price range of common stock: (2)					
High	40.04	43.43	39.99	32.28	43.43
Low	33.01	34.30	30.82	14.93	14.93

2007	*1st*	*2nd*	*3rd*	*4th*	*Year*
Net sales	$ 12,432	$ 13,265	$ 13,589	$ 14,227	$ 53,513
Cost of sales	10,605	11,398	11,864	12,533	46,400
Gross margin	1,827	1,867	1,725	1,694	7,113
Restructuring charges (credit)	-	(4)	-	582	578
Purchased in-process research and development charges (credit)	-	-	59	(2)	57
Net income available for common stockholders	973	1,039	403	472	2,887
Earnings per common share - basic (3)	1.01	1.09	0.42	0.50	3.03
Earnings per common share - diluted (3)	1.00	1.07	0.42	0.49	2.99
Common stock dividends declared per share of common stock	0.375	0.42	0.42	0.42	1.635
Market price range of common stock: (2)					
High	47.26	47.60	47.96	47.43	47.96
Low	39.02	43.71	38.89	39.20	38.89

See Notes to the Consolidated Financial Statements.

(1) Due to a decline in the share count during 2008 and a loss in the 4th quarter, the sum of the four quarters does not equal the earnings per share amount calculated for the year.

(2) Composite price as reported by the New York Stock Exchange.

(3) Due to a decline in the share count during 2007, the sum of the four quarters does not equal the earnings per share amount calculated for the year.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures
As of the end of the period covered by this Annual Report on Form 10-K, the Company carried out an evaluation, under the supervision and with the participation of the Company's Disclosure Committee and the Company's management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to paragraph (b) of Exchange Act Rules 13a-15 and 15d-15. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting
There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that was conducted during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting
Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control framework and processes are designed to provide reasonable assurance to management and the Board of Directors regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded properly to allow for the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company;
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements; and
- provide reasonable assurance as to the detection of fraud.

Because of its inherent limitations, any system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements.

Management assessed the effectiveness of the Company's internal control over financial reporting and concluded that, as of December 31, 2008, such internal control is effective. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control—Integrated Framework*.

The Company's independent auditors, Deloitte & Touche LLP, with direct access to the Company's Board of Directors through its Audit Committee, have audited the consolidated financial statements prepared by the Company. Their report on the consolidated financial statements is included in Part II, Item 8. Financial Statements and Supplementary Data. Deloitte & Touche LLP's report on the Company's internal control over financial reporting is included herein.

/s/ ANDREW N. LIVERIS
Andrew N. Liveris
President, Chief Executive Officer and
Chairman of the Board

/s/ GEOFFERY E. MERSZEI
Geoffery E. Merszei
Executive Vice President and Chief Financial
Officer

/s/ WILLIAM H. WEIDEMAN
William H. Weideman
Vice President and Controller
February 11, 2009

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of
The Dow Chemical Company:

We have audited the internal control over financial reporting of The Dow Chemical Company and subsidiaries ("the Company") as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule listed in the Index at Item 15 (a) 2. as of and for the year ended December 31, 2008 of the Company and our report dated February 17, 2009 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph relating to the Company's involvement in litigation related to an agreement to acquire Rohm and Haas Company.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP
Midland, Michigan
February 17, 2009

ITEM 9B. OTHER INFORMATION.

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information relating to Directors, certain executive officers and certain corporate governance matters (including identification of Audit Committee members and financial expert(s)) is contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009, and is incorporated herein by reference. See also the information regarding executive officers of the registrant set forth in Part I under the caption "Executive Officers of the Registrant" in reliance on General Instruction G to Form 10-K.

On July 10, 2003, the Board of Directors of the Company adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer, and is incorporated herein by reference to Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

ITEM 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation and the Company's equity compensation plans is contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information with respect to beneficial ownership of Dow common stock by each Director and all Directors and executive officers of the Company as a group is contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be on held May 14, 2009, and is incorporated herein by reference.

Information relating to any person who beneficially owns in excess of 5 percent of the total outstanding shares of Dow common stock is contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be on held May 14, 2009, and is incorporated herein by reference.

Information with respect to compensation plans under which equity securities are authorized for issuance is contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

There were no reportable relationships or related transactions in 2008.

Information relating to director independence is contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Information with respect to fees and services related to the Company's independent auditors, Deloitte & Touche LLP, and the disclosure of the Audit Committee's pre-approval policies and procedures are contained in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009, and are incorporated herein by reference.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) The Company's 2008 Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm are included in Part II, Item 8. Financial Statements and Supplementary Data.

(2) Financial Statement Schedules – The following Financial Statement Schedule should be read in conjunction with the Consolidated Financial Statements and Report of Independent Registered Public Accounting Firm included in Part II, Item 8 of this Annual Report on Form 10-K:

Schedule II Valuation and Qualifying Accounts

Schedules other than the one listed above are omitted due to the absence of conditions under which they are required or because the information called for is included in the Consolidated Financial Statements or the Notes to the Consolidated Financial Statements.

(3) Exhibits – See the Exhibit Index on pages 134-137 of this Annual Report on Form 10-K for exhibits filed with this Annual Report on Form 10-K or incorporated by reference. The following exhibits, listed on the Exhibit Index, are filed with this Annual Report on Form 10-K:

Exhibit No.	Description of Exhibit
10(a)	A copy of The Dow Chemical Company Executives' Supplemental Retirement Plan, as amended, restated and effective as of January 1, 2009.
10(f)	A copy of The Dow Chemical Company 1988 Award and Option Plan, as amended and restated on December 10, 2008, effective as of January 1, 2009.
10(h)	A copy of The Dow Chemical Company 1994 Executive Performance Plan, as amended and restated on December 10, 2008, effective as of January 1, 2009.
10(s)	A copy of the Summary Plan Description for The Dow Chemical Company Company-Paid Life Insurance Plan, Employee-Paid Life Insurance Plan, and Dependent Life Insurance Plan, amended and restated on October 21, 2008, effective as of December 1, 2008.
10(t)	A copy of the Summary Plan Description for The Dow Chemical Company Retiree Company-Paid Life Insurance Plan, Retiree Optional Life Insurance Plan, and Retiree Dependent Life Insurance Plan, amended and restated on October 21, 2008, effective as of December 1, 2008.
10(x)	A copy of the Performance Shares Deferred Stock Agreement Pursuant to The Dow Chemical Company 1988 Award and Option Plan, as amended, restated and effective as of January 1, 2009.
10(y)	A copy of the Deferred Stock Agreement Pursuant to The Dow Chemical Company 1988 Award and Option Plan, as amended, restated and effective as of January 1, 2009.
10(z)	A copy of the Non-Qualified Stock Option Agreement Pursuant to The Dow Chemical Company 1988 Award and Option Plan, as amended, restated and effective as of January 1, 2009.
10(cc)	A copy of The Dow Chemical Company Voluntary Deferred Compensation Plan for Non-Employee Directors, effective for deferrals after January 1, 2005, as amended and restated on December 10, 2008, effective as of January 1, 2009.
10(dd)	A copy of The Dow Chemical Company Elective Deferral Plan, effective for deferrals after January 1, 2005, as amended, restated and effective as of January 1, 2009.
10(ii)	A copy of an employment agreement dated February 14, 2006, between Heinz Haller and The Dow Chemical Company.

12.1	Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of The Dow Chemical Company.
23(a)	Consent of Independent Registered Public Accounting Firm.
23(b)	Analysis, Research & Planning Corporation's Consent.
31(a)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

A copy of any exhibit can be obtained via the Internet through the Company's Investor Relations webpage on *www.dow.com*, or the Company will provide a copy of any exhibit upon receipt of a written request for the particular exhibit or exhibits desired. All requests should be addressed to the Vice President and Controller of the Company at the address of the Company's principal executive offices.

The Dow Chemical Company and Subsidiaries **Schedule II**

Valuation and Qualifying Accounts

For the Years Ended December 31

In millions

COLUMN A Description	COLUMN B Balance at Beginning of Year	COLUMN C Additions to Reserves	COLUMN D Deductions from Reserves	COLUMN E Balance at End of Year
2008				
RESERVES DEDUCTED FROM ASSETS TO WHICH THEY APPLY:				
For doubtful receivables	$118	39	33 (1)	$124
Other investments and noncurrent receivables	$473	20	51	$442
2007				
RESERVES DEDUCTED FROM ASSETS TO WHICH THEY APPLY:				
For doubtful receivables	$122	14	18 (1)	$118
Other investments and noncurrent receivables	$365	122	14	$473
2006				
RESERVES DEDUCTED FROM ASSETS TO WHICH THEY APPLY:				
For doubtful receivables	$169	9	56 (1)	$122
Other investments and noncurrent receivables	$329	47	11	$365

	2008	*2007*	*2006*
(1) Deductions represent:			
Notes and accounts receivable written off	$23	$22	$44
Credits to profit and loss	6	-	1
Miscellaneous other	4	(4)	11
	$33	$18	$56

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 18th day of February 2009.

THE DOW CHEMICAL COMPAY

By: /s/ W. H. WEIDEMAN
W. H. Weideman, Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed on the 18th day of February 2009 by the following persons in the capacities indicated:

/s/ A. A. ALLEMANG
A. A. Allemang, Director

/s/ J. K. BARTON
J. K. Barton, Director

/s/ J. A. BELL
J. A. Bell, Director

/s/ J. M. FETTIG
J. M. Fettig, Director

/s/ B. H. FRANKLIN
B. H. Franklin, Director

/s/ J. B. HESS
J. B. Hess, Director

/s/ A. N. LIVERIS
A. N. Liveris, Director, President, Chief Executive Officer and Chairman of the Board

/s/ G. E. MERSZEI
G. E. Merszei, Director, Executive Vice President and Chief Financial Officer

/s/ D. H. REILLEY
D. H. Reilley, Director

/s/ J. M. RINGLER
J. M. Ringler, Director

/s/ R. G. SHAW
R. G. Shaw, Director

/s/ P. G. STERN
P. G. Stern, Presiding Director

/s/ W. H. WEIDEMAN
W. H. Weideman, Vice President and Controller

The Dow Chemical Company and Subsidiaries

Exhibit Index

EXHIBIT NO.	DESCRIPTION
2(a)	Agreement and Plan of Merger dated as of August 3, 1999 among Union Carbide Corporation, The Dow Chemical Company and Transition Sub Inc., incorporated by reference to Annex A to the proxy statement/prospectus included in The Dow Chemical Company's Registration Statement on Form S-4, File No. 333-88443, filed October 5, 1999.
2(b)	Agreement and Plan of Merger, dated as of July 10, 2008, among The Dow Chemical Company, Ramses Acquisition Corp. and Rohm and Haas Company, incorporated by reference to Exhibit 2.1 to The Dow Chemical Company Current Report on Form 8-K filed on July 10, 2008.
2(c)	Joint Venture Formation Agreement, dated November 28, 2008, between The Dow Chemical Company and Petroleum Industries Company (K.S.C.), incorporated by reference to Exhibit 2.1 to The Dow Chemical Company Current Report on Form 8-K filed on February 19, 2009.
3(i)	The Restated Certificate of Incorporation of The Dow Chemical Company as filed with the Secretary of State, State of Delaware on May 11, 2007, incorporated by reference to Exhibit 3(i) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended June 30, 2007.
3(ii)	The Bylaws of The Dow Chemical Company, as amended and re-adopted in full on October 8, 2008, effective October 9, 2008, incorporated by reference to Exhibit 99.1 to The Dow Chemical Company Current Report on Form 8-K filed on October 14, 2008.
4	Indenture, dated as of April 1, 1992, between The Dow Chemical Company and the First National Bank of Chicago, as trustee (incorporated by reference to Exhibit 4.1 to The Dow Chemical Company's Registration Statement on Form S-3, File No. 333-88617 (the "S-3 Registration Statement")), as amended by the Supplemental Indenture, dated as of January 1, 1994, between The Dow Chemical Company and The First National Bank of Chicago, as trustee (incorporated by reference to Exhibit 4.2 to the S-3 Registration Statement), as amended by the Second Supplemental Indenture, dated as of October 1, 1999, between The Dow Chemical Company and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as trustee (incorporated by reference to Exhibit 4.3 to the S-3 Registration Statement), as amended by the Third Supplemental Indenture, dated as of May 15, 2001, between The Dow Chemical Company and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as trustee (incorporated by reference to Exhibit 4.4 to The Dow Chemical Company's Registration Statement on Form S-4, File No. 333-67368); and all other such indentures that define the rights of holders of long-term debt of The Dow Chemical Company and its consolidated subsidiaries as shall be requested to be furnished to the Securities and Exchange Commission pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K.
10(a)	A copy of The Dow Chemical Company Executives' Supplemental Retirement Plan, as amended, restated and effective as of January 1, 2009.
10(b)	The Dow Chemical Company 1979 Award and Option Plan, as amended through May 1983 (included as part of and incorporated by reference to the Prospectus contained in Post-Effective Amendment No. 4 to The Dow Chemical Company's Registration Statement on Form S-8, File No. 2-64560, filed June 23, 1983), as amended April 12, 1984 (incorporated by reference to Exhibit 10(ff) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1984), as amended April 18, 1985 (incorporated by reference to Exhibit 10(fff) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1985), as amended October 30, 1987 (incorporated by reference to Exhibit 10(j) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1987).
10(c)	The Dow Chemical Company Voluntary Deferred Compensation Plan for Outside Directors (for deferrals made through December 31, 2004), as amended effective as of July 1, 1994, incorporated by reference to Exhibit 10(f) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1994, as amended in the manner described in the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company held on May 14, 1998, incorporated by reference.

EXHIBIT NO.	DESCRIPTION
10(d)	Intentionally left blank.
10(e)	The Dow Chemical Company Dividend Unit Plan, incorporated by reference to Exhibit 10(j) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1992.
10(f)	A copy of The Dow Chemical Company 1988 Award and Option Plan, as amended and restated on December 10, 2008, effective as of January 1, 2009.
10(g)	Intentionally left blank.
10(h)	A copy of The Dow Chemical Company 1994 Executive Performance Plan, as amended and restated on December 10, 2008, effective as of January 1, 2009.
10(i)	The Dow Chemical Company 1994 Non-Employee Directors' Stock Plan, incorporated by reference to Exhibit 10(o) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1994.
10(j)	Intentionally left blank.
10(k)	A written description of the 1998 Non-Employee Directors' Stock Incentive Plan, incorporated by reference to the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company held on May 14, 1998.
10(l)	A written description of compensation for Directors of The Dow Chemical Company, incorporated by reference to the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009.
10(m)	A written description of the manner in which compensation is set for the Executive Officers of The Dow Chemical Company, incorporated by reference to the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009.
10(n)	A resolution adopted by the Board of Directors of The Dow Chemical Company on May 5, 1971, and most recently amended on July 9, 1998, describing the employee compensation program for decelerating Directors, incorporated by reference to Exhibit 10(p) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 1998; as amended, re-adopted in full and restated on March 21, 2003, incorporated by reference to Exhibit 10(n) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2003; as amended, re-adopted in full and restated on February 10, 2005, incorporated by reference to Exhibit 10(n) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.
10(o)	The template used for The Dow Chemical Company Key Employee Insurance Program ("KEIP"), which provides benefits using insurance policies that replace benefits otherwise payable under The Dow Chemical Company Executives' Supplemental Retirement Plan and Company-Paid Life Insurance Plan, incorporated by reference to Exhibit 10(o) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2002. KEIP is a component of the annual pension benefits listed in and incorporated by reference to the definitive Proxy Statement for the Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 14, 2009.
10(p)	The Dow Chemical Company Elective Deferral Plan (for deferrals made through December 31, 2004), amended and restated as of September 1, 2006, incorporated by reference to Exhibit 10(p) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.
10(q)	Intentionally left blank.

EXHIBIT NO.	DESCRIPTION
10(r)	Intentionally left blank.
10(s)	A copy of the Summary Plan Description for The Dow Chemical Company Company-Paid Life Insurance Plan, Employee-Paid Life Insurance Plan, and Dependent Life Insurance Plan, amended and restated on October 21, 2008, effective as of December 1, 2008.
10(t)	A copy of the Summary Plan Description for The Dow Chemical Company Retiree Company-Paid Life Insurance Plan, Retiree Optional Life Insurance Plan, and Retiree Dependent Life Insurance Plan, amended and restated on October 21, 2008, effective as of December 1, 2008.
10(u)	Amended and Restated 2003 Non-Employee Directors' Stock Incentive Plan, adopted by the Board of Directors of The Dow Chemical Company on December 10, 2007,incorporated by reference to Exhibit 10(u) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2007.
10(v)	Non-Qualified Stock Option Agreement Pursuant to The Dow Chemical Company 1994 Non-Employee Directors' Stock Plan, incorporated by reference to Exhibit 10.1 to The Dow Chemical Company Current Report on Form 8-K filed on September 3, 2004.
10(w)	Non-Qualified Stock Option Agreement Pursuant to The Dow Chemical Company 2003 Non-Employee Directors' Stock Incentive Plan, incorporated by reference to Exhibit 10(w) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.
10(x)	A copy of the Performance Shares Deferred Stock Agreement Pursuant to The Dow Chemical Company 1988 Award and Option Plan, as amended, restated and effective as of January 1, 2009.
10(y)	A copy of the Deferred Stock Agreement Pursuant to The Dow Chemical Company 1988 Award and Option Plan, as amended, restated and effective as of January 1, 2009.
10(z)	A copy of the Non-Qualified Stock Option Agreement Pursuant to The Dow Chemical Company 1988 Award and Option Plan, as amended, restated and effective as of January 1, 2009.
10(aa)	Settlement Agreement and General Release between Richard L. Manetta and The Dow Chemical Company dated December 10, 2004, incorporated by reference to Exhibit 10.1 to The Dow Chemical Company Current Report on Form 8-K filed on December 16, 2004.
10(bb)	Deferred Compensation Agreement between Richard L. Manetta and The Dow Chemical Company dated December 10, 2004, incorporated by reference to Exhibit 10.2 to The Dow Chemical Company Current Report on Form 8-K filed on December 16, 2004.
10(cc)	A copy of The Dow Chemical Company Voluntary Deferred Compensation Plan for Non-Employee Directors, effective for deferrals after January 1, 2005, as amended and restated on December 10, 2008, effective as of January 1, 2009.
10(dd)	A copy of The Dow Chemical Company Elective Deferral Plan, effective for deferrals after January 1, 2005, as amended, restated and effective as of January 1, 2009.
10(ee)	The template for communication to employee Directors who are decelerating pursuant to The Dow Chemical Company Retirement Policy for Employee Directors, incorporated by reference to Exhibit 10(ee) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
10(ff)	Purchase and Sale Agreement dated as of September 30, 2005 between Catalysts, Adsorbents and Process Systems, Inc. and Honeywell Specialty Materials LLC, incorporated by reference to Exhibit 10(ff) to The Dow Chemical Company Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

EXHIBIT NO.	DESCRIPTION
10(gg)	Employment agreement with Geoffery Merszei, Executive Vice President and Chief Financial Officer, incorporated by reference to Exhibit 10(gg) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2005.
10(hh)	Employment agreement dated June 18, 2005, between William F. Banholzer and The Dow Chemical Company, incorporated by reference to the Current Report on Form 8-K filed on March 16, 2006.
10(ii)	A copy of an employment agreement dated February 14, 2006, between Heinz Haller and The Dow Chemical Company.
10(jj)	Change in Control Executive Severance Agreement - Tier 1, incorporated by reference to Exhibit 10(jj) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2007.
10(kk)	Change in Control Executive Severance Agreement - Tier 2, incorporated by reference to Exhibit 10(kk) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2007.
10(ll)	Voting Agreement dated as of July 10, 2008, by and among Rohm and Haas Company, The Dow Chemical Company and each of the persons and entities listed on Schedule I thereto, incorporated by reference to Exhibit 10.1 to The Dow Chemical Company Current Report on Form 8-K filed on July 10, 2008.
10(mm)	Term Loan Agreement, dated as of September 8, 2008, among The Dow Chemical Company, as borrower, the lenders party thereto and Citibank, N.A, as administrative agent for the lenders, incorporated by reference to Exhibit 99.1 to The Dow Chemical Company Current Report on Form 8-K filed on September 9, 2008.
10(nn)	Investment Agreement, dated as of October 27, 2008, between The Dow Chemical Company and Berkshire Hathaway Inc., incorporated by reference to Exhibit 10.1 to The Dow Chemical Company Current Report on Form 8-K filed on October 27, 2008.
10(oo)	Investment Agreement, dated as of October 27, 2008, between The Dow Chemical Company and The Kuwait Investment Authority, incorporated by reference to Exhibit 10.2 to The Dow Chemical Company Current Report on Form 8-K filed on October 27, 2008.
12.1	Computation of Ratio of Earnings to Fixed Charges.
14	Code of Ethics for Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer, incorporated by reference to Exhibit 14 to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2003.
21	Subsidiaries of The Dow Chemical Company.
23(a)	Consent of Independent Registered Public Accounting Firm.
23(b)	Analysis, Research & Planning Corporation's Consent.
31(a)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The Dow Chemical Company and Subsidiaries

Trademark Listing

The following trademarks or service marks of The Dow Chemical Company and certain affiliated companies of Dow appear in this report: AFFINITY, AIRSTONE, AMBITROL, AMPLIFY, ASPUN, ATTANE, BETAFOAM, BETAMATE, BETASEAL, CALIBRE, CANGUARD, CARBITOL, CARBOWAX, CELLOSIZE, CELLOSOLVE, CLEAR+STABLE, COMBOTHERM, CONTINUUM, CYCLOTENE, D.E.H., D.E.N., D.E.R., DOW, DOW XLA, DOWANOL, DOWCAL, DOWEX, DOWFAX, DOWFLAKE, DOWFROST, DOWICIDE, DOWLEX, DOWPER, DOWTHERM, ECHELON, ELITE, EMERGE, ENFORCER, ENGAGE, ENHANCER, EVOCAR, FILMTEC, FLEXOMER, FORTEFIBER, FORTEGRA, FOUNDATIONS, FROTH-PAK, GREAT STUFF, HYPOL, IMPAXX, INSITE, INSPIRE, INSTA-STIK, INTEGRAL, ISONATE, ISOPLAST, LIQUIDOW, LP OXO, MAGNUM, MAXICHECK, MAXISTAB, METEOR, METHOCEL, MONOTHANE, NEOCAR, NORDEL, NORKOOL, NORMAX, PAPI, PELADOW, PELLETHANE, POLYOX, POLYPHOBE, PRIMACOR, PROCITE, PULSE, REDI-LINK, RENUVA, SAFE-TAINER, SARAN, SARANEX, SATINFX, SATISFIT, SELECTOR, SENTRY, SHAC, SI-LINK, SILK, SOLTERRA, SPECFLEX, STEVENS ROOFING SYSTEMS, STYROFOAM, STYRON, STYRON A-TECH, STYRON C-TECH, SYNALOX, TERGITOL, THERMAX, TILE BOND, TRAFFIDECK, TRENCHCOAT, TRITON, TUFLIN, TYRIL, TYRIN, UCAR, UCARE, UCARHIDE, UCARSOL, UCON, UNIGARD, UNIPOL, UNIPURGE, UNIVAL, VERDISEAL, VERSENE, VERSIFY, VORACOR, VORACTIV, VORALAST, VORALUX, VORAMER, VORANATE, VORANOL, VORASTAR, WALOCEL, WALSRODER, WEATHERMATE, XITRACK

The following trademarks or service marks of Dow AgroSciences LLC and certain affiliated companies of Dow AgroSciences LLC appear in this report: AGROMEN, BRODBECK, CLINCHER, DAIRYLAND, DELEGATE, DITHANE, EXZACT, FORTRESS, GARLON, GLYPHOMAX, GRANITE, HERCULEX, KEYSTONE, LAREDO, LONTREL, LORSBAN, MILESTONE, MUSTANG, MYCOGEN, NEXERA, PHYTOGEN, PROFUME, RENZE, SENTRICON, SIMPLICITY, STARANE, TELONE, TORDON, TRACER NATURALYTE, TRIUMPH, VIKANE, WIDESTRIKE

The following registered service mark of American Chemistry Council appears in this report: Responsible Care

The following trademark of Ann Arbor Technical Services, Inc. appears in this report: GeoMorph

THE DOW CHEMICAL COMPANY

EXECUTIVES' SUPPLEMENTAL RETIREMENT PLAN

Restated and Effective January 1, 2009

PREAMBLES

ESTABLISHMENT OF PLAN

On May 14, 1992, The Dow Chemical Company (the "Company") established the Executives' Supplemental Retirement Plan as an unfunded program of deferred compensation for executives, which included Part A for Non-U.S. Service, Non-Controlled Group Service and/or Non-Covered Controlled Group Service and Part B for a Select Group of Management or Highly Compensated Employees, Board members of the Company and Employees whose Benefits are Statutorily Limited. On March 1, 1997, the Company amended and restated the Executives' Supplemental Retirement Plan (the "Plan") to incorporate the terms of the Enhanced Executives' Supplemental Retirement Options. On January 1, 2003, the Plan was amended and restated to include other benefits in addition to those provided under the Key Employee Insurance Program for any Chief Executive Officers of the Company who return to executive management at the request of the Board of Directors as a non-executive Chairman of the Board (hereinafter "Returning CEOs"). On March 1, 2004, the Plan was amended to include other benefits for former employees of Union Carbide Corporation who transferred to the Company after the merger of the Company with Union Carbide Corporation and the liability for such benefits was transferred to the Plan, herein after referred to as "Prior UCC Program Participants". Effective April 7, 2004, the Plan was amended to include the benefit provided to the CEO appointed in November, 2004. Effective, December 31, 2006, retroactive to January 1, 2005, the Plan was amended and restated to comply with Section 409A of the Internal Revenue Code of 1986, as amended, ("Code") and to reformat the Plan document to combine Parts A and B. Effective January 1, 2009, the Plan is further amended and restated to comply with the requirements of Section 409A of the Code and official guidance issued thereunder, and to include provisions with respect to employees who have accrued benefits under the Cadre Pension Plan to the extent such employees ("Cadre Employees") earn Compensation while on assignment in the U.S. The terms of the Plan supersede the terms of the Plan in effect prior to the effective date of this Plan. For the rules that apply to the distribution of amounts that were earned and vested (within the meaning of Section 409A of the Code) under the Plan prior to 2005 (and earnings thereon) and are exempt from the requirements of Section 409A of the Code, see Appendix A.

PURPOSE

The Company desires to (a) to provide certain of its executives and a select group of management employees with retirement benefits that might otherwise be provided by the Dow Employees' Pension Plan, but for (i) restriction of the exclusive benefit rule under Code section 401(a), (ii) the inability to grant past service, under the Dow Employees' Pension Plan, to highly compensated Employees because of the non-discrimination requirements of Code section 401(a)(4), and/or (iii) the inability to credit service to Employees while employed by a controlled group member not covered by the Dow Employees' Pension Plan, and (b) to restore benefits which are reduced under Dow Employees' Pension Plan due to the statutory limitations imposed by Code sections 401(a)(17) and 415 and which are not otherwise provided by any other plan maintained by the Company.

INTERPRETATION AND GOVERNING LAW

The Plan is intended to (1) constitute an unfunded program maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated Employees consistent with the requirements of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and (2) comply with Section 409A of the Code and official guidance issued thereunder. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions. In the event ERISA does not preempt state law, the state law of Michigan applies.

ARTICLE I
DEFINITIONS

1.01 ***AVERAGE COMPENSATION*** for purposes of the Supplemental Retirement Benefit of a Prior UCC Program Participant who was in the Union Carbide Compensation Deferral Program on February 6, 2001 and who shall attain at least age 50 and have at least 10 years of Eligibility Service, as defined under the Dow Employees' Pension Plan, as of or before December 31, 2005, shall equal the highest three year average compensation ("HC3A") as defined in the Dow Employees' Pension Plan but using Compensation as defined in the Plan, without regard to incentive compensation, plus the highest three year average, as defined in the former Union Carbide Corporation Enhanced Retirement Income Plan (attached as Exhibit I), of incentive compensation averaged separately. For calendar years 2004 and 2005, incentive compensation shall mean Compensation as defined in the Plan without regard to either deferred or paid base compensation. This Average Compensation shall be used to calculate benefits as specified under Section 3.04.

1.02 ***BENEFICIARY*** shall mean that person or persons designated by the Participant to receive a distribution of any amounts payable under the Plan due to the death of the Participant. The beneficiary of a Participant shall be deemed to be such Participant's spouse, if married, unless such spouse agrees in writing to waive this right, or their domestic partner, if in an approved domestic partner relationship (as defined in the Dow Employees' Pension Plan) (written waiver does not apply to a domestic partner). If the Participant is not married or in an approved domestic partner relationship and fails to designate a Beneficiary, the amounts payable, if any, under this Plan due to the death of the Participant shall be paid in the following order: (a) to the children of the Participant; (b) to the beneficiary of the Company Paid Life Insurance of the Participant; (c) to the beneficiary of any Company-sponsored life insurance policy for which the Company pays all or part of the premium of the Participant; or (d) to the estate of the Participant.

1.03 ***CADRE BENEFITS*** shall mean the benefits described in Section 3.06.

1.04 ***CADRE EMPLOYEE*** shall mean an employee who has been authorized by Dow Europe GmbH to participate in the Cadre Pension Plan and who earns compensation while on assignment to the U.S.

1.05 ***CHANGE OF CONTROL***, for purposes of the Plan, shall be deemed to have occurred on:

(a) the date that any one person, or more than one person acting as a group, acquires ownership of stock of The Dow Chemical Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of The Dow Chemical Company;
(b) the date that a majority of the members of the Board of Directors of The Dow Chemical Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the directors before the date of the appointment or election;
(c) the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of The Dow Chemical Company possessing 30 percent or more of the total voting power of the stock of The Dow Chemical Company; or
(d) the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from The Dow Chemical Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of The Dow Chemical Company immediately before such acquisition or acquisitions, provided that the following asset transfers shall not result in a Change of Control: (i) a transfer of assets to a stockholder of The Dow Chemical Company in exchange for or with respect to its stock, (ii) a transfer to a corporation, 50 percent or more of the total value or voting power of which is owned directly or indirectly, by The Dow Chemical Company, (iii) a transfer to a person, or more than one person acting as a group, that owns 50 percent or more of the stock of The Dow Chemical Company, or (iv) a transfer to an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (iii).

This definition of "Change of Control" is intended to satisfy the definition of a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" as

defined under Code section 409A and any official guidance issued thereunder, and no corporate event shall be considered a Change of Control unless it meets such requirements.

1.06 ***COMPANY*** shall mean The Dow Chemical Company and any other entity authorized to participate in the Plan by the Corporate Vice President of Human Resources of the Company or her/his delegate.

1.07 ***COMPENSATION*** shall mean the sum of:

(a) compensation as defined under the Dow Employees' Pension Plan without regard to Code limitations; and
(b) deferred compensation to The Dow Chemical Company Elective Deferral Plan.

1.08 ***DEPP COMPONENT*** shall mean benefits accrued under the provisions contained in the Dow Employees' Pension Plan applicable to the DEPP component of such Plan.

1.09 ***DEPP COMPONENT SUPPLEMENTAL RETIREMENT BENEFITS*** shall mean the benefits accrued by Participants and Prior UCC Program Participants in accordance with Section 3.04 of the Plan that would have been provided under the DEPP Component of the Dow Employees' Pension Plan but for the statutory limitations in Code sections 415 and 401(a)(17) and based upon the alternative definitions of Compensation and Average Compensation, as applicable, provided in this Plan.

1.10 ***EMPLOYEE*** shall mean someone who is employed by the Company to perform personal services in an employer-employee relationship who receives compensation from the Company, other than a retirement benefit, severance pay, retainer, or fee under contract.

1.11 ***KEY EMPLOYEE*** means a Participant who has a job level of 820 points or higher as of his Separation from Service.

1.12 ***PARTICIPANT*** shall mean:

(a) an Employee who is entitled to a Restricted Benefit under this Plan as determined by the Corporate Vice President of Human Resources of the Company or her/his delegate;
(b) an Employee who is a Board member who is an officer or Employee of the Company and who may relinquish line responsibility;
(c) an Employee whose benefits under the Dow Employees' Pension Plan are limited by the Code or ERISA;
(d) an Employee who is part of a select group of management or highly compensated Employees, as determined by the Corporate Vice President of Human Resources of the Company or her/his delegate, who receives forms of compensation that do not constitute compensation as defined in the Dow Employees' Pension Plan;
(e) a Prior UCC Program Participant; or
(f) a Cadre Employee.

1.13 ***PLAN YEAR*** shall mean the twelve (12) month period beginning January 1 and ending December 31.

1.14 ***PPA COMPONENT*** shall mean benefits accrued under the provisions contained in the Dow Employees' Pension Plan applicable to the Personal Pension Account or PPA component of such plan.

1.15 ***PPA COMPONENT SUPPLEMENTAL RETIREMENT BENEFITS*** shall mean the benefits accrued by Participants in accordance with Section 3.05 of the Plan that would have been provided under the PPA Component of the Dow Employees' Pension Plan but for the statutory limitations in Code sections 415 and 401(a)(17) and based upon the alternative definition of Compensation, as applicable, provided in this Plan.

1.16 ***RESTRICTED BENEFIT*** shall mean the benefits described in Part A of Article III.

1.17 ***SEPARATION FROM SERVICE or SEPARATES FROM SERVICE*** shall mean a "separation from service" within the meaning of Section 409A of the Code, except that in applying Section 1563(a)(1), (2), and (3) of the Code for purposes of determining a controlled group of corporations under Section 414(b) and (c) of the Code, and in applying Treasury Regulation section 1.414(c)-2 for purposes of determining trades or businesses that are under

common control under Section 414(c) of the Code, the language "at least 45 percent" is used instead of "at least 80 percent" each place it appears.

Additional definitions appear in the Preamble of the Plan.

ARTICLE II
PARTICIPATION

2.01 ELIGIBILITY AND PARTICIPATION

(a) Each Employee who is participating in Dow Employees' Pension Plan and is specifically named by the Corporate Vice President of Human Resources of the Company or her/his delegate shall be eligible to participate in the Plan.

(b) Each Employee who is a member of a select group of management or a highly compensated Employee, Board member of the Company and/or whose benefits are statutorily limited shall be eligible to participate in the Plan. Each former employee of Union Carbide Corporation who transferred to the Company after the merger of the Company with Union Carbide Corporation who was in the Union Carbide Compensation Deferral Program on February 6, 2001 and who shall attain at least age 50 and have at least 10 years of Eligibility Service, as defined under the Dow Employees' Pension Plan, as of or before December 31, 2005 shall also be a Participant in the Plan ("Prior UCC Program Participants").

(c) Each Employee who is determined by the Corporate Vice President of Human Resources of the Company to be entitled to a Restricted Benefit shall be eligible to participate under this Plan.

(d) Each Cadre Employee who has been authorized by Dow Europe GmbH to participate in the Company's Cadre Pension Plan shall be eligible to participate in the Plan while such employee is on assignment to the U.S.

Each Employee shall furnish such information and perform such acts as the Company may require in order to maintain such eligibility.

2.02 MEANING OF PARTICIPATION

A Participant in the Plan shall be entitled to receive a Restricted Benefit, a DEPP Component Supplemental Retirement Benefit, a PPA Component Supplemental Retirement Benefit, and/or a Cadre Benefit, as applicable.

2.03 TERMINATION OF PARTICIPATION

An otherwise eligible Employee shall cease to actively participate in the Plan upon the earlier of the Participant's Separation from Service, death, or receipt of written notification that he or she is no longer eligible to participate in the Plan. Thereafter, participation shall continue only for the purposes of receiving a distribution of those benefits accrued and vested as of the date the Participant ceased to actively participate in the Plan.

ARTICLE III
RESTRICTED BENEFITS AND SUPPLEMENTAL RETIREMENT BENEFITS

PART A – RESTRICTED BENEFITS

3.01 CALCULATION OF RESTRICTED BENEFITS

(a) The amount of retirement benefits payable under the Dow Employees' Pension Plan to Participants who transfer from (i) a Dow foreign entity to a Dow U.S. entity covered by the Dow Employees' Pension Plan, (ii) a controlled group entity that does not participate in the Dow Employees' Pension Plan, or (iii) a non-controlled group entity or non-affiliated company (collectively, a "Prior Company"), may not include compensation and service with the Prior Company. The intent of this Section is to ensure that Participants, as named by the Corporate Vice President of Human Resources or her/his delegate (the "VP"), receive (I) eligibility and vesting service under the Dow Employees' Pension Plan for such service with a Prior Company, as determined by the VP, and/or (II) a pension benefit based on their aggregate service (and compensation) rendered to Dow and the Prior Company, as determined by the VP (the "Approved Service"), but that benefits attributable to such Approved Service not result in a duplication of benefits. However, Restricted Benefits attributable to such Approved Service shall be reduced by the value of any benefit payable under the Dow Employees' Pension Plan or any other tax-qualified retirement savings vehicle sponsored by a member of the Dow controlled group, attributable to such Approved Service. For purposes of calculating the Participant's Restricted Benefits, the amount of retirement benefits payable under the Dow Employees' Pension Plan to Participants with Approved Service shall be calculated as provided in Section 3.01(a)(i), (ii) or (iii), as applicable to the Participant.

(i) No Proration Method. Under this method, the Restricted Benefits shall be determined by counting the Approved Service as eligibility and vesting service under the Dow Employees' Pension Plan.

(ii) Equivalent Benefits Method. Under this method, the Restricted Benefits shall be determined by using the entire Approved Service as credited service, and such benefit shall be reduced by the accrued benefit under the plan maintained by the Prior Company, as determined under (iv) below.

(iii) Proration Method. Under this method, the Restricted Benefits shall be determined under the proration rules set forth in the Global Pension Relocation Policy (the "Policy"), and in accordance with section 3.01(a)(iv) below.

(iv) The Employee's accrued benefit under the plan maintained by the Prior Company shall be determined under the terms and provisions of such plan as of the date of the Employee's transfer to this Plan. To the extent such plan provides a fixed value based on compensation and service (or other factors) earned prior to participation in the Plan, the value shall be fixed and determinable as of the date of transfer. To the extent such plan provides an accrued benefit that is not reasonably ascertainable as of the date of transfer, such benefit shall be determined based on objectively determinable factors set forth under such plan as of the date of transfer (e.g., conversion rate, age or service, interest rates, actuarial assumptions), and shall not be subject to the discretion of any Employee, Company, or Prior Company.

(b) The amount of retirement benefits payable under the Dow Employees' Pension Plan to Participants who transfer to (i) a Dow foreign entity not covered by the Dow Employees' Pension Plan, (ii) a controlled group entity that does not participate in the Dow Employees' Pension Plan, or (iii) a non-controlled group entity or non-affiliated company (collectively, a "Nonparticipating Company"), may not include compensation and service with the Nonparticipating Company. The intent of this Section is to ensure that Participants, as named by the VP receive (I) eligibility and vesting service under the Dow Employees' Pension Plan for such service with a Nonparticipating Company, as determined by the VP, and/or (II) a pension benefit based on their aggregate service (and compensation) rendered to Dow and the Nonparticipating Company, as determined by the VP (the "Approved Service"), but that benefits attributable to such Approved Service not result in a duplication of benefits. Any such Restricted Benefits shall be determined under the proration rules set forth in the Policy, and in accordance with the rules in Section 3.01(a)(iv), and shall be reduced by any benefit payable under the Dow Employees' Pension Plan or any other tax-qualified retirement savings vehicle sponsored by a member of the Dow controlled group, attributable to such Approved Service.

(c) For this purpose, the value of the Dow Employees' Pension Plan benefit shall be determined under the terms of such plan (as modified by 3.01(a) above) as in effect on the earlier of Separation from Service or death.

3.02 VESTING OF RESTRICTED BENEFITS

A Participant's vested interest in his or her Restricted Benefit calculated under Section 3.01 (*i.e.,* vesting percentage) shall be determined in accordance with the applicable vesting schedule in the Prior Plan as in effect when the Participant transferred from that plan. Such vested interest shall be determined by aggregating service earned under the Prior Plan and the Dow Employees' Pension Plan.

3.03 ADDITIONAL RESTRICTED BENEFITS TO RETURNING CEO

The amount of the additional Restricted Benefit for Returning CEO is (a) minus (b) calculated as follows:

(a) The amount of benefit calculated under the terms of the frozen Key Employee Insurance Program, modified as follows:

(i) the highest three years of Compensation shall be used, whether or not consecutive; and

(ii) provided that the Returning CEO does not leave the positions of President and CEO without the prior concurrence of the Company's Board of Directors, before December 31, 2004, Compensation for the years 2003 and 2004 shall be defined as follows:

(A) 2003: (a) the total base salary paid in 2003 as posted in Dow's Global Human Resources Information System; plus (b) the percentage established as of March 1 for the Executive Performance Plan target performance award multiplied by the base salary paid in 2003 as described in subsection 3.03(a)(i)(B)(1)(a); and

(B) 2004: (a) the total base salary paid from January 1, 2004 to October 31, 2004 as posted in Dow's Global Human Resources Information System; plus (b) the percentage established as of March 1 for the Executive Performance Plan target performance award multiplied by the base salary paid the month of October, 2004 multiplied by 10; plus (c) the deceleration base salary for November 1 to December 31, 2004 as posted in Dow's Global Human Resources Information System;

MINUS

(b) The amount of benefit calculated under the terms of the frozen Key Employee Insurance Program without modification.

PART B – SUPPLEMENTAL RETIREMENT BENEFITS

3.04 DEPP COMPONENT SUPPLEMENTAL RETIREMENT BENEFITS

The amount of DEPP Component Supplemental Retirement Benefits payable to a Participant equals the benefit which would be payable to or on behalf of the Participant under the DEPP Component of the Dow Employees' Pension Plan if Compensation as defined in Section 1.07 were substituted for compensation as defined in the Dow Employees' Pension Plan and the provisions of the Dow Employees' Pension Plan providing for the limitation of benefits in accordance with Code sections 415 and 401(a)(17) were inapplicable, less the benefit actually payable to or on behalf of the Participant under the Dow Employees' Pension Plan.

The amount of Supplemental Retirement Benefits payable to a Prior UCC Program Participant who was in the Union Carbide Compensation Deferral Program on February 6, 2001 and who shall attain at least age 50 and have at

least 10 years of Eligibility Service, as defined under the Dow Employees' Pension Plan, as of or before December 31, 2005, equals the greater of the benefit calculated under the above paragraph or the benefit calculated as of December 31, 2005 which would be payable to or on behalf of the Participant under the Dow Employees' Pension Plan if Average Compensation as defined in Section 1.01 of the Plan were substituted for compensation as defined in the Dow Employees' Pension Plan under the formula of Section 4.1(b)(iii) or Section- 4.5(b)(iii) of the Union Carbide Employees' Pension Plan, as applicable, and the provisions of the Dow Employees' Pension Plan providing for the limitation of benefits in accordance with Section 415 and 401(a)(17) of the Code were inapplicable, less the benefit actually payable to or on behalf of the Participant under in the Dow Employees' Pension Plan.

A Participant's vested interest in his or her DEPP Component Supplemental Retirement Benefit calculated under this Section 3.04 (*i.e.*, vesting percentage) shall be determined in accordance with the applicable vesting schedule in the Dow Employees' Pension Plan.

3.05 PPA COMPONENT SUPPLEMENTAL RETIREMENT BENEFITS

The amount of PPA Component Supplemental Retirement Benefits payable to a Participant equals the benefit which would be payable to or on behalf of the Participant under the PPA Component of the Dow Employees' Pension Plan if Compensation as defined in Section 1.07 were substituted for compensation as defined in the Dow Employees' Pension Plan and the provisions of the Dow Employees' Pension Plan providing for the limitation of benefits in accordance with Code sections 415 and 401(a)(17) were inapplicable, less the benefit actually payable to or on behalf of the Participant under the Dow Employees' Pension Plan.

A Participant's vested interest in his or her PPA Component Supplemental Retirement Benefit calculated under this Section 3.05 (*i.e.*, vesting percentage) shall be determined in accordance with the applicable vesting schedule in Dow Employees' Pension Plan.

PART C – CADRE EMPLOYEE BENEFITS

3.06 CADRE BENEFITS

A Cadre Employee on assignment to the U.S. will receive the same defined benefit accrual schedule with respect to his or her service in the U.S. as would have applied under the Cadre Pension Plan if such individual had continued working outside of the U.S (including death and disability benefits). This Cadre Benefit shall be determined in accordance with Section 3.4 of the Cadre Pension Plan, based solely on the U.S. credited service, highest consecutive three-year average compensation, and U.S. annual accrual rate; provided, however, that the amount payable under this Plan shall also include any pay roll-up on the Cadre Pension Plan benefit if such benefit is determined using U.S. sourced compensation.

PART D – ESRP BENEFITS

3.07 ESRP BENEFIT CALCULATIONS

For any Participant, the ESRP benefit under this Plan shall be the sum of the value of (i) supplemental retirement benefits under Section 3.04 or 3.05, (ii) Cadre Employee benefits under Section 3.06, (iii) returning CEO benefits under Section 3.03, and (iv) Restricted Benefits under Section 3.01, as applicable. For this purpose, actuarial equivalence under this Plan shall be determined using the applicable actuarial factors contained in the Dow Employees' Pension Plan as of the determination date.

ARTICLE IV
DISTRIBUTION OF RESTRICTED BENEFITS AND SUPPLEMENTAL RETIREMENT BENEFITS

4.01 PAYMENT OF RESTRICTED BENEFITS, DEPP COMPONENT AND PPA COMPONENT SUPPLEMENTAL RETIREMENT BENEFITS

(a) Form of Payment

(i) Restricted Benefits, DEPP Component Supplemental Retirement Benefits, and Cadre Benefits

Subject to the special rules provided in this Section 4.01, a Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, and/or vested Cadre Benefits accrued under the Plan shall be payable in one of the actuarially equivalent life annuities described below. In the event the Participant does not select a form of payment, the following default provisions will apply. If a Participant is married or has a domestic partner (as defined in the Dow Employees' Pension Plan) when the Participant Separates from Service, then the Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, and/or vested Cadre Benefits shall be paid in the form of a 100 % joint and survivor annuity. If a Participant does not have a spouse or domestic partner when the Participant Separates from Service, then the Participant's vested Restricted Benefit, vested DEPP Component Supplemental Retirement Benefits, and/or vested Cadre Benefits shall be paid in the form of a single life annuity. A Participant may elect an optional form of payment from the list of actuarially equivalent life annuities (within the meaning of Treas. Reg. section 1.409A-2(b)(2)(ii)) described below. The election of an optional form of payment by the Participant shall be made without regard to the timing or form of payment elected by the Participant under the Dow Employees' Pension Plan and must occur prior to the month in which benefit payments under the Plan are scheduled to commence.

The optional forms of payment are:

(A) Single life annuity

(B) 50% joint and survivor annuity

(C) 100% joint and survivor annuity

(D) For the Restricted Benefits and/or DEPP Component Supplemental Retirement Benefits, to the extent the Participant is eligible to elect it, any of the three options described above – single life annuity, 50% joint and survivor annuity, or 100% joint and survivor annuity – with a Guaranteed Payout Option.

The Guaranteed Payout Option is an additional option elected in conjunction with one of the life annuities otherwise available as a form of distribution under the Plan. The Guaranteed Payout Option provides reduced benefits that are payable monthly during the Participant's and surviving annuitant's lifetime(s), with any remaining guaranteed payout amount paid in the form of a single lump sum payment in the first month following the death of the last annuitant. Unless a Participant has (i) accrued less than 10 years of Eligibility or Vesting Service (as determined under the Dow Employees' Pension Plan) and (ii) is considered Totally Disabled as defined under the Dow Employees' Pension Plan, a Participant may elect the Guaranteed Payout Option.

The amount of the guaranteed payout shall equal the excess, if any, of (i) the Participant's account balance from a vested Restricted Benefit or a vested DEPP Component Supplemental Retirement Benefit determined on the date the Participant Separates from Service over (ii) the sum of all monthly benefits payments made before the date of death of the last annuitant to die. The Guaranteed Payout amount shall be paid to the Participant's remaining Beneficiary as determined in Section 1.02.

(ii) PPA Component Supplemental Retirement Benefits

A Participant's vested PPA Component Supplemental Retirement Benefits payable under the Plan shall be paid in the form of a single lump sum payment following the Participant's Separation from Service. Payment of the PPA Component Supplemental Retirement Benefit shall be made without regard to the timing or form of payment elected by the Participant under the Dow Employees' Pension Plan.

(iii) Small Benefits

Notwithstanding the provisions in this Section 4.01, if the present value of the sum of a Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, and/or vested Cadre Benefits under this Plan as of the date the Participant Separates from Service, is equal to or less than twenty five thousand dollars ($25,000), such benefits will instead be paid as a single lump sum payment at the time provided in Section 4.01(b)(iii).

(b) Date of Payment

(i) Restricted Benefits, DEPP Component Supplemental Retirement Benefits, and Cadre Benefits

Subject to the delay for Key Employees, vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, and vested Cadre Benefits accrued under the Plan shall be payable commencing in the first month following the Participant's Separation from Service.

(ii) PPA Component Supplemental Retirement Benefits

A Participant's vested PPA Component Supplemental Retirement Benefits accrued under the Plan shall be payable in the seventh month following the Participant's Separation from Service.

(iii) Small Benefits

Subject to the delay for Key Employees, a Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, and/or vested Cadre Benefits that satisfy the description of small benefits in Section 4.01(a)(iii) shall be paid as a single lump sum in the third month following the Participant's Separation from Service.

(iv) Delay for Key Employees

Notwithstanding the foregoing, in the event the Participant is a Key Employee upon the Participant's Separation from Service, any distribution of benefits under the Plan shall be delayed until the seventh month following the date of the Participant's Separation from Service (or if earlier, the date of the Participant's death). Amounts otherwise payable to the Participant during such period of delay shall be accumulated and paid in the seventh month following the Participant's Separation from Service, along with interest on the delayed payments.

(v) Change of Control

Notwithstanding the foregoing, in the event of a Change of Control, a Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, vested PPA Component Supplemental Retirement Benefits, and/or vested Cadre Benefits accrued under this Plan shall become payable immediately and shall be paid as a single lump sum payment within ninety (90) days of the Change of Control, provided that the Participant shall not be able to designate the tax year in which such lump sum payment will occur.

(c) Benefit Payments upon Death

(i) **Death Prior to Commencement of Benefit Payments.** In the event of a Participant's death before the month in which benefit payments commence under Section 4.01(b), death benefits equal to the Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, vested PPA Component Supplemental Retirement Benefits, and/or vested Cadre Benefits, as applicable, shall be paid in the first month following the month in which the Participant dies. The death benefit shall be payable in a lump sum to the Participant's Beneficiary.

(ii) **Death after Commencement of Benefit Payments.** In the event of a Participant's death after benefit payments have commenced under Section 4.01(b), the death benefit, if any, payable hereunder shall be paid in accordance with the applicable form of payment specified in Section 4.01(a) and any optional form of payment elected by the Participant (if applicable).

(d) Benefit Payments upon Inclusion in Income

If a Participant's vested Restricted Benefits, vested DEPP Component Supplemental Retirement Benefits, vested PPA Component Supplemental Retirement Benefits, and/or vested Cadre Benefits under this Plan are includible in income pursuant to Code section 409A, such benefits shall be distributed immediately to the Participant.

(e) Permitted Delays in Distribution

Notwithstanding the foregoing, any payment to a Participant under the Plan shall be delayed upon the Committee's reasonable anticipation of one or more of the following events:

(i) The Company's deduction with respect to such payment would be eliminated by application of Code section 162(m); or

(ii) The making of the payment would violate Federal securities laws or other applicable law;

provided, that any payment delayed pursuant to this Section 4.01 shall be paid in accordance with Code section 409A and any official guidance issued thereunder.

ARTICLE V
FINANCING OF BENEFITS

5.01 FINANCING OF BENEFITS

The entire cost of providing benefits under the Plan shall be paid by the Company out of its current operating budget, and the Company shall not be required under any circumstances to fund its obligations under the Plan. Notwithstanding the foregoing, the Company may, at its sole option, informally fund its obligations under the Plan in whole or in part by the creation of book reserves, the establishment of a grantor trust, the purchase of insurance and other assets, or by other means. In no event shall any Participant or Beneficiary have any incidents of ownership to any such insurance contracts or other assets. In addition, no Participant or Beneficiary shall be named a beneficiary under any such insurance contract. If the Company informally funds the Plan, in whole or in part, the manner of such informal funding and the continuance or discontinuance of such informal funding shall be the sole decision of the Company.

5.02 GENERAL CREDITOR

The Participant, and/or Beneficiary, shall be regarded as an unsecured general creditor of the Company with respect to any rights derived by the Participant, and/or Beneficiary, from the existence of this Plan. Title to and beneficial ownership of any Company assets (including any assets that may be held in trust) which may be used to satisfy the Company's obligation for payment of Restricted Benefits and Supplemental Retirement Benefits shall remain solely the property of the Company.

5.03 LIABILITY OF THE COMPANY

Nothing in this Plan shall constitute the creation of a trust or other fiduciary relationship between the Company, its agents, representatives or other Employees dealing with the Plan and the Participant, Beneficiary or any other person. The obligations of the Company under the Plan shall be an unfunded and unsecured promise to pay.

5.04 ASSIGNMENT

No interest of any person in, or right to receive a distribution under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a distribution be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person. The obligations and rights of the Company under this Plan may be encumbered in the event of the Company's insolvency.

ARTICLE VI
MISCELLANEOUS

6.01 PLAN IS BINDING

This Plan shall be binding upon and inure to the benefit of the Company, participating Employees and their respective successors, assigns, heirs, personal representatives, executors, administrators, Beneficiaries, and legatees.

6.02 ENTIRE PLAN

This document constitutes the entire Plan and no representations or other actions by a Company Employee or representative may modify the rights and obligations set forth in the Plan.

6.03 NO GUARANTEE OF EMPLOYMENT

Nothing in this Plan shall be construed as an employment contract or as a guarantee of employment for any period of time.

6.04 GOVERNING LAW

In the event that ERISA does not preempt state law, the state law of Michigan applies.

6.05 TERMINATION

The Company reserves the right to terminate the Plan completely subject to the conditions set forth below. Such termination shall have prospective application only and shall not reduce or impair a Participant's right to benefits accrued and vested under the Plan as of the date of termination. Each Participant shall receive written note of the termination of the Plan describing the action taken in detail. Any plan termination made pursuant to this Section 6.05 shall be performed in a manner consistent with the requirements of Code section 409A and any regulations or other applicable guidance issued thereunder.

Except as provided in the next sentence, no amendment or termination of the Plan shall adversely affect the rights of any Participant to any amounts accrued and vested under this Plan as of the effective date of such amendment or termination. Upon termination of the Plan, distributions under this Plan shall be made to Participants and beneficiaries in the manner and at the time described in Article IV, unless the Company determines in its sole discretion that all such amounts shall be distributed upon termination in accordance with the requirements under Code section 409A. Upon termination of the Plan, no further benefit accruals under Article III shall be permitted.

6.06 WITHHOLDING TAXES

The Company shall have the right to withhold taxes from any payments made pursuant to the Plan, or make such other provisions as it deems necessary or appropriate to satisfy its obligations to withhold federal, state, local or foreign income or other taxes incurred by reason of payments pursuant to the Plan. In lieu thereof, the Company shall have the right, to the extent permitted by Code section 409A and other provisions of law, to withhold the amount of such taxes from any other sums due or to become due from the Company to the Participant or any Beneficiary upon such terms and conditions as the Company may prescribe. The Company may also accelerate and pay a portion of a Participant's benefits in a lump sum equal to the Federal Insurance Contributions Act ("FICA") tax imposed and the income tax withholding related to such FICA amounts.

6.07 OVERPAYMENTS

If any overpayment of benefits is made under this Plan, the amount of the overpayment must be refunded.

6.08 PLAN DOCUMENT CONTROLS

Notwithstanding the provisions of any agreement that was entered into with a Participant on or before December 31, 2008, the terms of Article III shall control the accrual of any benefits under this Plan and the terms of Article IV shall control the payment of any benefits under this Plan. The terms of Articles III and IV shall supersede the applicable terms of any such agreements that purported to control the accrual and payment of nonqualified deferred compensation benefits under this Plan.

ARTICLE VII
PLAN ADMINISTRATION

7.01 ADMINISTRATION AND AMENDMENT

This Plan is administered by the Corporate Vice President of Human Resources of the Company or her/his delegate. The Corporate Vice President of Human Resources of the Company or her/his delegate is authorized to construe and interpret all Plan provisions, to adopt rules concerning the implementation of Plan provisions, and to make any determinations necessary or appropriate hereunder which shall be binding and conclusive on all parties. However, any discretionary actions regarding Section 16 Employees, as defined by the Securities Exchange Act of 1934 and determined by the Company, are reserved for the Compensation Committee of the Board of Directors of the Company.

The Compensation Committee of the Board of Directors of the Company is authorized to amend the Plan. Any amendment shall have prospective application only and shall not reduce or impair a Participant's right to benefits accrued and vested under of the Plan as of the date such amendment is made. Each Participant shall receive written notice of the amendment or termination of the Plan describing the action taken in detail.

Notwithstanding the foregoing, no amendment of the Plan shall apply to amounts that were earned and vested (within the meaning of Code section 409A and regulations thereunder) under the Plan prior to 2005, unless the amendment specifically provides that it applies to such amounts. The purpose of this restriction is to prevent a Plan amendment from resulting in an inadvertent "material modification" to amounts that are "grandfathered" and exempt from the requirements of Code section 409A.

7.02 CLAIMS SUBMISSION AND REVIEW PROCEDURE

(a) Designee for Benefits Claims

If a Participant or Beneficiary ("claimant") makes a written request alleging a right to receive payments under this Plan or alleging a right to receive an adjustment in benefits being paid under this Plan, such

actions shall be treated as a claim for benefits. Benefits under this Plan shall be payable only if the Corporate Vice President of Human Resources of the Company or her/his delegate (the "Designee") or the Compensation Committee of the Board of Directors of the Company (the "Administrator"), as the case may be, determines, in its sole discretion, that a claimant is entitled to them.

(b) Initial Claim for Benefits

All initial claims for benefits under this Plan shall be sent to the Designee. If the Designee determines that any individual who has claimed a right to receive benefits, or different benefits, under this Plan is not entitled to receive all or any part of the benefits claimed, the Designee shall inform the claimant in writing of such determination and the reasons therefor in terms calculated to be understood by the claimant. The notice shall be sent within 90 days of receipt of the claim unless the Designee determines that additional time, not exceeding 90 additional days, is needed and so notifies the claimant in writing before the expiration of the initial 90 day period. Any written notice of extension for review shall include the circumstances requiring extension and date by which a decision is expected to be rendered. A written notice of denial of benefits shall (1) state specific reasons for the denial, (2) make specific reference to the pertinent Plan provisions on which the denial is based, (3) describe any additional material or information that is necessary to support the claimant's claim and an explanation of why such material or information is necessary, and (4) include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records or other information relevant (as defined by Department of Labor Regulation Section 2560.503-1(m)) to the claim. Such notice shall, in addition, inform the claimant of the procedure that the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim, including the right to bring a civil action under Section 502(a) of ERISA following exhaustion of review procedures set forth herein.

(c) Appeal of Denied Claims

The claimant may within 60 days after notice of the denial submit, in writing, to the Administrator a notice that the claimant contests the denial of his or her claim and desires a further review by the Administrator. During the review process, the claimant has the right to submit written comments, documents, records and other information relating to the claim for benefits, which the Administrator shall consider without regard to whether the items were considered upon the initial review. The Administrator shall within 60 days thereafter review the claim and authorize the claimant to, upon request and free of charge, have reasonable access to, and copies of all documents, records or other information relevant (as defined by Department of Labor Regulation Section 2560.503-1(m)) to the claim. The Administrator will render a final decision on behalf of The Dow Chemical Company with specific reasons therefor in writing and will transmit it to the claimant within 60 days of the written request for review, unless the Administrator determines that additional time, not exceeding 60 days, is needed, and so notifies the claimant in writing before the expiration of the initial 60 day period. In no event shall the Administrator render a final decision later than the initial 60 days plus the possible additional 60 days following receipt of the claimant's appeal. Any written notice of extension for review shall include the circumstances requiring extension and date by which a decision is expected to be rendered. A written notice of denial of benefits upon review shall (1) state specific reasons for the denial, (2) make specific reference to the pertinent Plan provisions on which the denial is based, and (3) include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records or other information relevant (as defined by Department of Labor Regulation Section 2560.503-1(m)) to the claim. Such notice shall, in addition, inform the claimant of the right to bring a civil action under Section 502(a) of ERISA. If such determination is adverse to the claimant, it shall be binding and conclusive unless the claimant notifies the Administrator within 90 days after the mailing or delivery to him or her by the Administrator of its determination that he or she intends to institute legal proceedings challenging the determination of the Administrator, and actually institutes such legal proceeding within 180 days after such mailing or delivery.

(d) Binding Interpretations

The interpretations and construction of the Plan by the Corporate Vice President of Human Resources of the Company or her/his delegate shall be binding and conclusive on all persons and for all purposes. Notwithstanding the above, any disagreement may be submitted to the Board of Directors of the Company or the Compensation Committee of the Board of Directors of the Company, for resolution provided that all interested parties agree to be bound by the decision. No member of the Board of Directors of the Company or Company management shall be liable to any person for any action taken hereunder except for those actions undertaken with lack of good faith.

By: _____
Gregory M. Freiwald

Its Corporate Vice President
Human Resources Department
The Dow Chemical Company

Dated December 31, 2008

APPENDIX A

GRANDFATHERED AMOUNTS

Distribution of amounts that were earned and vested (within the meaning of Code section 409A and regulations thereunder) under the Plan prior to 2005 (and earnings thereon) and are exempt from the requirements of Code section 409A shall be made in accordance with the Plan terms as in effect on October 3, 2004, as attached hereto.

[INSERT PLAN AS IN EFFECT ON OCTOBER 3, 2004 HERE.]

"[A copy of The Dow Chemical Company Executives' Supplemental Retirement Plan in effect on October 3, 2004 is contained in Exhibit 10(a) to The Dow Chemical Company Annual Report on Form 10-K for the year ended December 31, 2004, and is incorporated herein by this reference.]"

COMPLETE TEXT OF THE DOW CHEMICAL COMPANY 1988 AWARD AND OPTION PLAN

As amended and restated on December 10, 2008, effective January 1, 2009.

1. **Establishment and Purpose of the Plan:** The Dow Chemical Company 1988 Award and Option Plan is hereby established upon the following terms and conditions. The purpose of the Plan is to attract and retain in the employ of the Company and its Subsidiaries and Affiliates people of ability, training and experience by providing such people, in consideration of services performed, an incentive for outstanding performance to the end of furthering the continued growth and profitability of the Company, and to encourage ownership of the Company's stock by such people.

2. **Definitions**

2.01 **Affiliate:** Any entity in which the Company has a substantial direct or indirect equity interest, as determined by the Committee.

2.02 **Award:** An award of Deferred Stock, Restricted Stock, Options or Stock Appreciation Rights under the Plan.

2.03 **Awardee:** An Employee to whom an Award is made.

2.04 **Board of Directors:** The Board of Directors of the Company.

2.05 **Change in Control:** A Change in Control shall be deemed to have occurred on (A) the date that there is a change in ownership of a corporation where one person, or more than one person acting as a group acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of such corporation, or (B) notwithstanding that there hasn't been a change in ownership under (A), the date there is a change in the effective control of the corporation under which either: (1) any one person, or more than one person acting as a group acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing 30% or more of the total voting power of the stock of the corporation; or (2) a majority of members of the corporation's board of directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election. This definition of "Change in Control" is intended to conform to the definition of a "change in ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" as defined under Code section 409A and any subsequent authority issued pursuant thereto, and no corporate event shall be considered a Change in Control unless it meets such requirements.

2.06 **Code:** The Internal Revenue Code of 1986, as amended.

2.07 **Common Stock:** The Common Stock of the Company, par value $2.50 a share, or such other class or kind of shares or other securities as may be applicable under Section 10.

2.08 **Company:** The Dow Chemical Company, a Delaware corporation, or any successor to substantially all its business.

2.09 **Committee:** The Compensation Committee of the Board of Directors, or such other committee designated by the Board of Directors, designated to administer the Plan under Section 4, which committee shall have at least three members, each of which shall be a Disinterested Person.

2.10 **Deferred Stock:** Common Stock awarded by the Compensation Committee under Section 6 of the Plan.

2.11 **Disinterested Person:** A person defined in Rule 16b-3(d)(3) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as amended, or any successor definition adopted by the Commission.

2.12 **Employee:** An employee of the Company or a Subsidiary, including an officer or director who is such an employee, who at the time an Award is made has a work schedule of 50% or more of the standard hours defined as full-time in such employee's work location, but excluding any employee who has provided to the Company a written irrevocable election not to be eligible.

2.13 **Fair Market Value:** As applied to a specific date, the closing market price of Common Stock, as reported on the consolidated transaction reporting system for New York Stock Exchange issues on such date or, if Common Stock was not traded on such date, on the next preceding day on which the Common Stock was traded. However, in the case of an Incentive Stock Option, if such method of determining Fair Market Value shall not be consistent with the then current regulations of the U.S. Secretary of the Treasury, Fair Market Value shall be determined in accordance with those regulations.

2.14 **Incentive Stock Option:** Any Option intended to meet the requirements of an incentive stock option as defined in Section 422A of the U.S. Internal Revenue Code of 1986 as amended or any statutory provision that may replace such Section.

2.15 **Key Employee:** Any employee of the Company who has a job level of 820 points or higher as of his Separation from Service.

2.16 **Non-Qualified Option:** Any Option not intended to be an Incentive Stock Option.

2.17 **Options:** Any option or options granted from time to time under the Plan, including both Non-Qualified Options and Incentive Stock Options.

2.18 **Plan:** The Dow Chemical Company 1988 Award and Option Plan herein set forth, as the same may from time to time be amended.

2.19 **Restricted Stock:** Common stock awarded by the Committee under Section 7 of the Plan.

2.20 **Separation from Service or Separates from Service:** A "separation from service" within the meaning of Code section 409A.

2.21 **Stock Appreciation Rights:** Rights awarded by the Committee under Section 9 of the Plan.

2.22 **Subsidiary:** Any business association (including a corporation or a partnership, other than the Company) in an unbroken chain of such associations beginning with the Company if each of the associations other than the last association in the unbroken chain owns equity interests (including stock or partnership interests) possessing 50% or more of the total combined voting power of all classes of equity interests in one of the other associations in such chain.

3. **Eligibility**

Any Employee is eligible to receive an Award.

4. **Plan Administration**

4.01 **Administrator:** The Plan shall be administered by the Committee.

4.02 **Administrative Powers:** The Committee shall have full power to interpret and administer the Plan and full authority to act in selecting the Employees to whom Awards will be granted, in determining the type and amount of Award to be granted to each such Employee, the terms and conditions of Awards granted under the Plan, subject to the provisions of Section 409A of Internal Revenue Code of 1986, as amended and any subsequent authority promulgated Section 409A and the terms of agreements which will be entered into with Awardees. The Committee shall have the power to make regulations for carrying out the Plan and to make changes in such regulations as they from time to time deem proper. Any interpretation by the Committee of the terms and provisions of the Plan and the administration thereof, and all action taken by the Committee, shall be final, binding and conclusive on the Company, its stockholders, Subsidiaries, Affiliates, all Employees, their respective legal representatives, successors and assigns and upon all other persons claiming under or through any of them. As to the selection of and grants of awards to Awardees who are not subject to Sections 16(a) and 16(b) of the Securities Exchange Act of 1934, the Committee may delegate any or all of its responsibilities to members of the Company's administration.

4.03 **Limitation on Liability:** Members of the Board of Directors and members of the Committee acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

5. **Shares Subject to the Plan**

5.01 Subject to adjustment as provided in Section 10, the total number of shares of Common Stock available for grant under the Plan in each calendar year during any part of which the Plan is effective shall be one and one-half percent (1.5%) of the total outstanding shares of Common Stock as of the first day of such year for which the Plan is in effect; *provided* that such number shall be increased in any year by fifty percent (50%) of the shares available for grant hereunder in each of the previous three years, but not covered by Awards granted hereunder in such years; and *provided, further* that no more than thirty million (30,000,000) shares shall be cumulatively available for the grant of Incentive Stock Options under the Plan. Awards of Deferred Stock and Restricted Stock are limited to fifteen (15%) of the aggregate limit as provided in this Section, such percentage to be calculated as the annual average over any ten year period of time. In addition, the Company may increase the shares available for Awards through an advance of up to fifty percent (50%) of the subsequent year's allocation (determined by using fifty percent (50%) of the currentyear's allocation). In addition, any shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not reduce the shares available for grants under the Plan. Any shares issued hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares. If any shares subject to any Award granted hereunder are forfeited or such Award otherwise terminates without the issuance of such shares or of other consideration in lieu of such shares, the shares subject to such Award, to the extent of any such forfeiture or termination, shall again be available for grant under the Plan.

5.02 **Individual Limits:** Notwithstanding anything to the contrary elsewhere in this Plan, and subject to adjustment as provided in Section 10, in any calendar year, the maximum number of shares of common stock covered by Awards of Options and Stock Appreciation Rights granted to any individual shall not exceed one million, two hundred thousand (1,200,000). In addition, any shares that remain ungranted under the foregoing limitation for the prior calendar year for that individual may be carried forward to the current year, and any number of shares may be borrowed against that individual's limit for the succeeding year. In no event, however, shall the total number of shares carried forward and borrowed in any year for any individual pursuant to this Section 5.02 exceed the maximum number stated in the first sentence of this Section 5.02. For purposes of this Section 5.02, shares shall be counted first against the current year, then against the prior year, and finally against the succeeding year. Aggregate awards of Deferred Stock and Restricted Stock to any individual shall not exceed nine hundred thousand (900,000) shares during any three-calendar-year period.

6. **Deferred Stock Rules and Conditions**

The grant of Deferred Stock shall be upon the following rules and conditions:

6.01 **Deferred Stock Grants:** Deferred Stock shall be evidenced by Deferred Stock agreements. Such agreements shall conform to the requirements of the Plan, contain the time and form of payment, and may contain such other provisions (including provisions for the protection of and/or the payment of Deferred Stock in the event of a Change in Control) as set forth in Section 15.07.

6.02 **Crediting of Deferred Stock:** Upon determination of the number of shares of Deferred Stock to be granted to an Awardee the Committee shall direct that the same be credited to the Awardee's account on the books of the Company but that issuance and delivery of shares shall be deferred until the date or dates provided in this Plan and the applicable Deferred Stock agreements. Prior to issuance and delivery hereunder the Awardee shall have no rights as a stockholder with respect to any shares of Deferred Stock credited to his or her account.

6.03 **Payment Equivalent to Dividends:** During the period that shares of Deferred Stock remain credited to the account of an Awardee and before their issuance and delivery, the Company shall pay or accrue to the Awardee on each date dividends on Common Stock are paid, a sum of money equal to what would have been received if the shares of Deferred Stock credited to the account had been owned ("Dividend Equivalents"), subject to such conditions as the Committee may deem appropriate. The time and form of such payment of the Dividend Equivalents shall be specified in the Deferred Stock agreements.

6.04 **Delivery:** Subject to the terms and conditions described herein, the shares of Deferred Stock credited to the account of an Awardee shall be issued and delivered to the Awardee in one or more installments on such date(s) as specified in the Deferred Stock agreements.

7. **Restricted Stock Rules and Conditions**

The grant of Restricted Stock shall be upon the following rules and conditions:

7.01 **Restricted Stock Grants:** Restricted Stock shall be evidenced by Restricted Stock agreements. Such agreements shall conform to the requirements of the Plan and may contain such other provisions (including provision for the protection of Restricted Stock in the event of a Change in Control as set forth in Section 15.07).

7.02 **Issuance of Restricted Stock:** Upon determination of the number of shares of Restricted Stock to be granted to an Awardee the Committee shall direct that a certificate representing the number of shares of Common Stock be issued to the Awardee with the Awardee as the registered owner. The certificate representing such shares shall either be legended as to sale, transfer, assignment, pledge or other encumbrances during the restricted period or deposited by the Awardee, together with a stock power endorsed in blank, with the Company.

7.03 **Dividends and Voting Rights:** During the restricted period the Awardee shall have the right to receive dividends from and to vote the shares of Restricted Stock.

7.04 **Delivery:** The Restricted Stock agreement shall specify the duration of the restricted period and the performance and/or employment conditions under which the Restricted Stock may be forfeited to the Company. At the end of the restricted period the restrictions imposed hereunder shall lapse with respect to the number of shares of Restricted Stock as determined by the Committee, and the legend shall be removed or the shares delivered, as the case may be, with respect to such number. The Committee may, in its sole discretion, modify or accelerate the vesting of shares of Restricted Stock.

8. **Option Rules and Conditions**

The grant of Options shall be upon the following rules and conditions:

8.01 **Option Grants:** Options shall be evidenced by Option agreements. Such agreements shall conform to the requirements of the Plan, and may contain such other provisions (including restrictions upon the exercise of the Option and provisions for the protection of Options in the event of a Change in Control).

8.02 **Option Price:** Except for adjustments permitted by Section 10, the price at which Common Stock may be purchased upon exercise of an Option shall be determined by the Committee, but shall be not less than the greater of the Fair Market Value of such shares on the date the Option is granted or the par value of such Common Stock.

8.03 **Terms of Options:** The Option agreements shall specify when an Option may be exercisable and the terms and conditions applicable in the event of the Awardee's Separation from Service during the Option's term. In the case of Separation from Service during the Option's term, in no event shall an Option term be extended beyond the term for exercise originally specified in the Option agreement. In any case, the term of an Option shall in no event be greater than ten years, and no Option may be exercisable less than one year from date of grant.

8.04 **Incentive Stock Option:** Each provision of the Plan and each Option agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be incentive stock option as defined in Section 422A of the Internal Revenue Code of 1986 as amended or any statutory provision that may replace such Section, and any provisions thereof that can not be so construed shall be disregarded. In no event may an Awardee be granted Incentive Stock Options which do not comply with such grant and vesting limitations as may be prescribed by Section 422A(b)(7) of the Internal Revenue Code of 1986 as amended, or any successor section or limitation and any implementing regulations.

8.05 **Payment of Option Price:** The Option price of the shares of Common Stock for which an Option shall be exercised shall be paid in full in cash at the time of the exercise or, with the consent of the Committee, in whole or in part in Common Stock valued at Fair Market Value. An Awardee shall have no rights of a stockholder with respect to any shares of Common Stock subject to an Option unless and until a stock certificate of such shares shall have been issued to him or her.

9. **Stock Appreciation Rights**

The grant of Stock Appreciation Rights ("SARs") shall be subject to the following rules and conditions:

9.01 **Stock Appreciation Right Grants:** Stock Appreciation Rights are rights to receive a payment in cash, Common Stock, Restricted Stock or Deferred Stock as selected by the Committee and shall be set forth in Stock Appreciation Right agreements. Stock Appreciation Rights are determined by the appreciation in Common Stock. Such agreements shall conform to the requirements of the Plan. A SAR may be granted in tandem with all or a portion of a related stock option under the Plan ("Tandem SAR"), or may be granted separately ("Freestanding SAR").

9.02 **SAR Price:** The exercise price of a Tandem SAR shall be the option price under the related stock option. The exercise price of a Freestanding SAR shall be not less than 100% of the fair market value of the Common Stock, as determined by the Committee on the date of grant of the Freestanding SAR. Notwithstanding the foregoing, the Committee may unilaterally limit the appreciation in value of the Common Stock attributable to the SAR at any time prior to its exercise.

9.03 **Exercise of SAR:** A Tandem SAR and a Freestanding SAR shall entitle the recipient to receive a payment equal to the excess of the fair market value of the shares of Common Stock covered by the SAR on the date of exercise over the exercise price of the SAR or such lesser amount as determined by the Committee. Such payment may be in cash, in shares of Common Stock, in shares of Deferred Stock, Restricted Stock or any combination, as the Committee shall determine. Upon exercise of a Tandem SAR as to some or all of the shares covered by the grant, the related stock option shall be canceled automatically to the extent of the number of shares covered by such exercise, and such shares shall no longer be available for grant under Section 8. Conversely, if the related stock option is exercised as to some or all of the shares covered by the grant, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the stock option exercise. To the extent an SAR (or the related stock option) has not been exercised on its expiration, it will be exercised automatically and paid in the form determined by the Committee.

9.04 **Terms of SAR:** SARs shall be subject to the same terms and conditions applicable to options as stated in Section 8.03. SARs shall also be subject to such other terms and conditions not inconsistent with the Plan as shall be determined by the Committee.

10. **Adjustments Upon Changes in Capitalization**

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation or any other change in the corporate structure of the Company affecting Common Stock, or a sale by the Company of all or part of its assets, or any distribution to stockholders other than a normal cash dividend, the Board of Directors shall make appropriate adjustment in the number and kind of shares authorized by the Plan. No fractional shares of Common Stock shall be issued pursuant to such an adjustment, however, and the Fair Market Value of any fractional shares resulting from adjustments pursuant to this Section shall be paid in cash to the Awardee at the time of exercise of an Option or SAR, the delivery of deferred shares, or the lifting of restrictions on restricted stock. Notwithstanding anything in this Section 10 to the contrary, an adjustment to an Option or SAR under this Section 10 shall be made in a manner that will not result in the grant of a new Option or SAR under Code Section 409A.

11. **Effective Date, Termination and Amendment**

The Plan became effective on May 12, 1988, by approval of Company shareholders. The Plan shall remain in full force and effect until terminated by the Board of Directors, who shall have the power to amend, suspend or terminate the Plan at any time, provided that no such amendment shall be made without stockholder approval which shall:

11.01 Increase (except as provided in Section 10) the total number of shares available for issuance pursuant to the Plan.

11.02 Change the class of employees eligible to be Awardees.

11.04 Withdraw the administration of the Plan from the Committee.

11.05 Change the provisions of this Section 11.

12. **Forfeiture**

Awards may be forfeited if the Awardee terminates his or her employment with the Company, a Subsidiary or an Affiliate for any reason other than death, disability, retirement or a special separation situation as defined in the Terms and Conditions. Awards may furthermore be forfeited by an Awardee if the Committee determines that the Awardee has at anytime engaged in any activity harmful to the interest of or in competition with the Company, its Subsidiaries or Affiliates or accepts employment with a competitor.

13. **Non-Assignability**

Awards may not be pledged, assigned or transferred for any reason during the Awardee's lifetime, and any attempt to do so shall be void and the relevant Award shall be forfeited.

14. **Beneficiary upon Awardee's death**

An Awardee's Award shall be transferable at his or her death to the beneficiary designated by the Awardee on forms prescribed by and filed with the Committee. Upon the death of an Awardee, such beneficiary shall succeed to the rights of the Awardee. If no such designation of a beneficiary has been made, the Awardee's Awards shall succeed to his or her legal representative and shall be transferable by will or pursuant to the laws of descent and distribution.

15. **General Provisions**

15.01 Nothing contained in the Plan, or in any Award granted pursuant to the Plan, shall confer upon any Employee any right with respect to continuance of employment by the Company, a Subsidiary or Affiliate, nor interfere in any way with the right of the Company, a Subsidiary or Affiliate to terminate the employment of any Employee at any time with or without assigning any reason therefor.

15.02 For purposes of this Plan, transfer of employment between the Company and its Subsidiaries and Affiliates shall not be deemed termination of employment.

15.03 Appropriate provision may be made for all taxes required to be withheld in connection with any Award, the exercise thereof and the transfer of shares of Common Stock in respect of any federal, state or local withholding taxes whether domestic or foreign. In the case of the payment of Awards in the form of Common Stock, the Company shall have the right to retain the number of shares of Common Stock whose fair market value equals the amount to be withheld.

15.04 If any day on or before which action under the Plan must be taken falls on a Saturday, Sunday or legal holiday, such action may be taken on the next succeeding day not a Saturday, Sunday or legal holiday.

15.05 Without amending the Plan, awards may be granted to Employees who are foreign nationals or employed outside the United States or both, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to further the purpose of the Plan.

15.06 To the extent that federal laws (such as the Securities Exchange Act of 1934, the Internal Revenue Code of 1986 or the Employee Retirement Income Security Act of 1974) do not otherwise control, the Plan and all determinations made and actions taken pursuant hereto shall be governed by the law of Delaware and construed accordingly.

15.08 Notwithstanding any other provision of the Plan to the contrary:

(i) **Deferred Stock:** Upon the occurrence of a Change in Control, an Awardee's right to receive the number of shares of Deferred Stock credited to the account of the Awardee shall not be forfeitable under any circumstances. In the event an Awardee incurs an involuntary Separation from Service during the two-year period following the Change in Control, to the extent such Separation from Service occurs prior to the payment date set forth in the Awardee's applicable Deferred Stock agreement, then the Company shall deliver to the Awardee the number of shares of Deferred Stock credited to the account of the Awardee on the thirtieth day following such Separation from Service.

(ii) **Restricted Stock:** Upon the occurrence of a Change in Control, all of the restrictions on Restricted Stock shall lapse and be of no effect whatsoever and such shares shall not thereafter be forfeitable under any circumstances. The Company shall deliver to the holder of shares of Restricted Stock certificates representing the number of shares

and securities on which restrictions have so lapsed free of any restriction, legend or notation within 30 days following the occurrence of a Change in Control. In the event legended shares were previously provided to the Awardee, the replacement shares will only be delivered upon tender by the holder of certificates representing shares of Restricted Stock in form acceptable for transfer and free and clear of all liens, claims, options and encumbrances. Neither the Board of Directors nor the Compensation Committee shall have authority to alter or delay the delivery of Common Stock pursuant to the terms of this Paragraph without the holder's written consent.

(iii) **Management Objectives for Certain Awards of Deferred Stock and Restricted Stock:** Any Award of Deferred Stock or Restricted Stock may specify management objectives which, if achieved, will result in the vesting of Deferred Stock, or termination or early termination of the applicable restrictions in the case of Restricted Stock. Any Award that specifies management objectives shall specify a minimum acceptable level of achievement in respect of the specified management objective below which no payment will be made in the case of Deferred Stock, or there will be a complete forfeiture of shares in the case of Restricted Stock. Management objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Employee or Subsidiary in which the Employee is employed. The management objectives may be relative to the performance of other companies or entities. If any individual is, or is determined by the Committee to be likely to become, a covered employee within the meaning of Section 162(m) of the Internal Revenue Code, then Awards to that individual that specify management objectives shall be based on specified levels of, or growth in, one or more of the following criteria: (i) earnings, (ii) earnings per share, (iii) share price, (iv) revenues, (v) total shareholder return, (vi) return on invested capital, equity, or assets, (vii) operating margins, (viii) sales growth, (ix) productivity improvement, (x) market share, and (xi) economic profit. Except as may be permitted under Section 162(m) of the Internal Revenue Code of 1986 as amended, or any successor provision, the Committee may not adjust management objectives after the grant of any Award that specifies management objectives.

(iv) **Key Employee Delay:** To the extent any payment under this Plan is subject to the restrictions contained in Code section 409A, such payment may not be made to a Key Employee upon Separation from Service before the date that is six months after the Key Employee's Separation from Service (or, if earlier, the Key Employee's death). Any payment that would otherwise be made during this period of delay shall be accumulated and paid on the first day of the seventh month following the Key Employee's Separation from Service (or, if earlier, the first day of the month after the Key Employee's death).

THE DOW CHEMICAL COMPANY
1994 EXECUTIVE PERFORMANCE PLAN

As amended and restated on December 10, 2008, effective January 1, 2009.

1. **Establishment and Purpose of the Plan:** The Dow Chemical Company 1994 Executive Performance Plan is hereby established upon the following terms and conditions. The purpose of the Plan is to recognize and reward on an annual basis the individual and team performance of Executive Officers of The Dow Chemical Company toward the overall profitability of the Company.

2. **Definitions**

2.01. **Awardee:** An Executive Officer to whom a Performance Award is made.

2.02. **Board of Directors:** The Board of Directors of the Company.

2.03. **Cash:** Funds in U.S. dollars or such other currency used as a medium of payment for an annual Executive Performance Award. Conversion from the U.S. dollar to other currencies shall be at the intercompany exchange rate in effect at the time of payment.

2.04. **Change in Control:** For purposes of this Plan, a "Change of Control" shall be deemed to have occurred on: (a) the date that any one person, or more than one person acting as a group acquires, ownership of stock of The Dow Chemical Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of The Dow Chemical Company, (b) the date that a majority of the members of the Board of Directors of The Dow Chemical Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the directors before the date of the appointment or election, (c) the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of The Dow Chemical Company possessing 30% or more of the total voting power of the stock of such corporation, (d) the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from The Dow Chemical Company that has a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of The Dow Chemical Company immediately before such acquisition or acquisitions, provided that the following asset transfers shall not result in a Change of Control: (i) a transfer of assets to a stockholder of The Dow Chemical Company in exchange for or with respect to its stock, (ii) a transfer to a corporation, 50% or more of the total value or voting power of which is owned, directly or indirectly, by The Dow Chemical Company, (iii) a transfer to a person, or more than one person acting as a group, that owns 50% or more of the stock of The Dow Chemical Company, or (iv) a transfer to an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (iii).

This definition of "Change of Control" is intended to conform to the definition of a "change in ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" as defined under Section 409A of the Internal Revenue Code of 1986, as amended, and any subsequent authority issued pursuant thereto, and no corporate event shall be considered a Change of Control unless it meets such requirements.

2.05. **Commission:** The Securities and Exchange Commission.

2.06. **Committee:** The Compensation Committee of the Board of Directors, or such other committee designated by the Board of Directors, designated to administer the Plan under Section 4, which committee shall have at least three members, each of which shall be a Disinterested Person and an Outside Director.

2.07. **Common Stock:** The Common Stock of the Company, par value $2.50 per share, or such other class or kind of shares or other securities as may be applicable under Section 11.

2.08. **Company:** The Dow Chemical Company, a Delaware corporation, or any successor to substantially all its business.

2.09. **Elective Deferral:** A Performance Award that is designated to be received under The Dow Chemical Company Elective Deferral Plan ("Elective Deferral Plan") instead of immediately in cash.

2.10. **Deferred Stock:** A Performance Award that is designated to be received in Deferred Stock is Common Stock received at a time in the future on a date or dates selected by the Committee. The number of shares of Deferred Stock is determined by dividing the Performance Award amount by the Fair Market Value of Common Stock as of a date to be specified by the Compensation Committee or its delegate, which date must be in the year prior to the year for which the Performance Award may be earned. Fractional units are paid in Cash. The Awardee will receive from the Company Dividend Equivalents on shares of Deferred Stock from the date the Performance Award is granted pursuant to Section 6.03 until the date the actual shares are issued to the Awardee.

2.11. **Disinterested Person:** A person described in Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Commission.

2.12. **Dividend Equivalents:** An amount equal to any actual dividend paid by the Company on one share of Common Stock.

2.13. This paragraph is intentionally left blank.

2.14. **Exchange Act:** The Securities Exchange Act of 1934, as amended.

2.15. **Executive Officer:** Any person, who, at the time a Performance Award is granted pursuant to Section 6.03, is subject to the provisions of Item 402, Regulation S-K, of the Exchange Act, and the provisions of Section 162(m) of the Internal Revenue Code.

2.16. **Fair Market Value:** As applied to a specific date, the closing price of Common Stock, as reported on the consolidated transaction reporting system for the New York Stock Exchange issues on such date, or if Common Stock was not traded on such date, on the next preceding day on which the Common Stock was traded.

2.17. **Internal Revenue Code:** The Internal Revenue Code of 1986, as amended.

2.18. **Negative Discretion:** Other factors to be applied by the Committee in determining the size of the Performance Award if the Performance Goal has been achieved if, in the Committee's sole judgment, such application is appropriate in order to act within the best interest of the Company and its stockholders. The Negative Discretion factors include the Company's performance as measured primarily by earnings per common share, the achievement of measurable individual performance objectives established by the Committee and communicated to the Executive Officer in advance of the period in which the service is to be performed, and competitive pay practices. In no event shall any discretionary authority granted to the Committee by the Plan be used to increase the Performance Award above the Maximum Amount Payable established in Section 6.02 of the Plan.

2.19. **Net Income:** Net income available for common stockholders as reported in the Company's audited consolidated financial statements, but not including extraordinary items, the cumulative effect of accounting changes and the after-tax amount of any special or restructuring charges reported by Dow Corning Corporation.

2.20. **Outside Director:** A person defined in proposed Regulation 1.162-27 (e)(3) promulgated under the Internal Revenue Code, or any successor definition adopted.

2.21. **Performance Award:** An award of Cash, Deferred Cash, Deferred Stock, Dividend Units or any combination thereof under the Plan.

2.22. **Performance Goal:** The required performance upon which payment of a Performance Award is contingent, as described in Section 6 of the Plan. Its accomplishment must be determinable by a third party with knowledge of the relevant facts.

2.23. **Plan:** The Dow Chemical Company 1994 Executive Performance Plan herein set forth, as the same may from time to time be amended.

2.24. **Service:** The Internal Revenue Service.

3. **Eligibility:** Any Executive Officer of the Company as defined herein is eligible to receive an Award under the Plan.

4. **Plan Administration**

4.01. **Administrator:** The Plan shall be administered by the Committee.

4.02. **Administrative Powers:** The Committee, or its delegate shall have the full power to interpret and administer the Plan and full authority to act in selecting the Executive Officers to whom Performance Awards will be granted, in applying Negative Discretion pursuant to Section 6.02 of the Plan, in determining the type and amount of Performance Award to be granted to each such Executive Officer, the terms and conditions of Performance Awards granted under the Plan and the terms of agreements which will be entered into with Awardees. The Committee shall have the power to make regulations for carrying out the Plan and to make changes in such regulations as they from time to time deem proper. Any interpretation by the Committee of the terms and provisions of the Plan and the administration thereof, and all action taken by the Committee, shall be final, binding and conclusive on the Company, its stockholders, employees, Executive Officers, their respective legal representatives, successors and assigns and upon all other persons claiming under or through any of them.

4.03. **Limitation on Liability:** Members of the Board of Directors and members of the Committee and their delegates acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

5. **Election of the Form of Award:** Prior to January 1 of any fiscal year, the Executive Officer shall select the form of payment for any Performance Award that may be earned for that fiscal year's service. The forms of payment available to Awardees are as follows. For Awardees who are eligible under the Elective Deferral Plan, the choices are: cash, or receiving the Award through the Elective Deferral Plan. For Awardees who are not eligible for the Elective Deferral Plan, the choices are: cash, or receiving Deferred Stock.

6. **Performance Goal and Determination of Performance Award**

6.01. **Performance Goal:** In order for any Executive Officer to earn a Performance Award under the Plan for any given fiscal year, Net Income in excess of U.S. $700 million for that same fiscal year must be achieved. The amount of the maximum annual Performance Award payable for each Executive Officer (the "Maximum Amount Payable") is dependent upon the amount of the Company's Net Income for the subject fiscal year, increasing only in proportion to increases in Net Income. In no event shall a Performance Award under the Plan be payable to any Executive Officer in any year in which the Net Income is less than $700 million.

6.02. **Maximum Amount Payable:** No single individual Performance Award for any single year shall exceed two tenths of one percent (0.2%) of the Company's Net Income for that same fiscal year. In determining the actual size of any individual Performance Award, the Committee may reduce the amount of the Performance Award below the Maximum Amount Payable through the use of Negative Discretion, if in its sole judgment, such reduction is appropriate. The Committee may not increase the amount of a Performance Award above the Maximum Amount Payable under the Plan through the use of positive discretion.

6.03. **Determination of Performance Award:** Each year, when the Net Income for the prior fiscal year has been calculated, the Committee shall: (1) determine whether the Performance Goal for the prior fiscal year has been met and so certify in writing in the Committee minutes or elsewhere, (2) establish the individual Maximum Amounts Payable under the terms of the Plan, (3) review each Executive Officer's performance, (4) apply Negative Discretion as the Committee may deem appropriate, (5) calculate the amount of each Performance Award to be awarded that year under the Plan and (6) grant any such Performance Awards. Executive Officers who leave the employment of the Company during the subject fiscal year due to normal or early retirement may be paid a pro rata share of the Performance Award earned through the date of retirement pursuant to the terms of this Section 6.03 during the time they were Executive Officers, provided they are not otherwise within the forfeiture provisions of Section 14.

7. **Shares Subject to the Plan:** Subject to adjustment as provided in Section 11, the total number of shares of Common Stock available under the Plan is 100,000 shares. Shares issued hereunder may consist of authorized and unissued shares or treasury shares. If any shares subject to any Performance Award granted hereunder are forfeited or such Performance Award otherwise terminates without the issuance of such shares or of other consideration in lieu of such shares, the shares subject to such Performance Award, to the extent of any such forfeiture or termination, shall again be available for grant under the Plan.

8. **Cash:** The grant of an Award of cash shall be paid to the Awardee between January 1 and March 15 of the year following the performance year.

9. **Elective Deferral Plan:** The grant of an Award through the Elective Deferral Plan shall be governed by the terms of the Elective Deferral Plan.

10. **Deferred Stock Rules and Conditions:** The grant of Deferred Stock shall be upon the following rules and conditions:

10.01. **Deferred Stock Agreements:** Deferred Stock shall be evidenced by Deferred Stock agreements. Such agreements shall conform to the requirements of the Plan and may contain such other provisions (including provisions for the protection of Deferred Stock in the event of mergers, consolidations, dissolutions and liquidations affecting either the agreement or the stock issued thereunder) as the Committee shall deem advisable.

10.02. **Crediting of Deferred Stock:** Upon determination of the number of shares of Deferred Stock to be granted to an Awardee, the Committee shall direct that the same be credited to the Awardee's account on the books of the Company, but that issuance and delivery of the same shall be deferred until the date or dates provided in Section 10.04 hereof. Prior to issuance and delivery hereunder, the Awardee shall have no rights as a stockholder with respect to any shares of Deferred Stock credited to his or her account.

10.03. **Payment of Dividend Equivalents:** During the period that shares of Deferred Stock remain credited to the account of an Awardee and before their issuance and delivery, the Company shall pay or accrue to the Awardee, on each Common Stock dividend record date, a sum of cash equal to what would have been received if the shares of Deferred Stock credited to the account had been owned, subject to such conditions as the Committee may deem appropriate. Dividend equivalents will be paid as specified in the applicable Deferred Stock agreement.

10.04. **Delivery:** Subject to the terms and conditions described herein, the shares of Deferred Stock credited to the account of an Awardee shall be issued and delivered to the Awardee in one or more installments beginning with such date as the Committee may determine, as specified in the applicable Deferred Stock agreement.

11. **Adjustments Upon Changes in Capitalization:** In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation or any other change in the corporate structure of the Company affecting Common Stock, or a sale by the Company of all or part of its assets, or any distribution to stockholders other than a normal cash dividend, the Board of Directors shall make appropriate adjustment in the number and kind of shares authorized by the Plan and any adjustments to outstanding Awards as it determines appropriate. No fractional shares of Common Stock shall be issued pursuant to such adjustment, however, and the Fair Market Value of any fractional shares resulting from adjustments pursuant to this section shall be paid in cash to the Awardee.

12. **Effective Date and Termination of the Plan:** The Plan shall be effective as of January 1, 1994, subject to approval by the Company's stockholders. The Plan shall remain in full force and effect until terminated by the Board of Directors.

13. **Amendment of the Plan:** The Board of Directors shall have the power to amend, suspend or terminate the Plan at any time except for any amendment requiring stockholder approval pursuant to the provisions of the Exchange Act or the Internal Revenue Code.

14. **Forfeiture:** Prior to a Performance Award grant pursuant to Section 6.03, Performance Awards may be forfeited if the Awardee terminates his or her employment for any reason other than death or retirement. Performance Awards may also be forfeited if the Committee determines that the Awardee has at any time engaged in activity harmful to the interest of or in competition with the Company, its subsidiaries or affiliates, except that the Committee shall have the authority to provide for the continuation of Performance Awards in whole or in part whenever in its judgment it shall determine that such continuation is in the best interests of the Company. After the Performance Award grant has been made pursuant to Section 6.03, the award is non-forfeitable.

15. **Non-Assignability:** Performance Awards may not be pledged, assigned or transferred for any reason during the Awardee's lifetime, and any attempt to pledge, assign or transfer shall be void and the relevant Performance Award shall be forfeited, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code, or Title I of the Employee Retirement Income Security Act, or the rules thereunder. The naming of a beneficiary does not constitute a transfer.

16. **Beneficiary Upon Awardee's Death:** An Awardee's Performance Award shall be transferable at his or her death to the beneficiary designated by the Awardee on forms prescribed by and filed with the Committee, but not including Performance Awards for which an election has been made to receive Dividend Units. Upon the death of an Awardee, such beneficiary shall succeed to the rights of the Awardee. If no such designation of a beneficiary has been made, the Performance Awards shall succeed to his or her legal representatives and shall be transferable by will or pursuant to the laws of descent and distribution. No provision of this Section 16 shall however reduce Performance Goal requirements of Section 6. Death of the Awardee prior to the end of the performance period may result in a reduced Performance Award, based upon a pro rata evaluation by the Committee of the portion of the goal achieved prior to the Awardee's death. Payment will occur in the same time and in the same manner as if the awardee had not died prior to completion of the performance period.

17. **General Provisions**

17.01. Nothing contained in the Plan, or in any Performance Award granted pursuant to the Plan, shall confer upon any Executive Officer any right with respect to continuance of employment by the Company, a subsidiary or affiliate, nor interfere in any way with the right of the Company, a subsidiary or affiliate to terminate the employment of any Executive Officer at any time with or without assigning any reason therefore, nor confer any right with respect to continuance as an Executive Officer, member of the Executive Committee or member of the Board of Directors.

17.02. Appropriate provision may be made for all taxes required to be withheld in connection with any Performance Award, the maturity thereof and the transfer of shares of Common Stock with respect to any federal, state or local withholding taxes whether domestic or foreign. In the case of the payment of Performance Awards in the form of Common Stock, the Company shall have the right to retain the number of shares of Common Stock whose Fair Market Value equals the amount to be withheld or to allow the Awardee to pay the withholding tax in such stock.

17.03. If any day on or before which action under the Plan must be taken falls on a Saturday, Sunday or legal holiday, such action may be taken on the next succeeding day not a Saturday, Sunday or legal holiday.

17.04. Without amending the Plan, Performance Awards may be granted to Executive Officers who are foreign nationals or employed outside the United States or both, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Committee, be necessary or desirable to further the purpose of the Plan or to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose; and the Secretary or any Assistant Secretary of the Company is authorized to certify the approval of any such supplements, amendments, restatements or alternative versions as though they were approved by the shareholders of the Company provided, however, that no such supplements, amendments, restatements or alternative versions shall (a) increase the limitations contained in Section 6.02 of this Plan or (b) cause this Plan to cease to satisfy any conditions of Rule 16b-3 under the Exchange Act or Section 162(m) of the Internal Revenue Code.

17.05. To the extent the U.S. federal laws (such as the Securities Exchange Act of 1934, the Internal Revenue Code of 1986 or the Employee Retirement Income Security Act of 1974, all as amended) do not otherwise control, the Plan and all determinations made and actions taken pursuant hereto shall be governed by the law of Delaware and construed accordingly.

17.06. The Committee may amend any outstanding Performance Awards to the extent it deems appropriate consistent with the reporting requirements of the Exchange Act and the Internal Revenue Code. Such amendment may be unilateral by the Company, except in the case of amendments adverse to the Awardee, in which case the Awardee's consent is required to any such amendment.

17.07. **Notwithstanding any other provision of the Plan to the contrary:**

(i) Deferred Stock: Upon the occurrence of a Change in Control, an Awardee's right to receive the number of shares of Deferred Stock credited to his or her account shall not be forfeitable under any circumstances, including but not limited to those circumstances set forth in Section 14 of the Plan. The Company shall deliver to the Awardee or his or her beneficiary the shares of Deferred Stock credited to his or her account on the thirtieth day following the occurrence of a Change in Control. The Committee shall have no discretion or authority to alter or delay the amount or form of payment of the Awardee's shares of Deferred Stock.

(ii) Elective Deferral: Upon the occurrence of a Change in Control, an Awardee's rights shall be as described in the Elective Deferral Plan.

18. **Rule 16b-3 Transition:** The Plan is intended to comply with and be subject to Rule 16b-3 of the Exchange Act, as in effect prior to May 1, 1991. The Committee may at any time elect that the Plan shall be subject to Rule 16b-3 as in effect on and after May 1, 1991.

19. **Awardees' Rights Unsecured:** The right of the Awardee or his or her designated beneficiary to receive a distribution of Deferred Cash or Deferred Stock hereunder shall be an unsecured claim against the general assets of the Company, and neither the Awardee nor his or her designated beneficiary shall have any rights in or against any amount credited to his or her account or any other specific assets of the Company. All amounts credited to an account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate. An account may not be encumbered or assigned by an Awardee or any beneficiary.

Summary Plan Description for:

The Dow Chemical Company
Company-Paid Life Insurance Plan
Employee-Paid Life Insurance Plan
Dependent Life Insurance Plan

(Applicable to Active Salaried Employees and Active Hourly Employees Whose Collective Bargaining Unit has Agreed to this Plan)

Amended and Restated: October 21, 2008
Effective December 1, 2008 and thereafter until superseded

This Summary Plan Description (SPD) is updated annually on the Dow Intranet.

See also the Choices enrollment brochures, which are published annually for summaries of the most recent modifications to this SPD. Copies of any of the above can be found on the Dow Intranet at My HR Connection or by requesting a copy from the Human Resources (HR) Service Center, Employee Development Center, Midland, MI 48674, telephone 1-877-623-8079 or 1-989-638-8757. Summaries of modifications may also be published from time to time in Dow's Newsline publication or by separate letter.

Overview

This booklet is the Summary Plan Description (SPD) for The Dow Chemical Company Group Life Insurance Program's Company-Paid Life Insurance Plan ("Company-Paid Life Insurance Plan"). It is also the SPD for The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program's Employee-Paid Life Insurance Plan ("Employee-Paid Life Insurance Plan") and Dependent Life Insurance Plan ("Dependent Life Insurance Plan"). These plans are collectively referred to in this SPD as "Plans". Individually, each plan may be referred to as "Plan", in its respective Chapter of this SPD. References to "Dow" refer collectively to The Dow Chemical Company and its subsidiaries and affiliates authorized to participate in the Plans.

Chapter One applies to the Company-Paid Life Insurance Plan. The Company-Paid Life Insurance Plan is part of The Dow Chemical Company Group Life Insurance Program (ERISA Plan #507). It provides group term life insurance coverage underwritten by Metropolitan Life Insurance Company ("MetLife"). The premium is paid by Dow. It provides automatic coverage for eligible Employees.

Chapter Two applies to the Employee-Paid Life Insurance Plan. It is part of The Dow Chemical Company Employee-Paid Life Insurance and Dependent Life Insurance Program (ERISA Plan #515). It provides group term life insurance coverage underwritten by MetLife. You must enroll and pay the premiums for this coverage to receive it.

Chapter Three applies to the Dependent Life Insurance Plan. It is part of The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program (ERISA Plan #515). It provides group term life insurance coverage underwritten by MetLife. You must enroll and pay the premiums for this coverage to receive it.

Words that are capitalized are either defined in this SPD or the applicable Plan Document. The applicable Plan Document for the Company-Paid Life Insurance Plan is The Dow Chemical Company Group Life Insurance Program Plan Document. The applicable Plan Document for the Employee-Paid Life Insurance and Dependent Life Insurance Plans is The Dow Chemical Company Employee-Paid Life Insurance and Dependent Life Insurance Program Plan Document. The Plan Documents are available by requesting from the applicable Plan Administrator listed in the *ERISA Information* section of this SPD.

References to "Participating Employer" refer to The Dow Chemical Company or any other corporation or business entity The Dow Chemical Company authorizes to participate in the Plans with respect to its Employees. The terms "Dow" and "Participating Employers" have the same meaning, and may be used interchangeably in this SPD. The term "Employee"means a person who:

a. is employed by a Participating Employer to perform personal services in an employer-employee relationship which is subject to taxation under the Federal Insurance Contribution Act or similar federal statute; and
b. receives payment for services performed for the Participating Employer directly from the Company's U.S. Payroll Department, or another Participating Employer's U.S. Payroll Department; and
c. is either a Salaried individual who is classified by the Participating Employer as having "regular full-time status" or "less-than-full-time status", or a Bargained-for individual who is classified by the Participating Employer as having "regular full-time active status", and
d. if Localized, is Localized in the U.S., and
e. if on an international assignment, is either a U.S. citizen or Localized in the U.S.

The definition of "Employee" does not include an individual who performs services for the benefit of a Participating Employer if his compensation is paid by an entity or source other than the Company's U.S. Payroll Department or another Participating Employer's U.S. payroll Department. Further, the definition of "Employee" does not include any individual who is characterized by the Participating Employer as an independent contractor, contingent worker, consultant, contractor, or similar term. These individuals are not "Employees" (with a capital "E") for purposes of the Plan even if such an individual is determined by a court or regulatory agency to be a "common law employee" of a Participating Employer.

Chapter One
Company-Paid Life Insurance

Plan Description

Except for Michigan Operations Hourly Employees who were not Actively at Work on January 1, 2008, the Company-Paid Life Insurance Plan provides coverage of one times (1X) your base annual salary rounded up to the next $1,000 for Salaried Employees and Hourly Employees whose collective bargaining unit has agreed to this plan. Michigan Operations Hourly Employees who were not Actively at Work on January 1, 2008 but continue to be on the payroll (for example due to a paid medical leave of absence) and were covered at 1/2X prior to January 1, 2008, may continue 1/2X coverage as long as they continue to be on the payroll. If they return to work, their coverage will increase to 1X when they are Actively at Work. MetLife is the named fiduciary for making decisions as to whether a Claim for Benefits is payable.

As of January 1, 2005, the following plans have been merged into the Company-Paid Life Insurance Plan: The Dow Chemical Company Group Life Insurance Program's Michigan Hourly Company-Paid Life Insurance Plan; The Dow Chemical Company Group Life Insurance Program's Hampshire Hourly Company-Paid Life Insurance Plan; and The Dow Chemical Company Group Life Insurance Program's ANGUS Hourly Company-Paid Life Insurance Plan. Such plans no longer exist as separate plans, but are now a part of The Dow Chemical Company Group Life Insurance Program's Company-Paid Life Insurance Plan.

The Company-Paid Life Insurance Plan is referred to in Chapter One as the "Plan".

Eligibility

Salaried Employees

Salaried Employees of a Participating Employer with regular, active, Full-Time or Less-Than-Full-Time status are eligible and are automatically covered under this Plan[1], except as follows:

1. Employees enrolled in the Key Employee Insurance Program ("KEIP") are not eligible for active Employee or Retiree Company-Paid Life Insurance coverage, except that on the later of "program completion date" or "retirement" (as those terms are defined in KEIP), if the Employee would otherwise have been eligible for coverage under the Company-Paid Life Insurance Plan, the Employee may resume eligibility for the Plan; and
2. Employees who were enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan ("Dow Split Dollar") on September 30, 2002, who have not waived their rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement, are not eligible for coverage under the Company-Paid Life Insurance Plan.

Hourly Employees

Eligibility of Hourly Employees depends on whether the applicable collective bargaining unit and the Participating Employer have agreed to this Plan. With respect to a collective bargaining agreement that specifically addresses which Employees are eligible or not eligible for this Plan, the terms of such collective bargaining agreement shall govern. If the terms of the collective bargaining agreement specify that Hourly Employees shall be provided this Plan, but does not specifically address the category of Employees that are eligible or not eligible, then the Plan will provide eligibility to regular, active Employees with Full Time status who are members of the collective bargaining unit.

Employees on a Leave of Absence

Eligibility for benefits under the Plan may continue during certain laves of absences approved by the Participating Employer such as under the Company's Family Leave Policy or Medical Leave Policy. The benefits under the Plan shall be administered consistent with the terms of such approved leaves of absences.

Disabled Employees

If you are being paid a benefit from The Dow Chemical Company Long Term Disability Income Protection Plan ("LTD"), The Dow Chemical Company Michigan Hourly Contract Disability Plan, The Dow Chemical Company Texas Operations Total and Permanent Disability Plan, or the Dow AgroSciences Long Term Disability Insurance Plan you may be eligible under the Plan. See the *Special Coverage for Certain Disabled Persons* section of this SPD.

Plan Administrator Determines Eligibility

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants.

If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan, or have been told that you are not, see the Claims Procedures Appendix of this SPD.

Enrollment

Completing an enrollment form is necessary only to name your beneficiary. You may waive coverage. If you want to waive coverage, you must provide written notification to the U.S. Benefits Center. **If you waive coverage, you waive coverage permanently. You may not re-enroll in this Plan at any time in the future.**

Employee Contribution

Dow provides Company-Paid Life Insurance at no cost to you.

Amount of Coverage.

Maximum Coverage

The maximum amount of coverage available is $1.5 million[2].

Salaried Employees and Hourly Employees Whose Collective Bargaining Unit Has Agreed to this Plan (excludes ANGUS and Hampshire Hourly Employees)

Except for Michigan Operations Hourly Employees who were not Actively at Work on January 1, 2008, and Americas Styrenics Hourly Employees, the Plan provides coverage of one times (1X) your base annual salary rounded up to the next $1,000 for Salaried Employees and Hourly Employees whose collective bargaining unit has agreed to this plan.

Michigan Operations Hourly Employees who were not Actively at Work on January 1, 2008 but continue to be on the payroll (for example due to a paid medical leave of absence) and were covered at 1/2X prior to January 1, 2008, may continue 1/2X coverage as long as they continue to be on the payroll. If they return to work, their coverage will increase to 1X when they are Actively at Work.

Americas Styrenics Hourly Employees coverage is 1X annual pay, which is calculated using the base hourly rate multiplied by 2080 and then rounded up to the next $1,000.

Your coverage automatically is adjusted as your base salary changes, provided you are Actively at Work. If you are Less-Than-Full-Time, your 1X coverage is based on your Full-Time base annual salary, and coverage is automatically adjusted as your base salary changes. Whether you are Full-Time or Less-Than-Full-Time, if you are not Actively at Work, any increase to your life insurance will not be effective until you return to work.

ANGUS and Hampshire Hourly Employees

This paragraph only applies to ANGUS and Hampshire Hourly active Employees. Your benefit is equal to one times (1X) your annual pay calculated using your base hourly rate, rounded up to the next $1,000. Your coverage is automatically adjusted each January 1, based on your hourly rate on the preceding December 1. If you are not Actively at Work, any increase to your life insurance will not be effective until you return to work.

Union Carbide Employees

If you are a Union Carbide employee, your benefit will be determined using your annual pay at Union Carbide as of December 31, 2001, as determined under the provisions of the Union Carbide Basic Life Insurance Plan until your annual base salary calculated under the normal provisions of the Plan exceeds such amount. At that time, the Plan will no longer retain the December 31, 2001 Union Carbide annual pay information and will look solely to the annual base salary calculated under the normal provisions of the Plan to determine the amount of your coverage.

Special Coverage for Certain Disabled Persons

The Dow Chemical Company Long Term Disability Income Protection Plan ("LTD")

Effective January 1, 2006, if your date of Full Disability (as defined under LTD) is on or after January 1, 2006, you are eligible for coverage when your LTD benefit payments begin. The following applies to you:

If you have less than ten (10) years of service under the Dow Employees' Pension Plan ("DEPP") or the Union Carbide Employees' Pension Plan ("UCEPP"), you are eligible for up to either 12 months or 24 months of company paid life insurance coverage. Coverage ends prior to the expiration of the 12 month or 24 month period if you no longer qualify for LTD status. The 12 month period applies if you have less than one (1) year of service under DEPP or UCEPP. The 24 month period applies if you have more than one (1) year of service, but less than ten (10) years of service under DEPP or UCEPP. Currently, if you have ten (10) or more years of service you are eligible for coverage until you are no longer eligible to receive payments from LTD.

The amount of coverage is the same as the amount of coverage you had on the date you were last Actively at Work. Currently, the Company pays the cost of this coverage.

If your date of Full Disability (as defined under LTD) is prior to January 1, 2006, you are eligible for coverage when your LTD benefit payments begin[3]. The following applies to you:

You are eligible for the same amount of coverage you had on the date you were last Actively at Work. Currently, the Company pays the cost of this coverage. Currently, coverage continues until you are no longer eligible to receive payments from LTD.

You are also eligible for an additional amount of coverage, which is determined by the amount of Employee-Paid Life coverage you were enrolled in as an active Employee immediately prior to being approved to receive LTD payments, but not to exceed 1X (For example, if you were enrolled for 6X as an active Employee, your coverage would be reduced to 1X). Currently, the Company pays the cost of this coverage. Currently, coverage continues until you are no longer eligible to receive payments from LTD.

For salaried employees, base annual salary is used to calculate the life insurance amount. For bargained-for employees, annual pay calculated using your base hourly rate is used. The rate for bargained-for ANGUS and Hampshire Hourly employees is updated each January using the hourly rate as of the preceding December 1.

Texas Total and Permanent Disability

If you were enrolled in the Texas Operations Hourly Total and Permanent Disability Plan (T&P Plan) and you were deemed to be "totally and permanently disabled" by the plan administrator of that plan, and it was determined that you are eligible to be in benefits pay status by the plan administrator of that plan, you are eligible for coverage under the Company-Paid Life Insurance Plan equal to the amount of coverage you were enrolled in under the Texas Operations Hourly Optional Life Insurance Contributory Plan (Contributory Life) at the time you became totally and permanently disabled. Coverage ends the earlier of: 1) you are determined to no longer be "totally & permanently disabled" by the plan administrator of the T&P Plan, or 2) you reach age 65.

Contract Disability Participants

If you have been determined to be "totally and permanently disabled" by the claims administrator of The Dow Chemical Company Michigan Hourly Contract Disability Plan ("Contract Disability Plan"), and are receiving benefit payments from that plan, the same coverage you had as an active Employee will continue until you are age 65. Eligibility for coverage ends earlier if you no longer are eligible for benefit payments under the Contract Disability Plan. If you were Actively at Work at age 65 or older and subsequently became approved for benefits by the Contract Disability plan administrator, your coverage will be determined by applying the appropriate percentage from the following table to your base annual hourly rate effective the day before you qualified to receive benefit payments under the Contract Disability Plan, with a minimum of $5,000.

Your Age	Percentage
65	50 percent
66	30 percent
67	10 percent
68	5 percent

On and after your 70th birthday, the amount of your Retiree Company-Paid Life Insurance benefits will be $5,000. Currently, the Company pays the cost of this coverage.

Effective Dates of Coverage.

Beginning. Your coverage begins on your first day of active employment as an Employee of a Participating Employer, unless you were a former participant of The Dow Chemical Company Executive Split Dollar Life Insurance Plan or the Union Carbide Corporation Executive Life Insurance Plan as described above in the Eligibility section, in which case your coverage begins the first day of the month following the termination of your participation in such executive life insurance plan.

Ending.

Your Company-Paid Life Insurance coverage ends on the earlier of:

- the date the Group Policy ends;
- the date you no longer meet the eligibility requirements of the Plan; or
- the date your employment ends.

Porting Coverage to a Term Life Policy

If your Company-Paid Life Insurance coverage ends because your employment ends, your coverage may be continued on a direct bill basis with MetLife through the portability feature. This feature allows employees to continue their Group Term Life coverage under a separate group policy without providing proof of insurability. Rates for this coverage are different from the active plan rates and the employee must port a minimum of $20,000 to exercise this option. You have 31 days from the date your coverage ends to apply for Portability. You may continue the same or lesser amount of coverage. For Michigan residents, there is a limit to the amount of coverage you are allowed to port. If you are unable to continue your entire life insurance amount through Portability, you may apply for Conversion of the balance. Contact MetLife at **1-866-492-6983** if you have any questions or want to apply for Portability.

Converting to an Individual Policy

If your Company-Paid Life Insurance coverage is reduced due to retirement, the amount of coverage you lost may be converted to an individual non-term policy through MetLife. The maximum amount of insurance that may be elected for the new policy is the amount of Company- Paid Life Insurance you lost under the Company-Paid Life Insurance Plan.

If your Company-Paid Life Insurance coverage ends because your employment ends, your coverage may be converted to an individual non-term policy through MetLife. The maximum amount of insurance that may be elected for the new policy is the amount of Company-Paid Life Insurance in effect for you under the Company-Paid Life Insurance Plan on the date your employment ends.

If your Company-Paid Life Insurance coverage ends because Dow has cancelled the Company-Paid Life Insurance coverage under the MetLife group life insurance policy, or Dow has amended the Company-Paid Life Insurance Plan to exclude coverage for your work group, you may convert your Company-Paid Life Insurance coverage to an individual non-term MetLife policy; provided you have been covered under the Company-Paid Life Insurance Plan for at least 5 years immediately prior to losing coverage under the Company-Paid Life Insurance Plan. The amount you may convert is limited to the lesser of:

- the amount of Company-Paid Life Insurance for you that ends under the Group Policy less the amount of life insurance for which you become eligible under any group policy within 31 days after the date insurance ends under the Group Policy; or
- $2,000.

You must file a conversion application with MetLife and make the required premium payment to MetLife within 31 days of the date your Dow coverage is lost or reduced. Contact the Dow HR Service Center to obtain a form for converting your coverage. Once you have obtained the form, contact the MetLife Conversion Group at 1-877-275-6387 to file your form, or to obtain further information. You are responsible for initiating the conversion process within the appropriate timeframes.

The cost of this individual coverage will probably be significantly higher than your group plan. Although not required, providing proof of insurability may help reduce your cost.

Reporting Imputed Income

The Internal Revenue Code requires that the cost of Company-Paid Life Insurance in excess of $50,000 be reported as taxable income ("imputed income"). This imputed income will be reported on your W-2 Form in addition to your other taxable income. Former participants of The Dow Chemical Company Split Dollar Life Insurance Plan and the Union Carbide Corporation Executive Life Insurance Plan are not eligible for the $50,000 exclusion.

The cost of your Company-Paid Life Insurance in excess of $50,000 is based on a Uniform Premium Table established by the federal government. If you are an Hourly Employee of Michigan Operations, the cost of your combined Company-Paid Life and Employee-Paid Life in excess of $50,000 is taxable income and is determined based on the Uniform Premium Table established by the federal government.

If your Company Paid Life coverage is greater than $50,000, and you want to decrease the amount of coverage from 1X to $50,000, you may elect to do so by contacting the HR Service Center. Once coverage is reduced, it may not be reinstated.

Naming Your Beneficiary

Effective March 1, 2008, as communicated by the Plan Administrator, MetLife became the record keeper for the Program's beneficiary records. Beneficiary information must be registered with MetLife at www.MetLife.com/MyBenefits, or by mailing the appropriate forms to the MetLife Recordkeeping Center. Beneficiary information previously recorded at the Dow Benefits Center has not been transferred to MetLife. If you fail to name a beneficiary, MetLife may determine the beneficiary to be one or more of the following who survive you:

- Your Spouse or Domestic Partner; or
- Your children; or
- Your parent(s); or
- Your sibling(s).

If you fail to name a beneficiary, instead of making payment to any of the above, MetLife may pay your estate. Any payment made by MetLife in good faith will discharge the Plan's and MetLife's liability to the extent of such payment.

If you wish to change your beneficiary designation, or you need to register for the first time, you can do so via the Internet at www.MetLife.com/MyBnefits, or the Dow Intranet at My HR Connection. If you prefer, you can request forms by calling MetLife Customer Service toll-free at (866) 492-6983, Monday – Friday, 8:00 am – 11:00 pm (ET).

Benefit Payments

Payment Options. In the event of your death, your beneficiary should contact the HR Service Center. The beneficiary on record must complete and sign a claim form to receive benefits, and a certified death certificate must be provided to MetLife to disburse the life insurance proceeds. To file a Claim for a Plan Benefit, see Claims Procedures Appendix of this SPD.

Funding

Dow pays the entire premium for the Company-Paid Life Insurance Plan. MetLife pays the benefits under an insurance policy. MetLife may combine the experience for the policy with other policies held by Dow. This means that the costs of these coverages may be determined on a combined basis, and the costs accumulated from year to year. Favorable experience under one or more coverages in a particular year may offset unfavorable experience on other coverages in the same year or offset unfavorable experience of coverages in prior years. Policy dividends declared by MetLife for the Company-Paid Life Insurance Plan are used to reduce Dow's cost for the coverage in the same and prior years.

Accelerated Benefit Option (ABO)

Under the Accelerated Benefit Option (ABO), if you have been diagnosed as terminally ill with 12 months or less to live, you may be eligible to receive up to 80% of your Company-Paid Life Insurance and Employee-Paid Life Insurance benefits before death if certain requirements are met. Having access to life insurance proceeds at this important time could help ease financial and emotional burdens. In order to apply for ABO, you must be covered for at least $10,000 from your Company-Paid Life Insurance and/or Employee-Paid Life Insurance. You may receive an accelerated benefit of up to 80 percent (minimum $5,000 and maximum $500,000) of your Company-Paid Life Insurance and/or Employee-Paid Life Insurance benefit. An accelerated benefit is payable in a lump sum and can be elected only once. The death benefit will be reduced by the amount of accelerated benefit paid. Accelerated benefits are not permitted if you have assigned your life insurance benefit to another individual or to a trust.

The accelerated life insurance benefits are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986, as amended. If the accelerated benefits qualify for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Payment of the accelerated benefit will be subject to state taxes and regulations. Tax laws relating to accelerated benefits are complex. You are advised to consult with a qualified tax advisor.

Receipt of accelerated benefits may affect your eligibility, or that of your spouse/domestic partner or your family, for public assistance programs such as medical assistance (Medicaid), Aid to Families and Dependent Children (AFDC), Supplemental Security Income (SSI), and drug assistance programs. You are advised to consult with social services agencies concerning the effect receipt of accelerated benefits will have on public assistance eligibility for you, your spouse/domestic partner or your family. In the event your employment status changes in the future, and your life insurance coverage ends or is reduced, the amount of coverage you may be eligible to convert or port will be reduced by the amount of the accelerated benefit received.

If you would like to apply for the Accelerated Benefit Option, a claim form can be obtained from the HR Service Center at 1-877--623-8079 and must be completed and returned for evaluation and approval by MetLife.

Your Rights

You have certain rights under the Plan and are entitled to certain information by law. Be sure to review the *Filing a Claim section*, *Appealing a Denial of Claims* section, *Fraud Against the Plan* section, *Grievance Procedure* section, *Your Legal Rights section*, *ERISA Enforcement* section, *Welfare Benefits* section, *The Company's Right to Amend, Modify, and Terminate the Plans* section, *Disposition of Plan Assets if the Plan is Terminated* section, *For More Information* section, *Important Note* section, and *ERISA Information* section at the end of this SPD.

Chapter Two
Employee-Paid Life Insurance

Plan Description

Under the Employee-Paid Life Insurance Plan, you may select the amount of your coverage in multiples of one-half times (1/2X) your base annual salary up eight times (8X) your base annual pay. The Employee-Paid Life Insurance Plan is a group term life insurance plan. The benefits are insured by a group term life insurance policy underwritten by Metropolitan Life Insurance Company (MetLife). MetLife pays the benefits under the Plan. In addition, MetLife is the named fiduciary for making decisions as to whether a Claim for Benefits is payable.

As of January 1, 2005, the following plans have been merged into the Employee-Paid Life Insurance Plan: Hampshire Chemical Corporation Hourly Optional Group Life Insurance Program's Employee-Paid Life Insurance Plan; ANGUS Chemical Company Hourly Optional Group Life Insurance Program's Employee-Paid Life Insurance Plan. Such plans no longer exist as separate plans, but are now a part of the Employee-Paid Life Insurance Plan. As of January 1, 2008, the Michigan Hourly Optional Group Life Insurance Program's Employee-Paid Life Insurance Plan has been merged into the Employee-Paid Life Insurance Plan. The Employee-Paid Life Insurance Plan is referred to in Chapter Two as the "Plan".

Eligibility

Salaried Employees

Salaried Employees of a Participating Employer with regular, active, Full-Time or Less-Than-Full-Time status are eligible.

Hourly Employees

Eligibility of Hourly Employees depends on whether the applicable collective bargaining unit and the Participating Employer have agreed to this Plan. With respect to a collective bargaining agreement that specifically addresses which Employees are eligible or not eligible for this Plan, the terms of such collective bargaining agreement shall govern. If the terms of the collective bargaining agreement specify that Hourly Employees shall be provided this Plan, but does not specifically address the category of Employees that are eligible or not eligible, then the Plan will provide eligibility to regular, active Employees with Full Time status who are members of the collective bargaining unit.

Employees on a Leave of Absence

Eligibility for benefits under the Plan may continue during certain laves of absences approved by the Participating Employer such as under the Company's Family Leave Policy or Medical Leave Policy. The benefits under the Plan shall be administered consistent with the terms of such approved leaves of absences.

Disabled Employees

If you are being paid a benefit from The Dow Chemical Company Long Term Disability Income Protection Plan ("LTD") or the Dow AgroSciences Long Term Disability Insurance Plan you may be eligible under the Plan. See the *Special Employee Paid Coverage for Certain Disabled Persons* section of this SPD.

Plan Administrator Determines Eligibility

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants.

If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan, or have been told that you are not, see the *Claims Procedures Appendix* of this SPD.

Enrollment

To obtain Employee-Paid Life Insurance coverage, enroll during annual enrollment or complete an enrollment form, available from the HR Service Center or the Dow Intranet. You may enroll:

- On or before your employment date, with coverage to begin on your first day of active employment if you provide a copy of your birth certificate or other proof of your age that the Plan Administrator deems appropriate. If you do not provide proof of your age that is satisfactory to the Plan Administrator within the time required by the Plan Administrator, you will not be covered.
- Within 90 days after your first day of active employment with coverage to begin on your enrollment date if you provide a copy of your birth certificate or other proof of your age that the Plan Administrator deems appropriate. If you do not provide proof of your age that is satisfactory to the Plan Administrator within the time required by the Plan Administrator, you will not be covered.
- Within 90 days of a Change-in-Status, provided you are Actively at Work. Coverage begins on the date your enrollment form is received by the Plan, or you enroll by calling the HR Service Center, provided the Plan receives proof of Change-in-Status and proof of age that is satisfactory to the Plan Administrator within the time required and you are Actively at Work. If you do not provide the requisite proofs that are satisfactory to the Plan Administrator within the time required by the Plan Administrator, you will not be covered.
- During the Choices enrollment period, you will be allowed to increase your coverage by 1 increment (one-half times (1/2X) base annual salary) provided you are Actively at Work on the January 1 following the Choices enrollment period and you do not exceed the amount you are eligible to enroll in. If you are not Actively at Work on the January 1 following the Choices enrollment period, any increase to your life insurance will not be effective until you return to Active Work.
- At any other time you are Actively at Work, by providing proof of insurability, your coverage begins on the date that MetLife accepts your proof of insurability. MetLife will pay for the fee of a paramedical exam, if requested by MetLife, with no cost to the employee/applicant when a MetLife physician is used.

Failure to provide the prerequisite proofs will result in cancellation of coverage, including retroactive cancellation, and may require you to reimburse the Plan for any benefits paid by the Plan. The Plan Administrator may request proof of your age at any time.

Change-in-Status

A "change in status" is an event listed in one of the bullets below:

- Events that change your legal marital status, including Marriage, Domestic Partnership, death of Spouse/Domestic Partner, divorce or annulment or similar event with respect to a Domestic Partnership.
- Birth, adoption, placement for adoption or death of Dependent.
- A termination or commencement of employment by you, your Spouse/Domestic Partner or Dependent.
- A reduction or increase in hours of employment by the Employee, Spouse/Domestic Partner or Dependent.
- Dependent satisfies or ceases to satisfy the requirements for unmarried Dependents.
- A change in the place of residence or work for you, your Spouse/Domestic Partner or Dependent.

Employee Contribution

Your contribution, made through post tax payroll deductions, is based on your annual base salary. In addition, your contribution is based on your age and whether you are a "non-tobacco-user". As your age and salary change, your deductions will be automatically adjusted. You are considered a "non tobacco-user" by the Plan if you have not used a tobacco product in the last 12 months. If you quit using tobacco, you are considered a "non-tobacco-user" as of the first day of the month after you complete 12 non-tobacco-using months. If you are a tobacco user, you are considered a tobacco user as of the first day you use tobacco. Administratively, you will not be adjusted to tobacco user deductions until the first of the month following the tobacco use. A false or out of date statement regarding tobacco use may result in benefits not being paid.

Current rates are listed in your Choices enrollment brochure. These costs are reviewed and revised periodically.

If you are on a leave of absence approved by the Participating Employer that provides eligibility under this Plan, the Plan Administrator has the full discretion to make special administrative arrangements as are necessary, such as deferring Employee contributions on a temporary basis during the leave of absence, and requiring the Employee to repay premiums when the Employee returns to work, or any other arrangements the Plan Administrator deems appropriate.

If the last payroll period for a Plan Year occurs partly during a current Plan Year and partly during the next Plan Year, the Plan Administrator has the full and complete discretion to modify the Participant contributions in any way that the Plan Administrator deems administratively efficient, including modifying the Participant contributions for the last payroll period without the Participant's consent.

Amount of Coverage

Salaried Employees and Hourly Employees of Applicable Collective Bargaining Groups (Not applicable to Long Term Disability Participants)

You may purchase coverage in increments equal to one-half times (1/2X) your annual base salary[4], rounded up to the next $1,000. The maximum coverage allowable is equal to eight times (8X) your annual salary up to a $1.5 million limit[5]. If you are Less-Than-Full-Time, your coverage is based on your Full-Time base annual salary, and coverage is automatically adjusted as your base salary changes. Whether you are Full-Time or Less-Than-Full-Time, if you are not Actively at Work, any increase to your life insurance will not be effective until you return to work. If you are a Union Carbide employee, your benefit will be determined using your annual pay at Union Carbide as of December 31, 2001, as determined under the provisions of the Union Carbide Basic Life Insurance Plan until your annual base salary calculated under the normal provisions of the Plan exceed such amount. At that time, the Plan will no longer retain the December 31, 2001, Union Carbide annual pay information and will look solely to the annual base salary calculated under the normal provisions of the Plan to determine the amount of your coverage.

Special Employee Paid Coverage for Certain Disabled Persons

You may be eligible for coverage if you are being paid benefits from The Dow Chemical Company Long Term Disability Income Protection Plan ("LTD") under the following circumstances:

If the date of your Full Disability is on or after January 1, 2006 the following applies to you:

If you have less than ten (10) years of service under DEPP or UCEPP, you are eligible for up to either 12 months or 24 months of Employee-Paid life insurance coverage beginning on the effective date of your approval for LTD status. Coverage ends prior to the expiration of the 12 month or 24 month period if you no longer qualify for LTD status. The 12 month period applies if you have less than one (1) year of service under DEPP or UCEPP. The 24 month period applies if you have more than one (1) year of service, but less than ten (10) years of service under DEPP or UCEPP. If you have ten (10) or more years of service under DEPP or UCEPP, you are eligible for coverage. Currently, eligibility for coverage ends if you are no longer eligible to receive payments from LTD.

The amount of coverage will depend on the amount of coverage you had on the date you were last Actively at Work. If you had ½X, then the coverage amount is ½ X. If you had 1X or more, then the amount is limited to 1X. You will be required to pay the same premiums active employees pay.

Increasing or Decreasing Coverage

You may increase the amount of your coverage (but not above the maximum amount you are eligible for):

- Within 90 days of a change in your personal status, such as Marriage, Domestic Partnership, a change in your Spouse's/Domestic Partner's employment, or the addition of a Dependent child, provided you are Actively at Work and provided the HR Service Center receives proof of change in status that is satisfactory to the Plan Administrator.
- At any time you are Actively at Work, by providing proof of insurability to MetLife. MetLife will pay for the fee of a paramedical exam, if requested by MetLife, with no cost to the employee/applicant when MetLife a physician is used.
- During Choices enrollment you may increase one increment (1/2X) without providing proof of insurability, provided you are Actively at Work.

You may decrease the amount of your coverage any time by completing an enrollment form, available from the HR Service Center or the Dow Intranet.

Effective Dates of Coverage

Beginning. Your coverage generally begins on your date of enrollment and when you meet the enrollment requirements outlined in this booklet. Your coverage automatically is adjusted as your base salary changes. If you are not Actively at Work, any increase to your life insurance will not be effective until you return to work.

Ending. Your Employee-Paid Life Insurance coverage ends on the earlier of:

The date the Group Policy ends;
The date you no longer meet the eligibility requirements of the Plan;
The end of the period for which your last premium has been paid; or
The date your employment ends.

Porting Coverage to a Term Life Policy

If your Employee-Paid Life Insurance coverage ends because your employment ends, your coverage may be continued on a direct bill basis with MetLife through the portability feature. This feature allows employees to continue their Group Term Life coverage under a separate group policy without providing proof of insurability. Rates for this coverage are different from the active plan rates and the employee must port a minimum of $20,000 to exercise this option. You have 31 days from the date your coverage ends to apply for Portability. You may continue the same or lesser amount of coverage. For Michigan residents, there is a limit to the amount of coverage you are allowed to port. If you are unable to continue your entire life insurance amount through Portability, you may apply for Conversion of the balance. Contact MetLife at **1-866-492-6983** if you have any questions or want to apply for Portability.

Converting to an Individual Policy

If your Employee-Paid Life Insurance coverage is reduced due to retirement, the amount of coverage you lost may be converted to an individual non-term policy through MetLife. The maximum amount of insurance that may be elected for the new policy is the amount of Employee-Paid Life Insurance you lost under the Company-Paid Life Insurance Plan.

If your Employee-Paid Life Insurance coverage ends because your employment ends, your coverage may be converted to an individual non-term policy through MetLife. The maximum amount of insurance that may be elected for the new policy is the amount of Employee -Paid Life Insurance in effect for you under the Employee -Paid Life Insurance Plan on the date your employment ends.

If your Employee -Paid Life Insurance coverage ends because Dow has cancelled the Employee-Paid Life Insurance coverage under the MetLife group life insurance policy, or Dow has amended the Employee-Paid Life Insurance Plan to exclude coverage for your work group, you may convert your Employee-Paid Life Insurance coverage to an individual non-term MetLife policy, provided you have been covered under the Employee-Paid Life Insurance Plan for at least 5 years immediately prior to losing coverage under the Employee-Paid Life Insurance Plan. The amount you may convert is limited to the lesser of:

- the amount of Employee-Paid Life Insurance for you that ends under the Group Policy less the amount of life insurance for which you become eligible under any group policy within 31 days after the date insurance ends under the Group Policy; or
- $2,000.

You must file a conversion application with MetLife and make the required premium payment to MetLife within 31 days of the date your Dow coverage is lost or reduces. Contact the Dow HR Service Center to obtain a form for converting your coverage. Once you have obtained the form, contact the MetLife Conversion Group at 1-877-275-6387 to file your form, or to obtain further information. You are responsible for initiating the conversion process within the appropriate timeframes.

The cost of this individual coverage will probably be significantly higher than your group plan. Although not required, providing proof of insurability may help reduce your cost.

Naming Your Beneficiary

Effective March 1, 2008, as communicated by the Plan Administrator, MetLife became the record keeper for the Program's beneficiary records. Beneficiary information must be registered with MetLife at www.MetLife.com/MyBenefits, or by mailing the appropriate forms to the MetLife Recordkeeping Center. Beneficiary information previously recorded at the Dow Benefits Center has not been transferred to MetLife.

If you do not designate a beneficiary, then the default beneficiary will be the same as the beneficiary on your Company-Paid Life Insurance. If you are not eligible for Company-Paid Life Insurance, and you are enrolled in Post-65 Executive Life, then the default beneficiary is the same as your beneficiary for Post-65 Executive Life.

If you fail to name a beneficiary, MetLife may determine the beneficiary to be one or more of the following who survive you:

- Your Spouse or Domestic Partner; or
- Your children; or
- Your parent(s); or
- Your sibling(s).

If you fail to name a beneficiary, instead of making payment to any of the above, MetLife may pay your estate. Any payment made by MetLife in good faith will discharge the Plan's and MetLife's liability to the extent of such payment.

If you wish to change your beneficiary designation, or you need to register for the first time, you can do so via the Internet at www.MetLife.com/MyBnefits, or the Dow Intranet at My HR Connection. If you prefer, you can request forms by calling MetLife Customer Service toll-free at (866) 492-6983, Monday – Friday, 8:00 am – 11:00 pm (ET).

Benefit Payments

Payment Options. In the event of your death, your beneficiary should contact the HR Service Center. A certified death certificate must be provided to MetLife to disburse the life insurance proceeds. To file a Claim for a Plan Benefit, *see Claims Procedures Appendix* of this SPD.

Funding

Employees pay the entire premium for coverage. The benefits under the Employee-Paid Life Insurance Plan and the Dependent Life Insurance Plan are not combined for experience with the other insurance coverages. Favorable experience under the Employee-Paid Life Insurance Plan and the Dependent Life Insurance Plan in a particular year may offset unfavorable experience in prior years. It is not anticipated that there will be any dividends declared for the Employee-Paid Life Insurance Plan and the Dependent Life Insurance Plan based on the manner in which the insurer has determined the premium rates.

Joint Insurance Arrangement

Dorinco Reinsurance Company (Dorinco) and MetLife have entered into an arrangement that is allowed by the U.S. Department of Labor pursuant to Prohibited Transaction Exemption 96-62 and 29 CFR Part 2570, subpart B. [DOL Final Authorization Number 2001-17E (May 14, 2001)]. Under this arrangement, MetLife has or will write the coverage for the Plan and Dorinco will assume a percentage of the risk. Under the insurance arrangement between MetLife and Dorinco, MetLife and Dorinco will each be liable to pay the agreed upon percentage of each death benefit claim in respect of a Plan Participant. When a claim for benefits is approved, Dorinco will transfer its percentage of each death benefit claim to MetLife. MetLife will then pay the full amount of the claim. If MetLife is financially unable to pay the portion of the claim, Dorinco will be obligated to pay the full amount of the claim directly. Similarly, if Dorinco is financially unable to pay its designated percentage of a particular claim, MetLife will be obligated to pay the entire amount of the claim. Neither MetLife nor Dorinco will charge the Plan any administrative fees, commissions or other consideration as a result of the participation of Dorinco.

Accelerated Benefit Option (ABO)

Under the Accelerated Benefit Option (ABO), if you have been diagnosed as terminally ill with 12 months or less to live, you may be eligible to receive up to 80% of your Company-Paid Life Insurance and Employee-Paid Life Insurance benefits before death if certain requirements are met. Having access to life insurance proceeds at this important time could help ease financial and emotional burdens. In order to apply for ABO, you must be covered for at least $10,000 from your Company-Paid Life Insurance and/or Employee-Paid Life Insurance. You may receive an accelerated benefit of up to 80 percent (minimum $5,000 and maximum $500,000) of your Company-Paid Life Insurance and/or Employee-Paid Life Insurance benefit. An accelerated benefit is payable in a lump sum and can be elected only once. The death benefit will be reduced by the amount of accelerated benefit paid. Accelerated benefits are not permitted if you have assigned your life insurance benefit to another individual or to a trust.

The accelerated life insurance benefits are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986, as amended. If the accelerated benefits qualify for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Payment of the accelerated benefit will be subject to state taxes and regulations. Tax laws relating to accelerated benefits are complex. You are advised to consult with a qualified tax advisor.

Receipt of accelerated benefits may affect your eligibility, or that of your spouse/domestic partner or your family, for public assistance programs such as medical assistance (Medicaid), Aid to Families and Dependent Children (AFDC), Supplemental Security Income (SSI), and drug assistance programs. You are advised to consult with social services agencies concerning the effect receipt of accelerated benefits will have on public assistance eligibility for you, your spouse/domestic partner or your family. In the event your employment status changes in the future, and your life insurance coverage ends or is reduced, the amount of coverage you may be eligible to convert or port will be reduced by the amount of the accelerated benefit received.

If you would like to apply for the Accelerate Benefit Option, a claim form can be obtained from the HR Service Center at 1-877-623-8079 and must be completed and returned for evaluation and approval by MetLife.

Your Rights

You have certain rights under the Plan and are entitled to certain information by law. Be sure to review the *Filing a Claim* section, *Appealing a Denial of Claims* section, *Fraud Against the Plan* section, *Grievance Procedure* section, *Your Legal Rights* section, *ERISA Enforcement* section, *Welfare Benefits* section, *The Company's Right to Amend, Modify, and Terminate the Plans* section, *Disposition of Plan Assets if the Plan is Terminated* section, *For More Information* section, *Important Note* section, and *ERISA Information* section at the end of this SPD.

Chapter Three
Dependent Life Insurance

Plan Description

The Dependent Life Insurance Plan provides coverage for your eligible family members at group rates. The benefits are insured by a group term life insurance policy underwritten by Metropolitan Life Insurance Company (MetLife). MetLife pays the benefits under the Plan. In addition, MetLife is the named fiduciary for making decisions as to whether a Claim for Benefits is payable.

As of January 1, 2005, the following plans have been merged into the Dependent Life Insurance Plan: Hampshire Chemical Corporation Hourly Optional Group Life Insurance Program's Dependent Life Insurance Plan; ANGUS Chemical Company Hourly Optional Group Life Insurance Program's Dependent Life Insurance Plan. Such plans no longer exist as separate plans, but are now a part of the Dependent Life Insurance Plan. . As of January 1, 2008, the Michigan Hourly Optional Group Life Insurance Program's Dependent Life Insurance Plan has been merged into the Dependent Life Insurance Plan.

The Dependent Life Insurance Plan is referred to in Chapter Three as the "Plan".

Eligibility

Salaried Employees:

Salaried Employees of a Participating Employer with regular, active, Full-Time or Less-Than-Full-Time status are eligible.

Bargained-for Employees:

Eligibility of Bargained-for Employees depends on whether the applicable collective bargaining unit and the Participating Employer have agreed to this Plan. With respect to a collective bargaining agreement that specifically addresses which Employees are eligible or not eligible for this Plan, the terms of such collective bargaining agreement shall govern. If the terms of the collective bargaining agreement specify that Bargained for Employees shall be provided this Plan, but does not specifically address the category of Employees that are eligible or not eligible, then the Plan will provide eligibility to regular active Employees with Full Time status who are members of the collective bargaining group.

Employees on a Leave of Absence:

Eligibility for benefits under the Plan may continue during certain laves of absences approved by the Participating Employer such as under the Company's Family Leave Policy or Medical Leave Policy. The benefits under the Plan shall be administered consistent with the terms of such approved leaves of absences.

Plan Administrator Determines Eligibility:

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants. If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan, or have been told that you are not, see the *Claims Procedures Appendix* of this SPD.

Run-out claims under ERISA Plan #505 (which was terminated effective 12-31-99) for covered claims that were incurred but not yet paid under that plan, will be paid from this Plan.

Dependent Eligibility

You may purchase coverage on the life of your Spouse of Record/Domestic Partner of Record and/or the life of your Dependent child or Dependent children.

Child means your natural child, adopted child or stepchild who is:

- at least 15 days old:
- under age 25 and who is:
- a full-time student at an accredited school, college, or university that is licensed in the jurisdiction where it is located;
- unmarried
- supported by You, and
- not employed on a full-time basis

This term does not include any person who:

- is in the military of any country or subdivision of any country;
- lives outside the United States or Canada; or
- is insured under the Group Policy as an employee.

The Plan defines a "Full-Time Student" as a student who is a full-time student at an educational institution at any time during the Plan Year. The determination as to whether a student is full-time is based upon the number of hours or courses which is considered to be full-time by the educational institution.

Generally, a child is NOT a Dependent if he or she is:

- Already covered as a dependent of another Dow Employee or Dow Retiree. All covered children in a family must be enrolled by the same parent.
- Married or ever was married.
- Employed full-time.
- Age 25 years or older.

A Dependent Spouse, Domestic Partner, or child is not eligible if he or she resides outside the United States and Canada, or is in the military.

Enrollment

To enroll for Dependent Life Insurance coverage, enroll through the annual Choices enrollment period or complete an enrollment form, available from the Intranet or the HR Service Center as described below. You may enroll:

- On or before your date of hire, with coverage to begin on your first day of work if you complete the enrollment form and submitted proof of Dependent eligibility and proof of age. Failure to provide the required proofs satisfactory to the Plan Administrator within the time required will result in no coverage.
- Within 90 days after your first day of active employment, with coverage to begin on your submission of the completed enrollment form and proof of Dependent eligibility and proof of age. Failure to provide the required proofs satisfactory to the Plan Administrator within the time required will result in no coverage.

- Within 90 days of a Change-in-Status, provided you are Actively at Work. Coverage begins on the date that the Plan receives your enrollment form or you enroll by calling the HR Service Center. Failure to provide the required proofs satisfactory to the Plan Administrator within the time required will result in no coverage.
- During the Choices Enrollment period, provided you are Actively at Work on the January 1 following the Choices Enrollment period. You will be allowed to increase your Dependent Spouse/Domestic Partner coverage by one increment. There is no incremental limit on increased coverage for Dependent child(ren) during Choices Enrollment. If you are not Actively at Work on the January 1 following the Choices Enrollment period, any increase in life insurance will not be effective until you return to Active Work. Proof of eligibility must be submitted prior to December 31 of the year before coverage begins.
- At any other time you are Actively at Work, by providing proof of insurability. Your coverage begins on the date that MetLife accepts your proof of insurability. MetLife will pay for the fee of a paramedical exam, if requested by MetLife, with no cost to the employee/applicant when a MetLife physician is used.

The Plan Administrator may request proof of Dependent eligibility and proof of age at any time. Proof may consist of a birth certificate, passport, adoption papers, marriage license, statement of Domestic Partnership or any other proof that the Plan Administrator deems appropriate. Failure to provide proof of Dependent eligibility and proof of age within the time period required will result in no Dependent coverage.

If you enrolled for coverage for your Dependent(s) and fail to provide proof of Dependent eligibility or proof of age satisfactory to the Plan Administrator within the time period required, and the Plan determines that your Dependent(s) is or are not covered, the Plan reserves the right not to refund the premiums you paid, and to cancel coverage of your Dependent(s) retroactive to the date you enrolled your Dependent(s).

Change-in-Status

A "change in status" is an event listed in one of the bullets below:

- Events that change your legal marital status, including Marriage, Domestic Partnership, death of Spouse/Domestic Partner, divorce or annulment or similar event with respect to a Domestic Partnership.
- Birth, adoption, placement for adoption or death of Dependent.
- A termination or commencement of employment by you, your Spouse/Domestic Partner or Dependent.
- A reduction or increase in hours of employment by the Employee, Spouse/Domestic Partner or Dependent.
- Dependent satisfies or ceases to satisfy the requirements for unmarried Dependents.
- A change in the place of residence or work for you, your Spouse/Domestic Partner or Dependent.

Amount of Coverage

Salaried Employees and Collective Bargaining Groups that Agreed to this Plan

You may select coverage for your Spouse/Domestic Partner and Dependent children based on the following options.

- Spouse/Domestic Partner insurance coverage ranges from a minimum of $10,000 to a maximum of $250,000 in increments of $10,000. The monthly cost is based on your Spouse's/Domestic Partner's age, the amount of insurance and whether your Spouse/Domestic Partner is a "non-tobacco user".
- For eligible Dependent child(ren) there are three levels of coverage: $2,000, $5,000 or $10,000.
- LTD participants are not eligible for Spouse/Domestic Partner and Dependent Life Coverage.

Increasing or Decreasing Coverage

You may increase the amount of coverage (but not above the maximum amount you are eligible for):

- At any time you are Actively at Work, by providing proof of insurability to MetLife. MetLife will pay for the fee of a paramedical exam, if requested by MetLife, with no cost to the employee/applicant when a MetLife physician is used.
- Within 90 days of a change in status event, such as Marriage, Domestic Partnership, divorce, Termination of Domestic Partnership or the addition of a Dependent child, provided you are Actively at Work and provided the Plan receives proof of the change in status that is satisfactory to the Plan Administrator.
- During Choices enrollment, if you are Actively at Work, you may increase your Spouse's/Domestic Partner's coverage one increment without showing proof of insurability.

You may decrease the amount of your coverage at any time by completing an enrollment card, available from the Dow Intranet or the HR Service Center.

Effective Dates of Coverage

Beginning. Your coverage generally begins on your date of enrollment and when you meet the enrollment requirements outlined in this booklet.

Ending

Your Dependent Life Insurance coverage ends on the earlier of:

The date the Group Policy ends;
The date you or your Dependent no longer meet the eligibility requirements of the Plan;
The end of the period for which your last premium has been paid;
The date your employment ends.

Porting Coverage to a Term Life Policy

If Dependent Life coverage ends because your employment ends, your coverage may be continued on a direct bill basis with MetLife through the portability feature. This feature allows employees to continue their Group Term Life coverage under a separate group policy without providing proof of insurability. Rates for this coverage are different from the active plan rates and the employee must port a minimum of $20,000 to exercise this option. You have 31 days from the date your coverage ends to apply for Portability. You may continue the same or lesser amount of coverage. For Michigan residents, there is a limit to the amount of coverage you are allowed to port. If you are unable to continue your entire life insurance amount through Portability, you may apply for Conversion of the balance. Contact MetLife at **1-866-492-6983** if you have any questions or want to apply for Portability.

Converting to an Individual Policy

If your Spouse of Record/Domestic Partner of Record or Dependent child's life insurance coverage is reduced due to retirement, the amount of coverage your Spouse of Record/Domestic Partner of Record or Dependent child lost may be converted to an individual non-term policy through MetLife. The maximum amount of insurance that may be elected for the new policy is the amount of Spouse of Record/Domestic Partner of Record or Dependent child life insurance you lost under the Dependent Life Insurance Plan.

If your Spouse of Record/Domestic Partner of Record or Dependent child loses coverage under the Dependent Life Insurance Plan because of your death or because he or she no longer meets eligibility requirements, their coverage may be converted to an individual non-term policy through MetLife. (In the case of minor children, the parent or legal guardian may act on their behalf.) The maximum amount of insurance that may be elected for the new policy is the amount of Dependent Life Insurance that ends under the Dependent Life Insurance provisions of the MetLife group policy.
If your Spouse of Record/Domestic Partner of Record or Dependent child loses coverage under the Dependent Life Insurance Plan because Dow has cancelled the dependent life coverage under the group policy with MetLife, or Dow has amended the eligibility requirements of the Plan to exclude you or your dependents from eligibility under the Plan, you may convert coverage to an individual non-term MetLife policy for your Dependent; provided you have been enrolled in coverage for your Dependent under the Dependent Life Insurance Plan for at least 5 years immediately prior to the date the MetLife group coverage for our Dependent ended. The amount that may be converted is limited to the lesser of:

- the amount of Life Insurance for the Dependent that ends under the MetLife group policy less the amount of life insurance for Dependents for which you become eligible under any group policy within 31 days after the date insurance ends under the Dependent Life Insurance provisions of the MetLife group policy; or
- $2,000.

A conversion application must be filed and the required premium payment made to MetLife within 31 days of the date coverage is lost or reduced. You or your Dependent must contact the HR Service Center to obtain a form for converting the coverage. Once the form has been obtained, you or your Dependent should contact the MetLife Conversion Group at 1-877-275-6387. You are responsible for initiating the conversion process within the appropriate timeframes.

The cost of this individual coverage will probably be significantly higher than the group plan. Although not required, providing proof of insurability may help reduce the cost.

Employee Contribution

The Employee pays for Dependent Life Insurance coverage. Your contribution, made through post tax payroll deductions, is based on the coverage option that you choose. For coverage on your Spouse's/Domestic Partner's life, your contribution will also depend on whether your Spouse/Domestic Partner is a "non-tobacco-user". Your Spouse/Domestic Partner is considered a "non-tobacco-user" by the Plan if your Spouse/Domestic Partner has not used a tobacco product in the last 12 months. If your Spouse/Domestic Partner quits using tobacco, your Spouse/Domestic Partner is considered a "non-tobacco-user" as of the first day of the month after your Spouse/Domestic Partner completes 12 non-tobacco-using months. If your Spouse/Domestic Partner is a "non-tobacco-user", your Spouse/Domestic Partner is considered a tobacco-user as of the first day your Spouse/Domestic Partner uses tobacco. A false or out-of-date statement regarding tobacco use may result in benefits not being paid. For your portion of the monthly costs, refer to the Choices enrollment materials provided during annual enrollment.

If you are on a Benefit Protected Leave of Absence, the Plan Administrator has the full discretion to make special administrative arrangements as are necessary, such as deferring Employee contributions on a temporary basis during the leave of absence, and requiring the Employee to repay premiums when the Employee returns to work, or any other arrangements the Plan Administrator deems appropriate.

Benefit Payment

Beneficiary Designation.

You are the beneficiary of your Dependent Life Insurance Plan.

The benefits will be paid to you if you survive the Dependent. If you do not survive your Dependent, MetLife may pay one or more the following who survive you:

- Your Spouse or Domestic Partner; or
- Your children; or
- Your parent(s); or
- Your sibling(s).

If you do not survive your Dependent, instead of making payment to any of the above, MetLife may pay your estate. Any payment made by MetLife in good faith will discharge the Plan's liability to the extent of such payment.

Payment. You should contact the HR Service Center to report a Dependent's death. A certified death certificate must be provided to MetLife to disburse the life insurance proceeds. To file a claim, see *Claims Procedures Appendix* of this SPD.

Funding

Employees pay the entire premium for coverage. The benefits under the Employee-Paid Life Insurance Plan and the Dependent Life Insurance Plan are not combined for experience with the other insurance coverages. Favorable experience under this insurance coverage in a particular year may offset unfavorable experience in prior years. It is not anticipated that there will be any dividends declared for the Employee-Paid Life Insurance Plan and the Dependent Life Insurance Plan based on the manner in which the insurer has determined the premium rates.

Joint Insurance Arrangement

Dorinco Reinsurance Company (Dorinco) and MetLife have entered into an arrangement that is allowed by the U.S. Department of Labor pursuant to Prohibited Transaction Exemption 96-62 and 29 CFR Part 2570, subpart B. [DOL Final Authorization Number 2001-17E (May 14, 2001)]. Under this arrangement, MetLife has or will write the coverage for the Plan and Dorinco will assume a percentage of the risk. Under the insurance arrangement between MetLife and Dorinco, MetLife and Dorinco will each be liable to pay the agreed upon percentage of each death benefit claim in respect of a Plan Participant. When a claim for benefits is approved, Dorinco will transfer its percentage of each death benefit claim to MetLife. MetLife will then pay the full amount of the claim. If MetLife is financially unable to pay the portion of the claim, Dorinco will be obligated to pay the full amount of the claim directly. Similarly, if Dorinco is financially unable to pay its designated percentage of a particular claim, MetLife will be obligated to pay the entire amount of the claim. Neither MetLife nor Dorinco will charge the Plan any administrative fees, commissions or other consideration as a result of the participation of Dorinco. This joint insurance arrangement is not applicable to coverage for Hourly Employees employed by Michigan Operations, or their Dependents.

Accelerated Benefit Option (ABO) for Spouses/Domestic Partners Only

Under the Accelerated Benefit Option (ABO), if your Spouse/Domestic Partner has been diagnosed as terminally ill with 12 months or less to live, you may be eligible to receive up to 80% of your Spouse/Domestic Partner Dependent Life Insurance benefits before your Spouse/Domestic Partner's death if certain requirements are met. Having access to life proceeds at this important time could help ease financial and emotional burdens. In order to apply for ABO, your Spouse/Domestic Partner must be covered for at least $10,000 under the Dependent Life Insurance Plan. You may receive an accelerated benefit of up to 80 percent (minimum $5,000) of the Spouse/Domestic Partner Dependent Life Insurance benefit. An accelerated benefit is payable in a lump sum and can be elected only once. The death benefit will be reduced by the amount of accelerated benefit paid. Accelerated benefits are not permitted if you have assigned your life insurance benefit to another individual or to a trust.

The accelerated life insurance benefits are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. Tax laws relating to accelerated benefits are complex. You are advised to consult with a qualified tax advisor.

Receipt of accelerated benefits may affect your eligibility, or that of your spouse/domestic partner or your family, for public assistance programs such as medical assistance (Medicaid), Aid to Families and Dependent Children (AFDC), Supplemental Security Income (SSI), and drug assistance programs. You are advised to consult with social services agencies concerning the effect receipt of accelerated benefits will have on public assistance eligibility for you, your spouse/domestic partner or your family. In the event your employment status changes in the future, and your life insurance coverage ends or is reduced, the amount of coverage you may be eligible to convert or port will be reduced by the amount of the accelerated benefit received.

If you would like to apply for the Accelerate Benefit Option, a claim form can be obtained from the HR Service Center at 1-877-623-8079 and must be completed and returned for evaluation and approval by MetLife.

Your Rights

You have certain rights under the Plan and are entitled to certain information by law. Be sure to review the *Filing a Claim* section, *Appealing a Denial of Claims* section, *Fraud Against the Plan* section, *Grievance Procedure* section, *Your Legal Rights* section, *ERISA Enforcement* section, *Welfare Benefits* section, *The Company's Right to Amend, Modify, and Terminate the Plans* section, *Disposition of Plan Assets if the Plan is Terminated* section, *For More Information* section, *Important Note* section, and *ERISA Information* section at the end of this SPD.

Filing a Claim

See the *Claims Procedures Appendix* of this SPD.

Appealing a Denial of Claim

See the *Claims Procedures Appendix* of this SPD.

Fraud Against the Plan

Any Plan Participant who intentionally misrepresents information to the Plan or knowingly misinforms, deceives or misleads the Plan or knowingly withholds relevant information may have his/her coverage cancelled retroactively to the date deemed appropriate by the Plan Administrator. Further, such Plan Participant may be required to reimburse the Plan for Claims paid by the Plan. The employer may determine that termination of employment is appropriate and the employer and/or the Plan may choose to pursue civil and/or criminal action. The Plan Administrator may determine that the Participant is no longer eligible for coverage under the Plan because of his or her actions.

Grievance Procedure

If you want to appeal the denial of a claim for benefits, see the *Claims Procedures Appendix* of this SPD.

If you feel that anyone is discriminating against you for exercising your rights under these Plans, or if you feel that someone has interfered with the attainment of any right to which you feel you are entitled under these Plans, or if you feel that the Plan Administrator has denied you any right you feel that you have under these Plans, you must notify the Plan Administrator (listed in the "*ERISA Information*" section of this SPD) in writing within 90 days of the date of the alleged wrongdoing. The Plan Administrator will investigate the allegation and respond to you in writing within 120 days. If the Plan Administrator determines that your allegation has merit, the Plan Administrator will either correct the wrong (if it was the Plan which did the wrong), or will make a recommendation to the Participating Employer if any of them have been alleged to be responsible for the wrongdoing. If the Plan Administrator determines that your allegation is without merit, you may appeal the Plan Administrator's decision. You must submit written notice of your appeal to the Plan Administrator within 60 days of receipt of the Plan Administrator's decision. Your appeal will be reviewed and you will receive a written response within 60 days, unless special circumstances require an extension of time. The Plan Administrator will give you written notice and reason for the extension. In no event should the decision take longer than 120 days after receipt of your appeal. If you are not satisfied with the Plan Administrator's response to your appeal, you may file suit in court. **If you file a lawsuit, you must do so within 120 days from the date of the Plan Administrator's written response to your appeal. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit**

Your Legal Rights

When you are a participant in the Company-Paid, Employee-Paid or Dependent Life Insurance Plans, you are entitled to certain rights and protections under the Employee Retirement Security Act of 1974 (ERISA). This law requires that all Plan participants must be able to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, the Plan Documents and the latest annual reports filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- Obtain, upon written request to the Plan Administrator, copies of the Plan Documents and Summary Plan Descriptions. The Administrator may charge a reasonable fee for the copies.
- Receive a summary of each Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for you and all other Plan Participants, ERISA imposes duties on the people who are responsible for operating an employee benefit plan. The people who operate the Plans, called "fiduciaries" of the Plans, have a duty to act prudently and in the interest of you and other Plan Participants and beneficiaries.

No one, including your employer or any other person, may discharge you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit, or from exercising your rights under ERISA. If you have a claim for benefits that is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the legal rights described above. For instance, if you request materials from one of the Plans and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you must file a written appeal within the time period specified in the Plan's Claims Procedures. Failure to comply with the Plan's claims procedures may significantly jeopardize your rights to benefits. If you are not satisfied with the final appellate decision, you may file suit in Federal court. **If you file a lawsuit, you must do so within 120 days from the date of the Claims Administrator's or the Plan Administrator's final written decision (or the deadline the Claims Administrator or Plan Administrator had to notify you of a decision). Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.** The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If it should happen that plan fiduciaries misuse one of the Plan's money, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. **If you file a lawsuit, you must do so within 120 days from the date of the alleged misuse. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

If you feel that anyone is discriminating against you for exercising your rights under this benefit plan, or if you feel that someone has interfered with the attainment of any right to which you feel you are entitled under any of the Plans, you must notify the Plan Administrator listed in the "*ERISA Information*" section of this SPD in writing within 120 days of the date of the alleged wrongdoing. The Plan Administrator will investigate the allegation and respond to you in writing within 120 days. If the Plan Administrator determines that your allegation has merit, the Plan Administrator will either correct the wrong, if it was the Plan which did the wrong, or will make a recommendation to the Plan Sponsor or Participating Employer if any of them have been alleged to be responsible for the wrongdoing. If the Plan Administrator determines that your allegation is without merit, you may appeal the Plan Administrator's decision. You must submit written notice of your appeal to the Plan Administrator within 60 days of receipt of the Plan Administrator's decision. Your appeal will be reviewed and you will receive a written response within 60 days. If you are not satisfied with the Plan Administrator's response to your appeal, you may file suit in Federal court. **If you file a lawsuit, you must do so within 120 days from the date of the Plan Administrator's written response to your appeal. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

If you have any questions about the Program, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

Welfare Benefits

Welfare benefits, such as the Company-Paid Life Insurance Plan, Employee-Paid Life Insurance Plan and Dependent Life Insurance Plan, are not required to be guaranteed by a government agency.

Amendment, Modification, or Termination of Plan

The President, Chief Financial Officer or the Corporate Vice President of Human Resources of the Company, each acting individually, or his or her respective delegate, may amend, modify or terminate the Plan, including, without limitation, the Summary Plan Description, which is incorporated herein by reference. Such amendments or modifications may not result in Company expenditures in excess of $20 million per year. Amendments that result in Company expenditures in excess of $20 million per year must be approved by the Board of Directors. Certain modifications or amendments of the Plan which the Company deems necessary or appropriate to conform the Plan to, or satisfy the conditions of, any law, governmental regulation or ruling, and to permit the Plan to meet the requirements of the Code may be made retroactively if necessary. Upon termination or discontinuance of the Plan, all elections and reductions in compensation related to the Plan shall terminate.

Procedure for Amendment, Modification, or Termination of Plan

Any amendment of, modification to, or termination of the Plan, must be reviewed by an attorney in the Company's Legal Department and the Plan Administrator before it is adopted by the Corporate Vice President of Human Resources or his or her delegate.

Disposition of Plan Assets if the Plans are Terminated

The Company may terminate any of the Plans at any time at its sole discretion. If the Company terminates a Plan, the assets of the Plan, if any, shall not be used by the Company, but may be used in any of the following ways:

1) to provide benefits for Participants in accordance with the Plan, and/or
2) to pay third parties to provide such benefits, and/or
3) to pay expenses of the Plan and/or the Trust holding the Plan's assets, and/or
4) To provide cash for Participants, as long as the cash is not provided disproportionately to officers, shareholders, or Highly Compensated Employees.

Class Action Lawsuits

Legal actions against the Plan must be filed in federal court. Class action lawsuits must be filed either 1) in the jurisdiction in which the Plan is administered (Michigan) or 2) the jurisdiction where the largest number of putative members of the class action reside. This provision does not waive the requirement to exhaust administrative remedies before the filing of a lawsuit.

For More Information

If you have questions, phone the HR Service Center at (989) 638-8757 or 877-623-8079. They can provide more details about this benefit Plan.

Important Note

This booklet is the summary plan description (SPD) for The Dow Chemical Company Group Life Insurance Program's Company-Paid Life Insurance Plan, Employee-Paid Life Insurance Plan and Dependent Life Insurance Plan. However, it is not all-inclusive and it is not intended to take the place of each Plan's legal documents. In case of conflict between this SPD and the applicable Plan Document, the applicable Plan Document will govern.

The Plan Administrator and the Claims Administrator are Plan fiduciaries. The Plan Administrator has the full and complete discretion to interpret and construe all of the provisions of the Plans for all purposes except to make Claims for Plan Benefits determinations, which discretion is reserved for the Claims Administrator. The Plan Administrator's interpretations shall be final, conclusive and binding. The Plan Administrator also has the full and complete discretion to make findings of fact for all purposes except to make Claim for Plan Benefits determinations, which discretion is reserved for the Claims Administrator. The Plan Administrator has the full authority to apply those findings of fact to the provisions of the applicable Plan. All findings of fact made by the Plan Administrator shall be final, conclusive and binding. The Plan Administrator has the full and complete discretion to decide whether or not it is making a Claim for Plan Benefit determination. For a detailed description of the Plan Administrator's authority, see the applicable Plan Document.

For the purpose of making Claim for Plan Benefits determinations, the Claims Administrator has the full and complete discretion to interpret and construe the provisions of the Plans, and such interpretation shall be final, conclusive and binding. For the purpose of making Claim for Plan Benefits determinations, the Claims Administrator also has the full and complete discretion to make findings of fact and to apply those findings of fact to the provisions of the Plans. All findings of fact made by the Claims Administrator shall be final, conclusive and binding. For a detailed description of the Claims Administrator's authority, see the applicable Plan Document.

The Company reserves the right to amend, modify or terminate the Plans at any time at its sole discretion. The procedures for amending each of the Plans are contained in the applicable Plan Document.

The Plan Documents can be made available for your review upon written request to the Plan Administrator (listed in the *ERISA Information* section of this Summary Plan Description).

This Summary Plan Description (SPD) and the benefits described do not constitute a contract of employment. Your employer retains the right to terminate your employment or otherwise deal with your employment as if this SPD and the Plans had never existed.

ERISA Information
The Dow Chemical Company Group Life Insurance Program
Company-Paid Life Insurance Plan
(A Welfare Benefit Plan)

Plan Sponsor:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
Employer Identification Number:	38-1285128
Plan Number:	507
Group Policy Number:	11700-G
Plan Administrator:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
To Apply For a Benefit Contact:	See Claims Procedures Appendix to this SPD.
To Appeal a Benefit Determination, File with:	See Claims Procedures Appendix to this SPD.
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company Corporate Legal Department 2030 Dow Center Midland, MI 48674
Claims Administration:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company MetLife, Inc. Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company Corporate Legal Department 2030 Dow Center Midland, MI 48674
Claims Administration:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company MetLife, Inc. Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115

Plan Year: The Plan's fiscal records are kept on a plan year beginning January 1 and ending December 31

Funding: Dow pays the entire premium for the Plan. Benefits are funded through a group insurance contract with MetLife, Inc The assets of the "Program" may be used at the discretion of the Plan Administrator to pay for any benefits provided under the "Program", as the "Program" may be amended from time to time, as well as to pay for any expenses of the "Program". Such expenses may include, and are not limited to, consulting fees, actuarial fees, attorney fees, third party administrator fees and other administrative expenses.

ERISA Information
The Dow Chemical Company
Employee-Paid and Dependent Life Insurance Plans
(Welfare Benefit Plans)

Plan Sponsor:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
Employer Identification Number:	38-1285128
Plan Number:	515
Group Policy Number:	11700-G
Plan Administrator:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
To Apply For a Benefit Contact:	See Claims Procedures Appendix to this SPD.
To Appeal a Benefit Determination, File with:	See Claims Procedures Appendix to this SPD.
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company Corporate Legal Department 2030 Dow Center Midland, MI 48674
Claims Administration:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company MetLife, Inc. Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company Corporate Legal Department 2030 Dow Center Midland, MI 48674
Claims Administration:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company MetLife, Inc. Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115

Plan Year: The Plan's fiscal records are kept on a plan year beginning January 1 and ending December 31

Funding: Employees pay the premiums. Benefits are funded through a group insurance contract with MetLife. The assets of the "Program" may be used at the discretion of the Plan Administrator to pay for any benefits provided under the "Program", as the "Program" may be amended from time to time, as well as to pay for any expenses of the "Program". Such expenses may include, and are not limited to, consulting fees, actuarial fees, attorney fees, third party administrator fees, and other administrative expenses..

Joint Insurance Arrangement: Dorinco and MetLife have entered and arrangement approved by the U.S. Department of Labor (DOL Advisory Opinion Letter 97-24A) in which if MetLife is insolvent, the entire life insurance benefit will be paid by Dorinco. If Dorinco is insolvent, the entire life insurance benefit will be paid by Metropolitan. Dorinco's address is:

Dorinco Reinsurance Company
1320 Waldo Avenue
Dorinco Building
Midland, MI 48642

[1] If you were enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan on September 30, 2002, and you signed a waiver of all your rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between you and The Dow Chemical Company, you are eligible until you no longer have active Employee status, or until you elect to waive coverage. In addition, if you were enrolled in the Union Carbide Corporation Executive Life Insurance Plan ("UCC Executive Life") on October 31, 2002, and had active Employee status on the date that your Agreement and Collateral Assignment between you and Union Carbide Corporation were terminated, you are eligible until you no longer have active Employee status, or until you elect to waive coverage. Once coverage is waived, you will not be allowed to re-enroll in the future.

[2] This maximum is waived if you are an Employee who was enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan on September 30, 2002, and you signed a waiver of all your rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between you and The Dow Chemical Company. This maximum is also waived if you were enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2002, and you were an active Employee on the date that your Agreement and Collateral Assignment between you and Union Carbide Corporation were terminated.

[3] This also applies to those who were disabled prior to January 1, 2006, and were approved to receive benefit payments for such disability under the Dow AgroSciences Long Term Disability Insurance Plan.

[4] If you are an Americas Styrenics Hourly Employee, your benefit will be determined by using your annual pay, which is calculated using the base hourly rate multiplied by 2080 and then rounded up to the next $1,000.

[5] You are eligible for an additional 1x of coverage over and above the 6x or $1.5 million maximum if (1) you are an Employee who was enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan on September 30, 2002, and you signed a waiver of all your rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between you and The Dow Chemical Company who elected to purchase the additional 1x coverage effective October 1, 2003, or (2) you are an Employee who was enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2002, and you were an active Employee on the date your Agreement and Collateral Assignment between you and Union Carbide Corporation were terminated and you elected to purchase the additional 1x coverage effective November 1, 2003. If you waive the additional 1x coverage, you are not eligible to enroll for such coverage in the future. Further, you are no longer eligible for any coverage under the Plan when you no longer have active Employee status.

CLAIMS PROCEDURES APPENDIX
For the Summary Plan Descriptions of the Life Insurance Plans Sponsored by The Dow Chemical Company

You Must File a Claim in Accordance with These Claims Procedures

A "Claim" is a written request by a claimant for a *Plan benefit* or an *Eligibility Determination.* There are two kinds of Claims:

A *Claim for Plan Benefits* is a request for benefits covered under the Plan.

An *Eligibility Determination* is a kind of Claim. It is a request for a determination as to whether a claimant is eligible to be a Participant or covered Dependent under the Plan.

You must follow the claims procedures for either *CLAIMS FOR PLAN BENEFITS or CLAIMS FOR AN ELIGIBILITY DETERMINATION*, whichever applies to your situation. See the applicable sections below entitled *CLAIMS FOR PLAN BENEFITS* and *CLAIMS FOR ELIGIBILITY DETERMINATIONS.*

Who Will Decide Whether to Approve or Deny My Claim?

The Dow Chemical Company will approve or deny a Claim for an Eligibility Determination. The initial determination is made by the U.S. Benefits Center. If you appeal, the appellate decision is made by the Global Benefits Director.

MetLife will approve or deny a Claim for Plan Benefits. MetLife is the Claims Administrator for both the initial determination and (if there is an appeal), the appellate determination.

An Authorized Representative May Act on Your Behalf

An Authorized Representative may submit a Claim on behalf of a Plan Participant. The Plan will recognize a person as a Plan Participant's "Authorized Representative" if such person submits a notarized document signed by the Participant stating that the Authorized Representative is authorized to act on behalf of such Participant. A court order stating that a person is authorized to submit Claims on behalf of a Participant will also be recognized by the Plan.

Authority of the Administrators and Your Rights Under ERISA

The Administrators have the full, complete, and final discretion to interpret the provisions of the Plan and to make findings of fact in order to carry out their respective Claims decision-making responsibilities.

Interpretations and claims decisions by the Administrators are final and binding on Participants. If you are not satisfied with an Administrator's final appellate decision, you may file a civil action against the Plan under s. 502 of the Employee Retirement Income Security Act (ERISA) in a federal court. **If you file a lawsuit, you must do so within 120 days from the date of the Administrator's final written decision. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

CLAIMS FOR PLAN BENEFITS

Information Required In Order to Be a "Claim":

For Claims that are requests for Plan benefits, the claimant must complete a MetLife claims form. Call the HR Service Center at 1-877/623-8079 to obtain a form. (Retirees should call the Retiree Service Center to obtain a form at 1-800/344-0661). In addition, you must attach a certified death certificate (must be certified by the government authority, as exhibited by a "raised seal" on the certificate). You may request assistance from the U.S. Benefits Center (1-989/636-9556) if you need help completing the MetLife claims form.

Once you have completed the MetLife claims form, you must send it and the certified death certificate to:

U.S. Benefits Center
The Dow Chemical Company
Employee Development Center
Midland, MI 48674
Attention: Administrator for the life insurance plans

The U.S. Benefits Center will review and sign your completed MetLife claims form and forward the form and certified death certificate to:

Metropolitan Life Insurance Company
Group Life Claims
P.O. Box 6115
Utica, NY 13504-6115

CLAIMS FOR DETERMINATION OF ELIGIBILITY

Information Required In Order to Be a "Claim":

For Claims that are requests for *Eligibility Determinations*, the Claims must be in writing and contain the following information:

- State the name of the Employee, and also the name of the person (Employee, Spouse/Domestic Partner, Dependent child, as applicable) for whom the *Eligibility Determination* is being requested
- Name the benefit plan for which the *Eligibility Determination* is being requested
- If the *Eligibility Determination* is for the Employee's Dependent, describe the relationship for whom an *Eligibility Determination* is being requested to the Employee (e.g. Spouse/Domestic Partner, child, etc.)
- Provide documentation of such relationship (e.g. marriage certificate, Statement of Domestic Partnership, birth certificate, etc)

Claims for Eligibility Determinations must be filed with:

U.S. Benefits Center
The Dow Chemical Company
Employee Development Center
Midland, MI 48674
Attention: Administrator for the life insurance plans
(Eligibility Determination)

INITIAL DETERMINATIONS

If you submit a *Claim for Plan Benefits* or a *Claim for Eligibility Determination* to the applicable Administrator, the applicable Administrator will review your Claim and notify you of its decision to approve or deny your Claim. Such notification will be provided to you in writing within a reasonable period, not to exceed 90 days of the date you submitted your claim; except that under special circumstances, the Administrator may have up to an additional 90 days to provide you such written notification. If the Administrator needs such an extension, it will notify you prior to the expiration of the initial 90 day period, state the reason why such an extension is needed, and indicate when it will make its determination. If the applicable Administrator denies the Claim, the written notification of the Claims decision will state the reason(s) why the Claim was denied and refer to the pertinent Plan provision(s). If the Claim was denied because you did not file a complete Claim or because the Administrator needed additional information, the Claims decision will state that as the reason for denying the Claim and will explain why such information was necessary.

APPEALING THE INITIAL DETERMINATION

If the applicable Administrator has denied your *Claim for Plan Benefits* or *Claim for Eligibility Determination*, you may appeal the decision. If you appeal the Administrator's decision, you must do so in writing within 60 days of receipt of the Administrator's determination, assuming that there are no extenuating circumstances, as determined by the applicable Administrator. Your written appeal must include the following information:

- Name of Employee
- Name of Dependent or beneficiary, if the Dependent or beneficiary is the person who is appealing the Administrator's decision
- Name of the benefit Plan
- Reference to the Initial Determination
- Explain reason why you are appealing the Initial Determination

Send appeals of *Eligibility Determinations* to:

Global Benefits Director
The Dow Chemical Company
Employee Development Center
Midland, MI 48674
Attention: Administrator for the life insurance plans
(Appeal of Eligibility Determination)

Send appeals of benefit denials to:

Metropolitan Life Insurance Company
Group Life Claims – The Dow Chemical Company
Oneida County Industrial Park
Utica, NY 13504-6115
Attention: Claims Administrator
(Appellate Review)

You may submit any additional information to the applicable Administrator when you submit your request for appeal. You may also request that the Administrator provide you copies of documents, records and other information that is relevant to your Claim, as determined by the applicable Administrator under applicable federal regulations. Your request must be in writing. Such information will be provided at no cost to you.

After the applicable Administrator receives your written request to appeal the initial determination, the Administrator will review your Claim. Deference will not be given to the initial adverse decision, and the appellate reviewer will look at the Claim anew. The person who will review your appeal will not be the same person as the person who made the initial decision to deny the Claim. In addition, the person who is reviewing the appeal will not be a subordinate who reports to the person who made the initial decision to deny the Claim. The Administrator will notify you in writing of its final decision. Such notification will be provided within a reasonable period, not to exceed 60 days of the written request for appellate review, except that under special circumstances, the Administrator may have up to an additional 60 days to provide written notification of the final decision. If the Administrator needs such an extension, it will notify you prior to the expiration of the initial 60 day period, state the reason why such an extension is needed, and indicate when it will make its determination. If the Administrator determines that it does not have sufficient information to make a decision on the Claim prior to the expiration of the initial 60 day period, it will notify you. It will describe any additional material or information necessary to submit to the Plan, and provide you with the deadline for submitting such information. The initial 60 day time period for the Administrator to make a final written decision, plus the 60 day extension period (if applicable) are tolled from the date the notification of insufficiency is sent to you until the date on which it receives your response. ("Tolled" means the "clock or time is stopped or suspended". In other words, the deadline for the Administrator to make its decision is "put on hold" until it receives the requested information). The tolling period ends when the Administrator receives your response, regardless of the adequacy of your response.

If the Administrator has determined to that its final decision is to deny your Claim, the written notification of the decision will state the reason(s) for the denial and refer to the pertinent Plan provision(s).

DEFINITIONS APPENDIX

See Plan Document for additional definitions. A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

"Actively at Work" or **"Active Work"** means that you are performing all of the usual and customary duties of your job with the Participating Employer on a Full Time or Less-Than Full Time basis. This must be done at:

a. the Participating Employer's place of business; or;
b. an alternate place approved by the Participating Employer; or
c. a place to which the Participating Employer's business requires you to travel.

You will be deemed to be Actively at Work during weekends or Participating Employer approved vacations, holidays or business closures if you were Actively at Work on the last scheduled work day preceding such time off.

"Administrator" means either the Plan Administrator or the Claims Administrator.

"Bargained-for" or **"Hourly"** individual means an individual who is represented by a collective bargaining unit that is recognized by the Company or Participating Employer.

"Claim" means a request by a claimant for a plan benefit or an Eligibility Determination that contains at a minimum, the information described in the Claims Procedures Appendix of the applicable SPD.

"Claim for an Eligibility Determination" means a Claim requesting a determination as to whether a claimant is eligible to be a Participant under a Plan.

"Claim for a Plan Benefit" means a Claim requesting that the Plan pay for benefits covered under a Plan.

"Claims Administrator" means Metropolitan Life Insurance Company with whom the Company has contracted to perform certain services under the Program.

"Code" means the Internal Revenue code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

"Company" means The Dow Chemical Company, a corporation organized under the laws of Delaware.

"Domestic Partner" means a person who is a member of a Domestic Partnership.

"Domestic Partnership" means two people claiming to be "domestic partners" who meet all of the following requirements of paragraph A, or the requirements of paragraph B:

A.

1. the two people must have lived together for at least twelve (12) consecutive months immediately prior to receiving coverage for benefits under the Plan, and
2. the two people are not Married to other persons either now, or at any time during the twelve month period, and
3. during the twelve month period, and now, the two people have been and are each other's sole domestic partner in a committed relationship similar to a legal Marriage relationship and with the intent to remain in the relationship indefinitely, and
4. each of the two people must be legally competent and able to enter into a contract, and
5. the two people are not related to each other in a way which would prohibit legal Marriage between opposite sex individuals, and
6. in entering the relationship with each other, neither of the two people are acting fraudulently or under duress, and
7. during the twelve month period and now, the two people have been and are financially interdependent with each other, and
8. each of the two people have signed a statement acceptable to the Plan Administrator and have provided it to the Plan Administrator.

B.
1. Evidence satisfactory to the Plan Administrator is provided that the two people are registered as domestic partners, or partners in a civil union in a state or municipality or country that legally recognizes such domestic partnerships or civil unions, and
2. each of the two people have signed a statement acceptable to the Plan Administrator and have provided it to the Plan Administrator.

"Dow" means a Participating Employer or collectively, the Participating Employers, as determined by the context of the sentence in which it is used, as such is interpreted by the Plan Administrator or his delegee.

"Employee" means a person who:
a. is employed by a Participating Employer to perform personal services in an employer-employee relationship which is subject to taxation under the Federal Insurance Contribution Act or similar federal statute; and
b. receives payment for services performed for the Participating Employer directly from the Company's U.S. Payroll Department, or another Participating Employer's U.S. Payroll Department; and
c. is either a Salaried individual who is classified by the Participating Employer as having "regular full-time status or "less-than-full-time status', or a Bargained-for individual who is classified by the Participating Employer as having "regular full –time active status", and
d. if Localized, is Localized in the U.S., and
e. if on an international assignment, is either a U.S. citizen or Localized in the U.S.

The definition of "Employee" does not include an individual who performs services for the benefit of a Participating Employer if his compensation is paid by an entity or source other than the Company's U.S. Payroll Department or another Participating Employer's U.S. Payroll Department. Further, the definition of "Employee" does not include any individual who is characterized by the Participating Employer as an independent contractor, contingent worker, consultant, contractor, or similar term. These individuals are not "Employees" (with a capital "E") for purposes of the Plan even if such an individual is determined by a court or regulatory agency to be a "common law employee" of a Participating Employer.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Full-Time" Employee means an Employee who has been classified by a Participating Employer as having "full-time" status.

"Hourly" Employee means an Employee who is represented by a collective bargaining unit that is recognized by the Company or other Participating Employer.

"Less-Than-Full-Time Employee" means an Employee who has been classified by a Participating Employer as having "less-than-full-time status".

"Localized" means that a Participating Employer has made a determination that an Employee is permanently relocated to a particular country, and the Employee has accepted such determination. For example, a Malaysian national is "Localized" to the U.S. when a Participating Employer has determined that such Employee is permanently relocated to the U.S., and such Employee has accepted such determination.

"Married" or **"Marriage"** means a legally valid marriage between a man and a woman recognized by the state in which the man and the woman reside.

"Participating Employer" means the Company or any other corporation or business entity the Company authorizes to participate in the Program with respect to its Employees.

"Plan" means either the Company-Paid Life Insurance Plan (for Salaried and Certain Bargained for Employees), which is a component of The Dow Chemical Company Group Life Insurance Program (ERISA Plan #507); or the Employee-Paid Life Insurance Plan or the Dependent Life Insurance Plan, which are components of The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program (ERISA Plan #515); whichever the case may be.

"Plan Administrator" means the Company or such person or committee as may be appointed from time to time by the Company to serve at its pleasure.

"Plan Document" means either the plan document for The Dow Chemical Company Group Life Insurance Program or The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program, whichever the case may be.

"Program" means either The Dow Chemical Company Group Life Insurance Program (ERISA Plan #507) or The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program (ERISA Plan #515), whichever the case may be.

"Program Year" means the 12-consecutive-month period ending each December 31.

"Regular" Employee is an Employee who is classified by the Employer as "regular."

"Retire" or "Retirement" means when an active Employee who is age 50 or older with 10 or more years of Service terminates employment with a Participating Employer who is also a "Retiree".

"Retiree" means an Employee who is age 50 or older with 10 or more years of Service when his employment terminated with a Participating Employer and is eligible to receive a pension under the Dow Employees' Pension Plan and was a Participant in the Program on the day preceding Retirement. An Employee who is receiving, or has received a benefit, under the 1993 Special Separation Payment Plan who is 50 or older at the time he leaves active employment with Dow, regardless of years of Service, is also a "Retiree".

"Retiree" also means an Employee who is age 50 or older with 10 or more years of Service when his employment terminated with a Participating Employer, terminated employment with the Participating Employer on or after February 6, 2003, is eligible to receive a pension under the terms of the Union Carbide Employees' Pension Plan, and was a Participant in the Program on the day preceding termination of employment with the Participating Employer.

"Retiree" also means an Employee who was enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan, terminated employment with Dow Chemical Canada Inc. on or after October 1, 2003 at age 50 or older with 10 or more years of Service, is eligible to receive a pension from the pension plan sponsored by Dow Chemical Canada Inc., and signed a waiver of all his rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between himself and The Dow Chemical Company.

"Salaried" means an individual who is not represented by a collective bargaining unit.

"Service" means:
With respect to a Retiree who is eligible to receive a pension from the Dow Employees' Pension Plan, "Service" means either Eligibility Service" or "Credited Service" recognized under the Dow Employees' Pension Plan, whichever is greater. With respect to a Retiree who is eligible to receive a pension from the Union Carbide Employees' Pension Plan, "Service" means "Eligibility Service" or "Credited Service" recognized under the Union Carbide Employees' Pension Plan, whichever is greater.

"Spouse" means a person who is Married to the Employee.

"SPD" means the Summary Plan Description.

The Dow Chemical Company
Retiree Life Insurance Plans
for Salaried Retirees and Retirees of Certain Hourly Groups
Summary Plan Description for:

Retiree Company-Paid Life Insurance Plan
Retiree Optional Life Insurance Plan
Retiree Dependent Life Insurance Plan

Applicable to Employees hired prior to January 1, 2008

Amended and Restated October 21, 2008
To be effective December 1, 2008 and thereafter until superseded

This Summary Plan Description (SPD) is updated from time to time on the Dow Intranet:

See also the DowFriends edition that contains Choices enrollment brochures, which are published annually, for summaries of the most recent modifications to this SPD. Copies of updated SPDs can be found at the Dow Intranet address above, or by requesting a copy from the Retiree Service Center, Employee Development Center, Midland, MI 48674, telephone 800-344-0661 or 989-636-0977. Summaries of modifications may also be published from time to time in DowFriends or by separate letter.

(includes Michigan Hourly Retiree Optional Life Group)

Overview

Three life insurance benefit plans are available to eligible Retirees and their families: Retiree Company-Paid Life Insurance Plan, Retiree Optional Life Insurance Plan and Retiree Dependent Life Insurance Plan (hereafter collectively referred to as the "Plans" or individually as "Plan"). This is the Summary Plan Description (SPD) for these plans. Different eligibility and coverage levels will apply depending on whether you are a Retired Salaried Employee or a Retired Hourly Employee. Also, there are differences among the various Hourly groups. Special rules also apply to Retired Split Dollar Participants, Post-65 Executive Life Participants and Disability Retirees.

Chapter One applies to The Dow Chemical Company Group Life Insurance Program's Retiree Company-Paid Life Insurance Plan ("Retiree Company-Paid Life Insurance Plan"). The Retiree Company-Paid Life Insurance Plan is sponsored and administered by The Dow Chemical Company. It is part of The Dow Chemical Company Group Life Insurance Program (ERISA Plan #507). It provides group term life insurance underwritten by Metropolitan Life Insurance Company ("MetLife").

Chapter Two applies to The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program's Retiree Optional Life Insurance Plan ("Retiree Optional Life Insurance Plan"). The Retiree Optional Life Insurance Plan is sponsored and administered by The Dow Chemical Company. Premiums are paid by the Retiree. It is part of The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program (ERISA Plan #515). It provides group term life insurance underwritten by MetLife.

Chapter Three applies to The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program's Retiree Dependent Life Insurance Plan ("Retiree Dependent Life Insurance Plan"). The Retiree Dependent Life Insurance Plan is sponsored and administered by The Dow Chemical Company. It is part of The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program. It provides group term life insurance underwritten by MetLife. The premium is paid by the Retiree. Coverage may be provided for eligible Dependents

Please review the information in this SPD carefully to become familiar with your benefit plans, guidelines, rights and responsibilities. Words that are capitalized are either defined in this SPD or in the Plan Documents for The Dow Chemical Company Group Insurance Program (for the Retiree Company-Paid Life Insurance Plan) and The Dow Chemical Company Employee Paid and Dependent Life Insurance Program (for the Retiree Optional Life Insurance Plan and the Retiree Dependent Life Insurance Plan). The Plan Documents include the applicable insurance policies and insurance certificates. The Plan Documents are available upon request. Contact the Plan Administrator listed in the *ERISA Information* section.

References to "Dow" and "Participating Employers" are used interchangeably, and both refer collectively to The Dow Chemical Company and the subsidiaries and affiliates of The Dow Chemical Company that are authorized to participate in the Plans. The "Company" means The Dow Chemical Company.

Chapter One:
The Retiree Company-Paid Life Insurance Plan

As of January 1, 2005, the following plans of The Dow Chemical Company Group Life Insurance Program were merged into The Dow Chemical Company Group Life Insurance Program's Retiree Company-Paid Life Insurance Plan: Michigan Hourly Retiree Company-Paid Life Insurance Plan; Texas Operations Hourly Basic Life Insurance Plan; Hampshire Hourly Retiree Company-Paid Life Insurance Plan; Hampshire Chemical Corporation Hourly Retiree Company-Paid Life Insurance Plan for Retirees Who Retired Between March 1, 1988 and January 1, 1999; Hampshire Chemical Corporation Hourly Retiree Company-Paid Life Insurance Plan (Waterloo); and ANGUS Hourly Retiree Company-Paid Life Insurance Plan. Such plans no longer exist as separate plans, but are now a part of the Retiree Company-Paid Life Insurance Plan. Effective December 31, 2005, the Dow AgroSciences LLC Life Insurance Plan was terminated, and the retiree company-paid life insurance portion of that plan was incorporated into The Dow Chemical Company Group Life Insurance Program's Retiree Company-Paid Life Insurance Plan for those who retired prior to January 1, 2006.

The Retiree Company-Paid Life Insurance Plan is referred to in Chapter One as the "Plan".

Section 1 applies to Retired Salaried Employees and Certain Retired Hourly Employees
Section 2 applies to Retired Michigan Operations Hourly Employees
Section 3 applies to Retired Texas Operations Hourly Employees who retired prior to January 1, 2003
Section 4 applies to Retired Hampshire Waterloo Hourly Employees who retired during a specified period
Section 5 applies to Retired Hampshire Owensboro and Nashua Hourly Employees who retired during a specified period
Section 6 applies to Disability Retirees
Section 7 applies to Retired Split Dollar Participants
Section 8 applies to Post-65 Executive Life Insurance Participants
Section 9 applies to Certain Union Carbide Retirees who retired prior to February 7, 2003
Section 10 applies to Retired Employees of Dow AgroSciences LLC who retired prior to January 1, 2006
Section 11 applies to post January 22, 2007 acquisition new hires
Section 12 through to the remaining sections of Chapter One apply to all persons eligible for coverage under the Plan

Section 1. Retired Salaried Employees and Certain Retired Hourly Employees

Eligibility

Section 1 of Chapter One of this SPD does **NOT** apply to:

- Former Employees who were hired on or after January 1, 2008[1];
- Former Employees who are eligible for any kind of life insurance coverage available to active employees of a Participating Employer, other than accidental death and dismemberment, business travel or occupational accident insurance, are not eligible under this Plan while they are covered under the active employee coverage;
- Hourly Employees who retired from Michigan Operations prior to January 1, 2008;

- Hampshire Hourly Employees who retired from the Waterloo, NY facility on or after March 1, 1988 through December 31, 1999;
- Hampshire Hourly Employees who retired from the Owensboro, KY or Nashua, NH facilities on or after March 1, 1988 through December 31, 1998;
- Texas Operations Employees who retired prior to January 1, 2003;
- Retired Split Dollar Participants;
- Post-65 Executive Life Insurance Participants; and
- Union Carbide Employees who retired prior to February 7, 2003;
- Dow AgroSciences Employees who retired prior to January 1, 2006;
- Poly-Carb Inc. and GNS Employees who Retire;
- Agrigenetics Inc. d/b/a Mycogen Seeds employees who retired prior to January 1, 2001;
- Individuals who were employed by a subsidiary, joint venture, or any other business entity or affiliate that was acquired by, formed by, merged with, or created by the Company on or after January 1, 2008, except as provided in the footnote below [2];
- Poly-Carb Inc. and GNS Employees who retire are not eligible fo this Plan;
- Former Employees who terminated employment from a Participating Employer (other than Americas Styrenics) and were subsequently hired by Americas Styrenics who did not have the required amount of Service to be eligible for the Plan at the time of termination of employment from such Participating Employer; Former Employees of Americas Styrenics who retire from Americas Styrenics, unless they terminated employment from a Participating Employer prior to working for Americas Styrenics and met the age and service requirements of the Plan when they terminated employment from such Participating Employer.

Except for those populations identified above, if you are a Retiree who, on the day preceding your Retirement, were enrolled for coverage under a Company-Paid Life Insurance Plan offered under The Dow Chemical Company Group Life Insurance Program, you are eligible for the coverage described below in *Coverage Amounts for Eligible Salaried and Hourly Retirees*. In order to be a "Retiree", you must meet the definition of "Retiree" under the Plan.

Enrollment

Upon Retirement, you may complete an enrollment form, with coverage effective immediately. If you want to be covered under Plan Option I at age 65, you must complete an enrollment form and return it to the U.S. Benefits Center **within 31 days** of your Retirement. **Failure to return the form within 31 days of your Retirement will result in automatic enrollment in pre-age 65 coverage and Plan Option II at age 65**.

Note: At a later date, you may decrease your coverage option by switching from Plan Option I to Plan Option II; however, you will not be permitted to upgrade your coverage by switching from Plan Option II to Plan Option I, even with proof of insurability.

You may waive coverage. If you want to waive coverage, you must provide written notification to the U.S. Benefits Center. **If you waive coverage, you waive coverage permanently. You may not re-enroll in this Plan at any time in the future.**

Coverage Amounts for Eligible Salaried and Hourly Retirees

Coverage Prior to Age 65

Except for eligible Retirees of Americas Styrenics, until you reach age 65, you will be provided with coverage equal to one times (1x) your base annual salary at time of Retirement[3], rounded up to the next $1000, plus $5000. Currently, the Company pays the cost of this coverage.

If you Retire from Americas Styrenics, and met the eligibility requirements for this Plan at the time you left your prior Participating Employer, the applicable salary for determining your coverage is your salary at the time you left your prior Participating Employer. In addition, if you were an Americas Styrenics Hourly Employee, your annual salary is determined as described in footnote 3. See footnote 3 below.

Coverage Age 65 or older

There are two plan options available to Retirees age 65 and older. Plan Option I requires a monthly Retiree contribution. Currently, Plan Option II is provided at no cost to you. If you Retire from Americas Styrenics, and met the eligibility requirements for this Plan at the time your left your prior Participating Employer, the applicable salary for determining your coverage is your salary at the time you left your prior Participating Employer. See footnote 3 below.

Plan Option I: Beginning on the first of the month following your 65th birthday, your life insurance will equal 1x your base annual salary at time of Retirement[4], rounded up to the next $1,000. At age 66, your coverage amount is reduced 20 percent (of the original amount) each year until age 68. At age 68 and beyond, your coverage amount is equal to one-half your base annual salary., with minimum coverage of $10,000. The following chart summarizes the insurance coverage for Retirees electing Plan Option I:

Age	Coverage Amount
65	1x base salary at time of Retirement[5] ($10,000 minimum)
66	80% of benefit at Retirement[6] ($10,000 minimum)
67	60% of benefit at Retirement[7] ($10,000 minimum)
68+	50% of benefit at Retirement[8] ($10,000 minimum)

Plan Option II: Beginning on the first of the month following your 65th birthday, your life insurance will equal 1x your base annual salary, rounded up to the next $1,000. At age 66, your coverage amount is reduced 20 percent (of the original amount) each year until you reach age 70. At age 70 and beyond, Dow will provide coverage of $5,000. The following chart summarizes the insurance coverage for Retirees electing Plan Option II.

Age	Coverage Amount
65	1x base salary at time of Retirement[9] ($5,000 minimum)
66	80% of benefit at Retirement[10] ($5,000 minimum)
67	60% of benefit at Retirement[11] ($5,000 minimum)
68	40% of benefit at Retirement [12]($5,000 minimum)
69	20% of benefit at Retirement [13]($5,000 minimum)
70+	$5,000

Cost

Prior to Age 65
Currently, Retiree Company-Paid Life Insurance coverage is provided at no cost to you.

Age 65 and Older

Plan Option I: You share the cost of coverage with Dow. Your cost is based on a rate per $1,000 of 1X coverage and is subject to change based on plan experience. Your premium payment is deducted, post-tax, from your monthly pension check. Premiums may vary from year to year. Premium information is communicated in the Choices U.S. Retiree Benefits Enrollment Booklet, and periodically in DowFriends . If you elect not to have your premium deducted from your pension check, you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be canceled.**
Plan Option II: Currently, coverage is provided at no cost to you.

Section 2. Retired Michigan Operations Hourly Employees

Eligibility

If your were hired on or after January 1, 2008, you are not eligible for coverage. If you were hired prior to January 1, 2008, and you are a Retired Michigan Operations Hourly Employee who Retired on or after June 1, 1990 but before January 1, 2008, and you were covered under the Company-Paid Life Insurance Plan on the day preceding your Retirement, you are eligible for the coverage described below under "*Coverage Amounts for Eligible Midland/Ludington Hourly Retirees*".

Coverage Amounts for Eligible Midland/Ludington Hourly Retirees

Prior to Age 65

Until you reach age 65, you will be provided with coverage equal to the amount of coverage you had as an active Hourly Employee under the Company-Paid Life Insurance on the day preceding the date of your Retirement.

Age 65 or older

On or after your 65th birthday, your Retiree Company-Paid Life Insurance benefits will be determined by applying the appropriate percentage from the following table to the amount of your Retiree Company-Paid Life Insurance in effect the date preceding your 65th birthday, with a minimum of $5,000.

Age	Coverage Amount
65	½ x annual pay at time of Retirement ($5,000 minimum)
66	80% of benefit at Retirement ($5,000 minimum)
67	60% of benefit at Retirement ($5,000 minimum)
68	40% of benefit at Retirement ($5,000 minimum)
69	20% of benefit at Retirement ($5,000 minimum)
70+	$5,000

Cost

Currently, the Company pays the cost of this coverage.

Section 3. Retired Texas Operations Employees

Texas Operations Hourly Employees who Retired prior to January 1, 2003, and had Non-Contributory coverage under The Dow Chemical Company Texas Operations Hourly Optional Life Insurance Program are eligible for $10,000 of coverage until age 65. Coverage is reduced to $5000 at age 65. Currently, the Company pays the cost of this coverage.

Section 4. Retired Hampshire Waterloo Hourly Employees

If you retired from Hampshire Chemical Corp. on or after March 1, 1988,through December 31, 1999, at age 62 or older and were represented while an active employee by the United Steelworkers of America AFL-CIO Local Union #7110, a bargaining unit of Hampshire Chemical Corp.'s Waterloo, NY facility,you have $5000 of coverage. Currently, the Company pays the cost of this coverage.

Section 5. Retired Hampshire Owensboro and Nashua Hourly Employees

If you Retired from Hampshire Chemical Corp. between March 1, 1988, and January 1, 1999, and had five or more years of service with W.R. Grace Company and/or Hampshire Chemical Corp. and were represented while an active employee by either the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers (AFL-CIO) Local Lodge 727 (a bargaining unit at Hampshire Chemical Corp.'s Owensboro, Kentucky facility) or the International Chemical Workers Union Council/UFCW, Local No. 952-C (a bargaining unit at Hampshire Chemical Corp.'s Nashua, New Hampshire facility), you are eligible for the coverage described below in *Coverage Amounts for Eligible Hampshire Owensboro and Nashua Hourly Retirees.*

Coverage Amounts for Eligible Hampshire Owensboro and Nashua Hourly Retirees.

If you are an eligible Retiree who was represented by the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers (AFL-CIO) Local Lodge 727 (a bargaining unit at Hampshire Chemical Corp.'s Owensboro, Kentucky facility) while you were an active Employee, your coverage is $6000.

If you are an eligible Retiree who was represented by the International Chemical Workers Union Council/UFCW, Local No. 952-C (a bargaining unit at Hampshire Chemical Corp.'s Nashua, New Hampshire facility) while you were an active Employee, your coverage is $5000.

Cost

Currently, the Company pays the cost of this coverage

Section 6. Disability Retirees

If your were hired on or after January 1, 2008, you are not eligible for coverage.[14]. If you were hired prior to January 1, 2008, and if you are receiving a "disability retirement benefit" from the DEPP component of the Dow Employees' Pension Plan ("DEPP"), as defined under DEPP, and are not a former Texas Operations Hourly Employee who retired prior to January 1, 2003, and you were covered under The Dow Chemical Company Company-Paid Life and/or Employee-Paid Life Insurance Plans on the day preceding your Retirement, you are eligible for the coverage described below in *Coverage Amounts for Disability Retirees*. If you are receiving disability retirement payments from the UCEPP component of the Union Carbide Employees' Pension Plan ("UCEPP") and retired on or after February 7, 2003, you are also eligible for the coverage described below in *Coverage Amounts for Disability Retirees*.

If you are a former Texas Operations Hourly Employee who retired prior to January 1, 2003 receiving a "disability retirement benefit" from the DEPP component of the Dow Employees' Pension Plan ("DEPP"), as defined under DEPP, and you were covered under the Texas Operations Hourly Contributory Optional Life Insurance Plan coverage on the day preceding your Retirement, you are eligible for coverage as described below in *Coverage Amounts for Texas Operations Hourly Disability Retirees*.

If you are receiving disability retirement payments from the DEPP component of the K-Dow Employees' Pension Plan ("K-Dow DEPP"), you are also eligible for the coverage described below in *Coverage Amounts for Disability Retirees*.

Coverage Amounts for Disability Retirees

Pre-65 coverage. If you are a Retiree who is receiving a "disability retirement benefit" from DEPP, UCEPP or K-Dow DEPP, as defined under DEPP, UCEPP or K-Dow DEPP, respectively, you will be provided with Retiree Company-Paid Life coverage equal to the coverage you had as an active employee. Until age 65, additional coverage equal to 1/2 x or 1x your base annual pay at Retirement[15], rounded up to the next $1000, is provided if you were previously enrolled for at least that amount of Employee-Paid Life coverage as an active employee. Coverage is contingent on you continuing to meet the requirements to receive disability retirement benefits from DEPP, UCEPP, or K-Dow DEPP, whichever is applicable. If your DEPP disability retirement effective date is **prior to January 1, 2006** (or your UCEPP disability retirement effective date is on or after February 7, 2003 and prior to January 1, 2006), this additional coverage is currently provided at no cost to you.

Age 65 and older. If you are: (1) a disability retiree under DEPP or UCEPP, and (2) your DEPP disability retirement effective date is **prior to January 1, 2006** (or your UCEPP disability retirement effective date is on or after February 7, 2003 and prior to January 1, 2006), and (3) you are not a Texas Operations Hourly Employee who began receiving Disability Retirement from DEPP prior to January 1, 2003, and (4) you were covered under the Dow Company-Paid Life Insurance Plan on the day preceding your Retirement, then you are covered under Plan Option I if you enrolled for Option I at time of Retirement. Coverage is contingent on you continuing to meet the requirements to receive disability retirement benefits from DEPP or UCEPP. Currently, this coverage is provided at no cost to you.

Coverage Amounts for Texas Operations Hourly Disability Retirees

Retired Prior to January 1, 1997

If you are a former Texas Operations Hourly Employee who retired prior to January 1, 1997 receiving a "disability retirement benefit" from the DEPP component of the Dow Employees' Pension Plan ("DEPP"), as defined under DEPP, and you were covered under the Texas Operations Hourly Contributory Optional Life Insurance Plan coverage on the day preceding your Retirement, you are eligible for coverage.

Retirees Less than Age 65:

Coverage equal to the amount you had as an active employee under the Texas Operations Hourly Contributory Optional Life Insurance Plan was provided until the first of the month following your 65th birthday.

Retirees Age 65 or Older:

If prior to age 65 your coverage amount was equal to or greater than $30,000, coverage will be $25,000 beginning on the first of the month following your 65th birthday. The amount of coverage is reduced each year with the minimum amount at age 68 of $10,000. Once coverage is waived or terminated, it cannot be reinstated.

Age 65	$25,000
Age 66	$20,000
Age 67	$15,000
Age 68 & After	$10,000

Retired on or after January 1, 1997 through December 31, 2002

If you are a former Texas Operations Hourly Employee who retired on or after January 1, 1997 through December 31, 2002, and are receiving a "disability retirement benefit" from the DEPP component of the Dow Employees' Pension Plan ("DEPP"), as defined under DEPP, and you were covered under the Texas Operations Hourly Contributory Optional Life Insurance Plan coverage on the day preceding your Retirement, you are eligible for coverage.

Retirees Less than Age 65:

Coverage was provided in increments of $10,000, subject to a minimum of $10,000 and a maximum of either $60,000, or one-half the amount of Optional Contributory coverage in effect on the day preceding Retirement, whichever is less. Once coverage is waived or terminated, it cannot be reinstated

Retirees Age 65 or Older:

If prior to age 65, your coverage amount was equal to or greater than $30,000 coverage will be $25,000 beginning on the first of the month following your 65th birthday. The amount of covearge is reduced each year with the minimum amount at age 68 of $10,000. Once coverage is waived or terminated, it cannot be reinstated.

Age 65	$25,000
Age 66	$20,000
Age 67	$15,000
Age 68 & After	$10,000

Section 7. Retired Split Dollar Participants

A "Retired Split Dollar Participant" is eligible for the coverage described below in *Coverage Amount for Eligible Split Dollar Retirees*. A "Retired Split Dollar Participant" is defined as a person who meets the requirements of one of the following:

i. A person who: (a) was a Retiree on or before September 30, 2003, and (b) was enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan on or before September 30, 2003, and (c) signed a waiver of all his or her rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between him or her and The Dow Chemical Company; or

ii. A person who: (a) was a Retiree on or before October 31, 2003, and (b) was enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2003, and (c) for whom the Agreement and Collateral Assignment between him or her and Union Carbide Corporation was terminated on or about October 31, 2003, and (d) whose coverage level under the Union Carbide Executive Life Insurance Plan just prior to termination of the Agreement and Collateral Assignment was two times his or her annual salary, for which he or she had to pay a premium; or

iii. A person who: (a) was an active Employee on September 30, 2002, and (b) was enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan on September 30, 2002, and (c) signed a waiver of all his or her rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between him or her and The Dow Chemical Company, and (d) on the day preceding his or her Retirement, was covered under the

Company-Paid Life Insurance Plan component of The Dow Chemical Company Group Life Insurance Program that is available to active Employees, and (e) is now a Retiree; or

iv. A person who: (a) was an active Employee on or before October 31, 2002, and (b) was enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2002, and (c) for whom the Agreement and Collateral Assignment between him or her and Union Carbide Corporation was terminated on or about October 31, 2002, and (d) on the day preceding his or her Retirement, was covered under the Company-Paid Life Insurance Plan component of The Dow Chemical Company Group Life Insurance Program that is available to active Employees, and (e) is now a Retiree; or

v. A person who: (a) was an active Employee on October 31, 2003, and (b) was enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2003, and (c) for whom the Agreement and Collateral Assignment between him or her and Union Carbide Corporation was terminated on or about October 31, 2003, and (d) whose coverage level under the Union Carbide Executive Life Insurance Plan just prior to termination of the Agreement and Collateral Assignment was two times his or her annual salary, for which he or she had to pay a premium, and (e) on the day preceding his or her Retirement, was covered under the Company-Paid Life Insurance Plan component of The Dow Chemical Company Group Life Insurance Program that is available to active Employees, and (f) is now a Retiree; or

vi. A person who: (a) was a Retiree on or before October 31, 2003, and (b) was enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2005, and (c) for whom the Agreement and Collateral Assignment between him or her and Union Carbide Corporation was terminated on or about October 31, 2005, and (d) whose coverage level under the Union Carbide Executive Life Insurance Plan just prior to termination of the Agreement and Collateral Assignment was two times his or her annual salary, for which he or she had to pay a premium, or

vii. A person who is not described in viabove, and (a) was a Retiree on or before October 31, 2003, and (b) was enrolled in the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2005, and (c) for whom the Agreement and Collateral Assignment between him or her and Union Carbide Corporation was terminated on or about October 31, 2005. For purposes of the Plan, "1X" means either 1 times your final annual salary at Union Carbide or 40% of your final annual salary at Union Carbide, or 2 times your final annual salary at Union Carbide, depending on the amount of coverage you had under the Union Carbide Corporation Executive Life Insurance Plan on October 31, 2005.

Enrollment

Retired Split Dollar Participants who were active Employees at the time their split dollar agreement was terminated, are required to submit an enrollment form at the time they Retire. Failure to return the form within 31 days of Retirement will result in automatic enrollment at the same coverage level you had as an active Employee under Company-Paid Life Insurance (1x coverage).

Coverage Amount for Eligible Split Dollar Retirees

Except for a person described in Section 7(vii), a Retired Split Dollar Participant has 1 times (1x) his or her final annual salary at the time of Retirement[16], which will continue until death. However, if you elect to waive this special 1x coverage, you will not be allowed to re-enroll in the future. With respect to a person described in Section 7 (vii), a Retired Split Dollar Participant has an amount of coverage equal to 1x, as defined in Section 7 (vii).

Cost

Currently, the Company pays the cost of this coverage.

Section 8. Post-65 Executive Life Insurance Participants

A "Post-65 Executive Life Insurance Participant" is a person who was notified prior to 1989 of their eligibility for Post-65 Executive Life Insurance, who subsequently retired and completed a Post-65 Executive Life Insurance election form, and did not later enroll in The Dow Chemical Company Executive Split Dollar Life Insurance Plan.

Enrollment

Post-65 Executive Life Insurance Coverage is closed to new enrollments.

Coverage Amount for Post-65 Executive Life Insurance Participants

Effective with their 65th birthday, a Post-65 Executive Life Insurance Participant has coverage equal to two times (2x) their final pay up to a maximum of two million dollars. This coverage will continue until death, as long as the required premiums are paid.

Cost

Currently, the cost of this coverage is shared by the Retiree and the Company. The Retiree's contribution, which is based on 1x of coverage is currently $1.62 per thousand. Premiums are subject to change. If your premiums are not automatically deducted from payments from the Dow Employees' Pension Plan ("DEPP"), you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be canceled.**

End of Coverage

You will retain a one-time option to discontinue coverage under this program and obtain coverage applicable to a Retiree of like age under the Retiree Company-Paid Life Insurance Plan described under Section 1. However, there will be no refund of premiums paid under the Post-65 Executive Life Insurance program.

Section 9. Retired Union Carbide Employees

If you Retired prior to February 7, 2003, you are covered under The Dow Chemical Company Group Life Insurance Program's Union Carbide Subsidiary Basic Life Insurance Plan. You are not eligible for coverage under The Dow Chemical Company Group Life Insurance Program's Company-Paid Life Insurance Plan.

Section 10. Retired Dow AgroSciences Employees

If you retired prior to January 1, 2006 under the Dow AgroSciences Pension Plan, you are eligible for coverage equal to one times (1x) your annual base salary at time of retirement, rounded up to the next $1000, until you reach age 66. At age 66, coverage will decrease 20% each year until you either reach age 70 or until the coverage amount is reduced to $10,000, whichever occurs first.

Enrollment

Coverage for Retired Dow AgroSciences Employees under this section is closed to new enrollments.

Cost

Currently, the Company pays the cost of this coverage.

Section 11. General Eligibility Information

Check the Plan Document, which addresses unusual situations, such as mergers and acquisitions, for additional eligible retiree populations.

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants.

If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan or have been told that you are not, see the *Claims Procedures Appendix* of this SPD.

You may waive coverage. If you want to waive coverage, you must provide written notification to the U.S. Benefits Center. If you waive coverage, you waive all future rights to re-enroll for coverage.

Section 12. Reporting Imputed Income

Except for Retired Split Dollar Participants and Post-65 Executive Life Insurance Participants, the Internal Revenue Code allows the cost for the first $50,000 of Retiree Company-Paid Life Insurance Plan coverage to be excluded from taxable income. Any imputed income resulting from your life insurance coverage will be reported to the IRS along with your annual pension income information.

The imputed income is determined based on a Uniform Premium Table established by the federal government.

If you are a retired Michigan Operations Hourly Employee who retired prior to January 1, 2008, the cost of your combined Company-Paid Life and Employee-Paid Life in excess of $50,000 is taxable income and is determined based on the Uniform Premium Table established by the federal government.

If your Retiree Company Paid Life coverage is greater than $50,000, and you want to decrease the amount of coverage from 1X to $50,000, you may elect to do so by contacting the Retiree Service Center. The age 65 and older reduction factors will be applied to the $50,000 amount, instead of the original Retiree Company-Paid Life amount. Once coverage is reduced, it may not be reinstated.

Section 13. Naming Your Beneficiary

If you did not register your beneficiary information with MetLife at www.MetLife.com/MyBenefits, or by mailing the appropriate beneficiary form to the MetLife Recordkeeping Center while an active employee, you must do so upon retirement; MetLife became the record keeper for Retiree Life Insurance beneficiary designations effective June 1, 2008. **Beneficiary information previously recorded at the DowBenefits Center was not transferred to MetLife.**

If you do not name a beneficiary, your Retiree Company-Paid Life Insurance benefit will be paid to the person you designated under the active employee Company-Paid Life Insurance Plan. If you do not name a beneficiary and you did not designate a beneficiary under the active employee Company-Paid Life Insurance Plan, MetLife may determine the beneficiary to be one or more of the following who survive you:

- Your Spouse or Domestic Partner; or
- Your children; or
- Your parent(s); or
- Your sibling(s).

If you fail to name a beneficiary and you did not designate a beneficiary under the active employee Company-Paid Life Insurance Plan, instead of making payment to any of the above, MetLife may pay your estate. Your failure to designate a beneficiary may delay the payment of funds.

If you wish to change your beneficiary designation, or need to register for the first time, you can do so via the Internet at www.MetLife.com/MyBenefits, or www.dowfriends.com. If you prefer, you can request forms by calling MetLife Customer Service toll-free at (866) 492-6983, Monday – Friday, 8:00 am – 11:00 pm (ET). A life event (such as marriage/domestic partnership, divorce/termination of domestic partnership, etc.) may signal a need to change your beneficiary.

Section 14. Benefit Payment

In the event of your death, your beneficiary should contact the Retiree Service Center. A certified death certificate must be provided to MetLife to disburse the life insurance proceeds. See *Claims Procedures Appendix* of this SPD. Contact the Retiree Service Center at 1-800-344-0661.

Section 15. Accelerated Benefit Option (ABO)

Under the Accelerated Benefit Option (ABO), if you have been diagnosed as terminally ill with 12 months or less to live, you may be eligible to receive up to 80% of your Retiree Company-Paid Life Insurance and Retiree Optional Life Insurance benefits before death if certain requirements are met. Having access to life proceeds at this important time could help ease financial and emotional burdens. In order to apply for ABO, you must be covered for at least $10,000 from your Retiree

Company-Paid Life Insurance and/or Retiree Optional Life Insurance. You may receive an accelerated benefit of up to 80 percent (minimum $5,000 and maximum $500,000) of your Retiree Company-Paid Life Insurance and/or Retiree Optional Life Insurance benefit. An accelerated benefit is payable in a lump sum and can be elected only once. The death benefit will be reduced by the amount of accelerated beneft paid. Accelerated benefits are not permitted if you have assigned your life insurance benefit to another individual or to a trust.

The accelerated life insurance benefits are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986, as amended. If the accelerated benefits qualify for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Payment of the accelerated benefit will be subject to state taxes and regulations. Tax laws relating to accelerated benefits are complex. You are advised to consult with a qualified tax advisor.

Receipt of accelerated benefits may affect your eligibility, or that of your spouse/domestic partner or your family, for public assistance programs such as medical assistance (Medicaid), Aid to Families and Dependent Children (AFDC), Supplemental Security Income (SSI), and drug assistance programs. You are advised to consult with social services agencies concerning the effect receipt of accelerated benefits will have on public assistance eligibility for you, your spouse/domestic partner or your family. In the event your life insurance coverage ends or is reduced in the future, the amount of coverage you may be eligible to convert or port will be reduced by the amount of the accelerated benefit received.

If you would like to apply for the Accelerate Benefit Option, a claim form can be obtained from the Retiree Service Center at 1-800-344-0661 and must be completed and returned for evaluation and approval by MetLife.

Section 16. Funding

The Plan is funded by an insurance policy underwritten by Metropolitan Life Insurance Company ("MetLife").

Except for Plan Option I, the Participating Employers currently pay the entire cost of the Retiree Company-Paid Life Insurance Plan. For Plan Option I, the Retiree and the Participating Employer share the cost. The insurance carrier underwriting the Plans may combine the experience for the policy with other policies held by Dow. This means that the costs of these coverages may be determined on a combined basis, and the costs accumulated from year to year. Favorable experience under one ore more coverages in a particular year may offset unfavorable experience on other coverages in the same year or offset unfavorable experience of coverages in prior years. Policy dividends declared by the insurer for the Retiree Company-Paid Life Insurance Plan attributable to Dow's premiums are used to reduce Dow's cost for the coverage in the same and prior years.

Section 17. Your Rights

You have certain rights under the Plan and are entitled to certain information by law. Be sure to review the *Filing a Claim* section, *Appealing a Denial of Claims* section, *Fraud Against the Plan* section, *Grievance Procedure* section, *Your Legal Rights* section, *Welfare Benefits* section, *the Company's Right to Amend, Modify and Terminate the Plans* section, *Disposition of Plan Assets if the Plan is Terminated* section, *For More Information* section, *Important Note* section and *ERISA Information* section at the end of this SPD.

Section 18. Ending Coverage

Your Retiree Company-Paid Life Insurance coverage ends on the earlier of:

The date the Group Policy ends;
The date you no longer meet the eligibility requirements of the Plan; or
The date you elect to terminate your coverage.

Section 19. Converting to an Individual Policy

If your Company-Paid Life Insurance coverage ends because you elect to terminate your coverage or you are longer meet the eligibility requirements of the Plan, your coverage may be converted to an individual non-term policy through MetLife, Inc. The maximum amount of insurance that may be elected for the new policy is the amount of Company-Paid Life Insurance in effect for you under the Company-Paid Life Insurance Plan on:

- the date you elected to terminate your coverage; or
- the date you no longer meet the eligibility requirements of the Plan.

- If your Company-Paid Life Insurance coverage ends because Dow has cancelled the Company-Paid Life Insurance coverage under the MetLife group life insurance policy, or Dow has amended the Company-Paid Life Insurance Plan to exclude coverage for your eligible group, you may convert your Company-Paid Life Insurance coverage to an individual non-term MetLife policy; provided you have been covered under the Company-Paid Life Insurance Plan for at least 5 years immediately prior to losing coverage under the Company-Paid Life Insurance Plan. The amount you may convert is limited to the lesser of:
- the amount of Company-Paid Life Insurance for you that ends under the Group Policy less the amount of life insurance for which you become eligible under any group policy within 31 days after the date insurance ends under the Group Policy; or
- $2,000.

You must file a conversion application with MetLife and make the required premium payment to MetLife within 31 days of the date your Dow coverage is lost or decreases. Contact the Dow Retiree Service Center to obtain a form for converting your coverage. Once you have obtained the form, contact the MetLife Conversion Group at 1-877- 275-6387 to file your form, or to obtain further information. You are responsible for initiating the conversion process within the appropriate timeframes.

The cost of this individual coverage will probably be significantly higher than your group plan. Although not required, providing proof of insurability may help reduce your cost.

Chapter Two: Retiree Optional Life Insurance Plan

As of January 1, 2005, the following plans were merged into the Retiree Optional Life Insurance Plan: The Dow Chemical Company Texas Operations Hourly Optional Life Insurance Program's Retiree Optional Life Insurance Plan; Hampshire Chemical Corporation Hourly Optional Group Life Insurance Program's Pre-65 Retiree Optional Life Insurance Plan; Hampshire Chemical Corporation Hourly Optional Group Life Insurance Program's Retiree Optional Life Insurance plan (Waterloo); and ANGUS Chemical Company Hourly Optional Group Life Insurance Program's Pre-65 Retiree Optional Life Insurance Plan. Such plans no longer exist as separate plans, but are now a part of the Retiree Optional Life Insurance Plan. Effective December 31, 2005, the Dow AgroSciences LLC Life Insurance Plan was terminated, and the optional retiree life insurance portion of that plan was incorporated into The Dow Chemical Company Group Life Insurance Program's Retiree Optional Life Insurance Plan for those who retired prior to January 1, 2006. Effective January 1, 2008, the Midland and Ludington Hourly Pre-65 Retiree Optional Life Insurance Plan was incorporated into The Dow Chemical Company Group Life Insurance Program's Retiree Optional Life Insurance Plan for those who retired prior to June 1, 1990, and for those who retired on or after June 1, 1990 provided that their hire date was prior to January 1, 2008. Group Policies 11700-G-09 and 11700-G-67 for the Michigan Hourly Optional Life Insurance Program were merged into 11700-G.

The Retiree Optional Life Insurance Plan is referred to in Chapter Two as the "Plan".

Section 1 applies to Retired Salaried Employees and Certain Retired Hourly Employees
Section 2 applies to Retired Texas Operations Hourly Employees who retired during a specified period
Section 3 applies to Retired Hampshire Waterloo Hourly Employees who retired during a specified period
Section 4 applies to Disability Retirees
Section 5 applies to Retired Split Dollar Participants
Section 6 applies to Certain Union Carbide Retirees who retired prior to February 7, 2003
Section 7 applies to Retired Employees of Dow AgroSciences LLC who retired prior to January 1, 2006
Section 8 applies to Retired Michigan Operations Hourly Retirees who retired prior to January 1, 2008
Section 9 through to the remaining sections of Chapter Two apply to all persons eligible for coverage under the Plan

Section 1. Retired Salaried Employees and Certain Retired Hourly Employees

Eligibility

Section 1 of Chapter Two of this SPD does **NOT** apply to:

- Former Employees who were hired on or after January 1, 2008[17].;
- Former Employees who are eligible for any kind of life insurance coverage available to active employees of a Participating Employer, other than accidental death and dismemberment, business travel or occupational accident insurance, are not eligible under this Plan while they are covered under the active employee coverage;

- Hourly Employees who retired from Michigan Operations prior to January 1, 2008;
- Hampshire Hourly Employees who retired from the Waterloo, NY facility on or after March 1, 1988 through December 31, 1999;
- Hampshire Hourly Employees who retired from the Owensboro, KY or Nashua, NH facilities on or after March 1, 1988 through December 31, 1998;
- Texas Operations Employees who retired prior to prior to January 1, 2003;
- Retired Split Dollar Participants;
- Union Carbide Employees who retired prior to February 7, 2003;
- Dow AgroSciences employees who retired prior to January 1, 2006;
- Poly-Carb Inc. and GNS Employees who Retire;
- Agrigenetics Inc. d/b/a Mycogen Seeds employees who retired prior to January 1, 2001;
- Individuals who were employed by a subsidiary, joint venture, or any other business entity or affiliate that was acquired by, formed,by, merged with, or created by the Company on or after January 1, 2008, except as provided in the footnote below[18];
- Poly-Carb Inc. and GNS Employees who retire are not eligible fo this Plan;
- Former Employees who terminated employment from a Participating Employer (other than Americas Styrenics) and were subsequently hired by Americas Styrenics who did not have the required amount of Service to be eligible for the Plan at the time of termination of employment from such Participating Employer;
- Former Employees of Americas Styrenics who retire from Americas Styrenics, unless they terminated employment from a Participating Employer prior to working for Americas Styrenics and met the age and service requirements of the Plan when they terminated employment from such Participating Employer.

Except for those populations identified above, if you are a Retiree who is less than age 65 and, on the day preceding your Retirement, you were enrolled for coverage under an Employee-Paid Life Insurance Plan sponsored by a Participating Employer, you are eligible for the coverage described below in *Optional Coverage Amounts for Eligible Salaried and Hourly Retirees* without proof of insurability. If you were not previously enrolled, proof of insurability is required. In order to be a "Retiree", you must meet the definitiion of "Retiree" under the Plan.

Enrollment

If you were previously enrolled for Employee-Paid Life Insurance as an active Employee, you may complete an enrollment form upon Retirement, with coverage effective immediately under the Retiree Optional Coverage. You must complete an enrollment form and return it to the U.S. Benefits Center **within 31 days** of your Retirement. **Failure to return the form within 31 days of your Retirement will result in waiver of your coverage**.

If you were not previously enrolled, you must provide proof of insurability. This proof may require a physical examination, at your expense. MetLife will pay for the fee of a paramedical exam, if requested by MetLife, with no cost to the employee/applicant when a MetLife physician is used.

You may decrease or cancel your coverage at any time by completing a new enrollment form and returning it to the Plan..
If you wish to enroll at a later date or increase your coverage amount, proof of insurability will be required.

Optional Coverage Amounts and Costs for Eligible Salaried and Hourly Retirees

You may purchase coverage equal to either 1/2x or 1x your base annual salary at Retirement[19], rounded up to the next $1,000, if you were previously enrolled for at least that amount of coverage as an active employee. Pre-65 Retiree Optional rates are age-related rates. Premium information is communicated annually by the Plan Administrator. Premiums are subject to change. If your premiums are not automatically deducted from payments from the Dow Employees' Pension Plan, or the Union Carbide Employees' Pension Plan, or the K-Dow Employees' Pension Plan, you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be canceled.**

If you were previously enrolled for a lesser amount, proof of insurability will be required. In any case, the maximum coverage available is 1x, rounded up to the next $1,000.

If you Retire from Americas Styrenics, and met the eligibility requirements of the Plan at the time you left your prior Participating Employer, the applicable salary for determining your coverage is your salary at the time you left your prior Participating Employer. In addition, if you were an Americas Styrenics Hourly Employee, your annual salary is determined as described in footnote 19. See footnote 19 below.

End of Coverage

Coverage ends at the end of the month in which you reach age 65. Coverage ends earlier than age 65 if you cancel coverage or fail to pay the required premiums.

Section 2. Retired Texas Operations Employees

Retired on or after October 1, 1992 but prior to January 1, 2003

Texas Operations Hourly Employees who Retired on or after October 1, 1992 but prior to January 1, 2003, and were enrolled on the day preceding their Retirement in the Optional Life Insurance Plan of The Dow Chemical Company Texas Operations Hourly Optional Life Insurance Program are eligible for the coverage.

Retirees Less than Age 65:

Coverage could be purchased in increments of $10,000, subject to a minimum of $10,000 and a maximum of either $60,000, or one-half the amount of Optional Contributory coverage you had in effect on the day preceding your Retirement, whichever is less. Once coverage is waived or terminated, it cannot be reinstated.

Retirees Age 65 or Older:

If you carried an amount equal to or greater than $30,000 prior to age 65 you had the option to purchase $25,000 beginning on the first of the month following your 65th birthday. The amount of insurance is reduced each year with the minimum amount at age 68 of $10,000. Once coverage is waived or terminated, it cannot be reinstated.

Age 65	$25,000
Age 66	$20,000
Age 67	$15,000
Age 68 & After	$10,000

Your premium for Retiree Optional Life Insurance is based on the amount of coverage you select. Your premiums are deducted post-tax from your monthly pension check. Premiums are subject to change. Premium changes are published in DowFriends. If your premiums are not automatically deducted from pension payments from the Dow Employees' Pension Plan (DEPP), formerly known as the Dow Employee Retirement Plan (ERP), you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be cancelled.**

Retired Prior to October 1, 1992

Texas Operations Hourly Employees who Retired prior to October 1, 1992, and were enrolled, on the day preceding their Retirement, in the Optional Life Insurance Plan of The Dow Chemical Company Texas Operations Hourly Optional Life Insurance Program are eligible for the coverage.

Retirees Less than Age 65:

Coverage could be purchased for half the amount of coverage you had as an active Employee under the Optional Contributory plan, up to $25,000 until age 65. Once coverage is waived or terminated, it cannot be reinstated.

Retirees Age 65 or Older:

If you carried an amount equal to or greater than $30,000 prior to age 65 you had the option of purchase $25,000 beginning on the first of the month following your 65th birthday. The amount of insurance is reduced each year with the minimum amount at age 68 of $10,000. Once coverage is waived or terminated, it cannot be reinstated.

Age 65	$25,000
Age 66	$20,000
Age 67	$15,000
Age 68 & After	$10,000

If you carried an amount equal to $20,000 prior to age 65 you had the option to purchase $20,000 beginning on the first of the month following your 65th birthday. The amount of insurance is reduced each year with the minimum amount at age 68 of $10,000. Once coverage is waived or terminated, it cannot be reinstated.

Age 65	$20,000
Age 66	$20,000
Age 67	$15,000
Age 68 & After	$10,000

Your premium for Retiree Optional Life Insurance is based on the amount of coverage you select. Your premiums are deducted post-tax from your monthly pension check. Premiums are subject to change. Premium changes are published in DowFriends. If your premiums are not automatically deducted from pension payments from the Dow Employees' Pension Plan (DEPP), formerly known as the Dow Employee Retirement Plan (ERP), you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be cancelled.**

Section 3. Retired Hampshire Waterloo Hourly Employees

If you retired from Hampshire Chemical Corp. on or after March 1, 1988,through December 31, 1999, at age 55 or older and were represented while an active employee by the United Steelworkers of America AFL-CIO Local Union #7110, a bargaining unit of Hampshire Chemical Corp.'s Waterloo, NY facility, and you were enrolled in Hampshire Chemical Corp. supplemental employee paid life insurance coverage on the day preceding your retirement, you are eligible for the amount of optional life insurance you had on the day preceding your retirement, ie., $2500, $5000, $7500, or $13,000. You are required to pay the premiums. Premiums are subject to change. Changes to premiums are published in DowFriends. If your premiums are not automatically deducted from payments from your pension, you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be cancelled.**

Section 4. Disability Retirees

If your were hired on or after January 1, 2008, you are not eligible for coverage[20]. If you were hired prior to January 1, 2008, and if you are receiving a "disability retirement benefit" from the DEPP component of the Dow Employees' Pension Plan ("DEPP"), as defined under DEPP, and you are not a former Texas Operations Hourly Employee, and you were covered under The Dow Chemical Company Employee-Paid Life Insurance Plan on the day preceding your Retirement, you are eligible for the coverage described below in *Coverage Amounts for Disability Retirees.*

If you are receiving a "disability retirement benefit" from the UCEPP component of the Union Carbide Employees' Pension Plan ("UCEPP"), as defined under UCEPP, on or after February 7, 2003, and you were covered under The Dow Chemical Company Employee-Paid Life Insurance Plan on the day preceding your Retirement, you are also eligible for the coverage described below in *Coverage Amounts for Disability Retirees.*

If you are receiving a "disability retirement benefit" from the DEPP component of the K-Dow Employees' Pension Plan ("K-Dow DEPP), as defined under K-Dow DEPP, and you were covered under The Dow Chemical Company Employee-Paid Life Insurance Plan on the day preceding your Retirement, you are also eligible for the coverage described below in *Coverage Amounts for Disability Retirees.*

Coverage Amounts for Disability Retirees

Pre-65 coverage.

Disability on or after January 1, 2006: Effective January 1, 2006, if you are a disability retiree under DEPP, UCEPP or K-Dow DEPP, and your disability retirement effective date is on or after January 1, 2006, your eligibility, coverage amounts and costs are the same as Retirees who are not receiving a "disability retirement benefit" under DEPP or UCEPP or K-Dow DEPP. See Chapter Two, Section 1 of this SPD.

Disability prior to January 1, 2006: See Chapter One, Section 6 of this SPD.

Age 65 and older.

Disability on or after January 1, 2006: Effective January 1, 2006, if you are a disability retiree under DEPP, UCEPP or K-Dow DEPP, and your disability retirement effective date is on or after January 1, 2006, your eligibility, coverage amounts and costs are the same as Retirees who are not receiving a Disability Retirement under DEPP or UCEPP or K-Dow DEPP.

Disability prior to January 1, 2006: See Chapter One, Section 6 of this SPD.

Section 5. Retired Split Dollar Participants

Except for those described in Section 7 (vii) of Chapter One: Company Paid Life Insurance Plan in this SPD, Retired Split Dollar Participants are eligible for 1x Split Dollar Equivalent Coverage if they elected to purchase the 1x Employee-paid or Retiree-paid split dollar replacement coverage ("1x Split Dollar Equivalent Coverage") at the time it was offered to them when their split dollar agreements were terminated, and they continue to pay the premiums for that coverage. For the definition of "Retired Split Dollar Participants" see Chapter One of this SPD, Section 7 entitled *Retired Split Dollar Participants* . Retired Split Dollar Participants described in Section 7(vii) of Chapter One are not eligible for coverage under the Retiree Optional Life Insurance Plan.

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants.

If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan or have been told that you are not, see the *Claims Procedures Appendix* of this SPD.

Enrollment

If you are a Retired Split Dollar Participant who was an active Employee at the time your split dollar agreement was terminated, and you are paying premiums for the 1x Split Dollar Equivalent Coverage, you are required to submit an enrollment form at the time you Retire if you wish to continue the 1x Split Dollar Equivalent Coverage as a Retiree. **Failure to return the form within 31 days of your Retirement will result in automatic enrollment in the 1x Split Dollar Equivalent Coverage.** If you waived the 1x Split Dollar Equivalent Coverage at the time your split dollar agreement was terminated, or if such coverage was waived or cancelled after your split dollar agreement was terminated, you may not subsequently enroll for such coverage at any time.

Costs

You pay the premium for coverage. The cost for coverage is subject to change, according to Plan experience. Premiums are subject to change. If your premiums are not automatically deducted from payments from the Dow Employees' Pension Plan or the Union Carbide Employees' Pension Plan, or K-Dow Employees' Pension Plan, you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be canceled.**

Coverage Levels

Coverage is 1x of your final annual salary[21] rounded up to the next $1,000.

End of Coverage

1x Split Dollar Equivalent Coverage ends if you cancel coverage or fail to pay the required premiums.

Section 6. **Retired Union Carbide Employees**

If you Retired prior to February 7, 2003, you are covered under The Dow Chemical Company Group Life Insurance Program's Union Carbide Subsidiary Basic Life Insurance Plan. You are not eligible for coverage under the Retiree Optional Life Insurance Plan.

Section 7. **Retired Dow AgroSciences Employees**

If you Retired prior to January 1, 2006 under the Dow AgroSciences Pension Plan and if you were enrolled in supplemental coverage (1x, 2x, 3x, or 4x) under the Dow AgroSciences LLC Life Insurance Plan as an active Employee on the day preceding your retirement, you may purchase supplemental life insurance coverage equal to one times your annual base salary at the time of your Retirement. You are required to pay the premiums. Premiums are age-related and subject to change. Changes to premiums are published in DowFriends. If your premiums are not automatically deducted from payments from your pension, you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be cancelled.**

Coverage ends at the end of the month in which you reach age 65. Coverage ends earlier than age 65 if you cancel coverage or fail to pay the required premiums.

Section 8. **Closed Group of Retired Michigan Operations Hourly Employees**

Eligibility

If you are a Retired Midland or Ludington Hourly Employee who is less than 65 years of age and you Retired on or after June 1, 1990, but prior to January 1, 2008, you are eligible for Pre-65 Retiree Optional Life Insurance coverage. If you were enrolled in the Employee-Paid Life Insurance Plan on the day preceding your Retirement, you are eligible for continued coverage under this Plan until you reach age 65. If you were not previously enrolled, you must provide proof of insurability to participate in the Plan.

Coverage Levels

At Retirement, you may purchase coverage equal to either 1/2X, 1X or 1 1/2X your base annual hourly rate on the previous December 1, rounded up to the next $1,000, if you were previously enrolled for at least that amount of coverage as an active employee.

If you were previously enrolled for a lesser amount, proof of insurability will be required. In any case, the maximum coverage available is 1 1/2X of your base annual hourly rate on the previous December 1, rounded up to the next $1,000.

Cost

Your premium for Pre-65 Retiree Optional Life Insurance is based on your age and the amount of coverage you select. The cost for coverage is subject to change, according to Plan experience.

Your premiums are deducted post tax from your monthly pension check. Premiums are subject to change. Premium changes are published in Choices and DowFriends. If your premiums are not automatically deducted from pension payments from the Dow Employees' Pension Plan (DEPP), formerly known as the Dow Employee Retirement Plan (ERP), you must pay your premium within 31 days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be canceled.**

If you are receiving a Disability Retirement Benefit from the Dow Employees' Pension Plan, as defined under the Dow Employees' Pension Plan, and you were enrolled in Employee Paid Life Insurance Plan on the day preceding your Retirement, your premium is paid by Dow.

Section 9. **General Eligibility Information**

Check the Plan Document, which addresses unusual situations, such as mergers and acquisitions, for additional eligible retiree populations.

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants.

If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan or have been told that you are not, see the *Claims Procedures Appendix* of this SPD.

Section 10. **Naming Your Beneficiary**

If you did not register your beneficiary information with MetLife at www.MetLife.com/MyBenefits, or by mailing the appropriate beneficiary form to the MetLife Recordkeeping Center while an active employee, you must do so upon retirement, MetLife became the record keeper for Retiree Life Insurance beneficiary designations effective June 1, 2008. **Beneficiary information previously recorded at the DowBenefits Center was not transferred to MetLife.**

If you do not name a beneficiary, your Retiree Optional Life Insurance benefit will be paid to the beneficiary you designated when you were an active Employee under the Employee-Paid Life Insurance Plan. If you did not designate a beneficiary under the Employee-Paid Life Insurance Plan, then the Retiree Optional Life Insurance benefit will be paid to the beneficiary you designated under the Retiree Company-Paid Life Insurance Plan. If you did not name a beneficiary under the Retiree Company-Paid Life Insurance Plan, your Retiree Optional Life Insurance benefit will be paid to the beneficiary you designated under the active employee Company-Paid Life Insurance Plan. If you did not name a beneficiary under the active employee Company-Paid Life Insurance Plan, MetLife may determine the beneficiary to be one or more of the following who survive you:

- Your Spouse or Domestic Partner; or
- Your children; or
- Your parent(s); or
- Your sibling(s).
-

If you did not name a beneficiary under the Retiree Company-Paid Life Insurance Plan or while you were an active employee under the active employee Company-Paid Life Insurance Plan, instead of making payment to any of the above, MetLife may pay your estate. Your failure to designate a beneficiary may delay the payment of funds.

If you wish to change your beneficiary designation, or need to register for the first time, you can do so via the Internet at www.MetLife.com/MyBenefits, or www.dowfriends.com. If you prefer, you can request forms by calling MetLife Customer Service toll-free at (866) 492-6983, Monday – Friday, 8:00 am – 11:00 pm (ET). A life event (such as Marriage/Domestic Partnership, divorce/termination of Domestic Partnership, etc.) may signal a need to change your beneficiary.

Section 11. **Benefit Payment**

In the event of your death, your beneficiary should contact the Retiree Service Center. A certified death certificate must be provided to MetLife to disburse the life insurance proceeds. See *Claims Procedures Appendix* of this SPD. Contact the Retiree Service Center at 1-800-344-0661.

Section 12. **Accelerated Benefit Option (ABO)**

Under the Accelerated Benefit Option (ABO), if you have been diagnosed as terminally ill with 12 months or less to live, you may be eligible to receive up to 80% of your Retiree Company-Paid Life Insurance and Retiree Optional Life Insurance benefits before death if certain requirements are met. Having access to life proceeds at this important time could help ease financial and emotional burdens. In order to apply for ABO, you must be covered for at least $10,000 from your Retiree Company-Paid Life Insurance and/or Retiree Optional Life Insurance. You may receive an accelerated benefit of up to 80 percent (minimum $5,000 and maximum $500,000) of your Retiree Company-Paid Life Insurance and/or Retiree Optional Life Insurance benefit. An accelerated benefit is payable in a lump sum and can be elected only once. The death benefit will be reduced by the amount of accelerated beneft paid. Accelerated benefits are not permitted if you have assigned your life insurance benefit to another individual or to a trust.

The accelerated life insurance benefits are intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986, as amended. If the accelerated benefits qualify for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Payment of the accelerated benefit will be subject to state taxes and regulations. Tax laws relating to accelerated benefits are complex. You are advised to consult with a qualified tax advisor.

Receipt of accelerated benefits may affect your eligibility, or that of your spouse/domestic partner or your family, for public assistance programs such as medical assistance (Medicaid), Aid to Families and Dependent Children (AFDC), Supplemental Security Income (SSI), and drug assistance programs. You are advised to consult with social services agencies concerning the effect receipt of accelerated benefits will have on public assistance eligibility for you, your spouse/domestic partner or your family. In the event your life insurance coverage ends or is reduced in the future, the amount of coverage you may be eligible to convert or port will be reduced by the amount of the accelerated benefit received.

If you would like to apply for the Accelerate Benefit Option, a claim form can be obtained from the Retiree Service Center at 1-800-344-0661 and must be completed and returned for evaluation and approval by MetLife.

Section 13. Funding

The Plan is funded by an insurance policy underwritten by Metropolitan Life Insurance Company ("MetLife"). Retirees pay the entire premium for coverage. The benefits under the Retiree Optional Life Insurance Plan and the Retiree Dependent Life Insurance Plan are not combined for experience with the other insurance coverages. Favorable experience under this insurance coverage in a particular year may offset unfavorable experience in prior years. It is not anticipated that there will be any future dividends declared for the Retiree Optional Life Insurance Plan and the Retiree Dependent Life Insurance Plan based on the manner in which the insurer has determined the premium rates.

Joint Insurance Arrangement

Dorinco Reinsurance Company (Dorinco) and MetLife have entered into an arrangement that has been approved by the U.S. Department of Labor in DOL Opinion Letter 97-24A. Under this arrangement, MetLife has or will write the coverage for the Plan, and Dorinco will assume a percentage of the risk. Under the insurance arrangement between MetLife and Dorinco, MetLife and Dorinco will each be liable to pay the agreed upon percentage of each death benefit claim in respect of a Plan Participant. When a claim for benefits is approved, Dorinco will transfer its percentage of each death benefit claim to Metropolitan. MetLife will then pay the full amount of the claim. If MetLife is financially unable to pay the portion of the claim, Dorinco will be obligated to pay the full amount of the claim directly. Similarly, if Dorinco is financially unable to pay its designated percentage of a particular claim, MetLife will be obligated to pay the entire amount of the claim. Neither MetLife nor Dorinco will charge the Plan any administrative fees, commissions or other consideration as a result of the participation of Dorinco. This joint insurance arrangement does not apply to coverage for Retired Hourly Employees who were employed at Michigan Operations.

Section 14. Your Rights

You have certain rights under the Retiree Optional Life Insurance Plan and are entitled to certain information by law. Be sure to review the *Filing a Claim* section, *Appealing a Denial of Claims* section, *Fraud Against the Plan* section, *Grievance Procedure* section, *Your Legal Rights* section, *Welfare Benefits* section, *Company's Right to Amend, Modify, and Terminate the Plans* section, *Disposition of Plan Assets if the Plan is Terminated* section, *For More Information* section, *Important Note* section and *ERISA Information* section at the end of this SPD.

Section 15. Ending Coverage

Your Retiree Optional Life Insurance coverage ends on the earlier of:

The date the Group Policy ends;
The date you no longer meet the eligibility requirements of the Plan;
The end of the period for which your last premium has been paid; or
The date you elect to terminate your coverage.

Section 16. **Porting Coverage to a Term Life Policy**

When your retiree optional life insurance coverage under the Plan ends, your coverage may be continued on a direct bill basis with MetLife through the portability feature. This feature allows retirees to continue their Group Term Life coverage under a separate group policy without providing proof of insurability. Rates for this coverage are different from the retiree plan rates and the retiree must port a minimum of $20,000 to exercise this option. You have 31 days from the date your coverage ends to apply for Portability. You may continue the same or lesser amount of coverage. For Michigan residents, there is a limit to the amount of coverage you are allowed to port. If you are unable to continue your entire life insurance amount through Portability, you may apply for Conversion of the balance. Contact MetLife at 1-866-492-6983 if you have any questions or want to apply for Portability.

Section 17. **Converting to an Individual Policy**

If your retiree optional life insurance coverage under the Plan ends because you no longer meet the eligibility requirements of the Plan or you elect to terminate your coverage, you may convert the coverage you lost to an individual non-term policy through MetLife. The maximum amount of insurance that may be elected for the new policy is the amount of life insurance in effect for you under the on the date:

- you no longer meet the eligibility requirements under the retiree optional life insurance provisions provided under the MetLife group policy ;or
- the date you elect to terminate your coverage .
- If your coverage under the MetLife group policy ends because Dow cancels its Group Policy with MetLife or Dow amends the eligibility requirements of the Plan to exclude your work group from eligibility for retiree optional life coverage, you may convert to an individual non-term policy rhough MetLife; provided you were insured under the retiree optional life provisions of the MetLife group policy for at least 5 years immediately prior to losing group coverage. The amount you may convert will be limited to the lesser of:
- the amount of life insurance that ends under the MetLife group policy less the amount of life insurance for which you become eligible under any other group policy within 31 days after the date your insurance ends under the MetLife group policy; or
- $2,000.
- . You must file a conversion application with MetLife and make the required premium payment to MetLife within 31 days of the date your Dow coverage is lost or decreases. Contact the Dow Retiree Service Center to obtain a form for converting your coverage. Once you have obtained the form, contact the MetLife Conversion Group at 1-877- 275-6387 to file your form, or to obtain further information. You are responsible for initiating the conversion process within the appropriate timeframes.
- The cost of this individual coverage will probably be significantly higher than your group plan. Although not required, providing proof of insurability may help reduce your cost.

Chapter Three: Retiree Dependent Life Insurance Plan

As of January 1, 2005, the following plans were merged into the Retiree Dependent Life Insurance Plan: The Dow Chemical Company Texas Operations Hourly Optional Life Insurance Program's Retiree Dependent Life Insurance Plan; Hampshire Chemical Corporation Hourly Optional Group Life Insurance Program's Retiree Dependent Life Insurance Plan; and ANGUS Chemical Company Hourly Optional Group Life Insurance Program's Retiree Dependent Life Insurance Plan. Such plans no longer exist as separate plans, but are now a part of the Retiree Dependent Life Insurance Plan. Effective January 1, 2008, the Midland and Ludington Hourly Pre-65 Retiree Dependent Life Insurance Plan was incorporated into The Dow Chemical Company Group Life Insurance Program's Retiree Dependent Life Insurance Plan for those who retired prior to June 1, 1990, and for those who retired on or after June 1, 1990 provided that their hire date was prior to January 1, 2008.

The Retiree Dependent Life Insurance Plan is referred to in Chapter Three as the "Plan".

Section 1 applies to Retired Salaried Employees and Certain Retired Hourly Employees
Section 2 through to the remaining sections of Chapter Three apply to all persons eligible for coverage under the Plan

Section 1. Retired Salaried Employees and Certain Retired Hourly Employees

Eligibility

Section 1 of Chapter Two of this SPD does **NOT** apply to:

- Former Employees who were hired on or after January 1, 2008, except as provided in the footnote below[22].;
- Former Employees who are eligible for any kind of life insurance coverage available to active employees of a Participating Employer, other than accidental death and dismemberment, business travel or occupational accident insurance, are not eligible under this Plan while they are covered under the active employee coverage;
- Hampshire Hourly Employees who retired from the Waterloo, NY facility on or after March 1, 1988 through December 31, 1999;
- Hampshire Hourly Employees who retired from the Owensboro, KY or Nashua, NH facilities on or after March 1, 1988 through December 31, 1998;
- Texas Hourly Employees who retired prior to October 1, 1989; and
- Union Carbide Employees who retired prior to February 7, 2003.
- Dow AgroSciences Employees who retired prior to January 1, 2006;
- Poly-Carb Inc. and GNS Employees who Retire;
- Agrigenetics Inc. d/b/a Mycogen Seeds employees who retired prior to January 1, 2001;
- Individuals who were employed by a subsidiary, joint venture, or any other business entity or affiliate that was acquired by, formed by, merged with, or created by the Company on or after January 1, 2008, except as provided in the footnote below[23];
- Poly-Carb Inc. and GNS Employees who retire are not eligible fo this Plan;
- Former Employees who terminated employment from a Participating Employer (other than Americas Styrenics) and were subsequently hired by Americas Styrenics who did not have the required amount of Service to be eligible for the Plan at the time of termination of employment from such Participating Employer;
- Former Employees of Americas Styrenics who retire from Americas Styrenics, unless they terminated employment from a Participating Employer prior to working for Americas Styrenics and met the age and service requirements of the Plan when they terminated employment from such Participating Employer.

Except for those populations identified above, if you are a Retiree who, on the day preceding Retirement, was enrolled as an active Employee in a Dependent Life Insurance Plan sponsored by a Participating Employer, you are eligible for continued coverage for your Spouse of Record/Domestic Partner of Record and/or Dependent children who were covered under the active employee plan. In order to be a "Retiree", you must meet the definition of "Retiree" under the Plan. If you are a Retired Michigan Hourly Employee you must also Retire on or after January 1, 1990 in order to be eligible for this Plan.

If your Spouse of Record/Domestic Partner of Record is eligible to participate in any dependent life insurance plan sponsored by a Participating Employer, either as a Dow Employee or Retiree, each of you may insure the other but only one of you may enroll for coverage for your dependent children. Double coverage is not allowed.

See Section 3 entitled *Dependent Eligibility* for who may be covered as a Dependent.

Enrollment

If you were previously enrolled for Dependent Life Insurance, complete the Dependent Life Insurance section of the Retiree enrollment form. Your continuation coverage will be effective immediately. You must complete the enrollment form and return it to the U.S. Benefits Center **within 31 days** of your Retirement. **Failure to return the form within 31 days of your Retirement will result in waiver of coverage**.

If you waive coverage when you Retire, you waive all future rights to participate in the Retiree Dependent Life Insurance Plan.

Dependent Coverage Amounts for Eligible Salaried and Hourly Retirees

Spouse of Record/Domestic Partner of Record: If your Spouse of Record/Domestic Partner of Record was covered under your Dependent Life Insurance Plan on the day preceding your Retirement, you may continue coverage equal to $5,000.

Dependent Children: For any Dependent child who was covered under your Dependent Life Insurance Plan on the day preceding your Retirement, you may continue coverage equal to $1,000, as long as he or she continues to meet eligibility requirements.

Cost

You pay the premium for coverage. Your premium for Retiree Dependent Life Insurance is based on the option that you select. The cost for coverage is subject to change, according to Plan experience. Premiums are subject to change. If your premiums are not automatically deducted from payments from the Dow Employees' Pension Plan or the Union Carbide Employees' Pension Plan, or the K-Dow Employees' Pension Plan (whichever is applicable) you must pay your premium within 31days of your bill. **If your payment is not postmarked within 31 days of your bill, your coverage will be cancelled.**

Section 2. General Eligibility Information

If you do not meet the above eligibility criteria, check the Plan Document for additional eligible retiree populations.

The Plan Administrator determines eligibility. The Plan Administrator is a fiduciary to the Plan and has the full discretion to interpret the provisions of the Plan and to make findings of fact. Interpretations and eligibility determination by the Plan Administrator are final and binding on Participants.

If you want to file a Claim for a Determination of Eligibility because you are not sure whether you are eligible to participate in the Plan or have been told that you are not, see the *Claims Procedures Appendix* of this SPD.

Section 3. Dependent Eligibility

You may purchase coverage on the life of your Spouse of Record/Domestic Partner of Record and/or the life of your Dependent child or Dependent children.

Child means your natural child, adopted child or stepchild who is:

- at least 15 days old;
- under age 25 and who is:
- a full-time student at an accredited school, college, or university that is licensed in the jurisdiction where it is located;
- unmarried
- supported by You, and
- not employed on a full-time basis
-

This term does not include any person who:

- is in the military of any country or subdivision of any country;
- lives outside the United States or Canada; or
- is insured under the Group Policy as an employee.

The Plan defines a "Full-Time Student" as a student who is a full-time student at an educational institution at any time during the Plan Year. The determination as to whether a student is full-time is based upon the number of hours or courses which is considered to be full-time by the educational institution.

Generally, a child is NOT a Dependent if he or she is:

- Already covered as a dependent of another Dow Employee or Dow Retiree. All covered children in a family must be enrolled by the same parent.
- Married or ever was married.
- Employed full-time.
- Age 25 years or older.

A Dependent Spouse, Domestic Partner, or child is not eligible if he or she resides outside the United States and Canada, or is in the military.

Section 4. Beneficiary Designation

You are the beneficiary of the Retiree Dependent Life Insurance Plan. This cannot be changed. The benefits will be paid to you if you survive the Dependent.

If you do not survive your Dependent, MetLife may pay one or more of the following who survive you:

- Your Spouse or Domestic Partner; or
- Your children; or
- Your parent(s); or
- Your sibling(s).

If you do not surviving your Dependent, instead of making payment to any of the above, MetLife may pay your estate. Any payment made by MetLife in good faith will discharge the Plan's liability to the extent of such payment.

Section 5. Benefit Payment

In the event of the death of your Spouse of Record/Domestic Partner of Record or Dependent child, contact the Retiree Service Center. A certified death certificate must be provided to MetLife to disburse the life insurance proceeds. See *Claims Procedures Appendix* of this SPD. Your benefit will be paid in a lump sum. Contact the Retiree Service Center at 1-800-344-0661.

Section 6. Funding

Retirees pay the entire premium for coverage. The benefits under the Retiree Optional Life Insurance Plan and the Retiree Dependent Life Insurance Plan are not combined for experience with the other insurance coverages. Favorable experience under this insurance coverage in a particular year may offset unfavorable experience in prior years. It is not anticipated that there will be any future dividends declared for the Retiree Optional Life Insurance Plan and the Retiree Dependent Life Insurance Plan based on the manner in which the insurer has determined the premium rates.

Section 7. Joint Insurance Arrangement

Dorinco Reinsurance Company (Dorinco) and MetLife have entered into an arrangement that has been approved by the U.S. Department of Labor in DOL Opinion Letter 97-24A. Under this arrangement, MetLife has or will write the coverage for the Plan, and Dorinco will assume a percentage of the risk. Under the insurance arrangement between MetLife and Dorinco, MetLife and Dorinco will each be liable to pay the agreed upon percentage of each death benefit claim in respect of a Plan Participant. When a claim for benefits is approved, Dorinco will transfer its percentage of each death benefit claim to MetLife. MetLife will then pay the full amount of the claim. If MetLife is financially unable to pay the portion of the claim, Dorinco will be obligated to pay the full amount of the claim directly. Similarly, if Dorinco is financially unable to pay its designated percentage of a particular claim, MetLife will be obligated to pay the entire amount of the claim. Neither MetLife nor Dorinco will charge the Plan any administrative fees, commissions or other consideration as a result of the participation of Dorinco. This joint insurance arrangement does not apply to coverage for Retired Hourly Employees who were employed at Michigan Operations.

Section 8. Your Rights

You have certain rights under the Retiree Dependent Insurance Plan and are entitled to certain information by law. Be sure to review the *Filing a Claim* section, *Appealing a Denial of Claims* section, *Fraud Against the Plan* section, *Grievance Procedure* section, *Your Legal Rights* section, *Welfare Benefits* section, *Company's Right to Amend, Modify, and Terminate the Plans* section, *Disposition of Plan Assets if the Plan is Terminated* section, *For More Information* section, *Important Note* section and *ERISA Information* section at the end of this SPD.

Section 9. End of Coverage

Your Retiree Dependent Life Insurance coverage ends on the earlier of:

- The date the Group Policy ends;
- The date 31 days following the date of your death;
- The date 31 days following the date you no longer meet the eligibility requirements of the Plan;
- The date 31 days following the date your Spouse of Record/Domestic Partner of Record or Dependent child no longer meet the eligibility requirements of the Plan;
- The end of the period for which your last premium has been paid; or
- The date you elect to terminate your Spouse of Record/Domestic Partner of Record or Dependent child coverage.
-

If You choose to cancel your coverage you must complete a new enrollment form and return it to the Plan. If you cancel coverage, you may not re-enroll in the future.
If your Spouse of Record/Domestic Partner of Record or Dependent child no longer meets the eligibility requirements of the Plan, you must notify the Plan in order to receive a reduction in your monthly premium.

Section 10. Converting to an Individual Policy

If your Spouse of Record/Domestic Partner of Record or Dependent child loses coverage because:

- of your death; or
- he or she no longer meets eligibility requirements;
- you have elected to terminate your Spouse of Record/Domestic Partner of Record or Dependent child coverage;
- their coverage may be converted to an individual non-term policy through MetLife, Inc. without having to prove insurability. (In the case of minor children, the parent or legal guardian may act on their behalf.)
- If your Spouse of Record/Domestic Partner of Record or Dependent child loses coverage under the Retiree Dependent Life Insurance Plan because Dow has cancelled the dependent life coverage under the group policy with MetLife, or Dow has amended the eligibility requirements of the Plan to exclude you or your dependents from eligibility under the Plan, you may convert coverage to an individual non-term MetLife policy for your Dependent; provided you have been enrolled in coverage for your Dependent under the Retiree Dependent Life Insurance Plan for at least 5 years immediately prior to the date the MetLife group coverage for our Dependent ended. The amount that may be converted is limited to the lesser of:
- the amount of Life Insurance for the Dependent that ends under the MetLife group policy less the amount of life insurance for Dependents for which you become eligible under any group policy within 31 days after the date insurance ends under the Retiree Dependent Life Insurance provisions of the MetLife group policy; or
- $2,000.

A conversion application must be filed and the required premium payment made to MetLife within 31 days of loss of coverage. Your Spouse of Record/Domestic Partner of Record or Dependent child's guardian should contact the Dow Retiree Service Center to obtain a form for converting the coverage. Once the form has been obtained, he or she should contact the MetLife Conversion Group at 1-877- 275-6387. You are responsible for initiating the conversion process within the appropriate timeframes.

The cost of this individual coverage will probably be significantly higher than the group plan. Although not required, providing proof of insurability may help reduce the cost.

Section 11. Filing a Claim

See *Claims Procedures Appendix* of this SPD.

Section 12. Appealing a Denial of Claim

See *Claims Procedures Appendix* of this SPD.

Section 13. Fraud Against the Plan

Any Plan Participant who intentionally misrepresents information to the Plan or knowingly misinforms, deceives or misleads the Plan or knowingly withholds relevant information may have his/her coverage cancelled retroactively to the date deemed appropriate by the Plan Administrator. Further, such Plan Participant may be required to reimburse the Plan for Claims paid by the Plan. The employer may determine that termination of employment is appropriate and the employer and/or the Plan may choose to puruse civil and/or criminal action. The Plan Administrator may determine that the Participant is no longer eligible for coverage under the Plan because of his or her actions.

Section 14. Grievance Procedure

If you want to appeal the denial of a claim for benefits, see *Claims Procedures Appendix* of this SPD.

If you feel that anyone is discriminating against you for exercising your rights under these Plans, or if you feel that someone has interfered with the attainment of any right to which you feel you are entitled under these Plans, or if you you feel that the Plan Administrator has denied you any right you feel that you have under these Plans, you must notify the Plan Administrator (listed in the "*ERISA Information*" section of this SPD) in writing within 90 days of the date of the alleged wrongdoing. The Plan Administrator will investigate the allegation and respond to you in writing within 120 days. If the Plan Administrator determines that your allegation has merit, the Plan Administrator will either correct the wrong (if it was the Plan which did the wrong), or will make a recommendation to the Plan Sponsor or Participating Employer if any of them have been alleged to be responsible for the wrongdoing. If the Plan Administrator determines that your allegation is without merit, you may appeal the Plan Administrator's decision. You must submit written notice of your appeal to the Plan

Administrator within 60 days of receipt of the Plan Administrator's decision. Your appeal will be reviewed and you will receive a written response within 60 days, unless special circumstances require an extension of time. (The Plan Administrator will give you written notice and reason for the extension.) In no event should the decision take longer than 120 days after receipt of your appeal. If you are not satisfied with the Plan Administrator's response to your appeal, you may file suit in court. **If you file a lawsuit, you must do so within 120 days from the date of the Plan Administrator's written response to your appeal. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

Section 15. Your Legal Rights

When you are a Participant in the Retiree Company-Paid, Retiree Optional or Retiree Dependent Life Insurance Plans, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). This law requires that all Plan Participants must be able to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, the Plan Documents and the latest annual reports filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- Obtain, upon written request to the Plan Administrator, copies of the Plan Documents and Summary Plan Descriptions. The Administrator may charge a reasonable fee for the copies.
- Receive a summary of each Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for you and all other Plan Participants, ERISA imposes duties on the people who are responsible for operating an employee benefit plan. The people who operate the Plans, called "fiduciaries" of the Plans, have a duty to act prudently and in the interest of you and other Plan Participants and beneficiaries.

No one, including your employer or any other person, may discharge you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit, or from exercising your rights under ERISA. If you have a claim for benefits that is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the legal rights described above. For instance, if you request materials from one of the Plans and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you must file a written appeal within the time period specified in the Plan's Claims Procedures. Failure to comply with the Plan's claims procedures may significantly jeopardize your rights to benefits. If you are not satisfied with the final appellate decision, you may file suit in Federal court. **If you file a lawsuit, you must do so within 120 days from the date of the Claims Administrator's or the Plan Administrator's final written decision (or the deadline the Claims Administrator or Plan Administrator had to notify you of a decision). Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.** The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If it should happen that plan fiduciaries misuse one of the Plan's money, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. **If you file a lawsuit, you must do so within 120 days from the date of the alleged misuse. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

If you feel that anyone is discriminating against you for exercising your rights under this benefit plan, or if you feel that someone has interfered with the attainment of any right to which you feel you are entitled under any of the Plans, you must notify the Plan Administrator listed in the "ERISA Information" section of this SPD in writing within 120 days of the date of the alleged wrongdoing. The Plan Administrator will investigate the allegation and respond to you in writing within 120 days. If the Plan Administrator determines that your allegation has merit, the Plan Administrator will either correct the wrong, if it was the Plan which did the wrong, or will make a recommendation to the Plan Sponsor or Participating Employer if any of them have been alleged to be responsible for the wrongdoing. If the Plan Administrator determines that your allegation is without merit, you may appeal the Plan Administrator's decision. You must submit written notice of your appeal to the Plan Administrator within 60 days of receipt of the Plan Administrator's decision. Your appeal will be reviewed and you will receive a written response within 60 days. If you are not satisfied with the Plan Administrator's response to your appeal, you may file suit in Federal court. **If you file a lawsuit, you must do so within 120 days from the date of the Plan Administrator's written response to your appeal. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

If you have any questions about the Program, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest Office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

Section 16. Welfare Benefits

Welfare benefits, such as the Retiree Company-Paid Life Insurance Plan, Retiree Optional Life Insurance Plan and Retiree Dependent Life Insurance Plan, are not required to be guaranteed by a government agency.

Section 17. Amendment, Modification, or Termination of Plan

The President, Chief Financial Officer or the Corporate Vice President of Human Resources of the Company, each acting individually, or his or her respective delegate, may amend, modify or terminate the Plan, including, without limitation, the Summary Plan Description, which is incorporated herein by reference. Such amendments or modifications may not result in Company expenditures in excess of $20 million per year. Amendments that result in Company expenditures in excess of $20 million per year must be approved by the Board of Directors. Certain modifications or amendments of the Plan which the Company deems necessary or appropriate to conform the Plan to, or satisfy the conditions of, any law, governmental regulation or ruling, and to permit the Plan to meet the requirements of the Code may be made retroactively if necessary. Upon termination or discontinuance of the Plan, all elections and reductions in compensation related to the Plan shall terminate.

Procedure for Amendment, Modification, or Termination of Plan. Any amendment of, modification to, or termination of the Plan, must be reviewed by an attorney in the Company's Legal Department and the Plan Administrator before it is adopted by the Corporate Vice President of Human Resources or his or her delegate.

Section 18. Disposition of Plan Assets if the Plans are Terminated

The Company may terminate any of the Plans at any time at its sole discretion. If the Company terminates a Plan, the assets of the Plan, if any, shall not be used by the Company, but may be used in any of the following ways:

1) to provide benefits for Participants in accordance with the Plan, and/or
2) to pay third parties to provide such benefits, and/or
3) to pay expenses of the Plan and/or the Trust holding the Plan's assets, and/or
4) to provide cash for Participants, as long as the cash is not provided disproportionately to officers, shareholders, or Highly Compensated Employees.

Section 19. Class Action Lawsuits

Legal actions against the Plan must be filed in federal court. Class action lawsuits must be filed either 1) in the jurisdiction in which the Plan is administered (Michigan) or 2) the jurisdiction where the largest number of putative members of the class action reside. This provision does not waive the requirement to exhaust administrative remedies before the filing of a lawsuit.

Section 20. For More Information

If you have questions, contact the Retiree Service Center, The Dow Chemical Company, Employee Development Center, Midland, Michigan 48674; Phone (800) 344-0661.

Section 21. **Important Note**

This booklet is the summary plan description (SPD) for The Dow Chemical Company Group Life Insurance Program's Retiree Company-Paid Life Insurance Plan, The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program's Retiree Optional Life Insurance Plan, and The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program's Retiree Dependent Life Insurance Plan. However, it is not all-inclusive and it is not intended to take the place of each Plan's legal documents. In case of conflict between this SPD and the applicable Plan Document, the applicable Plan Document will govern.

The Plan Administrator and the Claims Administrator are Plan fiduciaries. The Plan Administrator has the full and complete discretion to interpret and construe all of the provisions of the Plans for all purposes except to make Claims for Plan Benefits determinations, which discretion is reserved for the Claims Administrator, and such interpretation shall be final, conclusive and binding. The Plan Administrator also has the full and complete discretion to make findings of fact for all purposes except to make Claims for Plan Benefits determinations, which discretion is reserved for the Claims Administrator, and the Plan Administrator has the full authority to apply those findings of fact to the provisions of the Plans. All findings of fact made by the Plan Administrators shall be final, conclusive and binding. The Plan Administrator has the full and complete discretion to decide whether or not it is making a Claims for Plan Benefits determination. For a detailed description of the Plan Administrator's authority, see the applicable Plan Document.

For the purpose of making Claims for Plan Benefits determinations, the Claims Administrator has the full and complete discretion to interpret and construe the provisions of the Plans, and such interpretation shall be final, conclusive and binding. For the purpose of making Claims for Plan Benefits determinations, the Claims Administrator also has the full and complete discretion to make findings of fact and to apply those findings of fact to the provisions of the Plans. All findings of fact made by the Claims Administrator shall be final, conclusive and binding. For a detailed description of the Claims Administrator's authority, see the applicable Plan Document.

ERISA INFORMATION
The Dow Chemical Company Group Life Insurance Program's Retiree Company-Paid Life Insurance Plan (A Welfare Benefit Plan)

Plan Sponsor:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
Employer Identification Number:	38-1285128
Plan Number:	507
Group Policy Number:	11700-G
Plan Administrator and Fiduciary:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
To Apply For A Benefit Contact:	See Claims Procedures Appendix to this SPD
To Appeal A Benefit Determination, File with:	See Claims Procedures Appendix to this SPD
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company c/o HR Legal Department 2030 Dow Center Midland, MI 48674
Claims Administrator and Fiduciary:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company Metropolitan Life Insurance Company Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115
Plan Year:	The Plan's fiscal records are kept on a plan year beginning January 1 and ending December 31.
Funding:	Except for Plan Option I, the Participating Employers pay the entire premium or the Plan. For Plan Option I, the Retiree and the Participating Employer share the premiums. Benefits are funded through a group insurance contract with Metropolitan Life Insurance Company. The assets of the Plans may be used at the discretion of the Plan Administrator to pay for any benefits provided under the Plans, as the Plans may be amended from time to time, as well as to pay for any expenses of the Plans. Such expenses may include, and are not limited to, consulting fees, actuarial fees, attorney's fees, third party administrator fees, and other administrative expenses.

ERISA Information
The Dow Chemical Company
Employee-Paid and Dependent Life Insurance Program's
Retiree Optional Life Insurance Plan
(Welfare Benefit Plans)

Plan Sponsor:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
Employer Identification Number:	38-1285128
Plan Number:	515
Group Policy Number:	11700-G
Plan Administrator and Fiduciary:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
To Apply For A Benefit:	See Claims Procedures Appendix to this SPD
To Appeal A Benefit Determination:	See Claims Procedures Appendix to this SPD
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company c/o HR Legal Department 2030 Dow Center Midland, MI 48674
Claims Administrator and Fiduciary:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company. Metropolitan Life Insurance Company Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115
Plan Year:	The Plan's fiscal records are kept on a plan year beginning January 1 and ending December 31.
Funding:	Retirees pay the entire premium for the Plan. Benefits are funded through a group insurance contract with Metropolitan Life Insurance Company. The assets of the Plan may be used at the discretion of the Plan Administrator to pay for any benefits provided under the Plan, as the Plan may be amended from time to time, as well as to pay for any expenses of the Plan. Such expenses may include, and are not limited to, consulting fees, actuarial fees, attorneys fees, third party administrator fees, and other administrative expenses.

Joint Insurance Arrangement:

Dorinco and MetLife have entered an arrangement approved by the U.S. Department of Labor (DOL Advisory Opinion Letter 97-24A) in which if MetLife is insolvent, the entire life insurance benefit will be paid by Dorinco. If Dorinco is insolvent, the entire life insurance benefit will be paid by Metropolitan.

Dorinco's address is:

Dorinco Reinsurance Company
1320 Waldo Avenue
Dorinco Building
Midland, MI 48642

ERISA Information
The Dow Chemical Company
Employee-Paid and Dependent Life Insurance Program's
Retiree Dependent Life Insurance Plan
(Welfare Benefit Plans)

Plan Sponsor:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-800-336-4456
Employer Identification Number:	38-1285128
Plan Number:	515
Group Policy Number:	11700-G
Plan Administrator and Fiduciary:	The Dow Chemical Company Employee Development Center Midland, MI 48674 1-877-623-8079
To Apply For A Benefit:	See Claims Procedures Appendix to this SPD
To Appeal A Benefit Determination:	See Claims Procedures Appendix to this SPD
To Serve Legal Process, File With:	General Counsel The Dow Chemical Company c/o HR Legal Department 2030 Dow Center Midland, MI 48674
Claims Administrator and Fiduciary:	Metropolitan Life Insurance Company administers claims under a group policy issued to The Dow Chemical Company. Metropolitan Life Insurance Company Group Life Claims Oneida County Industrial Park Utica, NY 13504-6115
Plan Year:	The Plan's fiscal records are kept on a plan year beginning January 1 and ending December 31.
Funding:	Retirees pay the entire premium for the Plan. Benefits are funded through a group insurance contract with Metropolitan Life Insurance Company. The assets of the Plan may be used at the discretion of the Plan Administrator to pay for any benefits provided under the Plan, as the Plan may be amended from time to time, as well as to pay for any expenses of the Plan. Such expenses may include, and are not limited to, consulting fees, actuarial fees, attorneys fees, third party administrator fees, and other administrative expenses.

Joint Insurance Arrangement:

Dorinco and MetLifehave entered an arrangement approved by the U.S. Department of Labor (DOL Advisory Opinion Letter 97-24A) in which if MetLife is insolvent, the entire life insurance benefit will be paid by Dorinco. If Dorinco is insolvent, the entire life insurance benefit will be paid by Metropolitan.

Dorinco's address is:
Dorinco Reinsurance Company
1320 Waldo Avenue
Dorinco Building
Midland, MI 48642

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[1] An Employee's earliest hire date with a Participating Employer will be recognized by the Program, provided there are no breaks in service outside the group of Participating Employers. If there is a break in service, your latest date of hire shall apply, unless you meet the following description. Description: Your employment with a Participating Employer terminated prior to January 1, 2008 (referred to as your "pre-January 1, 2008 termination date"), and you are subsequently re-hired by a Participating Employer, and 1) you become a participant of the DEPP component of either the Dow Employees' Pension Plan or the K-Dow Employees' Pension Plan, and did not become a participant of the UCEPP component of either the Union Carbide Employee' Pension Plan or the K-Dow Employees' Pension Plan, or 2) you were eligible for coverage under a retiree life insurance plan under the Program as of your pre-January 1, 2008 termination date because you were a Retiree. If you meet this description, your first hire-date will be recognized by the Plan.

[2] Employees who: 1) were hired by K-Dow Petrochemicals US LLC or KDP UC LLC, and were previously hired prior to January 1, 2008 by a Participating Employer and covered under a plan offered under the Program for active employees immediately prior to their hire date with K-Dow Petrochemicals US LLC or KDP UC LLC, and 2) subsequently Retire from a Participating Employer (other than Americas Styrenics) are eligible for coverage if they meet the age and service requirements of the Plan.

[3] The applicable salary if you work for Americas Styrenics is not your Americas Styrenics salary at time of retirement from Americas Styrenics. The applicable salary is your salary at the time you left your prior Participating Employer. For example, let's assume that you worked for The Dow Chemical Company immediately prior to beginning employment with Americas Styrenics, and your base annual salary was $45,000 at The Dow Chemical Company at that time. Let's also assume that at the time you leave Americas Styrenics, your base annual salary is $50,000. The salary that the Plan will use to determine your coverage will be the $45,000 base annual salary at the time you left The Dow Chemical Company. If you were an Americas Styrenics Hourly Employee, your annual salary was calculated using your base hourly rate multiplied by 2080 and then rounded up to the next $1,000.

[4] See footnote 3 above.

[5] See footnote 3 above.

[6] See footnote 3 above.

[7] See footnote 3 above.

[8] See footnote 3 above.

[9] See footnote 3 above.

[10] See footnote 3 above.

[11] See footnote 3 above.

[12] See footnote 3 above.

[13] See footnote 3 above.

[14] An Employee's earliest hire date with a Participating Employer will be recognized by the Program, provided there are no breaks in service outside the group of Participating Employers. If there is a break in service, your latest date of hire shall apply, unless you meet the following description. Description: Your employment with a Participating Employer terminated prior to January 1, 2008 (referred to as your "pre-January 1, 2008 termination date"), and you are subsequently re-hired by a Participating Employer, and 1) you become a participant of the DEPP component of either the Dow Employees' Pension Plan or the K-Dow Employees' Pension Plan, and did not become a participant of the UCEPP component of either the Union Carbide Employee' Pension Plan or the K-Dow Employees' Pension Plan, or 2) you were eligible for coverage under a retiree life insurance plan under the Program as of your pre-January 1, 2008 termination date because you were a Retiree. If you meet this description, your first hire-date will be recognized by the Plan.

[15] See footnote 3 above.

[16] See footnote 3 above.

[17] An Employee's earliest hire date with a Participating Employer will be recognized by the Program, provided there are no breaks in service outside the group of Participating Employers. If there is a break in service, your latest date of hire shall apply, unless you meet the following description. Description: Your employment with a Participating Employer terminated prior to January 1, 2008 (referred to as your "pre-January 1, 2008 termination date"), and you are subsequently re-hired by a Participating Employer, and 1) you become a participant of the DEPP component of either the Dow Employees' Pension Plan or the K-Dow Employees' Pension Plan, and did not become a participant of the UCEPP component of either the Union Carbide Employee' Pension Plan or the K-Dow Employees' Pension Plan, or 2) you were eligible for coverage under a retiree life insurance plan under the Program as of your pre-January 1, 2008 termination date because you were a Retiree. If you meet this description, your first hire-date will be recognized by the Plan.

[18] Employees who: 1) were hired by K-Dow Petrochemicals US LLC or KDP UC LLC, and were previously hired prior to January 1, 2008 by a Participating Employer and covered under a plan offered under the Program for active employees immediately prior to their hire date with K-Dow Petrochemicals US LLC or KDP UC LLC, and 2) subsequently Retire from a Participating Employer (other than Americas Styrenics) are eligible for coverage if they meet the age and service requirements of the Plan

[19] The applicable salary if you work for Americas Styrenics is not your Americas Styrenics salary at time of retirement from Americas Styrenics. The applicable salary is your salary at the time you left your prior Participating Employer. For example, let's assume that you worked for The Dow Chemical Company immediately prior to beginning employment with Americas Styrenics, and your base annual salary was $45,000 at The Dow Chemical Company at that time. Let's also assume that at the time you leave Americas Styrenics, your base annual salary is $50,000. The salary that the Plan will use to determine your coverage will be the $45,000 base annual salary at the time you left The Dow Chemical Company. If you were an Americas Styrenics Hourly Employee, your annual salary was calculated using your base hourly rate multiplied by 2080 and then rounded up to the next $1,000.

[20] An Employee's earliest hire date with a Participating Employer will be recognized by the Program, provided there are no breaks in service outside the group of Participating Employers. If there is a break in service, your latest date of hire shall apply, unless you meet the following description. Description: Your employment with a Participating Employer terminated prior to January 1, 2008 (referred to as your "pre-January 1, 2008 termination date"), and you are subsequently re-hired by a Participating Employer, and 1) you become a participant of the DEPP component of either the Dow Employees' Pension Plan or the K-Dow Employees' Pension Plan, and did not become a participant of the UCEPP component of either the Union Carbide Employee' Pension Plan or the K-Dow Employees' Pension Plan, or 2) you were eligible for coverage under a retiree life insurance plan under the Program as of your pre-January 1, 2008 termination date because you were a Retiree. If you meet this description, your first hire-date will be recognized by the Plan.

[21] See footnote 19.

[22] Employees who: 1) were hired by K-Dow Petrochemicals US LLC or KDP UC LLC, and were previously hired prior to January 1, 2008 by a Participating Employer and covered under a plan offered under the Program for active employees immediately prior to their hire date with K-Dow Petrochemicals US LLC or KDP UC LLC, and 2) subsequently Retire from

a Participating Employer (other than Americas Styrenics) are eligible for coverage if they meet the age and service requirements of the Plan.

[23] Employees who: 1) were hired by K-Dow Petrochemicals US LLC or KDP UC LLC, and were previously hired prior to January 1, 2008 by a Participating Employer and covered under a plan offered under the Program for active employees immediately prior to their hire date with K-Dow Petrochemicals US LLC or KDP UC LLC, and 2) subsequently Retire from a Participating Employer (other than Americas Styrenics) are eligible for coverage if they meet the age and service requirements of the Plan.

CLAIMS PROCEDURES APPENDIX
Summary Plan Descriptions of the life insurance plans sponsored by The Dow Chemical Company

You Must File a Claim in Accordance with These Claims Procedures

A "Claim" is a written request by a claimant for a *Plan benefit* or an *Eligibility Determination.* There are two kinds of Claims:

A *Claim for Plan Benefits* is a request for benefits covered under the Plan.

An *Eligibility Determination* is a kind of Claim. It is a request for a determination as to whether a claimant is eligible to be a Participant or covered Dependent under the Plan.

You must follow the claims procedures for either *CLAIMS FOR PLAN BENEFITS or CLAIMS FOR AN ELIGIBILITY DETERMINATION,* whichever applies to your situation. See applicable sections below entitled *CLAIMS FOR PLAN BENEFITS* and *CLAIMS FOR ELIGIBILITY DETERMINATIONS.*

Who Will Decide Whether to Approve or Deny My Claim?

The Dow Chemical Company will approve or deny a Claim for an Eligibility Determination. The initial determination is made by the Dow Benefit Center. If you appeal, the appellate decision is made by the Global Benefits Director.

MetLife will approve or deny a Claim for Plan Benefits. MetLife is the Claims Administrator for both the initial determination and (if there is an appeal), the appellate determination.

An Authorized Representative May Act on Your Behalf

An Authorized Representative may submit a Claim on behalf of a Plan Participant. The Plan will recognize a person as a Plan Participant's "Authorized Representative" if such person submits a notarized writing signed by the Participant stating that the Authorized Representative is authorized to act on behalf of such Participant. A court order stating that a person is authorized to submit Claims on behalf of a Participant will also be recognized by the Plan.

Authority of the Administrators and Your Rights Under ERISA

The Administrators have the full, complete, and final discretion to interpret the provisions of the Plan and to make findings of fact in order to carry out their respective Claims decision-making responsibilities.

Interpretations and claims decisions by the Administrators are final and binding on Participants. If you are not satisfied with an Administrator's final appellate decision, you may file a civil action against the Plan under s. 502 of the Employee Retirement Income Security Act (ERISA) in a federal court. **If you file a lawsuit, you must do so within 120 days from the date of the Administrator's final written decision. Failure to file a lawsuit within the 120 day period will result in your waiver of your right to file a lawsuit.**

CLAIMS FOR PLAN BENEFITS

Information Required In Order to Be a "Claim":

For Claims that are requests for Plan benefits, the claimant must call the Retiree Service Center at (800) 344-0661 to report the death. The Dow Benefits Center will contact MetLife on your behalf and you will receive the appropriate Claimant Statement forms and instructions directly from MetLife. A certified death certificate must be provided to MetLife, along with the completed Claimant Statement, to disburse the life insurance proceeds.

CLAIMS FOR DETERMINATION OF ELIGIBILITY

Information Required In Order to Be a "Claim":

For Claims that are requests for *Eligibility Determinations*, the Claims must be in writing and contain the following information:

- State the name of the Employee, and also the name of the person (Employee, Spouse of Record/Domestic Partner of Record, Dependent child, as applicable) for whom the *Eligibility Determination* is being requested
- Name the benefit plan for which the *Eligibility Determination* is being requested

- If the *Eligibility Determination* is for the Employee's Dependent, describe the relationship for whom an *Eligibility Determination* is being requested to the Employee (eg. Spouse of Record/Domestic Partner of Record, Dependent child, etc.)
- Provide documentation of such relationship (eg. marriage certificate/statement of Domestic Partnership, birth certificate, etc)

Claims for Eligibility Determinations must be filed with:

U.S. Benefits Center
The Dow Chemical Company
Employee Development Center
Midland, MI 48674
Attention: Administrator for the life insurance plans of The Dow Chemical Company and certain of its subsidiaries. (Eligibility Determination)

INITIAL DETERMINATIONS

If you submit a *Claim for Plan Benefits* or a *Claim for Eligibility Determination* to the applicable Administrator, the applicable Administrator will review your Claim and you notify you of its decision to approve or deny your Claim. Such notification will be provided to you in writing within a reasonable period, not to exceed 90 days of the date you submitted your claim; except that under special circumstances, the Administrator may have up to an additional 90 days to provide you such written notification. If the Administrator needs such an extension, it will notify you prior to the expiration of the initial 90 day period, state the reason why such an extension is needed, and indicate when it will make its determination. If the applicable Administrator denies the Claim, the written notification of the Claims decision will state the reason(s) why the Claim was denied and refer to the pertinent Plan provision(s). If the Claim was denied because you did not file a complete Claim or because the Administrator needed additional information, the Claims decision will state that as the reason for denying the Claim and will explain why such information was necessary.

APPEALING THE INITIAL DETERMINATION

If the applicable Administrator has denied your *Claim for Plan Benefits* or *Claim for Eligibility Determination*, you may appeal the decision. If you appeal the Administrator's decision, you must do so in writing within 60 days of receipt of the Administrator's determination, assuming that there are no extenuating circumstances, as determined by the applicable Administrator. Your written appeal must include the following information:

- Name of Employee
- Name of Dependent or beneficiary, if the Dependent or beneficiary is the person who is appealing the Administrator's decision
- Name of the benefit Plan
- Reference to the Initial Determination
- Explain reason why you are appealing the Initial Determination

Send appeals of *Eligibility Determinations* to:

Global Benefits Director
The Dow Chemical Company
Employee Development Center
Midland, MI 48674
Attention: Administrator for the life insurance plans of The Dow Chemical Company and certain of its subsidiaries. (Appeal of Eligibility Determination)

Send appeals of benefit denials to:

Metropolitan Life Insurance Company
Group Life Claims
Oneida County Industrial Park
Utica, NY 13504-6115
Attention: Claims Administrator for the life insurance plans of The Dow Chemical Company and certain of its subsidiaries. (Appellate Review)

You may submit any additional information to the applicable Administrator when you submit your request for appeal. You may also request that the Administrator provide you copies of documents, records and other information that is relevant to your Claim, as determined by the applicable Administrator under applicable federal regulations. Your request must be in writing. Such information will be provided at no cost to you.

After the applicable Administrator receives your written request to appeal the initial determination, the Administrator will review your Claim. Deference will not be given to the initial adverse decision, and the appellate reviewer will look at the Claim anew. The person who will review your appeal will not be the same person as the person who made the initial decision to deny the Claim. In addition, the person who is reviewing the appeal will not be a subordinate who reports to the person who made the initial decision to deny the Claim. The Administrator will notify you in writing of its final decision. Such notification will be provided within a reasonable period, not to exceed 60 days of the written request for appellate review, except that under special circumstances, the Administrator may have up to an additional 60 days to provide written notification of the final decision. If the Administrator needs such an extension, it will notify you prior to the expiration of the initial 60 day period, state the reason why such an extension is needed, and indicate when it will make its determination. If the Administrator determines that it does not have sufficient information to make a decision on the Claim prior to the expiration of the initial 60 day period, it will notify you. It will describe any additional material or information necessary to submit to the Plan, and provide you with the deadline for submitting such information. The initial 60 day time period for the Administrator to make a final written decision, plus the 60 day extension period (if applicable) are tolled from the date the notification of insufficiency is sent to you until the date on which it receives your response. ("Tolled" means the "clock or time is stopped or suspended". In other words, the deadline for the Administrator to make its decision is "put on hold" until it receives the requested information). The tolling period ends when the Administrator receives your response, regardless of the adequacy of your response.

If the Administrator has determined to that its final decision is to deny your Claim, the written notification of the decision will state the reason(s) for the denial and refer to the pertinent Plan provision(s).

DEFINITIONS APPENDIX

See Plan Document for additional definitions. A pronoun or adjective in the masculine gender includes the feminine gender, and the singular includes the plural, unless the context clearly indicates otherwise.

"Actively at Work" or **"Active Work"** means that you are performing all of the usual and customary duties of your job with the Participating Employer on a Full Time or Less-Than Full Time basis. This must be done at:

a. the Participating Employer's place of business; or;
b. an alternate place approved by the Participating Employer; or
c. a place to which the Participating Employer's business requires you to travel.

You will be deemed to be Actively at Work during weekends or Participating Employer approved vacations, holidays or business closures if you were Actively at Work on the last scheduled work day preceding such time off.

"Administrator" means either the Plan Administrator or the Claims Administrator.

"Bargained-for" or **"Hourly"** individual means an individual who is represented by a collective bargaining unit that is recognized by the Company or Participating Employer.

"Claim" means a request by a claimant for a plan benefit or an Eligibility Determination that contains at a minimum, the information described in the Claims Procedures Appendix of the applicable SPD.

"Claim for an Eligibility Determination" means a Claim requesting a determination as to whether a claimant is eligible to be a Participant under a Plan.

"Claim for a Plan Benefit" means a Claim requesting that the Plan pay for benefits covered under a Plan.

"Claims Administrator" means Metropolitan Life Insurance Company with whom the Company has contracted to perform certain services under the Program.

"Code" means the Internal Revenue code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

"Company" means The Dow Chemical Company, a corporation organized under the laws of Delaware.

"Domestic Partner" means a person who is a member of a Domestic Partnership.

"Domestic Partnership" means two people claiming to be "domestic partners" who meet all of the following requirements of paragraph A, or the requirements of paragraph B:

A.

1. the two people must have lived together for at least twelve (12) consecutive months immediately prior to receiving coverage for benefits under the Plan, and
2. the two people are not Married to other persons either now, or at any time during the twelve month period, and
3. during the twelve month period, and now, the two people have been and are each other's sole domestic partner in a committed relationship similar to a legal Marriage relationship and with the intent to remain in the relationship indefinitely, and
4. each of the two people must be legally competent and able to enter into a contract, and
5. the two people are not related to each other in a way which would prohibit legal Marriage between opposite sex individuals, and
6. in entering the relationship with each other, neither of the two people are acting fraudulently or under duress, and
7. during the twelve month period and now, the two people have been and are financially interdependent with each other, and

8. each of the two people have signed a statement acceptable to the Plan Administrator and have provided it to the Plan Administrator.

B.

1. Evidence satisfactory to the Plan Administrator is provided that the two people are registered as domestic partners, or partners in a civil union or marriage in a state or municipality or country that legally recognizes such domestic partnerships, civil unions, or marriages, and
2. each of the two people have signed a statement acceptable to the Plan Administrator and have provided it to the Plan Administrator.

"Dow" means a Participating Employer or collectively, to the Participating Employers, as determined by the context of the sentence in which it is used, as such is interpreted by the Plan Administrator or his delegee.

"Employee" means a person who:

a. is employed by a Participating Employer to perform personal services in an employer-employee relationship which is subject to taxation under the Federal Insurance Contribution Act or similar federal statute; and
b. receives payment for services performed for the Participating Employer directly from the Company's U.S. Payroll Department, or another Participating Employer's U.S. Payroll Department; and
c. is either a Salaried individual who is classified by the Participating Employer as having "regular full-time status or "less-than-full-time status', or a Bargained-for individual who is classified by the Participating Employer as having "regular full –time active status", and
d. if Localized, is Localized in the U.S., and
e. if on an international assignment, is either a U.S. citizen or Localized in the U.S..

The definition of "Employee" does not include an individual who performs services for the benefit of a Participating Employer if his compensation is paid by an entity or source other than the Company's U.S. Payroll Department or another Participating Employer's U.S. Payroll Department. Further, the definition of "Employee" does not include any individual who is characterized by the Participating Employer as an independent contractor, contingent worker, consultant, contractor, or similar term. These individuals are not "Employees" (with a capital "E") for purposes of the Plan even if such an individual is determined by a court or regulatory agency to be a "common law employee" of a Participating Employer.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Full-Time" Employee means an Employee who has been classified by a Participating Employer as having "full-time" status.

"Hourly" Employee means an Employee who is represented by a collective bargaining unit that is recognized by the Company or other Participating Employer.

"Less-Than-Full-Time Employee " means an Employee who has been classified by a Participating Employer as having "less-than-full-time status".

"Localized" means that a Participating Employer has made a determination that an Employee is permanently relocated to a particular country, and the Employee has accepted such determination. For example, a Malaysian national is "Localized" to the U.S. when a Participating Employer has determined that such Employee is permanently relocated to the U.S., and such Employee has accepted such determination.

"Married" or **"Marriage"** means a legally valid marriage between a man and a woman recognized by the state in which the man and the woman reside.

"Participating Employer" means the Company or any other corporation or business entity the Company authorizes to participate in the Program with respect to its Employees.

"Plan" means either the Retiree Company-Paid Life Insurance Plan (for Salaried Retirees and Retirees of Certain Hourly Groups), which is a component of The Dow Chemical Company Group Life Insurance Program (ERISA Plan #507); or the

Retiree Optional Life Insurance Plan or the Retiree Dependent Life Insurance Plan, which are components of The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program (ERISA Plan #515); whichever the case may be.

"Plan Administrator" means the Company or such person or committee as may be appointed from time to time by the Company to serve at its pleasure.

"Plan Document" means either the plan document for The Dow Chemical Company Group Life Insurance Program or The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program, whichever the case may be.

"Program" means either The Dow Chemical Company Group Life Insurance Program (ERISA Plan #507) or The Dow Chemical Company Employee-Paid and Dependent Life Insurance Program (ERISA Plan #515), whichever the case may be.

"Program Year" means the 12-consecutive-month period ending each December 31.

"Regular" Employee
A "regular" Employee is an Employee who is classified by the Employer as "regular."

"Retire" or "Retirement" means when an active Employee who is age 50 or older with 10 or more years of Service terminates employment with a Participating Employer who is also a "Retiree".

"Retiree" means an Employee who is age 50 or older with 10 or more years of Service when his employment terminated with a Participating Employer and is eligible to receive a pension under the Dow Employees' Pension Plan and was a Participant in the Program on the day preceding Retirement. An Employee who is receiving, or has received a benefit, under the 1993 Special Separation Payment Plan who is 50 or older at the time he leaves active employment with Dow, regardless of years of Service, is also a "Retiree".

"Retiree" also means an Employee who is age 50 or older with 10 or more years of Service when his employment terminated with a Participating Employer, terminated employment with Union Carbide Corporation or its subsidiary that is a Participating Employer on or after February 6, 2003, is eligible to receive a pension under the terms of the Union Carbide Employees' Pension Plan, and was a Participant in the Program on the day preceding termination of employment with the Participating Employer.

"Retiree" also means an Employee who is age 50 or older with 10 or more years of Service when his employment terminated with K-Dow Petrochemicals US LLC or KDP UC LLC, is eligible to receive a pension under the K-Dow Employees' Pension Plan, and was a Participant in the Program on the day preceding Retirement.

"Retiree" also means an Employee who was enrolled in The Dow Chemical Company Executive Split Dollar Life Insurance Plan, terminated employment with Dow Chemical Canada Inc. on or after October 1, 2003 at age 50 or older with 10 or more years of Service, is eligible to receive a pension from the pension plan sponsored by Dow Chemical Canada Inc., and signed a waiver of all his rights under The Dow Chemical Company Executive Split Dollar Life Insurance Agreement between himself and The Dow Chemical Company.

"Salaried" means an individual who is not represented by a collective bargaining unit.

"Service" with respect to a Retiree who is eligible to receive a pension from the Dow Employees' Pension Plan, "Service" means either "Eligibility Service" or "Credited Service" recognized under the Dow Employees' Pension Plan, whichever is greater. With respect to a Retiree who is eligible to receive a pension from the Union Carbide Employees' Pension Plan, **"Service"** means "Eligibility Service" or "Credited Service" recognized under the Union Carbide Employees' Pension Plan, whichever is greater.

With respect to a Retiree who is eligible to receive a pension from the K-Dow Employees' Pension Plan, "Service" means "Credited Service" or "Eligibility Service" recognized under the K-Dow Employees' Pension Plan, whichever is greater.

"Spouse" means a person who is Married to the Employee.

"SPD" means the Summary Plan Description.

PERFORMANCE SHARES DEFERRED STOCK AGREEMENT PURSUANT TO THE DOW CHEMICAL COMPANY 1988 AWARD AND OPTION PLAN

The Dow Chemical Company ("the Company" or "Dow") has delivered to you prospectus material pertaining to shares of Dow Common Stock covered by The Dow Chemical Company 1988 Award and Option Plan ("the Plan"). This document is referred to herein as "this Agreement." Terms that are used herein and defined in the Plan are used as defined in the Plan. THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

TERMS AND CONDITIONS

1. This Agreement is in all respects subject to the provisions of the Plan, as the Plan may be amended from time to time. The Plan is incorporated by reference. In the event of any conflict between this Agreement and the Plan, as the Plan may be amended from time to time, the provisions of the Plan shall govern and this Agreement shall be deemed to be modified accordingly.

2. The target number of performance shares of Deferred Stock you are awarded under this Agreement ("Target Shares") is outlined in the accompanying award letter with _____ as the effective date of the grant. Shares are earned over a three-year period beginning _____ and ending on _____ (the "Performance Period") by meeting or exceeding the Company's strategic financial performance objective of Return on Capital (ROC) defined in the accompanying documents. The maximum number of shares that can be earned totals 250 percent of Target Shares.

3. The total number of shares earned under this grant as specified in paragraph 2 above ("Shares Earned") will be determined and released into your account on _____. Prior to issuance and delivery of the Deferred Stock you shall have no rights as a stockholder with respect to the Deferred Stock earned under this Agreement. In each year prior to issuance and delivery, you (or your successors) shall make arrangements satisfactory to the Compensation Committee for the payment of any taxes required to be withheld in connection with your right to shares of Deferred Stock under all applicable laws and regulations of any governmental authority, whether federal, state or local and whether domestic or foreign. The Company and its Subsidiaries or Affiliates (collectively and individually a "Dow Company") and their directors, officers, employees, or agents shall not be liable for any delay in issuance or receipt of any shares pursuant to this Agreement.

4. This Agreement shall terminate and your rights under this Agreement shall be forfeited if your employment with any Dow Company is terminated for any reason other than death, disability or retirement, or a Special Separation Situation. In the event of your retirement death or disability, your current year's Performance Share Grant will be prorated based on the period of time worked during the year. If you take a leave of absence from a Dow Company, for any reason, your grant under this Agreement will be subject to the leave of absence policy established by the Compensation Committee for Plan awards. For purposes of this Agreement, "retirement" is defined in your home country retirement policy in effect at the inception of this Agreement. You shall be considered to be disabled for purposes of this Agreement in the event you, by reason of any medically determinable physical or mental impairment which can be expected to result in death or which can be expected to last for a continuous period of not less than 12 months, are receiving income replacement benefits for a period of not less than 3 months under an accident and health plan or arrangement covering employees of the Company. Your death or disability shall not accelerate the time of payment of Deferred Stock under this Agreement.

5. A "Special Separation Situation" is defined as a situation in which (a) a Dow Company terminates your employment by employer action for a reason that qualifies you for a severance benefit (which includes the Special Stock Treatment described in this section 5) under a severance plan sponsored by a Dow Company, and (i) you fulfill the requirements of the severance plan in order to qualify for payment of the severance benefit, and (ii) you and the Dow Company sign a Release that provides for the Special Stock Treatment described in this section 5; or (b) a Dow Company terminates your employment by employer action, and i) you do not qualify for a severance benefit under a severance plan sponsored by the Dow Company under the circumstances specified in paragraph 5a, and ii) the reason for termination was not because of the violation of an employer rule, or a law, regulation or other such government requirement, or dishonesty or theft, or because you engaged in activity harmful to the interests of, or in competition with, a Dow Company, and iii) you and the Dow Company sign a Release that provides for the Special Stock Treatment described in this section 5. If your

employment is terminated under a Special Separation Situation, then your Award will receive Special Stock Treatment. Special Stock Treatment means that (i) the target number of shares in your grant shall be reduced to a new target number of shares that is proportionate to the period of time you were employed by the Dow Company during the stated performance period and (ii) the number of shares actually earned and delivered, if any, under the grant shall be determined by applying the performance measures applicable to the grant to the proportionally reduced target number of shares determined in accordance with subclause (i) above. This proportionally reduced amount of the target shares shall be calculated by dividing (x) the period of time between the beginning of the performance period and the date of termination of employment by (y) the performance period.

6. For each Dow Common Stock dividend record date between _____ and _____, an account in your name will be credited with a sum of money equal to the amount that you would have received in dividends if the Shares Earned had been issued to you (the "Dividend Equivalents"). The Dividend Equivalents associated with each share delivered to you pursuant to Section 3 will be paid in cash to you as additional compensation on a date between _____ and _____. Awardees regularly paid compensation by a Dow Company in other than U.S. dollars will receive such payment of Dividend Equivalents converted from U.S. dollars at the Dow inter-company trading rate in effect at the time of delivery.

7. The Company is under no obligation to grant you the right to receive any cash payment under any law, federal, local, domestic or foreign.

8. Your right to future issuance and delivery of Deferred Stock may not be sold, pledged, assigned or otherwise transferred (except as hereinafter provided) and any attempt to sell, pledge, assign or otherwise transfer shall be void and your rights to Deferred Stock shall therefore be forfeited. Your right to such future issuance and delivery shall, however, be transferable by will or pursuant to the laws of descent and distribution or you may make a written designation of a beneficiary on the form prescribed by the Company, which beneficiary (if any) shall succeed to your rights under this Agreement in the event of your death.

9. Upon the occurrence of a Change of Control as defined in the Plan, your right to receive the number of shares of Performance Shares credited to your account under this Agreement shall not be forfeitable under any circumstances, and your Performance Shares will generally continue to be delivered based on the original deferral period schedule and Payment Date. If you also experience an involuntary Separation from Service from Dow or an affiliate thereof within two years following a Change of Control, and prior to the Payment Date, the Company shall deliver the Performance Shares credited to your account to you on the 30th day following such Separation from Service. Shares credited to Awardees account will be determined based on reported company performance prior to the date of Separation from Service.

10. If at any time during the term of this Agreement you engage in any act of Unfair Competition (as defined below), this Agreement shall terminate effective on the date on which you enter into such act of Unfair Competition, unless terminated sooner by operation of another term or condition of this Agreement or the Plan. In addition, if at any time within three years after issuance and delivery of this Deferred Stock you engage in any act of Unfair Competition, you shall promptly pay to the Company the Fair Market Value of Shares Earned and Dividend Equivalents paid. The Compensation Committee shall, in its sole discretion, determine when any act of Unfair Competition has occurred, and the determination of the Compensation Committee shall be final and binding as to all parties. For purposes of this Agreement, the term "Unfair Competition" shall mean and include activity on your part that is in competition with a Dow Company or is or may be harmful to the interests of a Dow Company, including but not limited to conduct related to your employment for which either criminal or civil penalties against you may be sought, or your acceptance of employment with an employer that is in competition with a Dow Company.

11. In the event that additional shares of Common Stock of the Company are issued pursuant to a stock split or a stock dividend, the Board of Directors shall make appropriate adjustments in the number and kind of Target Shares credited to your account on the books of the Company as deemed appropriate.

12. Nothing contained in this Agreement shall confer or be deemed to confer upon you any right with respect to continuance of employment by a Dow Company, nor interfere in any way with the right of a Dow Company to terminate your employment at any time with or without assigning a reason therefore.

13. This document shall constitute a Performance Shares Deferred Stock Agreement between the Company and you, and this Agreement shall be deemed to have been made on _____. To the extent that federal laws do not otherwise control, this Agreement shall be governed by the laws of the state of Delaware and construed accordingly. Subject to earlier termination by operation of another term or condition of this Agreement or the Plan, this Agreement will expire when Shares Earned are delivered or when it is determined by the Compensation Committee that the Company's strategic financial performance objectives have not been achieved, whichever date is earlier. You may choose to reject this award by written notice delivered to the Compensation Committee of the Company within ninety days of your receipt of this instrument. Individuals who reject this Deferred Stock will not receive additional cash or non-cash compensation in lieu of the Deferred Stock.

DEFERRED STOCK AGREEMENT PURSUANT TO THE DOW CHEMICAL COMPANY 1988 AWARD AND OPTION PLAN

The Dow Chemical Company ("the Company") has delivered to you prospectus material pertaining to the shares of Common Stock covered by The Dow Chemical Company 1988 Award and Option Plan ("the Plan"). This instrument is referred to herein as "this Agreement". Terms that are used herein and defined in the Plan are used as defined in the Plan. THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

TERMS AND CONDITIONS

1. This Agreement is in all respects subject to the provisions of the Plan, as the Plan may be amended from time to time. The Plan is incorporated by reference. In the event of any conflict between this Agreement and the Plan, the provisions of the Plan shall govern and this Agreement shall be deemed to be modified accordingly.

2. The deferral period of this Agreement shall be from _____ until _____. Issuance and delivery of the shares of Deferred Stock credited to your account on the books of the Company hereunder shall be deferred until _____ and shall be subject to the conditions described below. The shares will be released into your account at the end of the deferral period. Prior to such issuance and delivery, you shall have no rights as a stockholder with respect to the shares of Deferred Stock credited to your account under this Agreement. In each year prior to issuance and delivery, you (or your successors) shall make arrangements satisfactory to the Compensation Committee for the payment of any taxes required to be withheld in connection with your right to shares of Deferred Stock under all applicable laws and regulations of any governmental authority, whether federal, state or local and whether domestic or foreign. The Company and its Subsidiaries or Affiliates (collectively and individually a "Dow Company") and their directors, officers, employees, or agents shall not be liable for any delay in issuance or receipt of any shares pursuant to this Agreement.

3. For each Dow Common Stock dividend record date during the period while shares of Deferred Stock remain credited to your account on the books of the Company and before their issuance and delivery to you, the Company shall pay to you as additional compensation a sum of money equal to the amount which you would have received in dividends if the shares of Deferred Stock credited to your account had been issued and delivered to you (the "Dividend Equivalents"). Awardees regularly paid compensation by a Dow Company in other than U.S. dollars will receive such payment of Dividend Equivalents converted from U.S. dollars at the Dow inter-company trading rate in effect at the time of delivery. Such Dividend Equivalents shall be paid to you on the date the dividend was paid to shareholders of the Company's common stock.

4. This Agreement shall terminate and your rights under this Agreement shall be forfeited if your employment with any Dow Company is terminated for any reason other than death, disability, retirement, or Special Separation Situation. In the event of your retirement, death or disability, your current year's Deferred Stock Grant will be prorated based on the period of time worked during the year. If you take a leave of absence from a Dow Company, for any reason, your award under this Agreement will be subject to the leave of absence policy established by the Company for Plan awards. For purposes of this Agreement, "retirement" is defined in your home country retirement policy in effect at the inception of this Agreement. You shall be considered to be disabled for the purposes of this Agreement in the event you, by reason of any medically determinable physical or mental impairment which can be expected to result in death or which can be expected to last for a continuous period of not less than 12 months, are receiving income replacement benefits for a period of not less than 3 months under an accident and health plan or arrangement covering employees of the Company. Your death or disability shall not accelerate the time of payment of Deferred Stock under this Agreement.

5. A "Special Separation Situation" is defined as a situation in which (a) a Dow Company terminates your employment by employer action for a reason that qualifies you for a severance benefit (which includes the Special Stock Treatment described in this section 5) under a severance plan sponsored by a Dow Company, and (i) you fulfill the requirements of the severance plan in order to qualify for payment of the severance benefit, and (ii) you and the Dow Company sign a Release that provides for the Special Stock Treatment described in this section 5; or (b) a Dow Company terminates your employment by employer action, and i) you do not qualify for a severance benefit under a severance plan sponsored by the Dow Company under the circumstances specified in paragraph 5a, and ii) the reason for termination was not because of the violation of an employer rule, or a law, regulation or other such government requirement, or dishonesty or theft, or because you engaged in activity harmful to the interests of, or in competition with, a Dow

Company, and iii) you and the Dow Company sign a Release that provides for the Special Stock Treatment described in this section 5. If your employment is terminated under a Special Separation Situation, then your Award shall receive Special Stock Treatment. Special Stock Treatment means that your Award will be reduced to a number of shares proportionate to the total period of time you were employed by the Dow Company during the deferral period. This proportionally reduced amount shall be calculated by dividing (x) the period of time between the grant date and the date of termination of employment by (y) the deferral period.

6. The Company is under no obligation to grant you the right to receive any cash payment under any law, federal, local, domestic or foreign.

7. Your right to future issuance and delivery of Deferred Stock may not be sold, pledged, or otherwise transferred (except as hereinafter provided) and any attempt to sell, pledge, assign or otherwise transfer shall be void and your rights to Deferred Stock shall therefore be forfeited. Your right to such future issuance and delivery shall, however, be transferable by will or pursuant to the laws of descent and distribution or you may make a written designation of a beneficiary on the form prescribed by the Company, which beneficiary (if any) shall succeed to your rights under this Agreement in the event of your death.

8. Upon the occurrence of a Change of Control as defined in the Plan, your right to receive the number of shares of Deferred Stock credited to your account under this Agreement shall not be forfeitable under any circumstances, and your Deferred Shares will generally continue to be delivered based on the original deferral period schedule. If you also experience an involuntary Separation from Service from Dow or an affiliate thereof within two years following a Change of Control and prior to the Payment Date, the Company shall deliver these shares to you on the 30th day following your Separation from Service.

9. If at any time during the term of this Agreement you engage in any act of Unfair Competition (as defined below), this Agreement shall terminate effective on the date on which you enter into such act of Unfair Competition, unless terminated sooner by operation of another term or condition of this Agreement or the Plan. In addition, if at any time within three years after issuance and delivery of this Deferred Stock you engage in any act of Unfair Competition, you shall promptly pay to the Company the Fair Market Value of Shares Earned and Dividend Equivalents paid. The Compensation Committee shall, in its sole discretion, determine when any act of Unfair Competition has occurred, and the determination of the Compensation Committee shall be final and binding as to all parties. For purposes of this Agreement, the term "Unfair Competition" shall mean and include activity on your part that is in competition with a Dow Company or is or may be harmful to the interests of a Dow Company, including but not limited to conduct related to your employment for which either criminal or civil penalties against you may be sought, or your acceptance of employment with an employer that is in competition with a Dow Company.

10. In the event that additional shares of Common Stock of the Company are issued pursuant to a stock split or a stock dividend, the Board of Directors shall make appropriate adjustments in the number and kind of Deferred Stock credited to your account on the books of the Company as deemed appropriate.

11. Nothing contained in this Agreement shall confer or be deemed to confer upon you any right with respect to continuance of employment by a Dow Company, nor interfere in any way with the right of a Dow Company to terminate your employment at any time with or without assigning a reason therefore.

12. This instrument shall constitute a Deferred Stock Agreement between the Company and you, and this Agreement shall be deemed to have been made on _____. To the extent that federal laws do not otherwise control, this Agreement shall be governed by the laws of the state of Delaware and construed accordingly. You may choose to reject this award by written notice delivered to the Compensation Committee of the Company within ninety days of your receipt of this instrument. Individuals who reject this Deferred Stock will not receive additional cash or non-cash compensation in lieu of the Deferred Stock.

NON-QUALIFIED STOCK OPTION AGREEMENT PURSUANT TO THE DOW CHEMICAL COMPANY 1988 AWARD AND OPTION PLAN

The Dow Chemical Company ("the Company" or "Dow") has delivered to you prospectus material pertaining to shares of Dow Common Stock covered by The Dow Chemical Company 1988 Award and Option Plan ("the Plan"). This instrument is referred to herein as "this Agreement." Terms that are used herein and defined in the Plan are used as defined in the Plan. THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

TERMS AND CONDITIONS

1. This Agreement is in all respects subject to the provisions of the Plan, as the Plan may be amended from time to time. The Plan is incorporated by reference. In the event of any conflict between this Agreement and the Plan, as the Plan may be amended from time to time, the provisions of the Plan shall govern and this Agreement shall be deemed to be modified accordingly.

2. Subject to the vesting and exercise periods specified on the accompanying award letter and the conditions described below, this Agreement grants you the right to purchase the number of shares of Common Stock of the Company at the option price specified on the letter attached to this Agreement (the "Option"). Notice of the exercise of this Option in whole or in part shall be made to Smith Barney via on-line trading or Customer Service. Such notice of exercise shall be accompanied by payment in full for the shares covered thereby. Payment shall be in United States dollars or, at the discretion of the Compensation Committee, in Common Stock of the Company valued at Fair Market Value or a combination of dollars and Common Stock of the Company. Dollar payment shall be made by official bank check, certified check, or the equivalent. The Stock Award Resource Center shall have discretionary authority to accept a personal uncertified check or bank transfer in lieu of the foregoing methods of payment. Prior to such notice of exercise, and prior to the issuance and delivery of any shares, you (or your successors) shall make arrangements satisfactory to the Compensation Committee for the payment of any taxes required to be withheld in connection with the exercise of this Option under all applicable laws and regulations of any governmental authority, whether federal, state or local and whether domestic or foreign. The Company and its Subsidiaries and Affiliates (collectively and individually a "Dow Company") and their directors, officers, employees, or agents shall not be liable for any delay in issuance or receipt of any shares pursuant to this Agreement.

3. This Agreement shall terminate and your rights under this Agreement shall be forfeited if your employment with any Dow Company is terminated for any reason other than death, disability or retirement, or Special Separation Situation. In the event of your death, disability, or retirement while employed by a Dow Company, this Agreement shall, except as provided below, terminate upon the earlier to occur of (a) five years after your death, disability or retirement or (b) the original expiration date of this Agreement as specified on the reverse side of this Agreement. In the event of your retirement, death, or disability, your current year's Stock Option Grant will be prorated based on the time period worked during the year. If you take a leave of absence from a Dow Company, for any reason, your award under this Agreement will be subject to the leave of absence policy established by the Compensation Committee for Plan awards. For purposes of this Agreement, "retirement" is defined in your home country retirement policy in effect at the inception of this Agreement. You shall be considered to be disabled for the purposes of this Agreement in the event you, by reason of any medically determinable physical or mental impairment which can be expected to result in death or which can be expected to last for a continuous period of not less than 12 months, are receiving income replacement benefits for a period of not less than 3 months under an accident and health plan or arrangement covering employees of the Company. Your death or disability shall not accelerate the vesting period of Options under this Agreement.

4. If (a) you exercise any portion of this Option prior to the expiration date of this option, and (b) you leave the employment of a Dow Company within one year after such exercise for any reason except death, disability or retirement, then you shall pay to the Company any excess of the Fair Market Value over the exercise price on the date of exercise. You may be released from this obligation to pay the Company only if the Compensation Committee (or its duly appointed agent or agents) determines in its or their sole judgment that such action is in the best interests of a Dow Company.

5. A "Special Separation Situation" is defined as a situation in which (a) a Dow Company terminates your employment by employer action for a reason that qualifies you for a severance benefit (which includes the Special Stock Treatment described in this section 5) under a severance plan sponsored by a Dow Company, and (i) you fulfill the requirements of the severance plan in order to qualify for payment of the severance benefit, and (ii) you and the Dow Company sign

a Release that provides for the Special Stock Treatment described in this section 5; or (b) a Dow Company terminates your employment by employer action, and i) you do not qualify for a severance benefit under a severance plan sponsored by the Dow Company under the circumstances specified in paragraph 5a, and ii) the reason for termination was not because of the violation of an employer rule, or a law, regulation or other such government requirement, or dishonesty or theft, or because you engaged in activity harmful to the interests of, or in competition with, a Dow Company, and iii) you and the Dow Company sign a Release that provides for the Special Stock Treatment described in this section 5. If your employment is terminated under a Special Separation Situation, then your Award shall receive Special Stock Treatment. Special Stock Treatment means that with respect to unexpired, unexercised options under this Agreement the time period for vesting and exercise will continue for one year from the effective date of termination of employment, but not to exceed the original expiration date of the grant.

6. The Company is under no obligation to grant you the right to receive any cash payment under any law, federal, local, domestic or foreign.

7. Your right to exercise this Option may not be sold, pledged, or otherwise transferred (except as hereinafter provided) and any attempts to sell, pledge, assign or otherwise transfer shall be void and your rights to the Option shall therefore be forfeited. Your right to exercise such Option shall, however, be transferable by will or pursuant to the laws of descent and distribution or you may make a written designation of a beneficiary on the form prescribed by the Company, which beneficiary (if any) shall succeed to your rights under this Agreement in the event of your death.

8. If at any time during the term of this Agreement you engage in any act of Unfair Competition (as defined below), this Agreement shall terminate effective on the date on which you enter into such act of Unfair Competition, unless terminated sooner by operation of another term or condition of this Agreement or the Plan. In addition, if at any time within three years after you exercise any portion of this Option you engage in any act of Unfair Competition, you shall promptly pay to the Company any excess of the Fair Market Value over the exercise price on the date of exercise. The Compensation Committee shall, in its sole discretion, determine when any act of Unfair Competition has occurred, and the determination of the Compensation Committee shall be final and binding as to all parties. For purposes of this Agreement, the term "Unfair Competition" shall mean and include activity on your part that is in competition with a Dow Company or is or may be harmful to the interests of a Dow Company, including but not limited to conduct related to your employment for which either criminal or civil penalties against you may be sought, or your acceptance of employment with an employer that is in competition with a Dow Company.

9. In the event that additional shares of Common Stock of the Company are issued pursuant to a stock split or a stock dividend, the Board of Directors shall make appropriate adjustments in the number and kind of Stock Options credited to your account and the Option price recorded on the books of the Company as deemed appropriate, provided that any adjustments to a Stock Option shall be made in a manner that will not result in the grant of a new Stock Option under Code Section 409A

10. Nothing contained in this Agreement shall confer or be deemed to confer upon you any right with respect to continuance of employment by a Dow Company, nor interfere in any way with the right of a Dow Company to terminate your employment at any time with or without assigning a reason therefore.

11. This instrument shall constitute a Non-Qualified Stock Option Agreement between the Company and you, and this Agreement shall be deemed to have been made on _____. To the extent that federal laws do not otherwise control, this Agreement shall be governed by the laws of the state of Delaware and construed accordingly. Subject to earlier termination by operation of another term or condition of this Agreement or the Plan, this Agreement expires when all Options granted under this Agreement have been exercised or on the expiration date outlined in the letter attached to this Agreement, whichever date is earlier. You may choose to reject this award by written notice delivered to the Compensation Committee of the Company within ninety days of your receipt of this instrument. Individuals who reject this Stock Option will not receive additional cash or non-cash compensation in lieu of the Stock Option.

12. Upon the occurrence of a Change of Control as defined in the Plan, your right to receive the number of unvested Stock Options credited to your account under this Agreement shall not be forfeitable under any circumstances. If you also experience an involuntary Separation from Service from Dow or an affiliate thereof within two years following a Change of Control, the Company shall deliver these Stock Options to you on the 30th day following such Separation from Service.

The Dow Chemical Company
Voluntary Deferred Compensation Plan
For Non-Employee Directors

As amended and restated December 10, 2008, effective January 1, 2009

ARTICLE I

PURPOSE AND EFFECTIVE DATE

The Dow Chemical Company Voluntary Deferred Compensation Plan for Non-Employee Directors ("Plan") provides Non-Employee Directors of The Dow Chemical Company with the opportunity to elect to defer receipt of their compensation from The Dow Chemical Company, and to have these deferred amounts treated as if invested in specified Hypothetical Investment Benchmarks. The Plan shall be effective for deferrals made hereunder on or after January 1, 2005. The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the Non-Employee Director's Separation from Board Service. Effective October 11, 2006, the Hypothetical Investment Benchmarks were changed as reflected in Appendix A.

ARTICLE II

DEFINITIONS

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

Section 2.01 **Administrator.** "Administrator" means the Governance Committee of The Dow Chemical Company.

Section 2.02 **Annual Retainer.** "Annual Retainer" means the annual retainers and fees from the Company.

Section 2.03 **Beneficiary.** "Beneficiary" means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to Article VIII.

Section 2.04 **Board.** "Board" means the Board of Directors of The Dow Chemical Company.

Section 2.05 **Change of Control.** For purposes of this Plan, a "Change of Control" shall be deemed to have occurred upon: (i) the dissolution or liquidation of The Dow Chemical Company; (ii) a reorganization, merger or consolidation of The Dow Chemical Company with one or more corporations as a result of which The Dow Chemical Company is not a surviving corporation; (iii) approval by the stockholders of The Dow Chemical Company of any sale, lease, exchange, or other transfer (in one or series of transactions) of all or substantially all of the assets of The Dow Chemical Company; (iv) approval by the stockholders of The Dow Chemical Company of any merger or consolidation of The Dow Chemical Company in which the holders of the voting stock of The Dow Chemical Company immediately before the merger or consolidation will not own fifty percent (50%) or more of the outstanding voting shares of the continuing or surviving corporation immediately after such merger or consolidation; or (v) a change of fifty-one percent (51%) (rounded to the next whole person) in the membership of the Board of Directors of The Dow Chemical Company within a twenty-four (24) month period, unless the election or nomination for election by stockholders of each new director within such period was approved by the vote of eighty-five percent (85%) (rounded to the next whole person) of the directors still in office who were in office at the beginning of the twenty-four month period.

Section 2.06 **Governance Committee.** "Governance Committee" means the general administrator of the Plan elected by the Board of Directors at its first meeting following the annual meeting of stockholders.

Section 2.07 **Common Stock.** "Common Stock" means the common stock of The Dow Chemical Company.

Section 2.08 **Company.** "Company" means The Dow Chemical Company, its successors, any subsidiary or affiliated organizations authorized by the Board or the Administrator to participate in the Plan and any organization into which or with which The Dow Chemical Company may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.09 **Deferral Account.** "Deferral Account" means the notional account established for record keeping purposes for each Participant pursuant to Article VI.

Section 2.10 **Deferral Period.** "Deferral Period" is defined in Section 4.02.

Section 2.11 **Deferred Amount.** "Deferred Amount" is defined in Section 4.02.

Section 2.12 **Designee.** "Designee" shall mean The Dow Chemical Company Global Compensation & Benefits Department.

Section 2.13 **Eligible Compensation.** "Eligible Compensation" means any retainer, fees, and any other monies deemed to be eligible compensation by the Administrator.

Section 2.14 **Fair Market Value.** "Fair Market Value" of a share of Common Stock means the closing price of The Dow Chemical Company's Common Stock on the New York Stock Exchange on the most recent day on which the Common Stock was so traded that precedes the date the Fair Market Value is to be determined. The definition of Fair Market Value in this Section shall be exclusively used to determine the values of a Participant's interest in The Dow Chemical Company Stock Index Fund (defined in Section 6.02(b)) for all relevant purposes under the Plan.

Section 2.15 **Form of Payment.** "Form of Payment" means payment in a lump sum or annual installments not to exceed 10 years.

Section 2.16 **Hardship Withdrawal.** "Hardship Withdrawal" means the early payment of all or part of the balance in a Deferral Account(s) in the event of an Unforeseeable Emergency.

Section 2.17 **Hypothetical Investment Benchmark.** "Hypothetical Investment Benchmark" shall mean the phantom investment benchmarks which are used to measure the return credited to a Participant's Deferral Account.

Section 2.18 **Other Bonus.** "Other Bonus" means the amount awarded to a Participant for a Board Year under any other incentive plan maintained by any Company that has been established and authorized as eligible for deferral.

Section 2.19 **Other Deferral.** "Other Deferral" means the amount of a Participant's Other Bonus which the Participant elects to have withheld on a pre-tax basis credited to his or her account pursuant to Section 4.02.

Section 2.20 **Participant.** "Participant" means any individual who is eligible and makes an election to participate in this Plan by filing a Participation Agreement as provided in Article IV. Members of the Board of Directors of the Company who are not employees of the Company or any subsidiary are eligible to participate.

Section 2.21 **Participation Agreement.** "Participation Agreement" means an agreement filed by a Participant in accordance with Article IV.

Section 2.22 **Phantom Share Units.** "Phantom Share Units" means units of deemed investment in shares of The Dow Chemical Company Common Stock so determined under Section 6.02(b).

Section 2.23 **Plan Year.** "Plan Year" means a twelve-month period beginning January 1 and ending the following December 31.

Section 2.24 Section 16 Participant. "Section 16 Participant" means an officer or director of The Dow Chemical Company required to report transactions in The Dow Chemical Company securities to the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934.

Section 2.25 **Separation from Board Service.** "Separation from Board Service" means the cessation of a Participant's services as a non-employee director of the Company, whether voluntary or involuntary, for any reason other than death.

Section 2.26 **Unforeseeable Emergency.** "Unforeseeable Emergency" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse or a dependent of the Participant, loss of the Participant's property due to casualty or other similar extraordinary unforeseeable circumstances arising as a result of events beyond the control of the Participant as determined by the Administrator. The amount of the distribution may not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

Section 2.27 **Valuation Date.** "Valuation Date" means the last day of each calendar month or such other date as the Administrator in its sole discretion may determine.

ARTICLE III

ADMINISTRATION

Section 3.01 **Administrator Duties.** This Plan shall be administered by the Governance Committee ("Administrator"). The Administrator shall be responsible for the administration of this Plan and shall have all powers necessary to administer this Plan, including discretionary authority to determine eligibility for benefits and to decide claims under the terms of this Plan, except to the extent that any such powers that are specially vested in any other person administering this Plan by the Administrator. The Administrator may from time to time establish rules for the administration of this Plan, and it shall have the exclusive right to interpret this Plan and to decide any matters arising in connection with the administration and operation of this Plan. All rules, interpretations and decisions of the Administrator shall be conclusive and binding on any Company, Participants and Beneficiaries.

The Designee has the responsibility for performing certain administrative and ministerial functions under this Plan. The Designee shall be responsible for determining in the first instance issues related to eligibility, Hypothetical Investment Benchmarks, distribution of Deferred Amounts, determination of account balances, crediting of hypothetical earnings and debiting of hypothetical losses and of distributions, withdrawals, deferral elections and any other duties concerning the day-to-day operation of this Plan. The Administrator shall have discretion to delegate such additional duties as it may determine. The Designee may retain and supervise outside providers, third party administrators, record keepers and professionals (including in-house professionals) to perform any or all of the duties delegated to it hereunder.

Neither The Dow Chemical Company, a member of the Board who is employed by the Company, a member of the Governance Committee nor any Designee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated or for anything done or omitted to be done in connection with this Plan.
The Dow Chemical Company shall, to the fullest extent permitted by law, indemnify each director, officer or employee of The Dow Chemical Company (including the heirs, executors, administrators and other personal representatives of such person), each member of the Governance Committee and any Designee against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement, actually and reasonably incurred by such person in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal, administrative or investigative in nature or otherwise) in which such person may be involved by reason of the fact that he or she is or was serving this Plan in any capacity at the request of The Dow Chemical Company, the Administrator or Designee.

Any expense incurred by The Dow Chemical Company or the Administrator relative to the administration of this Plan shall be paid by The Dow Chemical Company and/or may be deducted from the Deferral Accounts of the Participants as determined by the Administrator or Designee.

Section 3.02 **Claim Procedure.** If a Participant or Beneficiary makes a written request alleging a right to receive payments under this Plan or alleging a right to receive an adjustment in benefits being paid under this Plan, such actions shall be treated as a claim for benefits. All claims for benefits under this Plan shall be sent to the Designee. If the Designee determines that any individual who has claimed a right to receive benefits, or different benefits, under this Plan is not entitled to receive all or any part of the benefits claimed, the Designee shall inform the claimant in writing of such determination and the reasons therefor in terms calculated to be understood by the claimant. The notice shall be sent within 60 days of the claim unless the Designee determines that additional time, not exceeding 60 additional days, is needed and so notifies the claimant. The notice shall make specific reference to the pertinent Plan provisions on which the denial is based, and shall describe any additional material or information that is necessary to perfect the claim. Such notice shall, in addition, inform the claimant of the procedure that the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim. The claimant may within 60 days thereafter submit in writing to the Administrator a notice that the claimant contests the denial of his or her claim and desires a further review by the Administrator. The Administrator shall within 60 days thereafter review the claim and authorize the claimant to review pertinent documents and submit issues and comments relating to the claim to the Administrator. The Administrator will render a final decision on behalf of The Dow Chemical Company with specific reasons therefor in writing and will transmit it to the claimant within 60 days of the written request for review, unless the Administrator determines that additional time, not exceeding 60 days, is needed, and so notifies the claimant. If the Administrator fails to respond to a claim filed in accordance with the foregoing within 60 days or any such extended period, the claim shall be deemed to have been denied. If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to the claimant, it shall be binding and conclusive unless the claimant notifies the Administrator within 90 days after the mailing or delivery to him or her by the Administrator of its determination that he or she intends to institute legal proceedings challenging the determination of the Administrator, and actually institutes such legal proceeding within 180 days after such mailing or delivery.

ARTICLE IV

PARTICIPATION

Section 4.01 **Participation.** Participation in the Plan shall be limited to Participants who elect to participate in this Plan by filing a Participation Agreement with the Designee. A Participation Agreement must be filed on or prior to the election to the Board, and prior to the right to receive any compensation for the Plan Year, immediately preceding the Plan Year for which it is effective. The Designee shall have the discretion to establish deadlines regarding the filing of Participation Agreements for Participants. Notwithstanding the foregoing, the Administrator, in its sole discretion, may permit a newly eligible Participant to submit a Participation Agreement within 30 days of that person becoming eligible, and deferrals shall commence as soon as practical thereafter. An individual shall not be eligible to elect to participate in this Plan unless the individual is a Participant for the Plan Year for which the election is made.

Section 4.02 **Contents of Participation Agreement.** Subject to Article VII, each Participation Agreement shall set forth: (i) the amount of Eligible Compensation for the Plan Year or performance period to which the Participation Agreement relates that is to be deferred under the Plan (the "Deferred Amount"), expressed as a percentage of the Annual Retainer/Other Bonus for such Plan Year or performance period; provided, that the minimum Deferred Amount for any Plan Year shall not be less than 10% (in 10% increments) of the Annual Retainer/Other Bonus; (ii) the period after which payment of the Deferred Amount is to be made or begin to be made (the "Deferral Period"), which shall be during July (A) following Separation from Board Service (B) following one year after Separation from Board Service, or (C) following the Participant's 72nd birthday; and (iii) the form in which payments are to be made: lump sum or annual installments not to exceed 10 years. Participation Agreements are to be completed in a format specified by the Designee.

Section 4.03 **Modification or Revocation of Election by Participant.** A Participant may not change the amount of his or her Deferred Amount during a calendar year. A Participant's Participation Agreement may not be made, modified or revoked retroactively.

ARTICLE V

DEFERRED COMPENSATION

Section 5.01 **Elective Deferred Compensation.** For Section 16 Participants who elect to direct their Deferred Amount to the Hypothetical Investment Benchmark of The Dow Chemical Company Stock Index Fund only, the Deferred Amount of that Participant with respect to each Plan Year of participation shall be credited to the Participant's Deferral Account in the Hypothetical Investment Benchmark of 125% of Ten Year Treasury Notes as and when such Deferred Amount would otherwise have been paid to the Participant; on a quarterly basis (on the last business day of the months of March, June, September and December), such Deferred Amount shall be reallocated to the Hypothetical Investment Benchmark of The Dow Chemical Company Stock Index Fund. The earnings based on a Participant's investment selection among the Hypothetical Investment Benchmarks specified in Appendix A hereto, as amended by the Administrator from time to time, shall be borne by The Dow Chemical Company.

Section 5.02 **Vesting of Deferral Account.** A Participant shall be 100% vested in his or her Deferral Account as of each Valuation Date.

ARTICLE VI

MAINTENANCE AND INVESTMENT OF ACCOUNTS

Section 6.01 **Maintenance of Accounts.** Separate Deferral Accounts shall be maintained for each Participant. More than one Deferral Account may be maintained for a Participant as necessary to reflect (a) various Hypothetical Investment Benchmarks and/or (b) separate Participation Agreements specifying different Deferral Periods and/or forms of payment. A Participant's Deferral Account(s) shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan, and shall not constitute or be treated as a trust fund of any kind. The Designee shall determine the balance of each Deferral Account, as of each Valuation Date, by adjusting the balance of such Deferral Account as of the immediately preceding Valuation Date to reflect changes in the value of the deemed investments thereof, credits and debits pursuant to Section 6.02 and distributions pursuant to Article VII with respect to such Deferral Account since the preceding Valuation Date.

Section 6.02 **Hypothetical Investment Benchmarks.** (a) Each Participant shall be entitled to direct the manner in which his or her Deferral Accounts will be deemed to be invested, selecting among the Hypothetical Investment Benchmarks specified in Appendix A hereto, as amended by the Administrator from time to time, and in accordance with such rules, regulations and procedures as the Administrator may establish from time to time. Notwithstanding anything to the contrary herein, earnings and losses based on a Participant's investment elections shall begin to accrue as of the date such Participant's Deferred Amounts are credited to his or her Deferral Accounts. Participants, except for Section 16 Participants, can reallocate among the Hypothetical Investment Benchmarks on a daily basis. Section 16 Participants can reallocate among the Hypothetical Investment Benchmarks in accordance with such rules, regulations and procedures as the Administrator may establish from time to time.

(b) (i) The Hypothetical Investment Benchmarks available for Deferral Accounts will include "The Dow Chemical Company Stock Index Fund." The Dow Chemical Company Stock Index Fund will consist of deemed investments in shares of The Dow Chemical Company Common Stock including reinvestment of dividends, stock splits and without brokerage fees. Deferred Amounts that are deemed to be invested in The Dow Chemical Company Stock Index Fund shall be converted into Phantom Share Units based upon the Fair Market Value of the Common Stock as of the date(s) the Deferred Amounts are to be credited to a Deferral Account. The portion of any Deferral Account that is invested in The Dow Chemical Company Stock Index Fund shall be credited, as of each dividend payment date, with additional Phantom Share Units of Common Stock with respect to cash dividends paid on the Common Stock with record dates during the period beginning on the day after the most recent preceding Valuation Date and ending on such Valuation Date.

(ii) When a reallocation or a distribution of all or a portion of a Deferral Account that is invested in The Dow Chemical Company Stock Index Fund is to be made, the balance in such a Deferral Account shall be determined by multiplying the Fair Market Value of one share of Common Stock on the most recent Valuation Date preceding the date of such reallocation

or distribution by the number of Phantom Share Units to be reallocated or distributed. Upon a distribution, the amounts in The Dow Chemical Company Stock Index Fund shall be distributed in the form of cash having a value equal to the Fair Market Value of a comparable number of actual shares of Common Stock.

(iii) In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, or other change in the corporate structure of The Dow Chemical Company affecting Common Stock, or a sale by The Dow Chemical Company of all or part of its assets, or any distribution to stockholders other than a normal cash dividend, then the Administrator may make appropriate adjustments to the number of deemed shares credited to any Deferral Account. The determination of the Administrator as to such adjustments, if any, to be made shall be conclusive.

(iv) Notwithstanding any other provision of this Plan, the Administrator shall adopt such procedures as it may determine are necessary to ensure that with respect to any Participant who is actually or potentially subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the crediting of deemed shares to his or her Deferral Account is deemed to be an exempt purchase for purposes of such Section 16(b), including without limitation requiring that no shares of Common Stock or cash relating to such deemed shares may be distributed for six months after being credited to such Deferral Account.

Section 6.03 **Statement of Accounts.** Each Participant shall be issued quarterly statements of his or her Deferral Account(s) in such form as the Designee deems desirable, setting forth the balance to the credit of such Participant in his or her Deferral Account(s) as of the end of the most recently completed quarter.

ARTICLE VII

BENEFITS

Section 7.01 **Time and Form of Payment.** At the end of the Deferral Period for each Deferral Account, The Dow Chemical Company shall pay to the Participant the balance of such Deferral Account at the time or times elected by the Participant in the applicable Participation Agreement. The Dow Chemical Company shall make cash only payments from such Deferral Account, each of which annual amount shall consist of an amount equal to (i) the balance of such Deferral Account as of the most recent annual Valuation Date preceding the first annual payment date times (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining installment years (including the installment being paid). The first such installment shall be paid during July following the end of the Deferral Period and each subsequent installment shall be paid on or about the anniversary of such first payment. Each such installment shall be deemed to be made on a pro rata basis from each of the different deemed investments of the Deferral Account (if there is more than one such deemed investment).

Section 7.02 **Changing Form of Benefit.** Participants may elect an alternative form of payout as available under Section 7.01 by written election filed with the Administrator; provided, however, that the Participant files the election at least twelve (12) months prior to the first day of the month in which payments are to commence. If a Participant changes his form of payout from a lump sum to installments, the first installment date cannot occur earlier than five years after the date on which the lump sum was scheduled to be made.

Section 7.03 **Changing Form of Benefit to Delay Distribution**. Participants may elect to delay their form of payout as available under Section 7.01 as long as the first payment with respect to which such election is made must be deferred for a period of not less than 5 years from the date such payment would otherwise have been made.

Section 7.04 **Changing Form of Benefit to Accelerate Distribution**. Acceleration of the Distribution timing is only allowed for death, Unforeseeable Emergency, or limited circumstances in accordance with governmental regulations.

Section 7.05 **Separation from Board Service.** Subject to Section 7.01 and Section 7.07 hereof, if a Participant has elected to have the balance of his or her Deferral Account distributed upon Separation from Board Service, or after a specific future year, the account balance of the Participant (determined as of the most recent Valuation Date preceding the end of the Deferral Period) shall be distributed in accordance with the Plan and as elected in the Participation Agreement.

Section 7.06 **Post-Termination Survivor Benefit.** If a Participant dies after Separation from Board Service and prior to receiving full payment of his or her Deferral Account(s), The Dow Chemical Company shall pay the remaining balance (determined as of the most recent Valuation Date preceding such event) to the Participant's Beneficiary or Beneficiaries (as the case may be) in a lump sum.

Section 7.07 **Small Benefit Election.** Notwithstanding any of the foregoing, in the event the sum of all benefits payable to the Participant or Beneficiary(ies) is less than or equal to ten thousand dollars ($10,000), the Administrator shall pay such benefits in a single lump sum.

Section 7.08 **Hardship Withdrawals.** Notwithstanding the provisions of Section 7.01 and any Participation Agreement, a Participant's on-going Deferred Amount shall cease and a Participant shall be entitled to early payment of all or part of the balance in his or her Deferral Account(s) in the event of an Unforeseeable Emergency, in accordance with this Section 7.08. A distribution pursuant to this Section 7.08 may only be made to the extent reasonably needed to satisfy the Unforeseeable Emergency need, and may not be made if such need is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or (iii) by cessation of participation in the Plan. An application for an early payment under this Section 7.08 shall be made to the Administrator in such form and in accordance with such procedures as the Administrator shall determine from time to time. The determination of whether and in what amount and form a distribution will be permitted pursuant to this Section 7.08 shall be made by the Administrator.

Section 7.09 **Change of Control.** A Participant may, when completing a Participation Agreement during the enrollment period, elect that, if a Change of Control occurs, the Participant (or after the Participant's death the Participant's Beneficiary) shall receive a lump sum payment of the balance of the Deferral Account within thirty (30) days after the Change of Control. This election is irrevocable and shall apply to the entire Deferral Account both before and after Separation from Board Service. The Deferral Account balance shall be determined as of the most recent Valuation Date preceding the month in which Change of Control occurs. All Participation Agreements previously filed by a Participant who receives a distribution under this Section 7.09 shall be null and void (including without limitation Participation Agreements with respect to Plan Years or performance periods that have not yet been completed), and such a Participant shall not thereafter be entitled to file any Participation Agreements under the Plan with respect to the first Plan Year that begins after such distribution is made.

ARTICLE VIII

BENEFICIARY DESIGNATION

Section 8.01 **Beneficiary Designation.** Each Participant shall have the right, at any time, to designate any person, persons or entity as his or her Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by filing a written designation with the Designee, on such form and in accordance with such procedures as the Designee shall establish from time to time.

Section 8.02 **No Beneficiary Designation.** If a Participant or Beneficiary fails to designate a Beneficiary as provided above or if all designated Beneficiaries predecease the Participant or his or her Beneficiary, then the Participant's Beneficiary shall be deemed to be, in the following order:

(a) to the spouse of such person, if any;
(b) to the children of such person, if any; or
(c) to the deceased person's estate.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

Section 9.01 **Amendment.** The Board may at any time amend this Plan in whole or in part, provided, however, that no amendment shall be effective to decrease the balance in any Deferral Account as accrued at the time of such amendment, nor shall any amendment otherwise have a retroactive effect.

Section 9.02 **Company's Right to Terminate.** The Board may at any time terminate the Plan with respect to future Participation Agreements. The Board may also terminate the Plan in its entirety at any time for any reason, including without limitation if, in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of The Dow Chemical Company. Any plan termination made pursuant to this Section 9.02 shall be performed in a manner consistent with the requirements of Code section 409A and any regulations or other applicable guidance issued thereunder.

ARTICLE X

MISCELLANEOUS

Section 10.01 **Unfunded Plan.** This Plan is intended to be an unfunded plan. All payments pursuant to the Plan shall be made from the general assets of The Dow Chemical Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of The Dow Chemical Company or any other Company as a result of participating in the Plan. Notwithstanding the foregoing, The Dow Chemical Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of The Dow Chemical Company's creditors, to assist it in accumulating funds to pay its obligations.

Section 10.02 **Nonassignability.** Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 10.03 **Validity and Severability.** The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction, shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.04 **Governing Law.** The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of Delaware, without reference to principles of conflict of law, except to the extent preempted by federal law.

Section 10.05 **Status.** This Plan does not constitute a contract of employment or impose on the Participant or any Company any obligation for the Participant to remain on the Board of Directors of such Company.

Section 10.06 **Successors of the Company.** The rights and obligations of The Dow Chemical Company shall inure to the benefit of, and shall be binding upon, the successors and assigns of The Dow Chemical Company.

Section 10.07 **Waiver of Breach.** The waiver by The Dow Chemical Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

Section 10.08 **Notice.** Any notice or filing required or permitted to be given to The Dow Chemical Company under the Plan shall be sufficient if in writing and hand-delivered, or sent by first class mail to the principal office of The Dow Chemical Company, directed to the attention of the Designee. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark.

APPENDIX A

The Dow Chemical Company Stock Index Fund

125% of Ten Year Treasury Notes

Vanguard Windsor II Admiral Shared (effective October 11, 2006)

Vanguard 500 Index Fund

T. Rowe Price Mid-Cap Growth Fund

Fidelity Low-Priced Stock Fund

Fidelity Diversified International Trust (effective October 11, 2006)

Vanguard Balanced Index Fund

The Dow Chemical Company
Elective Deferral Plan
Restated and Effective January 1, 2009

ARTICLE I

PURPOSE AND EFFECTIVE DATE

The purpose of The Dow Chemical Company Elective Deferral Plan ("Plan") is to aid The Dow Chemical Company and its subsidiaries in retaining and attracting executive employees by providing them with tax deferred savings opportunities. The Plan provides a select group of management and highly compensated employees of The Dow Chemical Company and certain subsidiaries with the opportunity to elect to defer receipt of specified portions of compensation, and to have these deferred amounts treated as if invested in specified Hypothetical Investment Benchmarks. The benefits provided under the Plan shall be provided in consideration for services to be performed after the effective date of the Plan, but prior to the executive's Separation from Service.

The Plan is intended to (1) constitute an unfunded program maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated Employees consistent with the requirements of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and (2) comply with Section 409A of the Internal Revenue Code of 1986 ("Code") and official guidance issued thereunder. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

The Plan shall be effective for deferrals made hereunder on or after January 1, 2005. Amendments were made to the Plan on January 10, 2005 and March 11, 2005 to comply with the provisions of Code section 409A, and a minor amendment was made to the Plan on January 23, 2006. On September 1, 2006, the Plan was amended to further comply with the provisions of Code section 409A and, effective September 1, 2006 and January 1, 2007, to change the Hypothetical Investment Benchmarks. On November 1, 2006, the Plan was amended for Change of Control language. On December 31, 2008, the Plan was amended and restated to comply with the requirements of Code section 409A and the final regulations thereunder, effective January 1, 2009. For rules that apply to the distribution of amounts that were earned and vested prior to 2005 (and earnings thereon) and are exempt from the requirements of Code section 409A, refer to the plan document in effect on October 3, 2004.

ARTICLE II

DEFINITIONS

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

Section 2.01 Administrator. "Administrator" means the Retirement Board appointed under the Dow Employees' Pension Plan.

Section 2.02 Base Salary. "Base Salary" means the annual base rate of pay from the Company at which a Participant is employed (excluding Performance Awards, commissions, relocation expenses, and other non-regular forms of compensation) before deductions under (A) deferrals pursuant to Section 4.02 and (B) contributions made on his or her behalf to any qualified plan maintained by any Company or to any cafeteria plan under Code section 125 maintained by any Company. "Base Salary" for a Cadre Employee means the annual base rate of pay (excluding Performance Awards, commissions, relocation expenses, and other non-regular forms of compensation) before the deductions listed above payable to a Cadre Employee while the Cadre Employee is on U.S. assignment.

Section 2.03 Base Salary Deferral. "Base Salary Deferral" means the amount of a Participant's Base Salary which the Participant elects to have withheld on a pre-tax basis from his or her Base Salary and credited to his or her Deferral Account pursuant to Section 4.02.

Section 2.04 Beneficiary. "Beneficiary" means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to Article VIII.

Section 2.05 Board. "Board" means the Board of Directors of The Dow Chemical Company.

Section 2.06 Cadre Employee. "Cadre Employee" means an employee who has been authorized by Dow Europe GmbH to participate in the Cadre Pension Plan and who earns compensation while on assignment in the U.S.

Section 2.07 Change of Control. For purposes of this Plan, a "Change of Control" shall be deemed to have occurred on: (a) the date that any one person, or more than one person acting as a group acquires, ownership of stock of The Dow Chemical Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of The Dow Chemical Company, (b) the date that a majority of the members of the Board of Directors of The Dow Chemical Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the directors before the date of the appointment or election, (c) the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of The Dow Chemical Company possessing 30% or more of the total voting power of the stock of such corporation, (d) the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from The Dow Chemical Company that has a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of The Dow Chemical Company immediately before such acquisition or acquisitions, provided that the following asset transfers shall not result in a Change of Control: (i) a transfer of assets to a stockholder of The Dow Chemical Company in exchange for or with respect to its stock, (ii) a transfer to a corporation, 50% or more of the total value or voting power of which is owned, directly or indirectly, by The Dow Chemical Company, (iii) a transfer to a person, or more than one person acting as a group, that owns 50% or more of the stock of The Dow Chemical Company, or (iv) a transfer to an entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (iii). This definition of "Change of Control" is intended to conform to the definition of a "change in ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" as defined under Code section 409A and any subsequent authority issued pursuant thereto, and no corporate event shall be considered a Change of Control unless it meets such requirements.

Section 2.08 Code. "Code" means the Internal Revenue Code of 1986, as amended.

Section 2.09 Common Stock. "Common Stock" means the common stock of The Dow Chemical Company.

Section 2.10 Company. "Company" means The Dow Chemical Company, its successors, any subsidiary or affiliated organizations authorized by the Board or the Administrator to participate in the Plan and any organization into which or with which The Dow Chemical Company may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.11 Deferral Account. "Deferral Account" means the notional account established for record keeping purposes for each Participant pursuant to Article VI.

Section 2.12 Deferred Amount. "Deferred Amount" means the amount deferred pursuant to Section 4.02.

Section 2.13 Designee. "Designee" means The Dow Chemical Company's Global Compensation & Benefits Department to whom the Administrator has delegated the authority to take action under the Plan.

Section 2.14 Disabled. "Disabled" or "Disability" means a Participant who, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, is receiving income replacement benefits for a period of not less than 3 months under the Company's ERISA welfare plan that provides long-term disability payments. The Administrator, in its complete and sole discretion, shall determine whether a Participant is Disabled. The Administrator may require that the Participant submit to an examination on an annual basis, at the expense of the Company at which such Participant was employed, by a competent physician or medical clinic selected by the Administrator to confirm the Participant is Disabled. On the basis of such medical evidence, the determination of the Administrator as to whether or not a condition of Disability exists or continues shall be conclusive.

Section 2.15 Discretionary Company Contribution. "Discretionary Company Contribution" means an amount credited to a Participant's Deferral Account pursuant to Section 7.09.

Section 2.16 Domestic Partner. A person who is a member of a Domestic Partnership.

Section 2.17 Domestic Partnership. A partnership of two people that meets the definition of "Domestic Partnership" as defined in the Savings Plan.

Section 2.18 Eligible Compensation. "Eligible Compensation" means any Base Salary, Performance Awards and any other monies treated as eligible compensation by The Dow Chemical Company, payable to a Participant to the extent the Participant is on the U.S. payroll of the Company at the time the amount would have otherwise been paid to the Participant. "Eligible Compensation" for a Cadre Employee means any Base Salary, Performance Awards and any other monies treated as eligible compensation by The Dow Chemical Company, payable to a Cadre Employee while the Cadre Employee is on U.S. assignment.

Section 2.19 Eligible Employee. "Eligible Employee" means an employee of any Company who: (i) is a United States employee or an expatriate who is paid from one of The Dow Chemical Company's U.S. entities, (ii) is a member of the functional specialist/functional leader or global leadership job families, (iii) has a job level of 362 points or higher, (iv) is eligible for participation in the Savings Plan, (v) is designated by the Administrator as eligible to participate in the Plan as of September 30 for deferral of Base Salary and Performance Awards, and (vi) qualifies as a member of the "select group of management or highly compensated employees" under ERISA. For purposes of Section 7.09, Discretionary Company Contributions, only, "Eligible Employee" means an employee who: (i) is a United States employee, (ii) has terminated employment with a foreign affiliate of the Company and has accepted employment with one of the Company's U.S. entities, (iii) is eligible for a signing bonus from one of the Company's U.S. entities, (iv) has a job level of 208 points or higher, (v) is eligible for participation in the Savings Plan and (vi) qualifies as a member of the "select group of management or highly compensated employees" under ERISA.

Section 2.20 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

Section 2.21 Executive Life Insurance. "Executive Life Insurance" means a life insurance policy under TDCC Executive Split Dollar Life Insurance Plan, or the UCC Executive Life Insurance Plan.

Section 2.22 Fair Market Value. "Fair Market Value" of a share of Common Stock means the closing price of The Dow Chemical Company's Common Stock on the New York Stock Exchange on the most recent day on which the Common Stock was so traded that precedes the date the Fair Market Value is to be determined. The definition of Fair Market Value in this Section shall be exclusively used to determine the values of a Participant's interest in The Dow Chemical Company Stock Index Fund (defined in Section 6.02(b)) for all relevant purposes under the Plan.

Section 2.23 Form of Payment. "Form of Payment" means payment in one lump sum or in substantially equal monthly, quarterly or annual installments not to exceed 15 years.

Section 2.24 Hardship Withdrawal. "Hardship Withdrawal" means the early payment of all or part of the balance in a Deferral Account(s) in the event of an Unforeseeable Emergency.

Section 2.25 Hypothetical Investment Benchmark. "Hypothetical Investment Benchmark" shall mean the phantom investment benchmarks which are used to measure the return credited to a Participant's Deferral Account.

Section 2.26 Key Employee. "Key Employee" means any Eligible Employee or Cadre Employee who has a job level of 820 points or higher as of his Separation from Service.

Section 2.27 Matching Contribution. "Matching Contribution" means the amount of annual matching contribution that each Company will make to the Plan.

Section2.28 Participant. "Participant" means any individual who is eligible and makes an election to participate in this Plan by filing a Participation Agreement as provided in Article IV.

Section 2.29 Participation Agreement. "Participation Agreement" means an agreement filed by a Participant in accordance with Article IV.

Section 2.30 Performance Awards. "Performance Awards" means the amount paid in cash to the Participant by any Company in the form of annual incentive bonuses for a Plan Year. "Performance Awards" for a Cadre Employee means the annual incentive bonuses for a Plan Year payable to a Cadre Employee while the Cadre Employee is on U.S. assignment.

Section 2.31 Performance Deferral. "Performance Deferral" means the amount of a Participant's Performance Award which the Participant elects to have withheld on a pre-tax basis from his or her Performance Award and credited to his or her account pursuant to Section 4.02.

Section 2.32 Phantom Share Units. "Phantom Share Units" means units of deemed investment in shares of The Dow Chemical Company Common Stock so determined under Section 6.02(b).

Section 2.33 Plan Year. "Plan Year" means a twelve-month period beginning January 1 and ending the following December 31.

Section 2.34 Savings Plan. "Savings Plan" means The Dow Chemical Company Employees' Savings Plan as it currently exists and as it may subsequently be amended.

Section 2.35 Section 16 Participant. "Section 16 Participant" means an officer or director of The Dow Chemical Company required to report transactions in The Dow Chemical Company securities to the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934.

Section 2.36 Separation from Service. "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code, except that in applying Section 1563(a)(1), (2), and (3) of the Code for purposes of determining a controlled group of corporations under Section 414(b) and (c) of the Code, and in applying Treasury Regulation section 1.414(c)-2 for purposes of determining trades or businesses that are under common control under Section 414(c) of the Code, the language "at least 45 percent" is used instead of "at least 80 percent" each place it appears.

Section 2.37 Unforeseeable Emergency. "Unforeseeable Emergency" means severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code section 152(a)) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant as determined by the Administrator. The amount of the distribution may not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by cessation of the Participant's deferrals under the Plan.

Section 2.38 Valuation Date. "Valuation Date" means the last day of each calendar month or such other date as the Administrator in its sole discretion may determine.

ARTICLE III

ADMINISTRATION

Section 3.01 Administrator Duties. This Plan shall be administered by the Administrator. The Administrator shall act by a majority of its members by vote at a meeting or by unanimous consent in writing. If all members of the Administrator are not available, a quorum, consisting of three (3) members of the Administrator, may act by a majority of the quorum. It may authorize one or more of its members to execute documents in its behalf. Any person, upon written notification of the authorization, shall accept and rely upon that authorization until notified in writing that the Administrator has revoked the authorization. The Administrator shall appoint a secretary (who may or may not be an Administrator member) to keep all minutes of its meetings and to receive and deliver all notices. The secretary shall record and, where appropriate, communicate to all persons affected all delegations made by the Administrator of its responsibilities, any rules and procedures adopted by the Administrator and all other formal actions taken by the Administrator. No member of the

Administrator shall vote or act on any matter relating solely to him/herself. The Administrator may meet by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting and waiver of notice of such meeting.

The Administrator shall be responsible for the administration of this Plan and shall have all powers necessary to administer this Plan, including discretionary authority to determine eligibility for benefits and to decide claims under the terms of this Plan, except to the extent that any such powers that are specially vested in any other person administering this Plan by the Administrator. The Administrator may from time to time establish rules for the administration of this Plan, and it shall have the exclusive right to interpret this Plan and to decide any matters arising in connection with the administration and operation of this Plan. All rules, interpretations and decisions of the Administrator shall be conclusive and binding on any Company, Participants and Beneficiaries.

The Administrator has delegated to the Designee responsibility for performing certain administrative and ministerial functions under this Plan. The Designee shall be responsible for determining in the first instance issues related to eligibility, Hypothetical Investment Benchmarks, distribution of Deferred Amounts, determination of account balances, crediting of hypothetical earnings and debiting of hypothetical losses and of distributions, withdrawals, deferral elections and any other duties concerning the day-to-day operation of this Plan. The Administrator shall have discretion to delegate such additional duties as it may determine. The Designee may retain and supervise outside providers, third party administrators, record keepers and professionals (including in-house professionals) to perform any or all of the duties delegated to it hereunder.

Neither The Dow Chemical Company, any other Company, a member of the Board, a member of the Administrator nor the Designee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated or for anything done or omitted to be done in connection with this Plan.

The Dow Chemical Company shall, to the fullest extent permitted by law, indemnify each director, officer or employee of The Dow Chemical Company (including the heirs, executors, administrators and other personal representatives of such person), each member of the Administrator and the Designee against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement, actually and reasonably incurred by such person in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal, administrative or investigative in nature or otherwise) in which such person may be involved by reason of the fact that he or she is or was serving this Plan in any capacity at the request of The Dow Chemical Company, the Administrator or Designee.

Any expense incurred by The Dow Chemical Company or the Administrator relative to the administration of this Plan shall be paid by The Dow Chemical Company and/or may be deducted from the Deferral Accounts of the Participants as determined by the Administrator or Designee.

Section 3.02 Claim Procedure. If a Participant or Beneficiary ("claimant") makes a written request alleging a right to receive payments under this Plan or alleging a right to receive an adjustment in benefits being paid under this Plan, such actions shall be treated as a claim for benefits. Benefits under this Plan shall be payable only if the Designee or the Administrator, as the case may be, determines, in its sole discretion, that a claimant is entitled to them.

(a) All initial claims for benefits under this Plan shall be sent to the Designee. If the Designee determines that any individual who has claimed a right to receive benefits, or different benefits, under this Plan is not entitled to receive all or any part of the benefits claimed, the Designee shall inform the claimant in writing of such determination and the reasons therefor in terms calculated to be understood by the claimant. The notice shall be sent within 90 days (45 days when the claim for benefits relates to receipt of disability payments) of receipt of the claim unless the Designee determines that additional time, not exceeding 90 additional days (30 days when the claim for benefits relates to receipt of disability payments and a second additional 30 days for a benefits determination when the Designee determines the additional time is necessary), is needed and so notifies the claimant in writing before the expiration of the initial 90 day period (45 day period when the claim relates to receipt of disability benefit payments). Any written notice of extension for review shall include the circumstances requiring extension and date by which a decision is expected to be rendered. A written notice of denial of benefits shall (1) state specific reasons for the denial, (2) make specific reference to the pertinent Plan provisions on which the denial is based, (3) describe any additional material or information that is necessary to support the claimant's claim and an explanation of why such material or information is necessary, and (4) include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records or other information relevant (as defined by

Department of Labor Regulation Section 2560.503-1(m)) to the claim. Such notice shall, in addition, inform the claimant of the procedure that the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim, including the right to bring a civil action under Section 502(a) of ERISA following exhaustion of review procedures set forth herein.

(b) The claimant may within 60 days (180 days when the review relates to receipt of disability benefits) after notice of the denial submit, in writing, to the Administrator a notice that the claimant contests the denial of his or her claim and desires a further review by the Administrator. During the review process, the claimant has the right to submit written comments, documents, records and other information relating to the claim for benefits, which the Administrator shall consider without regard to whether the items were considered upon the initial review. The Administrator shall within 60 days thereafter review the claim and authorize the claimant to, upon request and free of charge, have reasonable access to, and copies of all documents, records or other information relevant (as defined by Department of Labor Regulation Section 2560.503-1(m)) to the claim. The Administrator will render a final decision on behalf of The Dow Chemical Company with specific reasons therefor in writing and will transmit it to the claimant within 60 days (45 days when the claim relates to receipt of disability payments) of the written request for review, unless the Administrator determines that additional time, not exceeding 60 days (45 days when the claim relates to disability payments), is needed, and so notifies the claimant in writing before the expiration of the initial 60 day period (45 days when the claim relates to disability payments). In no event shall the Administrator render a final decision later than the initial 60 days (45 days when the claim relates to the receipt of disability payments) plus the possible additional 60 days (45 days when the claim relates to the receipt of disability payments) following receipt of the claimant's appeal. Any written notice of extension for review shall include the circumstances requiring extension and date by which a decision is expected to be rendered. A written notice of denial of benefits upon review shall (1) state specific reasons for the denial, (2) make specific reference to the pertinent Plan provisions on which the denial is based, and (3) include a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records or other information relevant (as defined by Department of Labor Regulation Section 2560.503-1(m)) to the claim. Such notice shall, in addition, inform the claimant of the right to bring a civil action under Section 502(a) of ERISA. If such determination is adverse to the claimant, it shall be binding and conclusive unless the claimant notifies the Administrator within 90 days after the mailing or delivery to him or her by the Administrator of its determination that he or she intends to institute legal proceedings challenging the determination of the Administrator, and actually institutes such legal proceeding within 180 days after such mailing or delivery.

ARTICLE IV

PARTICIPATION

Section 4.01 Participation.

(a) Eligible Employees. In general, participation in the Plan shall be limited to Eligible Employees who elect to participate in this Plan by filing a Participation Agreement with the Administrator in accordance with the Company's enrollment procedures. A Participation Agreement normally must be filed on or prior to the November 30 (Eastern Standard Time) immediately preceding the Plan Year in which the Eligible Compensation to which the Participation Agreement relates is earned. An individual shall not be eligible to elect to participate in this Plan unless the individual qualifies as an Eligible Employee for the Plan Year for which the election is made. The Administrator, in its sole discretion and to the extent permitted by Code section 409A and the regulations or other guidance issued thereunder, may permit a newly Eligible Employee to submit a Participation Agreement within 30 days after the date the Eligible Employee becomes eligible, and deferrals shall commence as soon as practical thereafter for Eligible Compensation earned after the Administrator receives a completed and timely submitted Participation Agreement.

(b) Cadre Employees. Cadre Employees shall also be eligible to participate in the Plan by filing a Participation Agreement with the Administrator in accordance with the Company's enrollment procedures. A Participation Agreement normally must be filed on or prior to the November 30 (Eastern Standard Time) immediately preceding the Plan Year in which the Eligible Compensation to which the Participation Agreement relates is earned. The Administrator, in its sole discretion and to the extent permitted by Code section 409A and the regulations or other guidance issued thereunder, may permit a newly eligible Cadre Employee to submit a Participation Agreement within 30 days after the date the Cadre Employee becomes eligible, and deferrals shall commence as soon as practical thereafter for Eligible Compensation earned after the Administrator receives a completed and timely submitted Participation Agreement. In addition, the Administrator, in its sole discretion and to the extent permitted by Code section 409A Code and the regulations or other guidance issued thereunder, may permit a newly eligible Cadre Employee for the first Plan Year in which the Cadre Employee is a resident

alien to make a deferral election in a timely manner as permitted under Treas. Reg. Section 1.409A-2(c).

Section 4.02 Contents of Participation Agreement.

(a) Eligible Employees. Subject to Article VII, each Participation Agreement shall set forth the amount of Eligible Compensation for the Plan Year to which the Participation Agreement relates that is to be deferred under the Plan (the "Deferred Amount"), expressed as either a dollar amount or a percentage of the Base Salary and Performance Awards for such Plan Year; provided, that the minimum Deferred Amount for any Plan Year shall not be less than 5% (in 5% increments) of Base Salary and/or 5% (in 5% increments) of any Performance Award and the maximum Deferred Amount for any Plan Year shall not exceed 50% of Base Salary and 85% of any Performance Award. In accordance with the provisions contained in Article VII, each Participation Agreement shall also set forth a time and Form of Payment of a Deferred Amount. Participation Agreements are to be completed in a format specified by the Administrator.

(b) Cadre Employees. A Cadre Employee's Participation Agreement shall set forth the amount of Base Salary for the Plan Year to which the Participation Agreement relates that is to be deferred under the Plan (the "Deferred Amount"), expressed as a whole percentage of the Base Salary for such Plan Year; provided that the maximum Deferred Amount for any Plan Year shall not exceed 15% of Base Salary. In addition, each Participation Agreement shall, in accordance with the provisions contained in Article VII, set forth a time and Form of Payment of a Deferred Amount. Participation Agreements are to be completed in a format specified by the Administrator.

Section 4.03 Modification or Revocation of Election by Participant. A Participant may not change the amount of his or her Deferred Amount during a Plan Year. A Participant's Participation Agreement may not be made, modified or revoked retroactively.

ARTICLE V

DEFERRED COMPENSATION

Section 5.01 Elective Deferred Compensation. Except for Section 16 Participants, the Deferred Amount of a Participant with respect to each Plan Year of participation in the Plan shall be credited to the Participant's Deferral Account as and when such Deferred Amount would otherwise have been paid to the Participant. For Section 16 Participants who elect to direct their Deferred Amount to the Hypothetical Investment Benchmark of The Dow Chemical Company Stock Index Fund only, the Deferred Amount of that Participant with respect to each Plan Year of participation shall be credited to the Participant's Deferral Account in the Hypothetical Investment Benchmark of 125% of Ten Year Treasury Notes as and when such Deferred Amount would otherwise have been paid to the Participant; on a quarterly basis (on the last business day of the months of March, June, September and December), such Deferred Amount shall be reallocated to the Hypothetical Investment Benchmark of The Dow Chemical Company Stock Index Fund. If a Participant is employed at a Company other than The Dow Chemical Company, such Company shall pay or transfer the Deferred Amounts for all such Company's Participants to The Dow Chemical Company as and when the Deferred Amounts are withheld from a Participant's Base Salary or Performance Award. Such forwarded Deferred Amounts will be held as part of the general assets of The Dow Chemical Company. The earnings credit under Section 6.02 based on a Participant's investment selection among the Hypothetical Investment Benchmarks specified in Appendix A hereto, as amended by the Administrator from time to time, shall be borne by The Dow Chemical Company. To the extent that any Company is required to withhold any taxes or other amounts from the Deferred Amount pursuant to any state, Federal or local law, such amounts shall be taken out of other compensation eligible to be paid to the Participant that is not deferred under this Plan.

Section 5.02 Vesting of Deferral Account. Except as provided in Sections 7.09 and 7.10, a Participant shall be 100% vested in his or her Deferral Account as of each Valuation Date.

ARTICLE VI

MAINTENANCE AND INVESTMENT OF ACCOUNTS

Section 6.01 Maintenance of Accounts. Separate Deferral Accounts shall be maintained for each Participant. More than one Deferral Account may be maintained for a Participant as necessary to reflect (a) various Hypothetical

Investment Benchmarks and/or (b) separate Participation Agreements specifying different times and Forms of Payment. A Participant's Deferral Account(s) shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan, and shall not constitute or be treated as a trust fund of any kind. The Administrator shall determine the balance of each Deferral Account, as of each Valuation Date, by adjusting the balance of such Deferral Account as of the immediately preceding Valuation Date to reflect changes in the value of the deemed investments thereof, credits and debits pursuant to Section 6.02 and Section 7.08 and distributions pursuant to Article VII with respect to such Deferral Account since the preceding Valuation Date.

Section 6.02 Hypothetical Investment Benchmarks. (a) Each Participant shall be entitled to direct the manner in which his or her Deferral Accounts will be deemed to be invested, selecting among the Hypothetical Investment Benchmarks specified in Appendix A hereto, as amended by the Administrator from time to time, and in accordance with such rules, regulations and procedures as the Administrator may establish from time to time. Notwithstanding anything to the contrary herein, earnings and losses based on a Participant's investment elections shall begin to accrue as of the date such Participant's Deferred Amounts are credited to his or her Deferral Accounts. Participants, except for Section 16 Participants, can reallocate among the Hypothetical Investment Benchmarks on a daily basis. Section 16 Participants can reallocate among the Hypothetical Investment Benchmarks in accordance with such rules, regulations and procedures as the Administrator may establish from time to time.

(b) (i) The Hypothetical Investment Benchmarks available for Deferral Accounts will include "The Dow Chemical Company Stock Index Fund." The Dow Chemical Company Stock Index Fund will consist of deemed investments in shares of The Dow Chemical Company Common Stock including reinvestment of dividends, stock splits and without brokerage fees. Deferred Amounts that are deemed to be invested in The Dow Chemical Company Stock Index Fund shall be converted into Phantom Share Units based upon the Fair Market Value of the Common Stock as of the date(s) the Deferred Amounts are to be credited to a Deferral Account. The portion of any Deferral Account that is invested in The Dow Chemical Company Stock Index Fund shall be credited, as of each dividend payment date, with additional Phantom Share Units of Common Stock with respect to cash dividends paid on the Common Stock with record dates during the period beginning on the day after the most recent preceding Valuation Date and ending on such Valuation Date.

(ii) When a reallocation or a distribution of all or a portion of a Deferral Account that is invested in The Dow Chemical Company Stock Index Fund is to be made, the balance in such a Deferral Account shall be determined by multiplying the Fair Market Value of one share of Common Stock on the most recent Valuation Date preceding the date of such reallocation or distribution by the number of Phantom Share Units to be reallocated or distributed. Upon a distribution, the amounts in The Dow Chemical Company Stock Index Fund shall be distributed in the form of cash having a value equal to the Fair Market Value of a comparable number of actual shares of Common Stock.

(iii) In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, or other change in the corporate structure of The Dow Chemical Company affecting Common Stock, or a sale by The Dow Chemical Company of all or part of its assets, or any distribution to stockholders other than a normal cash dividend, then the Administrator may make appropriate adjustments to the number of Phantom Share Units credited to any Deferral Account. The determination of the Administrator as to such adjustments, if any, to be made shall be conclusive.

(iv) Notwithstanding any other provision of this Plan, the Administrator shall adopt such procedures as it may determine are necessary to ensure that with respect to any Participant who is actually or potentially subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the crediting of deemed shares to his or her Deferral Account is deemed to be an exempt purchase for purposes of such Section 16(b), including without limitation requiring that no shares of Common Stock or cash relating to such deemed shares may be distributed for six months after being credited to such Deferral Account.

Section 6.03 Statement of Accounts. Each Participant shall be issued quarterly statements of his or her Deferral Account(s) in such form as the Administrator deems desirable, setting forth the balance to the credit of such Participant in his or her Deferral Account(s) as of the end of the most recently completed quarter.

ARTICLE VII

BENEFITS

Section 7.01 Time and Form of Payment. The Dow Chemical Company shall pay to the Participant the balance of each Deferral Account at the time and in the Form of Payment as provided in this Article. If the Participant is employed at

a Company other than The Dow Chemical Company, such Company shall pay the balance of such Participant's Deferral Account, pursuant to the terms of the Plan, and The Dow Chemical Company shall reimburse such Company for any such payments.

(a) Distributions in a Specific Year. A Participant may elect in a Participation Agreement to have a Deferral Account be distributed in a lump sum (determined as of the most recent Valuation Date preceding the payment date) in cash in a specific future year or be distributed in installment payments (either annual, quarterly or monthly for up to 15 years) beginning in a specific future year. Except when a Participant elects quarterly installment payments, distributions pursuant to this Section 7.01(a) shall be made or commence on the January 31st (or the last immediately preceding business day of January if such January 31st is not a business day) of the year that the Participant has selected to begin receiving distributions. If a Participant has selected quarterly installment payments, such distributions shall commence on the March 31st (or the last immediately preceding business day of March if such March 31st is not a business day) of the year that the Participant has selected to begin receiving distributions.

(b) Distributions upon Separation from Service. Alternatively, a Participant may elect in a Participation Agreement to have a Deferral Account be distributed (i) in a lump sum (determined as of the most recent Valuation Date preceding the payment date) in cash in the year after the year in which the Participant's Separation from Service occurs, (ii) in installment payments (either annual, quarterly or monthly for up to 15 years) beginning in the year after the year in which the Participant's Separation from Service occurs, (iii) in a lump sum (determined as of the most recent Valuation Date preceding the payment date) in cash in the second year after the year in which the Participant's Separation from Service occurs, or (iv) in installment payments (either annual, quarterly or monthly for up to 15 years) beginning in the second year after the year in which the Participant's Separation from Service occurs. Except when a Participant elects quarterly installment payments, such distributions pursuant to this Section 7.01(b) shall be made or commence on the January 31st (or the last immediately preceding business day of January if such January 31st is not a business day) of the applicable year. If a Participant has selected quarterly installment payments, such distributions pursuant to this Section 7.01(b) shall commence on the March 31st (or the last immediately preceding business day of March if such March 31st is not a business day) of the applicable year.

(c) Distributions upon Separation from Service by a Key Employee. Notwithstanding the foregoing, distributions may not be made to a Key Employee upon a Separation from Service before the date which is six months after the date of the Key Employee's Separation from Service (or, if earlier, the date of the Key Employee's death). Any amounts that would otherwise be paid during this period of delay shall be accumulated and paid on the first day of the seventh month after the Participant's Separation from Service (or, if earlier, the first day of the month after the Participant's death).

(d) Calculation of Installments. If a Participant has elected in a Participation Agreement to have a Deferral Account be distributed in installment payments, each installment payment shall equal (i) the balance of such Deferral Account as of the most recent annual Valuation Date preceding the payment date, times (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments. Each subsequent installment shall be paid on or about the succeeding anniversary of such first payment or in quarterly or monthly intervals, if selected. Each such installment shall be deemed to be made on a pro rata basis from each of the different deemed investments of the Deferral Account (if there is more than one such deemed investment).

Section 7.02 Changing Time or Form of Benefit. A Participant may subsequently elect an alternative time or Form of payment as available under Section 7.01 by written election filed with the Administrator; provided, however, that:

(a) the election will not be effective for the twelve (12) month period after the date on which the election is made;

(b) the election must be made at least twelve (12) months prior to the date the distribution is scheduled to be made or commence; and,

(c) a distribution may not be made earlier than at least five (5) years following the date the distribution would have been made or commenced.

Section 7.03 Survivor Benefit. Notwithstanding any election by a Participant in a Participation Agreement or provisions of the Plan to the contrary, if a Participant dies prior to receiving full payment of his or her Deferral Account(s), The Dow Chemical Company shall pay the remaining balance (determined as of the most recent Valuation Date preceding death) to the Participant's Beneficiary or Beneficiaries (as the case may be) in a lump sum in cash as soon as administratively practicable within 90 days after the Participant's death, provided that such beneficiary or beneficiaries shall not have the right

to designate the taxable year of payment. If a Participant was employed at a Company other than The Dow Chemical Company, such Company shall pay the remaining balance of such deceased Participant's Deferral Account in accordance with the preceding sentence, and The Dow Chemical Company shall reimburse the Company for such payment.

Section 7.04 Disability. Notwithstanding any election by a Participant in a Participation Agreement or provisions of the Plan to the contrary, if a Participant incurs a Disability prior to receiving full payment of his or her Deferral Account(s), The Dow Chemical Company shall pay the remaining balance (determined as of the most recent Valuation Date preceding death) to the Participant in a lump sum in cash as soon as administratively practicable within 90 days after the Participant becomes Disabled, provided that the Participant shall not have the right to designate the taxable year of payment. If a Participant was employed at a Company other than The Dow Chemical Company, such Company shall pay the remaining balance of such Participant's Deferral Account in accordance with the preceding sentence, and The Dow Chemical Company shall reimburse the Company for such payment.

Section 7.05 Small Benefit Distribution. Notwithstanding any elections by a Participant in a Participation Agreement or provisions of the Plan to the contrary, the Administrator shall distribute all of a Participant's or Beneficiary's vested Deferral Account balances at any time after the Participant's Separation from Service if the sum of such balances does not exceed ten thousand dollars ($10,000) and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

Section 7.06 Hardship Withdrawals. Notwithstanding the provisions of Section 7.01 and any elections by a Participant in a Participation Agreement, a Participant shall be entitled to early payment of all or part of the balance in his or her Deferral Account(s) in the event of an Unforeseeable Emergency, in accordance with this Section 7.06. A distribution pursuant to this Section 7.06 may only be made to the extent reasonably needed to satisfy the Unforeseeable Emergency need, and may not be made if such need is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or (iii) by cessation of participation in the Plan. An application for an early payment under this Section 7.06 shall be made to the Administrator in such form and in accordance with such procedures as the Administrator shall determine from time to time. The determination of whether and in what amount a distribution will be permitted pursuant to this Section 7.06 shall be made by the Administrator. Upon such an early payment under this Section 7.06 in a Plan Year, the Participant's deferral election pursuant to Section 4.02 shall be cancelled with respect to any Deferred Amounts that would otherwise be deferred for the remainder of such Plan Year.

Section 7.07 Change of Control. In accordance with the Company's procedures and to the extent permitted by Code section 409A, a Participant may elect in a Participation Agreement that, if a Change of Control occurs, the Participant shall receive a lump sum payment of the balance of the Participant's applicable Deferral Account within thirty (30) days after the Change of Control. Certain Participants were provided with transition elections during the Code section 409A transition period to have their 2005 - 2008 Deferral Accounts, if any, paid in a lump sum within thirty (30) days after a Change of Control. In the event a Participant did not elect to have his 2005 - 2008 Deferral Accounts, if any, paid in a lump sum upon a Change of Control, such 2005 – 2008 Deferral Accounts, if any, will be distributed in accordance with the Participant's Distribution elections in the relevant Participation Agreements.

Section 7.08 Matching Contribution. Each Eligible Employee who elects to make deferrals of Eligible Compensation to the Plan will be credited with a Matching Contribution utilizing the same formula authorized under the Savings Plan for employer matching contributions. For purposes of calculating the match under this Plan, The Dow Chemical Company will assume each Participant is contributing the maximum allowable amount to the Savings Plan and receiving a match thereon. The Matching Contribution calculated under provisions of this Plan will be reduced by this assumed match from the Savings Plan. Notwithstanding the foregoing, the sum of the Matching Contribution under the Plan plus the assumed employer matching contributions under the Savings Plan may not exceed fifteen thousand dollars ($15,000) in each Plan Year. The amount of the Matching Contribution may be based on a formula that takes into account a Participant's overall compensation and may be subject to maximum or minimum limitations. The Matching Contribution shall be credited to the Deferral Account as soon as administratively feasible within the first 60 days of the following Plan Year. The Matching Contribution shall be invested among the same Hypothetical Investment Benchmarks as defined in 6.02 in the same proportion as the elections made by the Participant governing the Eligible Compensation deferrals of the Participant at such time. The Matching Contribution for a Plan Year shall be distributed to the Participant at the same time and in the same Form of Payment as the Participant's Deferred Amount (and earnings thereon) for such Plan Year in accordance with this Article VII, and will vest one hundred percent (100%) on the date credited to the Participant's account. In the event a Participant has elected one time and Form of Payment with respect to his or her Base Salary Deferral for such

Plan Year and another time and Form of Payment with respect to his or her Performance Deferral for such Plan Year, the Matching Contribution (and earnings thereon) for such Plan Year shall be distributed in accordance with the time and Form of Payment applicable to the Participant's Base Salary Deferral for such Plan Year. A Cadre Employee is not eligible for a Matching Contribution.

If a Participant is employed by a Company, other than The Dow Chemical Company, an amount equal to all Matching Contributions credited to Participants of such Company shall be paid or transferred in full by such Company to The Dow Chemical Company as of the date such Matching Contribution is credited to a Participant's Deferral Account. The Dow Chemical Company shall hold such amounts as part of the general assets of The Dow Chemical Company.

Section 7.09 Discretionary Company Contributions. Any Company may at any time contribute a discretionary Company contribution. This discretionary Company contribution may be for payments including, but not limited to, signing or retention bonuses. The amount of the discretionary Company contribution may vary from payroll period to payroll period throughout the Plan Year, may be based on a formula which takes into account a Participant's overall compensation, and otherwise may be subject to maximum or minimum limitations. The discretionary Company contribution shall be credited to the Deferral Account as soon as administratively feasible following the end of the payroll period. The discretionary contribution shall be invested among the same Hypothetical Investment Benchmarks as defined in 6.02 in the same proportion as the elections made by the Participant governing the deferrals of the Participant at the time, or if none, 125% of Ten Year Treasury Notes. Subject to the other provisions contained in this Article VII, any vested discretionary contribution (and earnings thereon) shall be distributed to the Participant in cash in a lump sum on January 31st following the Participant's Separation from Service. Any vesting schedule shall be determined by the Administrator at the time the discretionary Company contribution is made. An Cadre Employee is not eligible for a discretionary Company contribution.

If a Participant is employed at a Company other than The Dow Chemical Company, such Company shall pay or transfer to The Dow Chemical Company any amounts designated as discretionary Company contributions for all such Participants as of the date such discretionary Company contributions are credited to a Participant's Deferral Account. The Dow Chemical Company shall hold such amounts as part of the general assets of The Dow Chemical Company.

Section 7.10 Special Cadre Plan Contributions. Each Cadre Employee will be credited with a nondiscretionary Company contribution equal to (1) 4% of the Cadre Employee's monthly Base Salary for each month while he is an eligible to participate in the Plan, and (2) 12% of the Cadre Employee's Performance Awards received annually while he is eligible to participate in the Plan. The Company contribution shall be credited to the Deferral Account as soon as administratively feasible following the end of the applicable period. The Company contribution shall be invested among the same Hypothetical Investment Benchmarks as defined in 6.02 in the same proportion as the elections made by the Participant governing the deferrals of the Participant at the time, or if none, 125% of Ten Year Treasury Notes. Subject to the other provisions contained in this Article VII, the Company contribution shall be distributed to the Participant at the same time and in the same form as the Participant's deferrals for the Plan Year in which the nondiscretionary Company contribution is made in accordance with this Article VII. In the event a Participant has elected one time and Form of Payment with respect to his or her Base Salary Deferral for such year and another time and Form of Payment with respect to his or her Performance Deferral for such year, the Company contribution (and earnings thereon) for such year shall be distributed in accordance with the time and From of Payment applicable to the Participant's Base Salary Deferral for such year. The nondiscretionary Company contributions will vest one hundred percent (100%) on the date the Participant has earned five years of vesting service (recognizing all service with the Company (and its affiliates) with 1 year of vesting service credited for each calendar year during which the employee receives pay for 1,000 or more hours of service).

If a Participant is employed by a company other than The Dow Chemical Company, an amount equal to all nondiscretionary Company contributions credited to Participants of such company shall be paid or transferred in full by such company to The Dow Chemical Company as of the date such contribution is credited to a Participant's Deferral Account. The Dow Chemical Company shall hold such amounts as part of the general assets of The Dow Chemical Company.

Section 7.11 Withholding of Taxes. Notwithstanding any other provision of this Plan, any Company shall withhold from payments made hereunder any amounts required to be so withheld by any applicable law or regulation. The Company may also accelerate and pay a portion of a Participant's benefits in a lump sum equal to the Federal Insurance Contributions Act ("FICA") tax imposed and the income tax withholding related to such FICA amounts.

Section 7.12 Distribution Upon Inclusion in Income. Notwithstanding the foregoing, if a portion of the Participant's Deferral Account balance is includible in income under Code section 409A, such portion shall be distributed immediately to the Participant.

ARTICLE VIII

BENEFICIARY DESIGNATION

Section 8.01 Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person, persons or entity as his or her Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by filing a written designation with the Administrator, on such form and in accordance with such procedures as the Administrator shall establish from time to time.

Section 8.02 No Beneficiary Designation. If a Participant or Beneficiary fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or his or her Beneficiary, then the Participant's Beneficiary shall be deemed to be, in the following order:

to the spouse or Domestic Partner of such person, if any;
to the children of such person, if any;
to the beneficiary of any company paid life insurance of such person, if any;
to the beneficiary of the Executive Life Insurance of such person, if any;
to the beneficiary of any Company-sponsored life insurance policy for which any Company pays all or part of the premium of such person, if any; or
to the deceased person's estate.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

Section 9.01 Amendment. The Board may at any time amend this Plan in whole or in part, provided, however, that no amendment shall be effective to decrease the balance in any Deferral Account as accrued at the time of such amendment, nor shall any amendment otherwise have a retroactive effect. Notwithstanding the foregoing, no amendment of the Plan shall apply to amounts that were earned and vested (within the meaning of Code section 409A and regulations thereunder) under the Plan prior to 2005, unless the amendment specifically provides that it applies to such amounts. The purpose of this restriction is to prevent a Plan amendment from resulting in an inadvertent "material modification" to amounts that are "grandfathered" and exempt from the requirements of Code section 409A.

Section 9.02 Company's Right to Terminate. The Board may at any time terminate the Plan with respect to future Participation Agreements. The Board may also terminate the Plan in its entirety at any time for any reason, including without limitation if, in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of The Dow Chemical Company. Any plan termination made pursuant to this Section 9.02 shall be performed in a manner consistent with the requirements of Code section 409A and any regulations or other applicable guidance issued thereunder. In the event a Participant is employed by a Company other than The Dow Chemical Company at the time distributions are made as a result of the plan termination and such Company makes the required payments to the Participant, The Dow Chemical Company shall transfer to such Company an amount equal to the amount paid to the Participant on account of termination of the Plan. Any Company may cease participation in the Plan for any reason by notifying The Dow Chemical Company in writing at least 30 days prior to such Company's cessation of participation. Payments to Participants by any such Company will commence in accordance with the terms of the Plan and the Company's cessation of participation will otherwise comply with Code section 409A.

Section 9.03 Effect of Amendment or Termination. Except as provided in the next sentence, no amendment or termination of the Plan shall adversely affect the rights of any Participant to amounts credited to his Deferral Accounts as of the effective date of such amendment or termination. Upon termination of the Plan, distribution of balances in Deferral Accounts shall be made to Participants and beneficiaries in the manner and at the time described in Article VII, unless the Company determines in its sole discretion that all such amounts shall be distributed upon termination in accordance with the requirements under Code section 409A. Upon termination of the Plan, no further deferrals of Eligible Compensation shall be permitted; however, earnings, gains and losses shall continue to be credited to Deferral Account balances in accordance with Article VI until the Deferral Account balances are fully distributed.

ARTICLE X

MISCELLANEOUS

Section 10.01 Unfunded Plan. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201, 301 and 401 of ERISA and therefore meant to be exempt from Parts 2, 3 and 4 of Title I of ERISA. All payments pursuant to the Plan shall first be made from the general assets of The Dow Chemical Company, as the entity primarily liable for such payments, and no special or separate fund shall be established or other segregation of assets made to assure payment. As described above, if a Participant is employed at a Company other than The Dow Chemical Company, such Company shall pay such Participant's Deferral Account balance to such Participant according to the terms of the Plan, and The Dow Chemical Company shall reimburse such Company for the amount of the payment. In the event The Dow Chemical Company is insolvent or is otherwise unable to make any required payment or reimbursement to a Participant or a Company, the Company (other than The Dow Chemical Company) that employed such Participant shall be secondarily liable for such payments from the general assets of such Company. No Participant or other person shall have under any circumstances any interest in any particular property or assets of The Dow Chemical Company or any other Company as a result of participating in the Plan. Notwithstanding the foregoing, The Dow Chemical Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of The Dow Chemical Company's creditors, to assist it in accumulating funds to pay its obligations.

Section 10.02 Nonassignability. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 10.03 Validity and Severability. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.04 Governing Law. The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of Delaware, without reference to principles of conflict of law, except to the extent preempted by federal law.

Section 10.05 Employment Status. This Plan does not constitute a contract of employment or impose on the Participant or any Company any obligation for the Participant to remain an employee of such Company or change the status of the Participant's employment or the policies of such Company and its affiliates regarding termination of employment.

Section 10.06 Underlying Incentive Plans and Programs. Nothing in this Plan shall prevent any Company from modifying, amending or terminating the compensation or the incentive plans and programs pursuant to which Performance Awards are earned and which are deferred under this Plan.

Section 10.07 Successors of the Company. The rights and obligations of The Dow Chemical Company shall inure to the benefit of, and shall be binding upon, the successors and assigns of The Dow Chemical Company.

Section 10.08 Waiver of Breach. The waiver by The Dow Chemical Company of any breach of any provision of the Plan by the Participant shall not operate or be construed as a waiver of any subsequent breach by the Participant.

Section 10.09 Notice. Any notice or filing required or permitted to be given to The Dow Chemical Company under the Plan shall be sufficient if in writing and hand-delivered, or sent by first class mail to the principal office of The Dow Chemical Company, directed to the attention of the Administrator. Such notice shall be deemed given as of the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark.

By:
Gregory Freiwald

Its: Corporate Vice President
Human Resources Department
The Dow Chemical Company

APPENDIX A

The Dow Chemical Company Stock Index Fund

125% of Ten Year Treasury Notes

Vanguard Windsor II Admiral Shared (Effective January 1, 2007)

Vanguard 500 Index Fund

T. Rowe Price Mid-Cap Growth Fund

Fidelity Low-Priced Stock Fund

Fidelity Diversified International Trust (Effective September 1, 2006)

Vanguard Balanced Index Fund

February 14th, 2006

Heinz Haller
Im Boden
Huetten 8825
Switzerland

Dear Heinz:

It is my pleasure to offer you a position as Corporate Vice President of Strategic Development for The Dow Chemical Company, reporting to myself. In welcoming you to Dow, I feel confident that in this significant position you will help to lead Dow to new heights of performance and leave a lasting impression on our company. I hope that you will decide to take up this challenge and join what I believe is a very outstanding executive leadership team working to increase Dow's standing as the largest, most profitable, and most respected chemical company in the world. I am personally committed to helping you succeed, and am very excited at the prospect of having you on board.

While there are a number of details that are understandably not included in this offer letter, the following is a high level summary of the major components of the compensation and benefits package Dow is offering to provide, should you accept this position and meet the contingencies listed below.

Base Pay: You will initially hire into Dow with a Swiss contract at Dow's Horgen, Switzerland location. Your annualized base pay salary will be 754,000 Swiss Francs per year. Within a reasonable time frame yet to be determined following your hire, you will transfer into the US as a local hire located in Midland, Michigan. Your initial salary will be $580,000 per year, or $48,333 per month. Under our Salary Management Process, your future increases will be based upon your individual performance and Dow's overall annual salary plan. Dow conducts a global compensation planning exercise in February of each year. At that time, you will be eligible for consideration for a salary increase. For calendar year 2006, such an increase has been incorporated into the amount offered to you.

Variable Pay: You will also be eligible to participate in our annual variable pay program, called the Performance Award Program. The Performance Award Program is linked to a combination of company performance and individual/team performance against business/functional goals, with a possible range of awards equal to 0 to 200% of your target award amount. When the company, your team, and you deliver excellent results, Dow's Performance Award Program is designed to provide a significant financial reward.

Your target Variable Pay will be 75% of your year-end US base salary. You will receive a copy of the Program Guidelines and the target grid applicable to you at the time you begin work. Your actual payment for time worked can range from 0 to 200% based on actual company and individual/team performance. The 2006 Performance Award Program payout, if any, would be delivered in March of 2007, consistent with and subject to all other terms and conditions of the 2006 Performance Award Program.

Long Term Incentives: You will also be considered for participation in the annual Dow Long-Term Incentive (LTI) Program based on management review and the terms of the program. This program involves traditional stock options, performance shares, and deferred stock issued under The Dow Chemical Company 1988 Award and Option Plan (the 1988 A&O Plan). Participation levels each year are decided by your supervisor with Compensation Committee oversight. For calendar year 2006, your award will consist of the following mix of stock options, deferred stock, and performance shares:

- 64,725 non-qualified Stock Option Shares,
- 7,861 Performance Shares,
- and 7,861 Deferred Shares.

The strike price of your non-qualified stock option grant will be calculated based on the fair market value of Dow stock on your date of hire, which will also be the date of grant. More complete terms and conditions, including the grant price and vesting periods of the awards, will be outlined in the actual award agreements you will receive, which, along with the terms of the A&O Plan, will control in the event of a conflict with the terms of this offer letter.

If you accept our offer and meet the contingencies listed below, you will, upon reporting to work, also be eligible to receive the following, special, one time employment incentives:

Cash Bonus: You will receive a one-time, gross, lump sum cash bonus of $500,000 (less applicable taxes), payable 90 days from your hire date.

Additional One-Time Incentives: You will receive a one-time lump sum payment of $75,000 as a car allowance. The position does not provide for a company car.

You will receive a one-time lump sum amount of $50,000 as a housing allowance to assist you with costs related to your house in Europe.

Deferred Stock: Dow will make a Deferred Stock grant to you in the amount of 12,000 shares of Dow common stock, to be delivered on the sixtieth (60th) day following the third anniversary of your actual 2006 date of hire into Dow. A Deferred Stock Award means that, consistent with the specified terms of the Award, the Company will deliver to you the indicated number of Dow common stock shares on the sixtieth (60th) day following the third anniversary date of your hire into Dow. From the date of grant until the shares are actually delivered to you, you will be eligible to receive a payment on those shares equal to any Dow stock dividends that are declared. Any such dividend equivalents (less applicable taxes) will be paid to you on a quarterly basis through the normal payroll process. More complete terms and conditions of this award will be outlined in the actual agreement you will receive, which, along with the terms of the 1988 A&O Plan, will control in the event of a conflict with the terms of this offer letter.

In addition to the above special, one-time employment incentives, you will also be eligible to receive the following benefits upon reporting to work:

Vacation: You will receive 25 working days of vacation for the calendar year 2006, prorated to your date of hire, as well as an additional 2 personal choice days per year. You will enter the Dow vacation schedule at an equivalent of 25 years of employment service credited for vacation purposes. With each successive year of service, you will acquire an additional year of employment service for purposes of vacation benefit calculation.

Pension: As a Swiss employee, you will be eligible to join the Swiss Pension Foundation defined benefit plan (Swiss Pension Plan). The Swiss Pension Plan is funded jointly by the Company and employees, with the employee contribution at 6% of pensionable pay. The maximum pensionable pay designated by Swiss law is currently 774,000 CHF / year. As a participant in the Swiss Pension Plan you will be offered the opportunity to purchase years of service in the plan from the age of 25 immediately after re-hire. Please work with Martin Aschwanden, our Switzerland H.R. Leader on the purchase of years of service into the Dow Swiss Pension Plan.

Retiree Medical You will be eligible for the retiree medical program available at that time to retirees, in the country from which you retire which in your case is Switzerland.

Severance: While, like all U.S. Dow employees, you have an at-will employment relationship with Dow, you will, in the event of your involuntary separation from Dow, and depending on the circumstances of your involuntary separation, be eligible to receive any standard transition assistance benefits that are otherwise available to employees at your job level under the terms and conditions of any then applicable severance plan in which you are eligible to participate.

Executive Benefits:	In addition to the full array of benefits available to all US-based salaried employees, you will also be eligible to participate in several of Dow's Executive Benefits Programs, including support for financial planning and executive physical examinations.
Relocation:	Dow will cover the shipment of your household goods from Europe to Midland and will provide temporary housing to you and your family for up to 30 days. Upon acceptance of this offer, Dow's Global Relocation Director, Traci Kellogg, will contact you to arrange details.
Other Benefits:	You will be eligible to participate in a range of additional benefits including health, life, dental and disability insurance, consistent with your enrollment elections and the terms and conditions of those programs. The details of these programs will be provided to you in our standard benefits package materials.

More complete terms and conditions of each of the active Dow employee benefit plans and programs will be outlined in the official plan summaries for each plan or program that will be made available to you which, along with the actual terms of each such plan or program, which will control in the event of a conflict with the terms of this offer letter. Dow reserves the right to amend, modify or terminate any or all of its benefit plans and programs at any time.

This job offer, and all of the corresponding compensation and benefits summarized above (including the special, one-time employment incentives), is contingent upon:

- Providing documentation of the proper authorization to work in the United States and, if required, obtaining the appropriate U.S. export license(s). Only U.S. citizens or nationals, U.S. Permanent Residents, or aliens who are authorized to work in the United States can be considered for employment with Dow. Upon acceptance of this offer, Traci Kellogg, Global Relocation Director will be contacting you as to arrange all the paperwork needed for your visa permit.

- Dow determining, to its satisfaction, that your commencing employment with Dow does not violate any confidentially and/or non-competition agreements you may have entered into with your current or former employers. Should any such agreements or restrictions exist, you should forward them immediately to Gregory Freiwald via fax at 989-638-7073.

Continued employment, and your eligibility to receive the special, one-time employment incentives, are also contingent upon complying with the following requirements:

- Signing two (2) standard Dow Chemical Employee Agreement forms (patent and trade secret) on your report-to-work date, a sample of which is enclosed for your review. Among other things, this Agreement clarifies that you will at all times have an at-will employment status with Dow. Nothing in this offer letter constitutes or may be relied upon as a contract of employment for any specified period or duration or otherwise alters your status as an at-will employee of Dow.

- Passing a screening for illegal and controlled substances (negative results) during the first week of employment by Dow Health Services. You may voluntarily authorize a screening prior to acceptance of this job offer.

- Verifying your employment eligibility by completing an I-9 form with supportive documentation on your report-to-work date. As required by law, Dow employs only U.S. citizens and aliens authorized to work in the United States.

Heinz, we are confident you will find working for Dow an exciting and challenging experience and hope you will give our offer your most serious consideration. Please indicate your acceptance of this offer by signing and returning by fax (989-638-7073) the second copy of this letter and mailing the original copy. If we can answer any questions or concerns that will assist you with your decision, please call me at (989) 636-4147 or Gregory Freiwald at (989) 636-8763.

Sincerely,

Andrew N. Liveris
President, CEO & Chairman Elect
The Dow Chemical Company

Acceptance of Dow Offer:

_____ _____
Signature Date

Computation of Ratio of Earnings to Fixed Charges

In millions, except ratio (Unaudited)	*For the year ended December 31* 2008	2007	2006	2005	2004
Income before Income Taxes and Minority Interests	$1,321	$ 4,229	$4,972	$6,399	$3,796
Add (deduct):					
Equity in earnings of nonconsolidated affiliates	(787)	(1,122)	(959)	(964)	(923)
Distributed income of earnings of nonconsolidated affiliates	836	774	616	495	370
Capitalized interest	(97)	(85)	(73)	(56)	(48)
Amortization of capitalized interest	84	79	70	70	65
Preferred security dividends	(63)	(81)	(77)	(65)	(54)
Adjusted earnings	$1,294	$ 3,794	$4,549	$5,879	$3,206
Fixed charges:					
Interest expense and amortization of debt discount	$ 648	$ 584	$ 616	$ 702	$ 747
Capitalized interest	97	85	73	56	48
Preferred security dividends	63	81	77	65	54
Rental expense – interest component	120	124	131	133	135
Total fixed charges	$ 928	$ 874	$ 897	$ 956	$ 984
Earnings available for the payment of fixed charges	$2,222	$ 4,668	$5,446	$6,835	$4,190
Ratio of earnings to fixed charges	2.4	5.3	6.1	7.2	4.3

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
The Dow Chemical Company	Delaware	
Americas Styrenics LLC (1)	Delaware	50
Arabian Chemical Company (Latex) Ltd. (1)	Saudi Arabia	50
Arabian Chemical Company (Polystyrene) Limited (1)	Saudi Arabia	50
ARAKAWA Europe GmbH	Germany	60
Buildscape, LLC	Delaware	100
CanStates Holdings Inc.	Oklahoma	100
ANGUS Chemical Company	Delaware	100
CD Polymers Inc.	Delaware	100
Centen Ag Inc.	Delaware	100
Dow AgroSciences LLC (9)	Delaware	39
DowBrands Inc. (17)	Delaware	8
Mycogen Corporation (16)	California	12
Chemars Inc.	Delaware	100
Chemars III LLC	Delaware	100
Chemtech II L.P. (8)	Delaware	22
DC Partnership Management Inc.	Delaware	100
DowBrands L.P. (6)	Delaware	42
DCOMCO, Inc.	Delaware	100
Denmerco Inc.	Delaware	100
Dexco Polymers Operating Company LLC (1)	Texas	50
Dexco Polymers L.P. (1) (23)	Texas	1
Diamond Capital Management Inc.	Delaware	100
DML Holding Inc. (36)	Delaware	89
DMM Financial LLC	Delaware	100
MTD Pipeline LLC (1)	Delaware	50
Dofinco, Inc.	Delaware	100
Dow Capital International LLC	Delaware	100
Dow Chemical (Australia) Limited	Australia	100
Dow Australia Superannuation Fund A Pty Limited	Australia	100
Polystyrene Australia Pty Ltd (1)	Australia	50
Dow Chemical (China) Investment Company Limited	China	100
Dow Chemical (China) Company Limited	China	100
Dow Chemical (Guangzhou) Company Limited	China	100
Dow Chemical (Shanghai) Company Limited	China	100
Dow Chemical (Zhangjiagang) Company Limited (13)	China	85
Dow S/B Latex (Zhangjiagang) Co. Ltd. (12)	China	61
Guangdong Zhongshan Amerchol Specialty Chemicals	China	90
SAL Petrochemical (Zhangjiagang) Company Limited (15)	China	10
Zhejiang Pacific Chemical Corporation	China	100
Dow Chemical Delaware Corp.	Delaware	100
Chemtech II L.P. (8)	Delaware	73
Chemtech Portfolio Inc. (11)	Texas	33
Chemtech Portfolio II Inc.	Michigan	100
Dow Chemical (Hong Kong) Limited	Hong Kong	100
Dow Chemical International Ltd.	Delaware	100
Calvin Capital LLC	Delaware	100
Dow Chemical Thailand Ltd.	Thailand	100
Dow International Holdings Company (27)	Delaware	1
Pacific Plastics (Thailand) Limited (47)	Thailand	51
Petroquimica-Dow S.A. (Petrodow)	Chile	100
Dow Chemical Korea Limited (40)	Korea	86

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
Dow Chemical (NZ) Limited	New Zealand	100
Dow Chemical Pacific Limited	Hong Kong	100
Dow Chemical Pacific (Singapore) Private Limited	Singapore	100
Dow Chemical International Pvt. Ltd. (32)	India	99
Dow Chemical (Malaysia) Sdn. Bhd.	Malaysia	100
Dow Financial Holdings Singapore Pte Ltd.	Singapore	100
Dow Chemical (Zhangjiagang) Company Limited (13)	China	15
Dow S/B Latex (Zhangjiagang) Co. Ltd. (12)	China	39
SAL Petrochemical (Zhangjiagang) Company Limited (15)	China	90
G.Z. Holdings Pte. Ltd.	Singapore	100
PT Dow Chemical Indonesia (18)	Indonesia	15
S.H.A. Holdings Pte. Ltd.	Singapore	100
Dow Chemical (Singapore) Private Limited	Singapore	100
Dow Chemical International Pvt. Ltd. (32)	India	1
Dow Chemical Taiwan Limited	Taiwan	100
Dow Chemical Telecommunications Corp.	Delaware	100
Dow Credit Corporation	Delaware	100
Dow Customs & Trade Inc.	Delaware	100
Dow Deutschland Inc.	Delaware/Germany	100
Dow Chemical Inter-American Limited	Delaware	100
Dow Quimica de Colombia S.A. (5)	Colombia	10
Dow Deutschland Management Inc.	Delaware	100
Dow Engineering Company	Delaware	100
Dow Engineering, Inc.	Michigan	100
Dow Environmental Inc.	Delaware	100
Dow Financial Services Inc.	Delaware	100
Dow Global Technologies Inc.	Delaware	100
Chemtech Portfolio Inc. (11)	Texas	67
Dow Petrochemicals Holding LLC (48)	Delaware	25
Daulat Holdco LLC	Delaware	100
K-D Petrochemicals C.V. (1) (55)	Netherlands	1
K-Dow Petrochemicals GmbH (1)	Switzerland	50
K-D Petrochemicals C.V. (1) (55)	Netherlands	47
Dow Technology Investments LLC (43)	Delaware	50
Dow Holdings LLC	Delaware	100
Dow Corning Corporation (1)	Michigan	50
Dow Hydrocarbons and Resources LLC	Delaware	100
Cayuse Pipeline, Inc.	Texas	100
Dow Intrastate Gas Company	Louisiana	100
Dow Pipeline Company	Texas	100
K/D/S Promix, LLC (1)	Texas	50
Midland Pipeline Corp.	Delaware	100
Fort Saskatchewan Ethylene Storage Corporation (1)	Canada	50
Fort Saskatchewan Ethylene Storage Limited Partnership (1) (14)	Canada	1
DowBrands L.P. (6)	Delaware	58
Dow Internacional Mexicana S.A. de C.V.	Mexico	100
Dow International B.V.	Netherlands	100
Dow International Financial Services	Ireland	100
Dow Capital Public Limited Company	Ireland	100
Dow International Holdings Company (27)	Delaware	72
DC Spectrum Holding C.V. (44)	Netherlands	99
Coöperatieve DC Prisma Holding U.A. (45)	Netherlands	99

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
Dow Dutch Holding B.V.	Netherlands	100
DC Galaxy Holding C.V. (46)	Netherlands	1
Dow Europe Finance I B.V.	Netherlands	100
Dow International Holdings S.A.	Switzerland	100
DC Galaxy Holding C.V. (46)	Netherlands	99
Dow Europe Holding B.V.	Netherlands	100
BASF DOW HPPO B.V. (1)	Netherlands	50
BASF DOW HPPO Technology B.V. (1)	Netherlands	50
Control Securities Finance (Consecfin) B.V.	Netherlands	100
DC Finance Canada B.V.	Netherlands	100
Domaluna B.V.	Netherlands	100
Dow Austria Gesellschaft m.b.H	Austria	100
Dow Belgium B.V.B.A.	Belgium	100
Dow Benelux B.V.	Netherlands	100
Dow Netwerk B.V.	Netherlands	100
Emergo Finance C.V. (1)	Netherlands	50
Polyol Belgium B.V.B.A. (10)	Belgium	99
Valuepark Terneuzen Beheer B.V. (1)	Netherlands	50
Valuepark Terneuzen C.V. (1) (31)	Netherlands	1
Dow Beteiligungsgesellschaft mbH & Co. KG	Germany	100
Dow Olefinverbund GmbH (50)	Germany	5
Dow Chemical Company Limited	United Kingdom	100
Autothane Limited	United Kingdom	100
Cromarty Petroleum Company Limited (1)	United Kingdom	50
Hyperlast Limited	United Kingdom	100
ALH Rail Coatings Limited (1)	United Kingdom	50
Hypertec Print Services Limited	United Kingdom	100
Xitrack Limited (1)	United Kingdom	50
Dow Chemical Iberica S.L.	Spain	99
Terminal de Atraque de Productos Petroquimicos AIE (1)	Spain	50
Transformadora de Etileno A.I.E. (1)	Spain	50
Dow Chemical Korea Limited (40)	Korea	14
Dow Chemical OOO	Russia	100
Dow Chemical Romania S.R.L.	Romania	100
Dow Europe GmbH	Switzerland	100
Advanced Design Concepts GmbH (1)	Germany	50
Dolpa S.a.r.l.	Luxembourg	100
Dow-GACL Solventure LTD (1)	India	50
Dow Chemical IMEA GmbH	Switzerland	100
Dow Contract Services FZE	Dubai	100
Dow Egypt Services Limited (49)	Egypt	25
Dow Mideast Systems S.A.E. (JSC) (2)	Egypt	1
Dow France S.A.S.	France	100
UPPC S.A.R.L. (54)	France	25
Dow Hellas A.E.	Greece	100
Dow Hungary Kft. (29)	Hungary	99
Dow InterBranch B.V.	Netherlands	100
Dow Danmark A/S	Denmark	100
Dow Hungary Kft. (29)	Hungary	1
Dow Mideast Systems S.A.E. (JSC) (2)	Egypt	1
Dow Norge A/S	Norway	100
Dow Saudi Arabia Company (41)	Saudi Arabia	15

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.

	*Location**	*% Ownership*
Dow Turkiye Kimya Sanayi ve Ticaret Ltd Sti (3)	Turkey	1
Dow Zwijndrecht B.V.B.A. (24)	Belgium	1
Santa Vitoria Acucar e Alcool Ltda. (1)	Brazil	50
Dow Italia s.r.l.	Italy	100
Dow AgroSciences Italia s.r.l.	Italy	100
Dow Italia Divisione Commerciale s.r.l	Italy	100
Dow Mideast Systems S.A.E. (JSC) (2)	Egypt	98
Dow Egypt Services Limited (49)	Egypt	75
Dow Olefinverbund GmbH (50)	Germany	95
ANGUS Chemie GmbH	Germany	100
Dow Deutschland GmbH & Co OHG (35)	Germany	30
Dow Wolff Cellulosics GmbH & Co OHG (42)	Germany	50
Dow AgroSciences GmbH	Germany	100
Dow Automotive (Deutschland) GmbH	Germany	100
Dow Deutschland GmbH & Co OHG (35)	Germany	35
Dow Deutschland Anlagengesellschaft mbH	Germany	100
Dow Wolff Cellulosics GmbH	Germany	100
Probis GmbH	Germany	100
UPPC GmbH	Germany	100
UPPC Ltd.	United Kingdom	100
UPPC S.A.R.L. (54)	France	75
Dow Pipeline Gesellschaft mbH & Co. KG	Germany	80
Dow Pipeline Verwaltungsgesellschaft mbH	Germany	80
Haltermann Products GmbH	Germany	100
SAFECHEM Europe GmbH	Germany	100
Dow Deutschland GmbH & Co OHG (35)	Germany	35
Dow Wolff Cellulosics GmbH & Co OHG (42)	Germany	50
Dow Plastics and Chemicals Holding B.V.	Netherlands	100
K-D Petrochemicals C.V. (1) (55)	Netherlands	1
Dow Polska Sp.z.o.o.	Poland	100
Dow Portugal - Produtos Quimicos, Unipessoal, Lda.	Portugal	100
Dow Real Estate Terneuzen B.V.	Netherlands	100
Dow Saudi Arabia Company (41)	Saudi Arabia	85
Dow Southern Africa (Pty) Ltd	South Africa	100
Dow Suomi OY	Finland	100
Dow Sverige AB	Sweden	100
Dow Turkiye Kimya Sanayi ve Ticaret Ltd Sti (3)	Turkey	99
Dow (Wilton) Limited	United Kingdom	100
Dow Zwijndrecht B.V.B.A. (24)	Belgium	99
Edulan A/S	Denmark	100
Edulan UK Limited	United Kingdom	100
Haltermann B.V.B.A.	Belgium	100
HPPO Holding & Finance C.V. (1)	Netherlands	50
K-Dow Petrochemicals EU B.V.	Netherlands	100
K-Dow Petrochemicals Belgium B.V.B.A.	Belgium	100
K-Dow Petrochemicals Iberica S.L.	Spain	100
K-Dow Petrochemicals Netherlands B.V.	Netherlands	100
MEGlobal B.V. (1)	Netherlands	50
MTP HPJV C.V. (1)	Netherlands	50
MTP HPJV Management B.V. (1)	Netherlands	50
Oman Petrochemical Industries Company LLC (1)	Oman	50
Polyol Belgium B.V.B.A. (10)	Belgium	1

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
RUS Polyurethanes Holding B.V.	Netherlands	58
Dow Izolan OOO (52)	Russia	100
Dow Izolan Ukraine LLC (53)	Ukraine	100
UC Investment B.V.	Netherlands	100
EQUATE Marketing Company E.C. (1)	Bahrain	50
Rofan Automation and Information Systems B.V.	Netherlands	100
Terneuzen Partnership Services B.V.	Netherlands	100
Valuepark Terneuzen C.V. (1) (31)	Netherlands	49
Dow Netherlands Investments LLC	Delaware	100
Coöperatieve DC Prisma Holding U.A. (45)	Netherlands	1
Dow Netherlands Holdings LLC	Delaware	100
DC Spectrum Holding C.V. (44)	Netherlands	1
DowBrands Inc. (17)	Delaware	79
Dow International Technology Corporation	Delaware	100
Dow Kakoh Kabushiki Kaisha	Japan	65
Dow Pacific Holdings B.V.	Netherlands	100
Dow Petrochemicals Holding LLC (48)	Delaware	25
Dow Quimica Argentina S.A. (25)	Argentina	87
Dow Quimica Chilena S.A. (26)	Chile	89
Dow Quimica de Colombia S.A. (5)	Colombia	90
Dow Quimica Mexicana S.A. de C.V. (21)	Mexico	85
Dow Roofing Systems LLC	Delaware	100
Dow South Africa Holdings (Pty) Ltd.	South Africa	100
Sentrachem Limited	South Africa	100
Cisvaal (Proprietary) Limited	South Africa	100
Minchem International Inc.	South Africa	100
South African Polymer Holdings (PTY) Ltd.	South Africa	100
Dow Trading S.A.	Switzerland	100
Dow Trent Limited	United Kingdom	100
Dow UK Limited	United Kingdom	100
Haltermann Limited	United Kingdom	100
Ascot Investments Limited	United Kingdom	100
Ascot Chemicals Limited	United Kingdom	100
Haltermann Pension Trustees Limited	United Kingdom	100
Suter Limited	United Kingdom	100
Dow Venezuela, C.A. (7)	Venezuela	36
Dow Verwaltungsgesellschaft mbH	Germany	100
DSL Holdings Inc.	Delaware	100
Dow Reichhold Specialty Latex LLC (1)	Delaware	50
DW Dexco Investment LLC	Delaware	100
Dexco Polymers L.P. (1) (23)	Texas	49
Equipolymers B.V. (1)	Netherlands	50
Essex Chemical Corporation	New Jersey	100
Essex Specialty Products LLC	New Jersey	100
American Mortell Corporation	Texas	100
Mortell Company	Delaware	100
Anabond Essex India Private Limited (1)	India	50
Dow International Holdings Company (27)	Delaware	8
Essex de Hermosillo, S.A. DE C.V.	Mexico	100
GWN Holding, Inc. (37)	Delaware	27
Wuhan Essex Chemical Co., Ltd.	China	100
Fenex Biopharmaceuticals Inc.	Delaware	100

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
FilmTec Corporation	Delaware	100
OMEX Overseas Holdings Inc.	Virgin Islands	100
Zhejiang OMEX Environmental Engineering Co., Ltd.	China	100
Flexible Products Company	Georgia	100
Flexible Products Company of Canada, Inc	Canada	100
Forbanco Inc.	Delaware	100
General Latex and Chemical Corporation	Massachusetts	100
GNS Enterprises, LLC	Georgia	100
GNS Technologies, LLC	Georgia	100
Great Western Pipeline Company, Inc.	California	100
GWN Holding, Inc. (37)	Delaware	66
Dow Canada Holding LP	Canada	100
Daulat Canada Holding LP (51)	Canada	50
Dow Canada Holding B.V.	Netherlands	100
3229809 Nova Scotia Company	Canada	100
Dow Investment Argentina S.A.	Argentina	100
PBBPolisur S.A. (34)	Argentina	72
PBBPolisur S.A. (34)	Argentina	28
Dow Canadian Holding BV	Netherlands	100
Daulat Canada Holding LP	Canada	50
K-D Petrochemicals C.V. (1) (55)	Netherlands	1
K-Dow Canada ULC	Canada	100
Dow Chemical Finance Canada Inc.	Canada	100
Modeland International Holdings Inc. (28)	Barbados	59
Dow Brasil S.A.	Brazil	100
Branco Dow Compostos de Engenharia S.A.	Brazil	100
Cambricos de Uruguay S.A.	Uruguay	100
Dopec Industria E Comercio Ltda.	Brazil	100
Dow Especialidades Quimicas Ltda.	Brazil	100
Dow Brasil Sudeste Industrial Ltda.	Brazil	100
Keytil Sociedad Anonima	Uruguay	100
Fort Saskatchewan Ethylene Storage Limited Partnership (1) (14)	Canada	49
H-D Tech Inc. (1)	Canada	50
MEGlobal Canada Inc (1)	Canada	50
Pétromont and Company, Limited Partnership (1)	Canada	50
Pétromont Inc. (1)	Canada	50
Ifco Inc.	Delaware	100
Chemtech II L.P. (8)	Delaware	5
Ion Holdings LLC (20)	Delaware	60
Ion Investments S.a.r.l.	Luxembourg	100
Tornado Finance V.O.F.	Netherlands	60
Intarsia Corporation	Delaware	99
Joliet Marine Terminal Trust Estate (1)	Illinois	50
Liana Limited	Delaware	100
Dorinco Insurance (Ireland) Limited	Ireland	100
Dorinco Reinsurance Company	Michigan	100
Dorintal Reinsurance Limited	Bermuda	100
Timber Insurance Limited	Bermuda	100
LG DOW Polycarbonate Limited (1)	Korea	50
Pacific Plastics (Thailand) Limited (47)	Thailand	49
Productos Quimicos Peruanos S.A. (30)	Peru	91
PT Dow Chemical Indonesia (18)	Indonesia	85

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
Ramses Acquisition Corp.	Delaware	100
Raven Group Ltd.	Delaware	100
RavenWorks Ltd.	Delaware	100
Rofan Services Inc.	Delaware	100
Dow AgroSciences LLC (9)	Delaware	10
DowBrands Inc. (17)	Delaware	2
Ion Holdings LLC (20)	Delaware	40
Mycogen Corporation (16)	California	88
Dow AgroSciences LLC (9)	Delaware	51
Alsan Research (1)	Iowa	50
Bayer DAS (Private) Limited (1)	Pakistan	50
DAS Agricultural Investment Holding Company Ltd.	Mauritius	100
Dow AgroSciences India Pvt. Ltd. (33)	India	1
Nantong DAS Chemical Co., Ltd.	China	100
DERe Insurance Company	Vermont	100
Dintec Agrichemicals LLC (1)	Delaware	50
Dow AgroSciences Agricultural Products Limited	Mauritius	100
Dow AgroSciences India Pvt. Ltd. (33)	India	99
Dow AgroSciences B.V.	Netherlands	100
Ambito DAS S.A. (1)	Argentina	50
ChacoDAS S.A. (1)	Argentina	50
DASER AGRO S.A. (1)	Argentina	50
Desab S.A. (1)	Argentina	50
Dintec Agroquimica Produtos Quimicos, Lda.	Portugal	66
Distribuidora de Agroquimicos del Sureste de la Republica S.A. de C.V. (1)	Mexico	50
Dow AgroSciences A.S.	Turkey	100
Dow AgroSciences Argentina S.A. (22)	Argentina	89
Dow AgroSciences Bolivia S.A. (38)	Bolivia	1
Dow AgroSciences Paraguay S.A. (39)	Paraguay	1
Dow AgroSciences Asia Sdn. Bhd.	Malaysia	100
Dow AgroSciences Australia Limited	Australia	100
Dow AgroSciences Bolivia S.A. (38)	Bolivia	98
Dow AgroSciences Canada Inc.	Canada	100
Dow AgroSciences Chile S.A.	Chile	100
Dow AgroSciences Costa Rica S.A.	Costa Rica	100
Dow AgroSciences Danmark A/S	Denmark	100
Dow AgroSciences de Colombia S.A.	Colombia	100
Dow AgroSciences de Mexico S.A. de C.V.	Mexico	100
Dow AgroSciences Export S.A.S.	France	100
Dow AgroSciences Guatemala S.A.	Guatemala	100
Dow AgroSciences Iberica S.A.	Spain	100
Dow AgroSciences Industrial Ltda.	Brazil	100
Agromen Technolgia Ltda.	Brazil	100
Dow AgroSciences Limited	United Kingdom	100
Dow AgroSciences (Malaysia) Sdn Bhd	Malaysia	100
Dow AgroSciences (NZ) Limited	New Zealand	100
Dow AgroSciences Pacific Limited	Hong Kong	100
Dow AgroSciences Paraguay S.A. (39)	Paraguay	99
Dow AgroSciences Bolivia S.A. (38)	Bolivia	1
Dow AgroSciences Polska Sp z.o.o.	Poland	100
Dow AgroSciences Hungary KFT (19)	Hungary	1
Dow AgroSciences S.A.S.	France	100

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.

	*Location**	*% Ownership*
Dow AgroSciences Distribution S.A.S.	France	100
Dow AgroSciences s.r.o.	Czech Republic	100
Dow AgroSciences Sverige A/B	Sweden	100
Dow AgroSciences Taiwan Ltd.	Taiwan	100
Dow AgroSciences Technology GmbH	Switzerland	100
Dow AgroSciences Switzerland S.A.	Switzerland	100
Dow AgroSciences Hungary KFT (19)	Hungary	99
Dow AgroSciences Uruguay S.A.	Uruguay	100
Dow AgroSciences Vertriebsgesellschaft m.b.H.	Austria	100
Dow Chemical Japan Limited	Japan	100
Dow Venezuela, C.A. (7)	Venezuela	54
Fedea S.A. (1)	Argentina	50
I.C.R. - Intermedi Chimici Ravenna s.r.l. (1)	Italy	50
JV Agro S.A. (1)	Argentina	50
P.T. Dow AgroSciences Indonesia	Indonesia	95
Pentec - Produtos Quimicos, Lda. (1)	Portugal	50
Rindes y Cultivos - DAS S.A. (1)	Argentina	50
Terramar JV S.A. (1)	Argentina	50
Ubajay-DAS S.A. (1)	Argentina	50
Dow AgroSciences Barbados Limited	Barbados	100
Dow AgroSciences China Ltd.	Delaware	100
Dow AgroSciences International Ltd.	Delaware	100
Dow AgroSciences (Thailand) Limited	Thailand	100
Dow AgroSciences Southern Africa (Proprietary) Limited	South Africa	100
Sanachem Zimbabwe (Pvt) Ltd.	Zimbabwe	100
DowBrands Inc. (17)	Delaware	11
Mycogen Crop Protection, Inc.	California	100
Mycogen S.A. de C.V. (4)	Mexico	99
Mycogen Plant Science, Inc.	Delaware	100
Agrigenetics, Inc.	Delaware	100
Agrigenetics Molokai LLC	Hawaii	100
Brodbeck Seeds LLC	Delaware	100
Dairyland Seed Co., Inc.	Wisconsin	100
Dow AgroSciences Argentina S.A. (22)	Argentina	11
Duo Maize B.V.	Netherlands	100
Mycogen S.A. de C.V. (4)	Mexico	1
Mycogen Seeds-Puerto Rico Corporation	Delaware	100
Renze Seeds LLC	Delaware	100
Texas Triumph Seed Co., Inc.	Texas	100
Monterey Seed Company, Inc.	Texas	100
Phytogen Seed Company, LLC	Delaware	54
Wenben Inc.	Delaware	100
SD Group Service Co., Ltd. (1)	Thailand	50
Sentrachem US, Inc.	Delaware	100
Hampshire Holdings, Inc.	Delaware	100
Hampshire Chemical Corp.	Delaware	100
Siam Polystyrene Company Limited (1)	Thailand	50
Siam Styrene Monomer Co., Ltd. (1)	Thailand	50
Siam Synthetic Latex Company Limited (1)	Thailand	50
Styron Asia Limited	Hong Kong	100
Sumitomo Dow Limited. (1)	Japan	50
TCM Technologies Inc.	Delaware	100

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
Texas LNG Holdings LLC	Delaware	100
Union Carbide Corporation	New York	100
Amerchol Corporation	Delaware	100
Benefit Capital Management Corporation	Delaware	100
Calidria Corporation	Delaware	100
Carbide Chemical (Thailand) Limited	Thailand	100
Excellent Quality (Thailand) Company Limited	Thailand	100
Catalysts, Adsorbents & Process Systems, Inc.	Maryland	100
Chemicals Marine Fleet, Inc.	Delaware	100
DML Holding Inc. (36)	Delaware	11
Dow International Holdings Company (27)	Delaware	19
Dow Petrochemicals Holding LLC (48)	Delaware	25
Dow Quimica Argentina S.A. (25)	Argentina	12
Dow Quimica Mexicana S.A. de C.V. (21)	Mexico	15
Dow Venezuela, C.A. (7)	Venezuela	10
Global Industrial Corporation	New York	100
GWN Holding, Inc. (37)	Delaware	7
Industrias Carlisil, S.A.	Mexico	100
K-Dow Petrochemicals UC Sub C, Inc.	Delaware	100
Univation Technologies, LLC (1)	Delaware	50
KTI Chemicals, Inc.	Delaware	100
Modeland International Holdings Inc. (28)	Barbados	41
Nippon Unicar Company Limited (1)	Japan	50
OPTIMAL Chemicals (Malaysia) Sdn. Bhd. (1)	Malaysia	50
P.T. Union Carbide Indonesia	Indonesia	100
Seadrift Pipeline Corporation	Delaware	100
Servicios de Quimicos Agricolas, S. A.	Mexico	100
South Charleston Sewage Treatment Company	West Virginia	100
UC Finco Inc.	Delaware	100
UCAR Emulsion Systems International, Inc.	Delaware	100
UCAR Emulsion Systems FZE	Dubai	100
UCAR Interam Inc.	Delaware	100
UCAR Louisiana Pipeline Company	Delaware	100
UCAR Pipeline Incorporated	Delaware	100
UCMG LLC	Delaware	100
OPTIMAL Glycols (Malaysia) Sdn. Bhd. (1)	Malaysia	50
Umetco Minerals Corporation	Delaware	100
Australia and New Zealand Exploration Company	Delaware	100
Blue Creek Coal Company, Inc.	Delaware	100
Predate Properties (Pty) Ltd.	South Africa	100
Umetco Minerals Exploration Corporation	Delaware	100
Union Carbide Asia Limited	Hong Kong	100
Union Carbide (Guangdong Zhongshan) Company Limited	China	75
Union Carbide Asia Pacific, Inc.	Delaware	100
Union Carbide Caribe LLC	Delaware	100
Union Carbide Chemicals & Plastics Technology LLC	Delaware	100
Dow Petrochemicals Holding LLC (48)	Delaware	25
Dow Technology Investments LLC (43)	Delaware	50
Union Carbide Comercial Nicaragua, S.A.	Nicaragua	100
Union Carbide Customer Services Pte. Ltd.	Singapore	100
Union Carbide Ethylene Oxide/Glycol Company	Delaware	100
Union Carbide Inter-America, Inc. (Delaware)	Delaware	100

Subsidiaries of The Dow Chemical Company **EXHIBIT 21**

At December 31, 2008

	*Location**	*% Ownership*
This list includes companies for which the effective ownership by The Dow Chemical Company is 50 percent or more.		
Dow Quimica Chilena S.A. (26)	Chile	10
Productos Quimicos Peruanos S.A. (30)	Peru	9
Union Carbide Middle East Limited	Delaware	100
Union Carbide Pan America, Inc.	Delaware	100
Dow Quimica Argentina S.A. (25)	Argentina	1
Dow Quimica Chilena S.A. (26)	Chile	1
Union Carbide Philippines (Far East), Inc.	Philippines	100
Union Carbide Polyolefins Development Company, Inc.	Delaware	100
Union Carbide South Africa (Proprietary) Limited	South Africa	100
Union Carbide Subsidiary Q Inc.	Delaware	100
Union Carbide Wire & Cable Company, Inc.	Delaware	100
Union Polymers Sdn. Bhd.	Malaysia	90
UNISON Transformer Services, Inc.	Delaware	100
Westbridge Insurance Ltd.	Bermuda	100
U.S. Laboratories, Inc.	Ohio	100
Administrative Business Systems, Inc.	Ohio	100
Poly-Carb, Inc.	Ohio	100
Warbler I LLC	Delaware	100
Yokkaichi MDI Limited (1)	Japan	50

*Location of incorporation or organization. Primary location of organization is reported for partnerships.

(1) These companies are 50%-owned, nonconsolidated affiliates of The Dow Chemical Company and are accounted for on the equity basis. Separate financial statements for these companies are not included in this Form 10-K. These companies are not controlled, directly or indirectly, by The Dow Chemical Company. Subsidiaries of these companies, if any, are not listed in this Exhibit 21.

(2) The Dow Chemical Company effective ownership of Dow Mideast Systems S.A.E. (JSC) is 100% of which Dow Europe Holding B.V. owns 99.96%, Dow Europe GmbH owns 0.020% and Dow InterBranch B.V. owns 0.020%.

(3) The Dow Chemical Company effective ownership of Dow Turkiye Kimya Sanayi ve Ticaret Ltd Sti is 100% of which Dow Europe Holding B.V. owns 99.9988% and Dow InterBranch B.V. owns 0.0012%.

(4) The Dow Chemical Company effective ownership of Mycogen S.A. de C.V. is 100% of which Mycogen Crop Protection, Inc. owns 99% and Agrigenetics, Inc. owns 1%.

(5) The Dow Chemical Company effective ownership of Dow Quimica de Colombia S.A. is 100% of which The Dow Chemical Company owns 90% and Dow Chemical Inter-American Limited owns 10%.

(6) The Dow Chemical Company effective ownership of DowBrands L.P. is 100% of which Dow Holdings LLC owns 58% and DC Partnership Management Inc. owns 42%.

(7) The Dow Chemical Company effective ownership of Dow Venezuela, C.A. is 100% of which Dow AgroSciences B.V. owns 53.84%, The Dow Chemical Company owns 36.06% and Union Carbide Corporation owns 10.1%.

(8) The Dow Chemical Company effective ownership of Chemtech II L.P. is 100% of which Dow Chemical Delaware Corp. owns 72.46%, The Dow Chemical Company owns 22.39% and Ifco Inc. owns 5.15%.

(9) The Dow Chemical Company effective ownership of Dow AgroSciences LLC is 100% of which Mycogen Corporation owns 51%, Centen Ag Inc. owns 38.91% and Rofan Services Inc. owns 10.09%.

(10) The Dow Chemical Company effective ownership of Polyol Belgium B.V.B.A. is 100% of which Dow Benelux B.V. owns 99.5% and Dow Europe Holding B.V. owns 0.5%.

(11) The Dow Chemical Company effective ownership of Chemtech Portfolio Inc. is 100% of which Dow Global Technologies Inc. owns 66.82% and Chemtech II L.P. owns 33.18% .

(12) The Dow Chemical Company effective ownership of Dow S/B Latex (Zhangjiagang) Co. Ltd. is 100% of which Dow Chemical (China) Investment Company Limited owns 61.16% and Dow Financial Holdings Singapore Pte Ltd. owns 38.84%.

(13) The Dow Chemical Company effective ownership of Dow Chemical (Zhangjiagang) Company Limited is 100% of which Dow Chemical (China) Investment Company Limited owns 85.36% and Dow Financial Holdings Singapore Pte Ltd. owns 14.64%.

(14) The Dow Chemical Company effective ownership of Fort Saskatchewan Ethylene Storage Limited Partnership is 50% of which K-Dow Canada ULC owns 49.9% and Fort Saskatchewan Ethylene Storage Corporation owns 0.2%. (Midland Pipeline Corp. owns 50% of Fort Saskatchewan Ethylene Storage Corporation.)

(15) The Dow Chemical Company effective ownership of SAL Petrochemical (Zhangjiagang) Company Limited is 100% of which Dow Financial Holdings Singapore Pte Ltd. owns 90% and Dow Chemical (China) Investment Company Limited owns 10%.

(16) The Dow Chemical Company effective ownership of Mycogen Corporation is 100% of which Rofan Services Inc. owns 88.11% and Centen Ag Inc. owns 11.89%.

(17) The Dow Chemical Company effective ownership of DowBrands Inc. is 100% of which Dow International Holdings Company owns 79%, Mycogen Corporation owns 11%, Centen Ag Inc. owns 8% and Rofan Services Inc. owns 2%.

(18) The Dow Chemical Company effective ownership of PT Dow Chemical Indonesia is 100% of which The Dow Chemical Company owns 84.5991% and Dow Chemical Pacific (Singapore) Private Limited owns 15.4009%.

(19) The Dow Chemical Company effective ownership of Dow AgroSciences Hungary KFT is 100% of which Dow AgroSciences Switzerland S.A. owns 99.97% and Dow AgroSciences Polska Sp z.o.o. owns 0.03%.

(20) The Dow Chemical Company effective ownership of Ion Holdings LLC is 100% of which The Dow Chemical Company owns 60% and Rofan Services Inc. owns 40%.

(21) The Dow Chemical Company effective ownership of Dow Quimica Mexicana S.A. de C.V. is 100% of which The Dow Chemical Company owns 84.58% and Union Carbide Corporation owns 15.42%.

(22) The Dow Chemical Company effective ownership of Dow AgroSciences Argentina S.A. is 100% of which Dow AgroSciences B.V. owns 89.13% and Agrigenetics, Inc. owns 10.87%.

(23) The Dow Chemical Company effective ownership of Dexco Polymers L.P. is 50% of which DW Dexco Investment LLC owns 49.5% and Dexco Polymers Operating Company LLC owns 1%. (The Dow Chemical Company owns 50% of Dexco Polymers Operating Company LLC).

(24) The Dow Chemical Company effective ownership of Dow Zwijndrecht B.V.B.A. is 100% of which Dow Europe Holding B.V. owns 99.65% and Dow InterBranch B.V. owns 0.35%.

(25) The Dow Chemical Company effective ownership of Dow Quimica Argentina S.A. is 100% of which The Dow Chemical Company owns 87.89%, Union Carbide Corporation owns 11.99% and Union Carbide Pan America, Inc. owns 0.12%.

(26) The Dow Chemical Company effective ownership of Dow Quimica Chilena S.A. is 100% of which The Dow Chemical Company owns 89.81%, Union Carbide Inter-America, Inc. (Delaware) owns 10.16% and Union Carbide Pan America, Inc. owns 0.03%.

(27) The Dow Chemical Company effective ownership of Dow International Holdings Company is 100% of which The Dow Chemical Company owns 72.0268%, Union Carbide Corporation owns 19.1341%, Essex Specialty Products LLC owns 8.7988% and Dow Chemical International Ltd owns 0.0403%.

(28) The Dow Chemical Company effective ownership of Modeland International Holdings Inc. is 100% of which Dow Chemical Finance Canada Inc. owns 59.1% and Union Carbide Corporation owns 40.9%.

(29) The Dow Chemical Company effective ownership of Dow Hungary Kft. is 100% of which Dow Europe Holding B.V. owns 99.98% and Dow InterBranch B.V. owns 0.02%.

(30) The Dow Chemical Company effective ownership of Productos Quimicos Peruanos S.A. is 100% of which The Dow Chemical Company owns 91.21% and Union Carbide Inter-America, Inc. (Delaware) owns 8.79%.

(31) The Dow Chemical Company effective ownership of Valuepark Terneuzen C.V. is 50% of which Terneuzen Partnership Services B.V. owns 49.82% and Valuepark Terneuzen Beheer B.V. owns 0.36%. (Dow Benelux B.V. owns 50% of Valuepark Terneuzen Beheer BV).

(32) The Dow Chemical Company effective ownership of Dow Chemical International Pvt. Ltd. is 100% of which Dow Chemical Pacific (Singapore) Private Limited owns 99.99% and Dow Chemical (Singapore) Private Limited owns 0.01%.

(33) The Dow Chemical Company effective ownership of Dow AgroSciences India Pvt. Ltd. is 100% of which Dow AgroSciences Agricultural Products Limited owns 99.99% and DAS Agricultural Investment Holding Company Ltd. owns 0.01%.

(34) The Dow Chemical Company effective ownership of PBBPolisur S.A. is 100% of which Dow Investment Argentina S.A. owns 72% and 3229809 Nova Scotia Company owns 28%.

(35) The Dow Chemical Company effective ownership of Dow Deutschland GmbH & Co OHG is 100% of which Dow Automotive (Deutschland) GmbH owns 35%, SAFECHEM Europe GmbH owns 35% and ANGUS Chemie GmbH owns 30%.

(36) The Dow Chemical Company effective ownership of DML Holding Inc. is 100% of which The Dow Chemical Company owns 88.84% and Union Carbide Corporation owns 11.16%.

(37) The Dow Chemical Company effective ownership of GWN Holding, Inc. is 100% of which The Dow Chemical Company owns 66.23%, Essex Specialty Products LLC owns 26.93% and Union Carbide Corporation owns 6.84%.

(38) The Dow Chemical Company effective ownership of Dow AgroSciences Bolivia S.A. is 100% of which Dow AgroSciences B.V. owns 99%, Dow AgroSciences Argentina S.A. owns 0.5% and Dow AgroSciences Paraguay S.A. owns 0.5%.

(39) The Dow Chemical Company effective ownership of Dow AgroSciences Paraguay S.A. is 100% of which Dow AgroSciences B.V. owns 99.99% and Dow AgroSciences Argentina S.A. owns 0.01%.

(40) The Dow Chemical Company effective ownership of Dow Chemical Korea Limited is 100% of which The Dow Chemical Company owns 85.82% and Dow Europe Holding B.V. owns 14.18%.

(41) The Dow Chemical Company effective ownership of Dow Saudi Arabia Company is 100% of which Dow Europe Holding B.V. owns 85% and Dow Interbranch B.V. owns 15%.

(42) The Dow Chemical Company effective ownership of Dow Wolff Cellulosics GmbH & Co OHG is 100% of which ANGUS Chemie GmbH owns 50% and SAFECHEM Europe GmbH owns 50%. Dow Europe Holding B.V. acts as general partner with 0% capital participation.

(43) The Dow Chemical Company effective ownership of Dow Technology Investments LLC is 100% of which Dow Global Technologies Inc. owns 50% and Union Carbide Chemicals & Plastics Technology LLC owns 50%.

(44) The Dow Chemical Company effective ownership of DC Spectrum Holding C.V. is 100% of which Dow International Holdings Company owns 99.999% and Dow Netherlands Holdings LLC owns 0.001%.

(45) The Dow Chemical Company effective ownership of Coöperatieve DC Prisma Holding U.A. is 100% of which DC Spectrum Holding C.V. owns 99.999% and Dow Netherlands Investments LLC owns .001%.

(46) The Dow Chemical Company effective ownership of DC Galaxy Holding C.V. is 100% of which Dow International Holdings S.A. owns 99.928% and Dow Dutch Holding B.V. owns 0.072%.

(47) The Dow Chemical Company effective ownership of Pacific Plastics (Thailand) Limited is 100% of which Dow Chemical International Ltd. owns 51% and The Dow Chemical Company owns 49%.

(48) The Dow Chemical Company effective ownership of Dow Petrochemicals Holding LLC is 100% of which The Dow Chemical Company owns 25%, Dow Global Technologies Inc. owns 25%, Union Carbide Corporation owns 25% and Union Carbide Chemicals & Plastics Technology LLC owns 25%.

(49) The Dow Chemical Company effective ownership of Dow Egypt Services Limited is 100% of which Dow Mideast Systems S.A.E. (JSC) owns 75% and Dow Europe GmbH owns 25%.

(50) The Dow Chemical Company effective ownership of Dow Olefinverbund GmbH is 100% of which Dow Europe Holding B.V. owns 95% and Dow Beteiligungsgesellschaft mbH & Co. KG owns 5%.

(51) The Dow Chemical Company effective ownership of Daulat Canada Holding LP is 100% of which Dow Canada Holding LP owns 50% and Dow Canadian Holding BV owns 50%.

(52) The Dow Chemical Company effective ownership of Dow Izolan OOO is 58% via its ownership interest in RUS Polyurethanes Holding B.V.

(53) The Dow Chemical Company effective ownership of Dow Izolan Ukraine LLC is 58% via its ownership interest in RUS Polyurethanes Holding B.V.

(54) The Dow Chemical Company effective ownership of UPPC S.A.R.L. is 100% of which UPPC GmbH owns 75% and Dow France S.A.S. owns 25%.

(55) The Dow Chemical Company effective ownership of K-D Petrochemicals C.V. is 50% of which Daulat Holdco LLC owns .00058011%, Dow Plastics and Chemicals Holding B.V. owns .00058011%, Daulat Canada Holding LP owns .00058011% and K-Dow Petrochemicals GmbH owns 99.99651933% (Dow Petrochemicals Holding LLC owns 50% of K-Dow Petrochemicals GmbH.)

To the Board of Directors and Stockholders of
The Dow Chemical Company:

We consent to the incorporation by reference of our reports dated February 17, 2009, relating to the consolidated financial statements and financial statement schedule of The Dow Chemical Company (the "Company") (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the Company's involvement in litigation related to an agreement to acquire Rohm and Haas Company and relating to a change in method of accounting for defined benefit pension and other postretirement plans to conform to Statement of Financial Accounting Standards No. 158), and the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of The Dow Chemical Company for the year ended December 31, 2008, in the following Registration Statements of The Dow Chemical Company:

Form S-3:

Nos. 333-101647
333-140859

Form S-4:

No. 333-88443

Form S-8:

Nos. 2-64560
33-21748
33-51453
33-52841
33-58205
33-61795
333-27381
333-40271
333-43730
333-49183
333-67414
333-88443
333-91027
333-103518
333-103519
333-105080
333-115185
333-122932
333-145015
333-155074

/s/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Midland, Michigan
February 17, 2009

The Dow Chemical Company:

Analysis, Research & Planning Corporation ("ARPC") hereby consents to the use of ARPC's name and the reference to ARPC's reports in this Annual Report on Form 10-K of The Dow Chemical Company for the year ended December 31, 2008, and the incorporation by reference thereof in the following Registration Statements of The Dow Chemical Company:

Form S-3:

Nos. 333-101647
333-140859

Form S-4:

No. 333-88443

Form S-8:

Nos. 2-64560
33-21748
33-51453
33-52841
33-58205
33-61795
333-27381
333-40271
333-43730
333-49183
333-67414
333-88443
333-91027
333-103518
333-103519
333-105080
333-115185
333-122932
333-145015
333-155074

/s/ B. THOMAS FLORENCE

B. Thomas Florence
President
Analysis, Research & Planning Corporation
February 18, 2009

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Andrew N. Liveris, certify that:

1. I have reviewed this annual report on Form 10-K of The Dow Chemical Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2009

/s/ ANDREW N. LIVERIS
Andrew N. Liveris
President, Chief Executive Officer and
Chairman of the Board

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Geoffery E. Merszei, certify that:

1. I have reviewed this annual report on Form 10-K of The Dow Chemical Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2009

/s/ GEOFFERY E. MERSZEI
Geoffery E. Merszei
Executive Vice President and Chief Financial Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Andrew N. Liveris, President, Chief Executive Officer and Chairman of the Board of The Dow Chemical Company (the "Company"), certify that:

1. the Annual Report on Form 10-K of the Company for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ANDREW N. LIVERIS
Andrew N. Liveris
President, Chief Executive Officer and
Chairman of the Board
February 18, 2009

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Geoffery E. Merszei, Executive Vice President and Chief Financial Officer of The Dow Chemical Company (the "Company"), certify that:

1. the Annual Report on Form 10-K of the Company for the year ended December 31, 2008 as filed with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GEOFFERY E. MERSZEI

Geoffery E. Merszei
Executive Vice President and Chief Financial Officer
February 18, 2009

Form No. 161-00719