



TRANSFORMING

The Dow Chemical Company 2007 Corporate Report



TRANSFORMATION...

the process of change

For 110 years, Dow has been in the business of change, rearranging atoms and reshaping molecules to create new materials and new technologies. It has been the cornerstone of our success.

Inspired by the Human Element, we strive to constantly improve those things essential to human progress. From the clothes we wear to the food we eat. From the homes we live in to the furnishings, fixtures and fittings that adorn them. Equipment that purifies water and materials that save energy. Products that make our daily lives easier, healthier, safer or more enjoyable. Dow's chemistry has long played an integral role in keeping pace with society's ever-changing ambitions and aspirations.

Today, transformation at Dow is taking place on a far broader scale than ever before ... with new thinking and a new direction. We are changing the shape of the Company in a way that will deliver greater long-term value for our stockholders, while maintaining exemplary standards of social, ethical and environmental performance. It is not an overnight process, but in 2007 we made good progress, establishing the foundation upon which to build Dow as an earnings-growth company, clad with a reputation second to none among investors, customers, employees, partners, governments and the public at large.

This report provides an overview of Dow and highlights some of the Company's activities and achievements in 2007. For a more detailed review of the year's performance, please visit www.dow.com.

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Do it better.



Do it better. It is a simple philosophy, but one that has been at the very core of Dow's culture since it was founded by Herbert H. Dow in 1897, shaping the Company into today's world-class chemical industry leader—a company that is committed, through chemistry, to the betterment of global humanity.

The Company has come a very long way in 110 years. Today, we have customers in around 160 countries. We have 150 manufacturing sites in 35 countries. We have annual sales of almost \$54 billion. And we have a powerful Human Element—46,000 men and women from virtually every part of the globe who set Dow apart as they drive the Company to new heights of performance, and help us meet the expectations of all our stakeholders.

THIS IS DOW

Dow's Performance Portfolio

Dow's \$27 billion Performance portfolio serves customers in markets around the world with an extensive range of differentiated plastic, chemical and agricultural solutions. Our products improve lifestyles in many ways: making cars safer, buildings more energy efficient, food healthier, water cleaner, electronics more durable, computers faster, and more. The key to our success lies in aligning our technologies and capabilities with our customers' specific needs—and backing that with outstanding customer support. By accelerating innovation and growth, while sharpening market and customer focus, the Performance portfolio is creating businesses and brands that deliver higher margins and more consistent profitability for Dow.

PERFORMANCE PLASTICS

Dow Automotive
Dow Building Solutions
Dow Epoxy
Polyurethanes and Polyurethane Systems
Specialty Plastics and Elastomers
Technology Licensing and Catalyst

PERFORMANCE CHEMICALS

Designed Polymers
Dow Latex
Specialty Chemicals

AGRICULTURAL SCIENCES

Dow AgroSciences

Dow's Basics Portfolio

This powerhouse \$26 billion portfolio of leading basic plastics and chemicals serves more than 6,000 customers worldwide, and is an integrated source of raw materials for Dow's Performance businesses. It meets the changing needs of a broad spectrum of industries—from packaging, personal care, toys, pipes and tools to adhesives, de-icers, pharmaceuticals, paper and construction. The Basics portfolio is growing primarily through joint ventures that enable Dow to reduce capital intensity, expand globally, and improve access to advantaged feedstocks and energy.

BASIC PLASTICS

Polyethylene
Polypropylene
Polystyrene

BASIC CHEMICALS

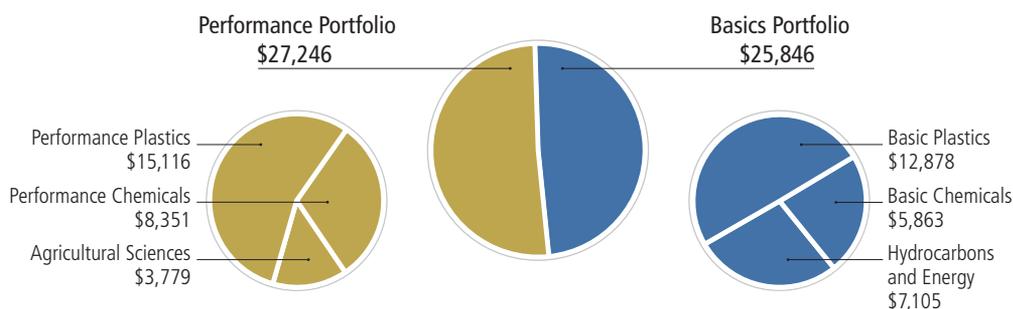
Core Chemicals
Ethylene Oxide/Ethylene Glycol

HYDROCARBONS AND ENERGY

2007 HIGHLIGHTS

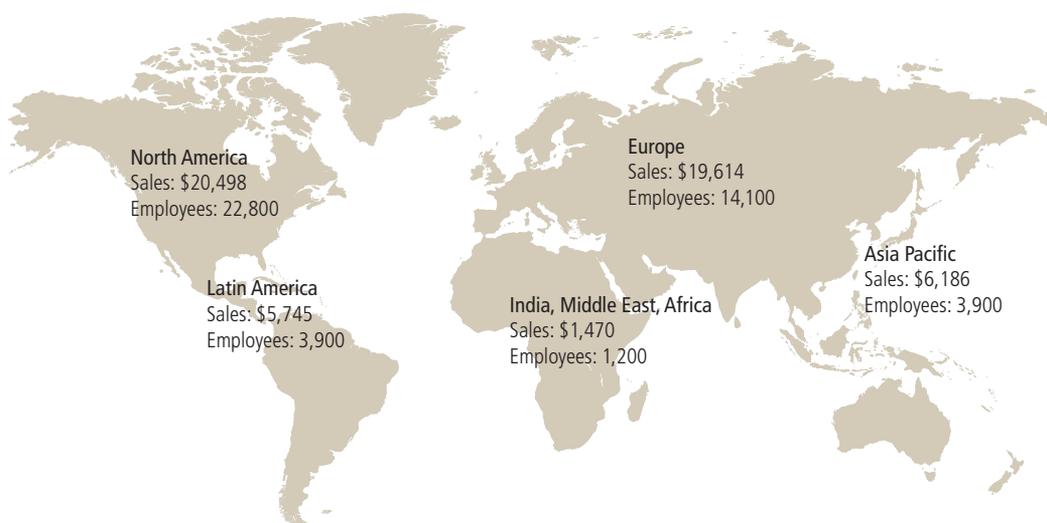
	2007	2006
Net Sales (dollars in billions)	\$53.5	\$49.1
Net Income (dollars in billions)	\$2.9	\$3.7
Earnings per Share—Diluted	\$2.99	\$3.82
Dividends Declared per Share	\$1.635	\$1.50
Energy Intensity (BTUs per pound of production)	3,811	3,863
Injury and Illness Rate (recordable incidents per 200,000 work hours)	0.29	0.40
Taxes Paid (dollars in billions)	\$1.3	\$1.6
Total Purchases (dollars in billions)	\$42.8	\$35.3
Charitable Contributions (dollars in millions)	\$53.5	\$27.9

2007 SALES BY OPERATING SEGMENT (dollars in millions)



Unallocated and Other: \$421

2007 SALES AND EMPLOYEES BY GEOGRAPHIC AREA (dollars in millions)



The forward-looking statements contained in this document involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices and other factors as discussed more fully elsewhere and in filings with the U.S. Securities and Exchange Commission. 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. References to "Dow" or the "Company" mean The Dow Chemical Company and its consolidated subsidiaries, unless otherwise expressly noted.

NEW GAME

Dow's Executive Leadership Team

(at March 2, 2008)

Andrew N. Liveris
President, Chief Executive Officer
and Chairman of the Board

William F. Banholzer
Executive Vice President
and Chief Technology Officer

Carol A. Dudley
Corporate Vice President,
Market Facing Businesses,
Licensing and New Business
Development

Julie Fasone Holder
Corporate Vice President,
Chief Marketing, Sales
and Reputation Officer

Gregory M. Freiwald
Corporate Vice President,
Human Resources,
Corporate Affairs
and Aviation

Michael R. Gambrell
Executive Vice President,
Basic Plastics and Chemicals,
Manufacturing and Engineering

Heinz Haller
Executive Vice President,
Performance Plastics
and Chemicals

Charles J. Kalil
Executive Vice President,
General Counsel and
Corporate Secretary

David E. Kepler
Executive Vice President,
Chief Sustainability Officer,
Chief Information Officer,
Corporate Director of
Shared Services

Juan R. Luciano
Business Group President,
Hydrocarbons and Energy

Geoffery E. Merszei
Executive Vice President
and Chief Financial Officer

Back row, left to right

William F. Banholzer
Julie Fasone Holder
Gregory M. Freiwald
Juan R. Luciano
David E. Kepler
Charles J. Kalil

Seated, left to right

Michael R. Gambrell
Heinz Haller
Andrew N. Liveris
Geoffery E. Merszei
Carol A. Dudley



The past year was a notable one for Dow. We delivered solid financial results. We set the ground-work for our transformational growth agenda. And, by combining the power of science and technology with the Human Element, we took another significant stride toward our vision of being the largest, most profitable, most respected chemical company in the world.

In creating that vision, we intentionally set the bar high ... recognizing that our obligations—to our stockholders, to our employees, to the communities in which we operate and to our customers—are also high. At Dow, we not only accept those obligations, we use them as the fulcrum to lift ourselves and our Company to new heights of performance, sharply focused on the triple bottom line of people, planet and profits.

We well know the critical importance of addressing each of those elements. They are the pillars on which future success rests. Take any one away—weaken any single pillar—and we risk damaging the whole.

Our decision to sign the U.N. Global Compact in 2007 underscores our resolve to ensure those pillars remain strong. In this case, we will expand our pacesetting sustainability efforts and collaborate with like-minded stakeholders on some of the most pressing issues facing the planet and its people. Dow is already making significant contributions in areas such as clean water, health care, affordable housing, alternative energy and climate change. And through our groundbreaking 2015 goals, we've pledged to do even more by connecting chemistry and innovation with the principles of sustainability to create new opportunity, new promise and new hope—as well as to bring new business opportunities for our Company.

For Dow, sustainability is not only about strengthening the pillars of people and planet, it is also about profits. Which is why we're transforming ... establishing ourselves as an earnings-growth company that is more predictable in its profitability. We took meaningful steps toward that goal in 2007 and we will make even greater progress through the year ahead—creating significant long-term value for our stockholders while delivering on our promise to constantly improve what is essential to human progress.

We thank you for your continued interest in Dow and we welcome your comments on how we can continue to improve our performance in everything we do.



Andrew N. Liveris
President, Chief Executive Officer and Chairman of the Board
February 14, 2008

“Our obligations—to our stockholders, to our employees, to the communities in which we operate and to our customers—are the fulcrum to lift ourselves and our Company to new heights of performance.”



To realize our vision of being the largest, most profitable, most respected chemical company in the world, Dow must do more than keep pace...

Dow must set the pace.



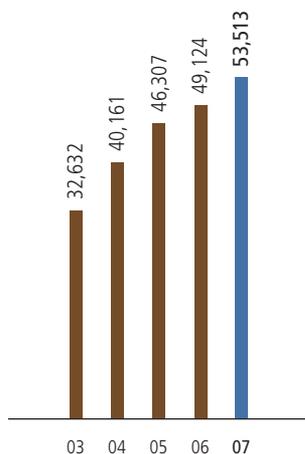
NEW HEIGHTS

2007 was a significant year for Dow. It was a year of record sales and solid financial results. It was a year in which we scaled new heights in environmental stewardship and corporate citizenship, setting new benchmarks for the entire chemical industry. And it was a year in which we took further steps toward redefining what it means to be THE world-class chemical company—a company that surpasses its peers across every dimension of financial, social and environmental performance.

Financially, sales exceeded \$50 billion for the first time in Dow's history, climbing to \$53.5 billion, 9 percent higher than in 2006. Net income was \$2.9 billion, which included the impact of certain items with a net unfavorable impact of \$735 million, while earnings were \$2.99 per share. Excluding certain items for both periods, earnings per share for the year were \$3.76, compared with \$4.25 in 2006.

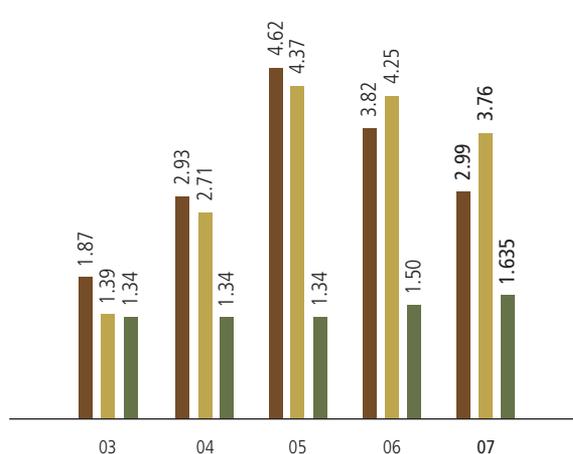
Net Sales

(dollars in millions)



Per Share Data

(dollars)



- Earnings—Diluted
- Earnings—Excluding Certain Items*
- Dividends Declared

*A reconciliation to the most directly comparable GAAP measure is provided on the Internet at www.dow.com in the Financial Reports page of the Investor Relations section.

We achieved record equity earnings of \$1.1 billion, marking the fourth consecutive year in which this contribution has topped \$900 million and the first year in which it has exceeded \$1 billion.

And we ended the year with our balance sheet as strong as it has ever been, with a debt to capital ratio of 32 percent, with our funded pension plans fully funded and with our priorities sharply focused on investing for growth and remunerating stockholders. Through 2007, that agenda gathered momentum. We invested more than \$1 billion in strategic acquisitions, we increased capital spending by 17 percent to support organic growth, we bought back more than 32 million shares as part of our repurchase program, and we raised our quarterly dividend for the second time in 18 months. For 95 years, Dow's quarterly dividend has consistently either been maintained or raised.

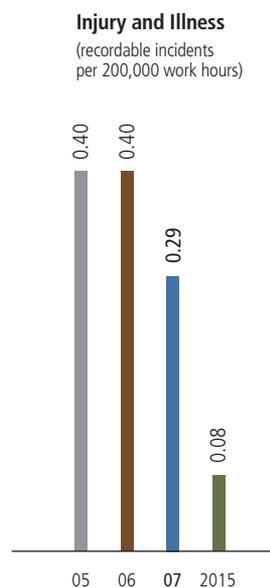
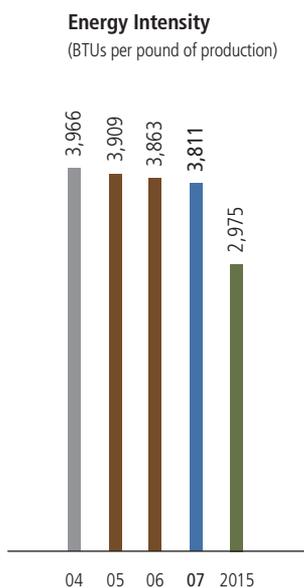
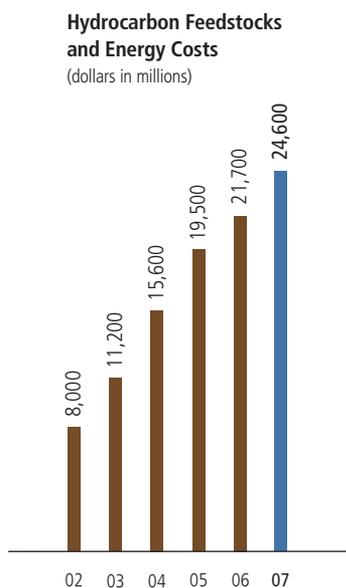
In 2007, Dow experienced yet another sharp rise in feedstock and energy costs, which increased more than 10 percent compared with 2006 to top \$24 billion for the year—three times what we paid in 2002.

Faced with this seemingly relentless climb, our commitment to energy efficiency remains as strong as ever. In 2007, we achieved a further reduction in energy intensity—the amount

of energy used for every pound of product we produce—which is now down 4 percent from our 2004 baseline against our goal to achieve a 25 percent reduction by 2015.

Our commitment to employee health and safety also produced tremendous results in 2007, as we cut the Company's injury and illness rate by more than 25 percent year over year. But this solid progress was sadly overshadowed by the loss of one of our colleagues, who died in a tragic aircraft accident while traveling on Dow business. We continue to do everything possible to infuse an employee mindset, a leadership attitude and a corporate culture that will ensure all employees and contractors return safely to their homes at the end of each work day.

And finally, throughout the year, we focused significant resources on maintaining our leadership position in corporate citizenship, a role that we believe should drive positive change beyond our fence lines, into our communities and across the globe. One of our most notable actions was to support the Blue Planet Run, an around-the-world relay that raised awareness and funds to address the issue of 1.2 billion people who are living without access to safe drinking water. In total, the Company's charitable contributions during 2007 totaled more than \$53 million, providing support to a broad range of events and organizations worldwide.



■ Baseline
■ Goal

Note: Other metrics are recorded, but the results are not available in time for this report. Please visit Dow's website (www.dow.com) for updated results.

NEW DIRECTION

Better earnings growth. Better earnings consistency. To achieve these twin goals, we have embarked on a path to transform the Company in ways that will deliver greater long-term value for our stockholders. Rather than being a company predictable in its cyclicalities, we will be a company that is more predictable in its profitability, even in an economic downturn. It's a new direction—and we are well on our way.

Building on a strong foundation

Dow already bears the hallmarks of an industry leader: a drive for financial discipline and operational excellence, a balanced portfolio with significant presence in all major chemical chains, unmatched global reach, the low-cost advantages of site and product integration, and a depth of technological innovation that extends to both new and improved products and manufacturing processes.

On this solid foundation, we are shaping the new Dow. We are focusing our investments on projects that will significantly bolster our Performance portfolio. We are expanding our geographic presence, strengthening our position in key emerging economies around the world. We are creating exciting growth opportunities for our Basics businesses through strategic joint ventures. And we are driving ahead with our innovation agenda, building a robust pipeline of differentiated solutions ... new products and new processes.

A focus on Performance

Our Performance portfolio, with its array of higher margin products and market-facing activities, promises faster growth and more consistent profitability than can be achieved within our Basics businesses. For that reason, it is the focus of Dow's invest-for-growth agenda.

In 2007, we announced three new Market Facing businesses—Dow Coating Solutions, Dow Footwear Solutions and Dow Fabric and Surface Care—and we continued to aggressively grow our existing Performance business portfolio, both in size and geographic reach. Highlights from the year include:

- Dow Building Solutions successfully started up a manufacturing plant for the production of STYROFOAM™ brand insulation on the outskirts of Moscow, the Company's first-ever production facility in Russia. This plant enables Dow to better serve its growing customer base in both Russia and Eastern Europe—regions where demand for insulation materials is increasing rapidly.
- Dow AgroSciences took a number of significant steps to strengthen its position in the corn seeds business, including the acquisitions of Brazilian company Agromen Tecnologia, The Netherlands-based Duo Maize and assets of Maize Technologies International, an Austrian corn seeds company.
- The Company completed its acquisition of Wolff Walsrode from the Bayer Group and, in doing so, announced the formation of Dow Wolff Cellulosics, a \$1 billion business serving a broad spectrum of industry sectors, including construction, personal care, pharmaceuticals and food.
- And we made a number of other strategic, bolt-on acquisitions, among them two European polyurethanes systems businesses—Hyperlast Limited and Edulan A/S—and three leading epoxy formulators—UPPC AG in Germany, and POLY-CARB Inc. and GNS Technologies in the United States.

Moving forward, our Performance growth agenda will center around strategic acquisitions that strengthen our position in areas such as health, energy, infrastructure and consumerism—major opportunities that we see developing across the globe. As we pursue that growth agenda, however, we will do so with discipline and diligence, making sure that every acquisition is strategically aligned, properly valued and takes place in a time frame that makes sense for Dow.



By transforming business models, refocusing innovation, strengthening our global presence and recognizing the Human Element...

Dow is opening the door to a new era.

With production facilities in 35 countries and customers in 160, with joint venture partners in key regions, and with a highly talented global workforce...

Dow is the most global of all chemical companies.

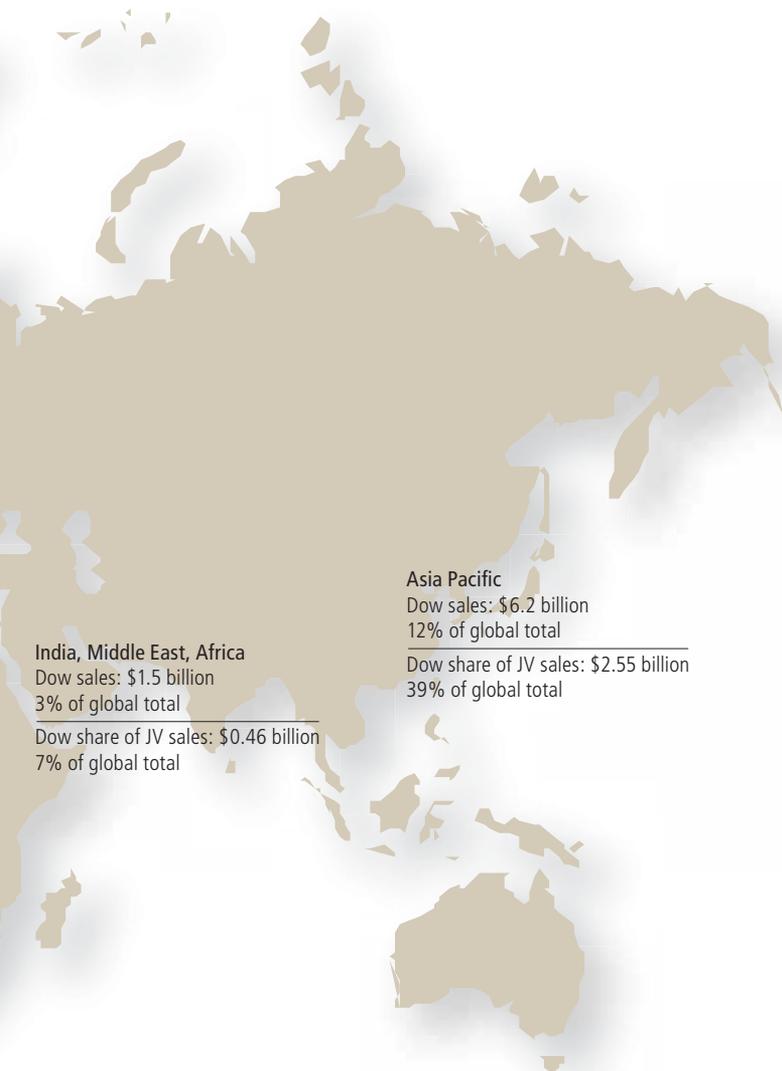


NEW FRONTIERS

Positioning ourselves in growth markets

We established our first business outside the United States in 1942—the same year in which sales surpassed \$50 million for the first time in Dow’s history. Sixty-five years later, as we broke through the \$50 billion mark, roughly two-thirds of our revenue was generated overseas.

Our commitment to geographic growth remains strong, with a specific focus on emerging economies ... supplying the chemical and plastic building blocks that address a vast array of human needs. As a result, the international reach of our businesses is having an evermore significant impact on the Company’s bottom line. And we expect this contribution to grow further as we reap the benefit of being the most global of all chemical companies, with assets in key regions around the world, strong partnerships with major players in many different countries, and highly talented, locally hired employees who have the relationships, the experience and the knowledge to make things happen.



DOW'S 2007 GLOBAL SALES

\$53.5 BILLION

**DOW'S PROPORTIONATE SHARE
OF 2007 JOINT VENTURE REVENUE***

\$6.6 BILLION

Collaborating for smarter growth

As Dow focuses on improving earnings growth and consistency, joint ventures are a crucial enabler, creating opportunities to accelerate the Company's strategic agenda across several different dimensions. Joint ventures can provide access to key markets, growth geographies, new technologies and advantaged feedstocks, while at the same time lowering capital investment and reducing risk. During 2007, we advanced our joint venture agenda on several fronts.

Most notable was our agreement with Petrochemical Industries Company (PIC), a wholly owned subsidiary of Kuwait Petroleum Corporation, to form a global petrochemicals giant. When the deal closes toward the end of 2008, the new 50:50 joint venture will have sales of more than \$11 billion and employ around 5,000 people, manufacturing and marketing polyethylene, ethylene-amines, ethanolamines, polypropylene and polycarbonate to customers worldwide.

Our agreement with PIC was not the only highlight of the year. For example:

- We signed a Memorandum of Understanding with Chevron Phillips Chemical to form a joint venture involving polystyrene and styrene monomer assets in North and South America.
- We announced plans to form a joint venture with the National Oil Corporation of Libya that will operate and expand the country's Ras Lanuf petrochemical complex.
- We signed a Memorandum of Understanding for our proposed joint venture with Saudi Aramco, to build a large-scale petrochemicals complex in eastern Saudi Arabia.
- We signed a cooperation agreement with Shenhua Group to build a world-scale coal-to-chemicals complex in the Shaanxi Province of China.
- We signed a Memorandum of Understanding with Crystalsev, one of Brazil's largest ethanol producers, to form a joint venture to design and build a world-scale facility to manufacture polyethylene from sugar cane.
- And we signed a Memorandum of Intent with Russia's Gazprom and SIBUR to explore a number of joint venture opportunities in the area of hydrocarbons processing.

*Sales of nonconsolidated affiliates, excluding sales to other Dow entities.



By aligning our innovation agenda to the areas of greatest future global need — health, energy, transportation, infrastructure and consumerism...

Dow is ideally placed to harvest future value-growth opportunities.

NEW SOLUTIONS

The roads to solutions often start as needs. The need for safer, more fuel-efficient cars. The need to protect crops. The basic needs that sustain us: clean drinking water, an adequate food supply and decent housing. Our aim is to find better solutions through science and technology, combining the power of chemistry with the Human Element in a way that delivers long-term value to our stockholders.

For example, during 2007, we signed a corn technology cross-licensing agreement with Monsanto aimed at launching SmartStax™. SmartStax will provide the broadest spectrum insect protection and weed control technology available to farmers, through the first-ever eight-gene stack offering from Dow AgroSciences and Monsanto.

Dow AgroSciences also announced Dow Herbicide Tolerance technology, an innovative new family of traits that provides tolerance to multiple classes of herbicides in different crops and offers farmers a wider choice of weed-fighting products.

Also in 2007, we launched Dow's RENUVA™ Renewable Resource Technology, which uses soybeans to make natural oil-based polyols that can be used to manufacture foams for furniture, carpet and bedding applications that are virtually odor-free. The technology consumes around 60 percent less fossil fuel resources than conventional polyol technology and is greenhouse gas neutral.

And Dow Building Solutions unveiled a next-generation foaming technology, enabling it to manufacture STYROFOAM™ insulation products with a zero ozone-depletion factor and to significantly reduce Dow's greenhouse gas emissions for North America.

During the past decade, our research and development (R&D) spending has increased by around 30 percent in real dollar terms. It is an investment that is paying dividends: in those same 10 years our project pipeline has doubled from a net present value of \$5 billion to about \$10 billion; in 2007, 34 percent of Dow's sales were from products introduced in the past five years; since 2004, patent disclosures have more than doubled (from 411 in 2004 to almost 1,100 in 2007); and last year Dow was ranked one of the 10 best global R&D companies by *R&D* magazine.

With more than 350 large projects currently in the development pipeline, and with major new R&D facilities now being built in Shanghai, China, and Pune, India, that in-house success is set to continue. But innovation doesn't just occur in our own labs.

Taking the philosophy of the Human Element beyond the boundaries of our Company, we also partner with universities, government institutions and members of the scientific community around the world to develop new ideas and technologies. In 2007, for example, Dow issued a challenge to researchers to develop an effective way to convert methane into chemical feedstocks without using costly synthesis gas processes. To encourage this research, Dow will award grants of approximately \$1 million to \$2 million annually, for three years.



NEW AMBITIONS

Environmental stewardship and corporate citizenship have long been key priorities for Dow. Today, they have a place at the very heart of the Company's strategy, ranked among the most important drivers of Dow's long-term success.

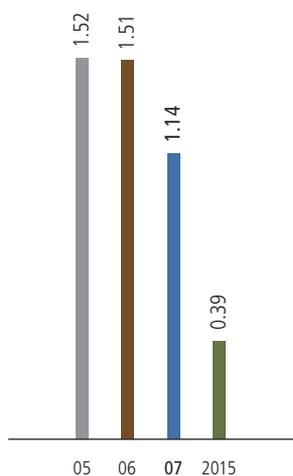
Through 2007, we continued to make progress toward our ambitious 2015 Sustainability Goals. Launched in 2006, these goals raise the bar significantly higher for our environmental, health and safety performance, while also addressing a broader set of challenges focused on local communities, product stewardship and the reduction of our global environmental footprint.

In this respect, the year saw a number of significant achievements by Dow, including:

- The Company continued efforts to enhance energy efficiency through a broad range of initiatives, including a process at Dow's Terneuzen site in The Netherlands to re-use treated household wastewater. The project saves energy, conserves water and reduces greenhouse gas emissions.

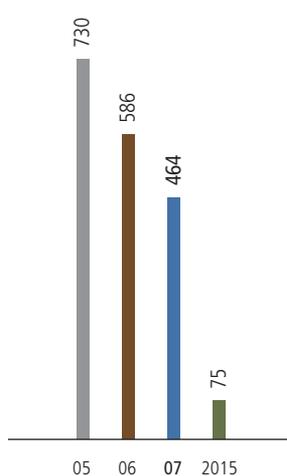
Severity Rate

(recordable incidents, weighted for type, per 200,000 work hours)



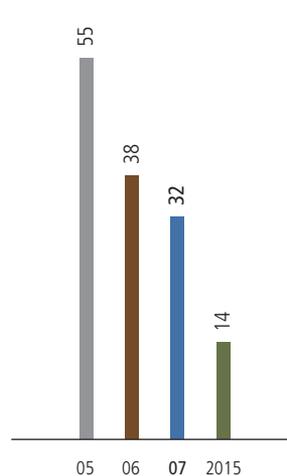
Leaks, Breaks and Spills

(number of incidents)



Process Safety

(number of incidents)



■ Baseline
■ Goal

Note: Other metrics are recorded, but the results are not available in time for this report. Please visit Dow's website (www.dow.com) for updated results.



Through its
2015 Sustainability
Goals, which set
ambitious targets
for local citizenship,
product stewardship
and standards
of environmental
performance...

**Dow is scaling
new heights.**

- Dow joined with the Lawrence Berkeley National Laboratory and China's Energy Research Institute to develop a program aimed at supporting China's efforts to improve energy efficiency and reduce energy intensity.
- Dow Building Solutions made further headway with its building-integrated photovoltaic program, which will enable solar energy generation cells to be incorporated directly into the design of commercial and residential building materials, such as roofing systems, exterior sidings and fascias. The project received a \$20 million grant from the U.S. Department of Energy as part of the Solar America Initiative Pathways Program — bolstering Dow's efforts to design, develop and scale up production of building-integrated photovoltaic components that will significantly reduce the cost of solar energy.
- Dow Brazil and Jean-Michel Cousteau's Ocean Futures Society launched the Ambassador of the Environment Program in Guaruja, Brazil. This extension of Dow's U.S. partnership with Cousteau is designed to connect young people with the environment and teach them how to live more sustainably.
- We continued to successfully introduce products and technologies to the marketplace while demonstrating our commitment to sustainability. We launched Propylene Glycol Renewable, a product used in a variety of industry applications that is made from glycerin generated during the manufacture of biodiesel, a diesel-fuel alternative produced from vegetable oil. And customers responded very positively to our announced joint venture with Crystalsev to build the first world-scale sugar cane-to-polyethylene facility, based in Brazil. As well as using a renewable feedstock, the process will produce significantly less carbon dioxide than traditional polyethylene manufacturing processes.
- And we stepped up efforts to prepare next-generation leaders in the area of sustainability. The Dow Chemical Company Foundation committed \$2 million to establish a new Sustainable Products and Solutions program with the University of California at Berkeley's Haas School of Business, in partnership with its College of Chemistry. In addition to its financial contribution, Dow also loaned an executive to facilitate the growth of the program. This multi-disciplinary research and learning environment will lead to new thinking in the development of products that will be sustainable, improve quality of life, and protect health and the environment.

By connecting chemistry and innovation to the Human Element ... creating new hope, achieving new standards and securing new business opportunities...

Dow is balancing the needs of its stakeholders.



NEW EXPECTATIONS

As we press forward with our long-term growth agenda, we remain committed to understanding the needs and expectations of the people affected by our activities ... and delivering on those expectations. That commitment extends beyond the immediate sphere of our employees, our retirees and the communities in which we operate, to embrace the Human Element across a far wider societal plain: the end-users of our products, the governments and municipalities that benefit from our presence, and people across the globe facing fundamental needs that Dow can help to address.

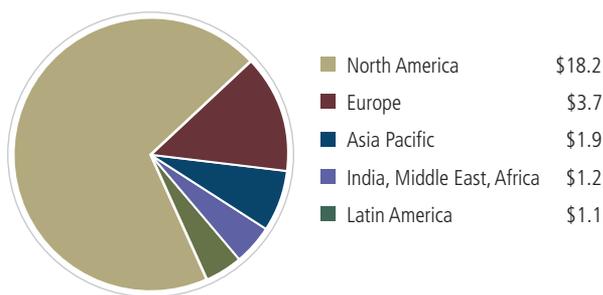
2007 was a year in which we advanced that agenda on many fronts, including:

- Conducting research to assess the quality of life in several Dow locations around the world, to understand and prioritize local environmental, social and economic needs in the communities in which we operate. The research will not only help to ensure that we are a good neighbor and partner in our 150 global communities, but will also help to strategically position Dow in areas where we seek to have a presence in the future.
- Making further strides to tackle the growing global issue of clean water, including our sponsorship of the 15,200-mile 2007 Blue Planet Run.
- Provisionally agreeing to provide up to \$30 million of loan guarantees to WaterHealth International that would support the installation of 2,000 community water systems in rural India and provide a sustainable source of safe drinking water for 11 million people in remote locations across the country.
- Launching a Sustainable Living campaign with our 46,000 employees around the globe, promoting ways that employees and their families can reduce energy use, and encouraging people to sign a personal commitment to the campaign.
- Building on our long-standing efforts to improve the safety and security of chemicals transportation. In 2007, Dow joined with the U.S. Federal Railroad Administration, Union Pacific Corporation and Union Tank Car in various initiatives to enhance the safety performance of rail tank cars, improve shipment visibility, support community emergency response education and design supply chains that reduce risk.
- Contributing more than \$36 million to support a wide range of programs that contribute to community success, support sustainability, foster science in society and stimulate innovation around the world. The Company also made substantive one-time contributions to several global projects and a major revitalization initiative in its hometown of Midland, Michigan, U.S.A., bringing total philanthropy in 2007 to \$53.5 million. This compares with \$27.9 million in 2006.

- In 2007, several of Dow’s commitments supported the marketing activities and product development efforts of individual businesses. For example, our continued partnership with Habitat for Humanity not only supported the group’s quest to eliminate substandard housing, but also served to showcase the performance and versatility of a range of products from Dow Building Solutions ... including a complete photovoltaic installation at Habitat’s 2007 Jimmy Carter Work Project in Los Angeles, California, U.S.A.

Together, Dow’s environmental and societal commitments put our Company on record as affirming that our workplace, community and environmental accomplishments will be among the most important success factors for Dow’s future.

Charitable Contributions by Geographic Area (dollars in millions)



Global Business and Functionally Aligned Projects: \$3.7
 Global Corporate Projects: \$22.6
 Disaster Relief: \$1.1

NEW ACHIEVEMENTS

First Quarter

- Dow starts up its first-ever production facility in Russia, located in Kryukovo, outside Moscow. The plant will produce STYROFOAM™ Extruded Polystyrene insulation boards for Dow Building Solutions.
- Dow announces plans to increase production of CELLOSIZEM™ Hydroxyethyl Cellulose at its site in Institute, West Virginia, U.S.A. The additional capacity will be used primarily in paint and oil field applications.
- The Company confirms it will begin global-scale production of its new INFUSE™ Olefin Block Copolymers at Freeport, Texas, U.S.A., following a successful trial manufacturing run at the facility.
- Dow introduces Propylene Glycol Renewable, a propylene glycol made from the glycerin that is generated during the manufacture of biodiesel, a diesel-fuel alternative produced from vegetable oil.
- Dow's Polyurethanes business unveils capital investment plans for two European facilities to expand capacity at its polyols plant in Terneuzen, The Netherlands, and its propylene glycol facility in Stade, Germany.
- The U.S. Department of Energy awards Dow a \$20 million grant to advance integrated photovoltaics, a technology that incorporates solar power components directly into a variety of building materials.
- Dow declares a dividend of 37.5 cents per share ... the Company's 382nd consecutive cash dividend.
- A major new research program, sponsored by Dow, is announced by the Company, offering three-year grants to help develop technology that will convert methane to chemicals.
- Dow commits to being a founding sponsor of the Colorado Center for Biorefining and Biofuels, a research center devoted to developing new biofuels and biorefining technologies.
- The Company accepts a leadership role with EPCglobal, a non-profit agency developing industry-driven standards for electronic product code technology that tracks items within a supply chain.
- Dow launches eight new grades of VERSIFY™ Plastomers and Elastomers, a highly versatile product range that delivers performance and processing benefits across an array of end-use applications.



Second Quarter

- Dow hosts its 110th Annual Meeting of Stockholders.
- Saudi Aramco and Dow sign a Memorandum of Understanding to move forward with their multibillion-dollar joint venture chemicals and plastics production complex near Ras Tanura, Saudi Arabia.
- Dow and Chevron Phillips Chemical announce plans for a 50:50 polystyrene and styrene monomer joint venture in North and South America.
- Beijing-based Shenhua Group and Dow agree to a detailed feasibility study for a coal-to-chemicals joint venture in the Shaanxi Province of China.
- Dow raises its quarterly cash dividend by 12 percent to 42 cents per share. Since 1912, Dow has consistently either raised or maintained its quarterly dividend.
- Twenty-two elite runners gather in New York, U.S.A., at the start of the 2007 Blue Planet Run, an around-the-world relay sponsored by Dow to focus attention on the one billion-plus people without ready access to safe drinking water.
- The Company signs a Heads of Agreement with the National Oil Corporation of Libya to operate and expand the Ras Lanuf petrochemical complex on the country's Mediterranean Sea coastline.
- Dow announces the completion of its acquisition of British Vita's polyurethane systems business, Hyperlast Limited, which includes elastomer systems facilities in the United Kingdom.
- CKE Restaurants Inc. announces that its Carl's Jr.® and Hardee's® restaurant chains are converting to Dow AgroSciences' zero trans fat Omega-9 Canola Oil.
- Dow joins the United States Climate Action Partnership, an alliance of major businesses and environmental groups calling on federal legislation to reduce greenhouse gas emissions.
- The Company opens a new polyurethane systems market development and prototyping laboratory in Egypt to help meet the growing needs of customers across the Middle East, India and Africa.
- Dow announces a partnership program with Lawrence Berkeley National Laboratory and the Chinese Energy Research Institute to support China in its efforts to improve energy efficiency.
- Dow joins the United Nations Global Compact, the world's largest global corporate citizenship initiative.
- At the Guaruja site in Brazil, Dow partners with its Community Advisory Panel and Jean-Michel Cousteau's Ocean Futures Society to create Latin America's first Ambassador of the Environment program.



Third Quarter

- Dow completes the acquisition of Wolff Walsrode and forms Dow Wolff Cellulosics, a \$1 billion specialty business focused on cellulose and related chemistries and serving a broad spectrum of industry sectors.
- A corn cross-licensing agreement between Dow AgroSciences and Monsanto, aimed at launching SmartStax™, breaks new ground in the commercialization of gene stacking technology.
- The Company signs a Memorandum of Understanding with Brazilian ethanol producer, Crystalsev, to form a joint venture to manufacture polyethylene from sugar cane.
- Dow AgroSciences acquires Agromen Tecnologia, substantially expanding its Brazilian corn seeds business and strengthening the Company's global corn seeds platform.
- Dow's Polyurethanes Systems business announces plans to acquire Danish company Edulan A/S, an independent polyurethanes systems house specializing in rigid foam and elastomer technologies.
- Definitive agreements are signed by Dow to acquire three leading epoxy systems formulators: UPPC AG in Germany, and POLY-CARB Inc. and GNS Technologies in the United States.
- Dow AgroSciences unveils a new family of herbicide tolerance traits that will provide tolerance to multiple classes of herbicides in different crops. The technology should be ready to launch in corn in 2012.
- The Company introduces RENUVA™ Renewable Resource Technology, a proprietary process to produce bio-based polyols with high renewable content.
- Singapore's national water agency, PUB, signs an agreement to test Dow's next-generation 16-inch FILMTEC™ membranes for use in water reclamation.
- Dow AgroSciences wins the "Best Formulation Innovation" award in the 2007 AGROW Awards for EcoZome™, an aqueous formulation technology for crop protection products that addresses issues with solvent systems.
- The Company launches SAFETOUGH™ Fiberglass-Free Insulation, a polyester fiber batting with insulating properties of fiberglass-based materials that does not irritate skin, throat or eyes.
- Dow AgroSciences wins the United Nations' Montreal Protocol Innovators Award at the annual Meeting of the Montreal Protocol.
- Dow Footwear Solutions announces its official launch as a new Market Facing business for Dow.
- The Company declares a dividend of 42 cents per share ... its 384th consecutive cash dividend.
- The Company launches Dow Fabric and Surface Care, a new Market Facing business.
- Dow FORTEFIBER™ Soluble Dietary Fiber products receive an inaugural Institute of Food Technologies *Food Expo* innovation award.
- Once again, Dow is included in the Dow Jones Sustainability World Index for the global chemical industry. The Company's overall score ranks third highest across all 18 industry groups included in the Index.

Fourth Quarter

- Gazprom, the world's largest gas producer, signs a Memorandum of Intent with Dow and Russian petrochemical company, SIBUR, to evaluate potential chemical manufacturing opportunities using Russia's natural gas capacity.
- Dow provides seed money to establish a new Sustainable Products and Solutions program, based at the Center for Responsible Business at the University of California at Berkeley's Haas School of Business and in partnership with its College of Chemistry.
- Dow Wolff Cellulosics begins construction of the world's largest methylcellulosics plant in Bitterfeld, Germany.
- Dow Wolff Cellulosics introduces an enhanced emulsion technology using METHOCEL™ Food Gums that helps eliminate trans fats in baked goods.
- The Company signs a Memorandum of Understanding with Hunton Energy relating to a potential petroleum coke gasification plant in Texas, U.S.A. Hunton would build, own and operate the facility, and Dow would purchase synthetic natural gas and steam for its Texas Operations manufacturing site in Freeport.
- Dow and Petrochemical Industries Company of Kuwait announce plans to form a 50:50 joint venture petrochemicals company with revenues of more than \$11 billion and 5,000 employees worldwide.
- Dow Building Solutions announces next-generation foaming agent technology that will enable the manufacture of STYROFOAM™ insulation with a zero ozone-depletion factor.
- Dow declares a dividend of 42 cents per share ... the Company's 385th consecutive cash dividend.
- The Company pledges \$2 million to the Young Arab Leaders' Global Action Program, an initiative designed to encourage dialogue among leaders across the globe.
- Dow Canada finalizes the sale of Dow's caustic soda business in Western Canada to Univar Canada. This sale includes the West Coast Distribution Centre terminal assets as well as miscellaneous equipment.
- Dow completes the sale of its ETHAFOAM™ performance foam business to Sealed Air Corporation.
- Dow provisionally agrees to provide up to \$30 million of loan guarantees to WaterHealth International that would support the financing of 2,000 community water systems, serving 11 million people in rural India.
- Dow unveils its renewable grade polyurethane footwear soling system, VORALAST™ R.
- Dow announces plans to shut down a number of assets and make organizational changes within targeted support functions, eliminating approximately 1,000 jobs. As a consequence, the Company reports restructuring charges totaling \$590 million in the fourth quarter, and expects to realize estimated savings of \$180 million a year.
- Dow endorses the CEO Water Mandate and Caring for Climate, two voluntary initiatives of the U.N. Global Compact.
- Dow launches Dow Coating Solutions, a Market Facing business focused on providing materials, technology and solutions to the global coatings industry.

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