DOW CHEMICAL CO /DE/
Form DEF 14A
March 28, 2008

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

The Dow Chemical Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The Dow Chemical Company

Midland, Michigan 48674

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MAY 15, 2008 AT 10:00 A.M. EDT

March 28, 2008

Dear Stockholder of The Dow Chemical Company:

We are pleased to invite you to the Annual Meeting of Stockholders of The Dow Chemical Company to be held on Thursday, May 15, 2008, at 10 a.m. Eastern Daylight Time, at the Midland Center for the Arts, 1801 West St. Andrews, Midland, Michigan. A map is printed on the back page of this Proxy Statement and is also included on your admittance ticket. At the Meeting, stockholders will vote on the following matters either by proxy or in person:

Election of Directors.

Ratification of the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2008.

Four proposals submitted by stockholders, if properly presented.

Transaction of any other business as may properly come before the Meeting.

Your vote is important. Whether or not you plan on attending the Meeting, please vote your shares as soon as possible on the Internet, by telephone or by mail. Your Board of Directors has set the close of business on March 17, 2008, as the record date for determining stockholders who are entitled to receive notice of the Annual Meeting and any adjournment, and who are entitled to vote. A list of stockholders entitled to vote shall be open to any stockholder for any purpose relevant to the Meeting for ten days before the Meeting, during normal business hours, at the Office of the Corporate Secretary, 2030 Dow Center, Midland, Michigan.

A ticket of admission or proof of stock ownership is necessary to attend the Meeting. A ticket is included with your proxy material. Stockholders with registered accounts or who are in the Dividend Reinvestment Program or employees' savings plans should check the box on the voting form if attending in person. Other stockholders holding stock in nominee name or beneficially through a bank or broker (in "street name") need only bring their ticket of admission. Street name holders without tickets will need proof of record date ownership for admission to the Annual Meeting, such as a March 2008 brokerage statement or letter from the bank or broker. Questions may be directed to 877-227-3294 (a toll-free telephone number in the United States and Canada) or 989-636-1792, or faxed to 989-638-1740.

Since seating is limited, the Board has established the rule that only stockholders may attend or one person holding a proxy for any stockholder or account (in addition to those named as Board proxies on the proxy forms). Proxy holders are asked to present their credentials in the lobby before the Annual Meeting begins. If you are unable to attend the Meeting, please listen to the live audio webcast at the time of the Meeting, or the audio replay after the event, at *www.DowGovernance.com.*

Thank you for your continued support and your interest in The Dow Chemical Company.

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

® Trademark of The Dow Chemical Company

2008 ANNUAL MEETING OF STOCKHOLDERS
THE DOW CHEMICAL COMPANY

Notice of the Annual Meeting and Proxy Statement

This Proxy Statement is issued in connection with the 2008 Annual Meeting of Stockholders of The Dow Chemical Company to be held on May 15, 2008.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON THURSDAY, MAY 15, 2008 AT 10:00 A.M. EDT

The 2008 Proxy Statement, 2007 Form 10-K and Stockholder Summary and the 2007 Corporate Report are available at *www.DowGovernance.com/proxy*

VOTING PROCEDURES

In the following pages of this Proxy Statement, you will find information on your Board of Directors, the candidates for election to the Board, and five other agenda items to be voted upon at the Annual Meeting of Stockholders and any adjournment or postponement of that Meeting. The background information in this Proxy Statement has been supplied to you at the request of the Board of Directors to help you decide how to vote and to provide information on the Company's corporate governance and compensation practices. References in this document to the Company and Dow mean The Dow Chemical Company. This Proxy Statement is first being distributed to stockholders on or about March 28, 2008.

Vote Your Shares in Advance

The enclosed voting form will help you cast your vote on the Internet, by telephone or by mail. **Your shares will be voted if the voting form is properly executed and received by the independent Inspector of Election prior to the Meeting. If no specific choices are made by you when you execute your voting form, as explained on the form, your shares will be voted as recommended by your Board of Directors.**

You may revoke your voting proxy at any time before its use at the Meeting by sending a written revocation, by submitting another proxy on a later date, or by attending the Meeting and voting in person. No matter which voting method you choose, however, you should not vote any single account more than once unless you wish to change your vote. Be sure to submit votes for each separate account in which you hold Dow shares.

Confidential Voting

The Company has a long-standing policy of vote confidentiality. Proxies and ballots of all stockholders are kept confidential from the Company's management and Board unless disclosure is required by law and in other limited circumstances. The policy further provides that employees may confidentially vote their shares of Company stock held by the Company's employees' savings plans, and requires the appointment of an independent tabulator and inspector of election for the Meeting.

Dividend Reinvestment Program Shares and Employees' Savings Plans Shares

If you are enrolled in the Dividend Reinvestment Program ("DRP"), the shares of common stock owned on the record date by you directly, plus all shares of common stock held for you in the DRP, will appear together on a single voting form. The DRP administrator, The Bank of New York, will vote all shares of stock held in your DRP account as directed by you only if you return your proxy form. If no specific instruction is given on an executed proxy form, the DRP administrator will vote as recommended by your Board of Directors.

Participants in various employees' savings plans, including The Dow Chemical Company Employees' Savings Plan, The Dow Chemical Company Employee Stock Ownership Plan, the DH Compounding Savings and Retirement Plan and the Mycogen Corporation Deferred Savings Plan (the "Plan" or "Plans"), will receive, as appropriate, a separate confidential voting instruction form, in addition to voting forms for any shares held in registered and street name. Your executed form will provide voting instructions to the respective Plan Trustee. If no instructions are provided, the Trustees will vote the respective Plan shares according to the provisions of each Plan.

Dow Shares Outstanding and Quorum

At the close of business on the record date, March 17, 2008, there were 930,679,770 shares of Dow Common Stock outstanding and entitled to vote. Each share of common stock is entitled to one vote. There are no shares of preferred stock outstanding. A majority of the outstanding shares of common stock present in person or represented by proxy constitutes a quorum for the transaction of business at the Meeting.

Abstentions and broker non-votes will be included in determining the presence of a quorum at the Annual Meeting. Broker non-votes occur when a person holding shares in street name, meaning through a brokerage firm, does not provide instructions as to how to vote their shares.

(continued on next page)

Proxies on Behalf of the Dow Board

The enclosed voting form is being solicited by your Board of Directors to provide an opportunity to all stockholders of record to vote on agenda items, whether or not the stockholders are able to attend the Meeting or an adjournment or postponement thereof. Proxies on behalf of the Board may be solicited in person, by mail, by telephone or by electronic communication by Dow officers and employees. The proxy representatives of the Board of Directors will not be specially compensated for their services in this regard.

Dow has retained D. F. King & Co., Inc. to aid in the solicitation of stockholders (primarily brokers, banks and other institutional investors) for an estimated fee of $16,000, plus out-of-pocket expenses. Arrangements have been made with brokerage houses, nominees and other custodians and fiduciaries to send materials to their principals, and their reasonable expenses will be reimbursed on request. The cost of solicitation will be borne by the Company.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines which are available at *www.DowGovernance.com*. Stockholders may receive a printed copy of the Corporate Governance Guidelines without charge by contacting the Office of the Corporate Secretary.* These Guidelines were adopted by the Board of Directors in order to set forth key areas of importance in Dow corporate governance.

The Board of Directors

The ultimate authority to oversee the business of The Dow Chemical Company rests with the Board of Directors. The role of the Board is to effectively govern the affairs of the Company for the benefit of its stockholders and, to the extent appropriate under Delaware corporation law, other constituencies including employees, customers, suppliers and communities in which it does business. Among other duties, the Board appoints the Company's officers, assigns to them responsibility for management of the Company's operations, and reviews their performance.

One Director left the Board in 2007: J. Pedro Reinhard, a Director since 1995. One Director joined the Board in 2007: Dennis H. Reilley was elected on August 17, 2007.

Director Independence

The Board has assessed the independence of each non-employee Director based upon the Company's Director independence standards listed on the Company's corporate governance website (*www.DowGovernance.com*) and attached to this Proxy Statement as Appendix A. These standards incorporate the criteria in the listing standards of the New York Stock Exchange, as currently in effect, as well as additional, more stringent criteria established by the Board. Based upon these standards, the Board has determined that the following nine members of the Board are independent: Directors Barton, Bell, Fettig, Franklin, Hess, Reilley, Ringler, Shaw and Stern. These independent Directors constitute a substantial majority of the Board, consistent with Board policy. No independent Director left the Board in 2007.

When assessing independence, the Governance Committee and the Board consider all relationships between the Directors and the Company, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, among others. The Company screens for such relationships using an annual Directors and Officers Questionnaire that requires disclosure of any transactions with the Company in which the Director or executive officer, or any member of his or her immediate family, has a direct or indirect material interest. Given the large size of our Company and its diverse commercial and geographic markets, there are times when Dow sells products to, or purchases products or services from, other companies for which Dow Directors serve as executive officers or directors. The Governance Committee and the Board took into account the fact that Messrs. Fettig and Hess and Ms. Shaw served as executive officers during each of the past three years of entities with which Dow made purchases or sales. All such purchases and sales were made at arms-length, commercial terms, and the Directors did not personally benefit from such transactions. In all instances, the extent of business represented less than 2% of Dow's and the other entity's revenues.

Presiding Director

The independent Directors on the Board elect a Presiding Director from among their own members. Paul G. Stern was elected as Presiding Director to serve until the 2009 Annual Meeting. Among other responsibilities, the Presiding Director works with the Chairman to set the Board agenda and to determine the appropriate materials to be provided to the Directors. He leads executive sessions of the Board, serves as a member of the Executive Committee, facilitates communication between the Board and management, and serves as focal point for stockholder communications addressed to independent Directors. The Presiding Director may retain outside professionals on behalf of the Board as the Board may determine is necessary and appropriate. Contact information for the Presiding Director is shown on page 7. *Office of the Corporate Secretary, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, 989-636-1792 (telephone), 989-638-1740 (fax).

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Communication with Directors

Stockholders and other interested parties may communicate directly with the full Board, the Presiding Director, the non-management Directors as a group, or with specified individual Directors by any of several methods. These include mail addressed to The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, and the "Contact Us" feature of Dow's corporate governance website at *www.DowGovernance.com*. The Presiding Director and other non-management Directors may also be contacted by email addressed to *PresidingDirector@Dow.com*. Please specify the intended recipient(s) of your letter or electronic message.

Communications will be distributed to any or all Directors as appropriate depending upon the individual communication. However, the Directors have requested that communications that do not directly relate to their duties and responsibilities as Directors of the Company be excluded from distribution and deleted from email that they access directly. Such excluded items include "spam;" advertisements; mass mailings; form letters and email campaigns that involve unduly large numbers of similar communications; solicitations for goods, services, employment or contributions; surveys; and individual product inquiries or complaints. Additionally, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will also be screened for omission. Any omitted or deleted communication will be made available to any Director upon request.

Board and Committee Meetings; Annual Meeting Attendance

The Federal securities laws require companies to report whether any Director attended fewer than 75% of the sum of the total number of Board meetings and the total number of Board committee meetings that each such respective Director was eligible to attend during the past year. There were nine Board meetings in 2007 and 22 formal Board committee meetings. All of the Directors exceeded the attendance threshold, and seven had 100% attendance at all Board and Board committee meetings they were eligible to attend. All but one of the Directors attended every Board meeting. The Directors are encouraged to attend all Annual Meetings of Stockholders, and in 2007, eleven of the twelve Directors then serving attended.

Executive Sessions of Directors

The non-management Directors meet in executive session in connection with each regularly scheduled meeting of the Board, and at other times as they may determine appropriate. The Audit, Compensation, and Governance Committees of the Board typically meet in executive session in connection with every Committee meeting.

Board Committees

Board committees perform many important functions. The responsibilities of each Committee are stated in the Bylaws and in their respective committee charters, which are available at *www.DowGovernance.com*. Stockholders may receive a printed copy of the committee charters without charge by contacting the Office of the Corporate Secretary.* The Board, upon the recommendation of the Governance Committee, elects members to each committee and has the authority to change committee chairs, memberships and the responsibilities of any committee. A brief description of the current standing Board committees follows, with memberships listed as of March 17, 2008, the record date for the Annual Meeting. The Audit, Compensation, and Governance Committees are comprised entirely of independent Directors who meet the independence requirements of the New York Stock Exchange, the U.S. Securities and Exchange Commission and the Company as set forth in Appendix A of this Proxy Statement.

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Standing Committee and Function	Chair and Members		Meetings in 2007
Audit Committee	B. H. Franklin, Chair		9
Oversees the quality and integrity of the financial statements of the Company; the qualifications, independence and performance of the independent auditors; and the Company's system of disclosure controls and procedures and system of internal control over financial reporting. Has oversight responsibility for the performance of the Company's internal audit function and compliance with legal and regulatory requirements. A more complete description of the duties of the Committee is contained in the Audit Committee charter available at *www.DowGovernance.com*.	J. A. Bell J. M. Fettig	D. H. Reilley P. G. Stern	
Compensation Committee	J. M Ringler, Chair		5
Assists the Board in meeting its responsibilities relating to the compensation of the Company's Chief Executive Officer and other senior executives in a manner consistent with and in support of the business objectives of the Company, competitive practice and applicable standards. A more complete description of the duties of the Committee is contained in the Compensation Committee charter available at *www.DowGovernance.com*.	J. K. Barton J. B. Hess	R. G. Shaw	
Environment, Health and Safety Committee	J. K. Barton, Chair		3
Assists the Board in fulfilling its oversight responsibilities by assessing the effectiveness of environment, health and safety programs and initiatives that support the environment, health and safety policy of the Company, and by advising the Board on matters impacting corporate citizenship and Dow's public reputation. A more complete description of the duties of the Committee is contained in the Environment, Health and Safety Committee charter available at *www.DowGovernance.com*.	A. A. Allemang A. N. Liveris G. E. Merszei	D. H. Reilley J. M. Ringler R. G. Shaw	
Executive Committee	A. N. Liveris, Chair		2
Exercises the powers of the Board in the management and direction of the business and affairs of the Company between meetings of the full Board of Directors.	B. H. Franklin G. E. Merszei	P. G. Stern	
Governance Committee	P. G. Stern, Chair		5
Assists the Board on all matters relating to the selection, qualification, and compensation of members of the Board, as well as any other matters relating to the duties of Board members. Acts as a nominating committee with respect to candidates for Directors and makes recommendations to the Board concerning the size, structure and committees of the Board. Assists the Board with oversight of governance matters. A more complete description of the duties of the Committee is contained in the Governance Committee charter available at *www.DowGovernance.com*.	J. A. Bell J. M. Fettig	B. H. Franklin	

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Board of Directors' Terms

Dow's Restated Certificate of Incorporation provides that all Directors stand for election at each Annual Meeting of Stockholders.

Director Qualifications

There are certain minimum qualifications for Board membership that Director candidates should possess, including strong values and discipline, high ethical standards, a commitment to full participation on the Board and its committees, relevant career experience, and a commitment to ethnic, racial and gender diversity. The Governance Committee has adopted guidelines to be used in evaluating candidates for Board membership. In addition to the characteristics mentioned above, the guidelines provide that candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs of the Board, such as experience or expertise in some of the following areas: the chemical industry, global business, science and technology, finance and/or economics, competitive positioning, corporate governance, public affairs, and experience as chief executive officer, chief operating officer or chief financial officer of a major company. Other factors that are considered include independence of thought, willingness to comply with Director stock ownership guidelines, meeting applicable Director independence standards (where independence is desired) and absence of conflicts of interest. The Governance Committee may modify the minimum qualifications and evaluation guidelines from time to time as it deems appropriate. These Director Qualifications are posted in Dow's Corporate Governance Guidelines, available at *www.DowGovernance.com*, and any modifications to the Director Qualifications would be described in the Guidelines.

Nominations for Director

Among the Governance Committee's most important functions is the selection of Directors. The Committee has a long-standing practice of accepting stockholders' suggestions of candidates to consider as potential Board members, as part of the Committee's periodic review of the size and composition of the Board and its committees. Such recommendations should be sent to the Governance Committee through the Corporate Secretary.*

Under the Company's Bylaws, stockholders wishing to formally nominate a person for election as a Director at the next Annual Meeting must notify the Corporate Secretary* between November 28, 2008, and January 27, 2009. Such notices must comply with the provisions set forth in the Bylaws. A copy of the Bylaws may be found on the Company's website at *www.DowGovernance.com*. Alternatively a copy of the Bylaws will be provided without charge to any stockholder who requests it in writing. Such requests should be addressed to the Corporate Secretary.*

The Governance Committee has adopted a process for identifying new Director candidates. Recommendations may be received by the Committee from various sources, including current or former Directors, a search firm retained by the Committee, stockholders, Company executives, and by self-nomination. The Governance Committee uses the same process to evaluate Director nominees recommended by stockholders as it does to evaluate nominees identified by other sources. In 2007, a search firm was retained by the Committee to identify independent director candidates that possess the skills and experience described above. Dow's most recent independent director addition, Dennis H. Reilley, was recommended by Dow's Chief Executive Officer and non-management Directors.

The evaluation of Director candidates involves several steps, not necessarily in any particular order. A preliminary analysis of a nominee involves securing a resume and other background data and comparing this data to the Director attributes mentioned above, as well as to the current needs of the Board for new members. References are checked and analyses are performed to identify potential conflicts of interest and appropriate independence from the Company. Candidate information is provided to all Governance Committee members for purposes of discussion and evaluation. If the Committee decides to further evaluate a candidate, interviews are conducted. Other steps may include requesting additional data from the candidate, providing Company background information to the candidate, and determining the candidate's schedule compatibility with Dow Board and Committee meeting dates.

Code of Business Conduct

All Directors, officers and employees of Dow are expected to be familiar with the Company's Code of Business Conduct, and to apply it in the daily performance of their Dow responsibilities. The Code of Business Conduct is intended to focus employees, officers and Directors on areas of ethical risk, help them recognize and make informed decisions on ethical issues, help create a culture of the highest ethical and business standards, and provide mechanisms to report unethical conduct. The full text of Dow's Code of Business Conduct is available at *www.Dow.com*, by clicking on "Ethics." Stockholders may receive a printed copy of the Code of Business Conduct without charge by contacting the Office of the Corporate Secretary.* *(continued on next page)*

Compensation Committee Interlocks

No member of Dow's Compensation Committee has served as a Dow officer or employee at any time. None of Dow's executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of Dow's Board of Directors. None of Dow's executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of Dow's Board's Compensation Committee.

Related Person Transaction Policy

The Federal securities laws require public companies to describe any transaction, since the beginning of the last fiscal year, or any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds $120,000, and in which any related person had or will have a direct or indirect material interest. Related persons are directors and executive officers, nominees for director and any immediate family members of directors, executive officers or nominees for director and greater than 5% holders of Dow Common Stock. Companies are also required to describe their policies and procedures for the review, approval or ratification of any related person transaction.

Pursuant to Dow's Code of Business Conduct, and annual review of Director independence, the Company has had procedures in place to monitor related person transactions for several years. Upon the recommendation of the Governance Committee, the Board of Directors adopted a formal written policy (the "Policy") on related person transactions on February 15, 2007.

The Governance Committee is responsible for reviewing the material facts of all transactions that could potentially be "transactions with related persons." The Policy covers any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may be expected to exceed $100,000 in any calendar year, (2) the Company is a participant, and (3) any related person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). The Governance Committee is responsible to either approve or disapprove of the entry into the transaction, subject to the exceptions listed below. If advance Committee approval of the transaction is not feasible, then the transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee's next regularly scheduled meeting.

The Governance Committee has determined that certain types of transactions shall be deemed to be preapproved by the Committee even if the amount involved will exceed $100,000, including: (a) employment of executive officers where the officer's compensation is either reported in the Proxy Statement or would have been reported in the Proxy Statement if the officer was a "named executive officer," and the Compensation Committee approved such compensation; (b) Director compensation where such compensation is reported in the Proxy Statement; (c) certain transactions with other companies where the related person's only relationship with the other company is as a director, employee or beneficial owner of less than 10% of that company's shares, and the aggregate amount involved does not exceed the greater of $1 million or 2% of that company's total annual revenues; (d) certain Company charitable contributions where the related person's only relationship is as an employee or director of the charitable entity and where the aggregate amount does not exceed the greater of $1 million or 2% of the charitable entity's total annual receipts; (e) transactions where all stockholders receive proportional benefits; (f) transactions involving competitive bids; and (g) regulated transactions.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires the Company's Directors and executive officers and persons who own more than 10% of a registered class of the Company's equity securities (the "Reporting Persons") to file with the U.S. Securities and Exchange Commission ("SEC") reports on Forms 3, 4 and 5 concerning their ownership of and transactions in the common stock and other equity securities of the Company, generally within two business days of a reportable transaction. As a practical matter, the Company seeks to assist its Directors and executives by monitoring transactions and completing and filing reports on their behalf.

Based solely upon a review of SEC filings furnished to the Company and written representations that no other reports were required, we believe that all Reporting Persons complied with these reporting requirements during fiscal 2007.

*
Office of the Corporate Secretary, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, 989-636-1792 (telephone), 989-638-1740 (fax).

Agenda Item 1

CANDIDATES FOR ELECTION AS DIRECTOR

In accordance with the recommendation of the Governance Committee, the Board of Directors has nominated Arnold A. Allemang, Jacqueline K. Barton, James A. Bell, Jeff M. Fettig, Barbara Hackman Franklin, John B. Hess, Andrew N. Liveris, Geoffery E. Merszei, Dennis H. Reilley, James M. Ringler, Ruth G. Shaw and Paul G. Stern for election as Directors, to serve for a one-year term that expires at the Annual Meeting in 2009, and until their successors are elected and qualified.

Each nominee is currently serving as a Director and each has consented to serve for the new term. Director Reilley joined the Board following the 2007 Annual Meeting. All other nominees have previously been elected as Directors by the Company's stockholders. Information in the biographies below is current as of February 19, 2008.

The Board of Directors unanimously recommends a vote FOR the election of ALL of these nominees as Directors.

The election of Directors requires a plurality of the votes actually cast. Withheld votes do not affect whether a nominee has received sufficient votes to be elected, and broker non-votes will have no effect on the outcome of this matter. As explained on the accompanying proxy, it is the intention of the persons named as proxies to vote in favor of the candidates nominated by the Board unless such authority is withheld. If something unanticipated should occur prior to the Annual Meeting making it impossible for one or more of the candidates to serve as a Director, votes will be cast in the best judgment of the persons authorized as proxies.

Arnold A. Allemang, 65. Director since 1996.

Employee of Dow 1965-2008. Manufacturing General Manager, Dow Benelux N.V.* 1992-93. Regional Vice President, Manufacturing and Administration, Dow Benelux N.V.* 1993. Vice President, Manufacturing Operations, Dow Europe GmbH* 1993-95. Dow Vice President and Director of Manufacturing and Engineering 1996-97. Dow Vice President, Operations 1997-2000. Executive Vice President 2000-04. Senior Advisor 2004-08. Member of the Boards of Directors of National Action Counsel for Minorities in Engineering; Michigan Molecular Institute; MiTECH+; Michigan Baseball Foundation; and MidMichigan Innovation Center. Trustee of The Manufacturing Institute. Board of Fellows for Saginaw Valley State University; Advisory Board for Kansas State University, College of Engineering; President's Circle of Sam Houston State University; American Chemical Society; and RPM Ventures.

Jacqueline K. Barton, 55. Arthur and Marian Hanisch Memorial Professor of Chemistry, California Institute of Technology. Director since 1993.

Assistant Professor of Chemistry and Biochemistry, Hunter College, City University of New York 1980-82. Columbia University: Assistant Professor 1983-85, Associate Professor 1985-86, Professor of Chemistry and Biological Sciences 1986-89. California Institute of Technology: Professor of Chemistry 1989 to date, Arthur and Marian Hanisch Memorial Professor of Chemistry 1997 to date. Named a MacArthur Foundation Fellow 1991, the American Academy of Arts and Sciences Fellow 1991, the American Philosophical Society Fellow 2000 and National Academy of Sciences member 2002. Named Outstanding Director 2006 by the Outstanding Director Exchange, Recipient of the Willard Gibbs Award 2006, Recipient of the American Chemical Society ("ACS") Breslow Award 2003, ACS William H. Nichols Medal Award 1997, Columbia University Medal of Excellence 1992, ACS Garvan Medal 1992, Mayor of New York's Award in Science and Technology 1988, ACS Award in Pure Chemistry 1988 and the Alan T. Waterman Award of the National Science Foundation 1985. Member of the Gilead Sciences Scientific Advisory Board. Director, GeneOhm Sciences Inc. 2001-05.

James A. Bell, 59. Executive Vice President, Finance; Chief Financial Officer, The Boeing Company. Director since 2005.

The Boeing Company - Executive Vice President, Finance and Chief Financial Officer, 2003 to date; Senior Vice President of Finance and Corporate Controller, 2000-03. Previous positions include Vice President of Contracts and Pricing for Boeing Space and Communications, 1996-2000; Director of Business Management of the Space Station Electric Power System at Boeing Rocketdyne unit, 1992-96. Member of the Boards of Directors of Joffrey Ballet, The Chicago Urban League, and New Leaders for New Schools. Member of the World Business Chicago, the Chicago Economic Club, and the Commercial Club of Chicago.

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Jeff M. Fettig, 50. Chairman and Chief Executive Officer, Whirlpool Corporation. Director since 2003.

Whirlpool Corporation - Chairman and Chief Executive Officer 2004 to date; President and Chief Operating Officer 1999-2004; Executive Vice President 1994-99; President, Whirlpool Europe and Asia 1994-99; Vice President, Group Marketing and Sales, North American Appliance Group 1992-94; Vice President, Marketing, Philips Whirlpool Appliance Group of Whirlpool Europe B.V. 1990-92; Vice President, Marketing, KitchenAid Appliance Group 1989-90; Director, Product Development 1988-89. Director of Whirlpool Corporation.

Barbara Hackman Franklin, 67. President and CEO of Barbara Franklin Enterprises and Former U.S. Secretary of Commerce. Director 1980-92 and 1993 to date.

President and CEO, Barbara Franklin Enterprises, private investment and management consulting firm, 1995 to date. Business consultant 1993-95. U.S. Secretary of Commerce 1992-93. President and CEO, Franklin Associates 1984-92. Senior Fellow and Director of Government and Business Program, Wharton School, University of Pennsylvania 1979-88. Commissioner, U.S. Consumer Product Safety Commission 1973-79. Staff Assistant to the President of the United States 1971-73. Asst. Vice President, Citibank 1969-71 and manager in corporate planning, the Singer Company 1964-70. President's Advisory Council for Trade Policy and Negotiations 1982-86, 1989-92. *Directorship 100*, (the most influential people in corporate governance) 2007. Outstanding Director, 2003, Outstanding Directors Exchange (ODX). Director of the Year, National Association of Corporate Directors 2000. John J. McCloy Award for contributions to auditing excellence 1992. Trustee and Chairman *Emerita* of the Economic Club of New York, member of the board of the National Association of Corporate Directors, the National Committee on U.S.-China Relations, the Atlantic Council, and Past Vice Chair of the U.S.-China Business Council. Member of the Public Company Accounting Oversight Board Advisory Council. Director of Aetna, Inc. Director or trustee of three funds in the American Funds family of mutual funds; Director of JP Morgan Value Opportunities Fund, Inc.

John B. Hess, 53. Chairman and Chief Executive Officer, Hess Corporation. Director since 2006.

Hess Corporation - Employee since 1977; Director 1978 to date; Chairman and Chief Executive Officer 1995 to date. Director of National Advisory Board of J.P. Morgan Chase & Co. Member of The Business Council, The National Petroleum Council, The Council of Foreign Relations, Dean's Advisors of Harvard Business School, Board of Trustees for the Mount Sinai Hospital, Wildlife Conservation Society/NY Zoo, United Cerebral Palsy Research and Educational Foundation. Member of the Board of Directors of Lincoln Center for the Performing Arts. Former member of the Secretary of Energy Advisory Board.

Andrew N. Liveris, 53. Dow President, Chief Executive Officer & Chairman. Director since 2004.

Employee of Dow since 1976. General manager of Dow's Thailand operations 1989-92. Group business director for Emulsion Polymers and New Ventures 1992-93. General manager of Dow's start-up businesses in Environmental Services 1993-94. Vice President of Dow's start-up businesses in Environmental Services 1994-95. President of Dow Chemical Pacific Limited* 1995-98. Vice President of Specialty Chemicals 1998-2000. Business Group President for Performance Chemicals 2000-03. President and Chief Operating Officer 2003-04. President and Chief Executive Officer 2004 to date and Chairman 2006 to date. Director of Citigroup, Inc. and the United States Climate Action Partnership. Chairman Emeritus of the American Chemistry Council. Chairman of the Board of the International Council of Chemical Associations. Member of the American Australian Association, The Business Council, the Business Roundtable, The Detroit Economic Club, the New York Economic Club, the International Business Council, the National Petroleum Council, the Société de Chimie Industrielle, the U.S.-China Business Council and the World Business Council for Sustainable Development. Member of the Board of Trustees of Tufts University and the Herbert H. and Grace A. Dow Foundation.

* 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 19, 2007.) Dow Corning Corporation - a company ultimately 50 percent owned by Dow. Dorinco Reinsurance Company, Dow Benelux N.V., Dow Chemical Pacific Limited, Dow Credit Corporation, Dow Europe GmbH, Dow Financial Holdings Inc., Dow Financial Services Inc., Liana Limited, Mycogen

Corporation, Oman Petrochemical Industries Company LLC and Union Carbide Corporation - all ultimately wholly owned subsidiaries of Dow. Ownership by Dow described above may be either direct or indirect.

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Geoffery E. Merszei, 56. 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 1977-80. Dow Asia Pacific Credit Manager 1980-82. Dow Asia Pacific Finance and Credit Manager 1982-83. Dow Germany and Eastern Europe Treasurer 1983-86. Dow Foreign Exchange Manager 1986-88. Director of Finance for Dow Asia Pacific 1988-91. Director of Finance/Treasurer for Dow Europe 1991-96. Dow Vice President and Treasurer 1996-2001. Alcan, Inc. Executive Vice President and Chief Financial Officer 2001-05. 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.

Dennis H. Reilley, 54. Non Executive Chairman, Covidien, Ltd. Director since 2007.

Covidien, Ltd.: Non Executive Chairman and Board member, April 2007 to present. Praxair, Inc.: Chairman, December 2000 to April 2007; President and Chief Executive Officer, 2000-06. E.I. DuPont de Nemours and Company: Executive Vice President and Chief Operating Officer, May 1999-2000; Executive Vice President, 1997-99; Vice President and general manager, Lycra business, 1996-97; Vice President and general manager, specialty chemicals business, 1994-95; Vice President and general manager, titanium dioxide business, 1990-94. Prior to 1989, held various senior executive positions with Conoco. Director of H.J. Heinz Company, Marathon Oil Company and the Conservation Fund. Former Chairman of the American Chemistry Council.

James M. Ringler, 62. Chairman of Teradata Corporation. Director since 2001.

Teradata Corporation: Chairman, October 2007 to present. NCR Corporation: Director and Chairman, 2005-07. Union Carbide Corporation*: Director, 1996-2001. Illinois Tool Works, Inc.: (following its merger with Premark International, Inc.), Vice Chairman, 1999-2004. Premark International, Inc.: Chairman, 1997-99; Director, 1990-99; Chief Executive Officer, 1996-99; President and Chief Operating Officer, 1992-96; Executive Vice-President, 1990-92. Tappan Company: President and Chief Operating Officer, 1982-86; White Consolidated Industries' Major Appliance Group: President, 1986-90 (both companies are subsidiaries of Electrolux AB). Director of Autoliv Inc., Corn Products International, Inc., and FMC Technologies, Inc. Director of the Lyric Opera of Chicago.

Ruth G. Shaw, 60. Executive Advisor of Duke Energy Corporation. Director since 2005.

Duke Energy Corporation: Executive Advisor, October 2006 to present; Group Executive, Public Policy and President, Duke Nuclear, April 2006 to October 2006; President and Chief Executive Officer, Duke Power Company, 2003-06; Executive Vice President and Chief Administrative Officer, 1997-2003; President of The Duke Energy Foundation, 1994-2003; Senior Vice President, Corporate Resources, 1994-97; Vice President, Corporate Communications, 1992-94. President, Central Piedmont Community College, Charlotte, NC 1986-92. President, El Centro College, Dallas, TX 1984-86. Director of Wachovia Corporation and DTE Energy. Chair, Board of Trustees for the University of North Carolina at Charlotte; Chair, Carolina Thread Trail Governing Board. Board of Visitors at the Duke University Nicholas School of the Environment and Earth Sciences. Board Chair, National Center for Energy Workforce Development.

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Paul G. Stern, 69. Chairman of Claris Capital. Director since 1992. Presiding Director since May 2006.

Chairman of Claris Capital, 2004 to date. Co-founder and General Partner of Arlington Capital Partners in 1999 and co-founder of Thayer Capital Partners in 1995. Special partner at Forstmann Little & Co. 1993-95. Northern Telecom Limited, Chairman of the Board 1990-93, Chief Executive Officer 1990-93, Vice Chairman and Chief Executive Officer 1989-90, Director 1988-93. President, Unisys Corporation (formerly Burroughs Corporation) 1982-87. Director of Whirlpool Corporation. Board member, Business Executives for National Security. Non-Executive Chairman, Claris Holdings LLC, and Council on Foreign Relations. Member of the Potomac Officers Club.

*

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 19, 2008.) Dow Corning Corporation a company ultimately 50 percent owned by Dow. Dorinco Reinsurance Company, Dow Benelux N.V., Dow Chemical Pacific Limited, Dow Credit Corporation, Dow Europe GmbH, Dow Financial Services Inc., Dow International Holdings, S.A., Liana Limited, Mycogen Corporation, Oman Petrochemical Industries Company LLC and Union Carbide Corporation all ultimately wholly owned subsidiaries of Dow. Ownership by Dow described above may be either direct or indirect.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors reviewed and discussed the Compensation Discussion and Analysis ("CD&A") with Company management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the CD&A be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, as incorporated by reference from this Proxy Statement.

The Compensation Committee has retained an independent compensation consultant from Hewitt Associates, a compensation advisory firm. The consultant reports directly to the Compensation Committee and does not provide services to Company management. The consultant supports the Compensation Committee by providing guidance on the reasonableness of the peer group the Company is benchmarked against, survey data and analysis on the peer group, advice and recommendation on proposed compensation and design of compensation programs, and information on trends in executive compensation.

The charter of the Compensation Committee can be found at *www.DowGovernance.com.*

J. M. Ringler, Chair
J. K. Barton
J. B. Hess
R. G. Shaw

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The following provides an overview of our compensation philosophy and programs as detailed in the "Compensation Discussion and Analysis."

The Dow Chemical Company ("Dow" or the "Company") believes in pay-for-performance, which is why over 80% of the compensation of our Named Executive Officers ("NEOs") is linked to a combination of personal and Company goals and stock price performance.

The following elements comprise the total compensation awarded to our NEOs: base salary, cash-based short-term incentive award ("Performance Award"), and equity-based long-term incentive ("LTI") awards consisting of Performance Shares, Stock Options, and Deferred Stock.

LTI awards are used to align executive actions with long-term management and stockholder goals, providing rewards consistent with the creation of stockholder value. They also help retain executives over time and help executives meet their stock ownership guidelines.

We target all elements of our compensation programs to provide compensation opportunity at the median of our peer group. Actual payouts under these programs can be above or below the median based on Company and personal performance.

Our annual Performance Award is linked directly to short-term Company goals and performance, in line with our "pay-for-performance" philosophy.

Our executives participate in the same group benefit programs, on substantially the same terms as other salaried employees.

Our executives are allowed limited perquisites, such as financial planning services and executive physical examinations, which are granted to facilitate strong, focused performance on their jobs.

Our compensation programs are designed to attract, motivate, reward, and retain the most talented executives.

The NEOs who appear in the compensation tables of this 2008 Proxy Statement are:

Andrew N. Liveris, President, Chief Executive Officer ("CEO") and Chairman

Geoffery E. Merszei, Executive Vice President and Chief Financial Officer ("CFO")

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

William F. Banholzer, Executive Vice President and Chief Technology Officer

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

Introduction

With annual sales of $54 billion and 46,000 employees worldwide, 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 around 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.

One of the fundamental components of our success in this competitive industry is the Human Element. At Dow, we understand the value of people and know that without our valued employees, we would not be the leading chemical company in the world today. In order to maintain the competitive advantage our employees give us, we must be able to attract, motivate, reward, and retain individuals who can successfully lead and contribute to our Company. Having responsible and competitive compensation programs help ensures we are able to do this.

Compensation Objectives

The compensation programs at Dow are designed to support the realization of Dow's vision of being the largest, most profitable and most respected chemical company in the world, while promoting the interests of our stockholders and other stakeholders. These principles have enabled the Company to deliver strong stockholder value over time, and have helped the Company develop and retain top talent.

The objectives of Dow's compensation programs are:

- Attract, motivate, reward, and retain the most talented people by providing competitive total compensation.
- Motivate and reward employees for the achievement of Dow's measures of success:
  - Stockholder return, as measured by stock price appreciation plus dividends on a reinvested basis.
  - Company financial performance.
  - Individual performance on specific financial and operational measures.

Additionally, the following principles apply to the design and implementation of our executive compensation practices:

- *Drive Company results.* The program emphasizes variable, at-risk incentive award opportunities which are payable only if specified goals are achieved and/or Dow's stock price appreciates. The largest part of NEO compensation is focused on long-term performance based on Dow's return to stockholders. These at-risk incentives represent at least 80% of the NEOs direct compensation.
- *Be cost effective and aligned with stockholder value creation.* Incentive awards are earned only if specified financial goals are achieved and when Dow's stock price appreciates. Higher compensation is paid when goals are exceeded and reduced compensation is paid when goals are not met.
- *Emphasize stock ownership.* Long-term incentive awards are delivered as equity-based awards to senior executives. These executives are required to maintain a minimum level of stock ownership to encourage managing from an owner's perspective and to better align their financial interests with those of Dow stockholders. NEOs are expected to own Dow securities with a value equal to between four and six times their annual base salary. For further information, please refer to the Executive Stock Ownership Guidelines section.

The Role of the Compensation Committee

The Compensation Committee (the "Committee") of the Board of Directors, which is comprised entirely of independent Directors, is responsible for ensuring the Company's executive compensation policies and programs are competitive within the markets in which Dow competes for talent and reflect the long-term investment interests of our stockholders. The Committee reviews and approves the compensation design, compensation levels and benefits programs for the NEOs and other senior leaders.

With respect to the CEO, the Committee annually reviews and approves the corporate goals and objectives relevant to the CEO's compensation, evaluates the CEO's performance against those objectives, and makes recommendations to the Board of Directors regarding the CEO's compensation level based on that evaluation. The Board of Directors is responsible for approving the CEO's compensation types and amounts. The CEO makes recommendations to the Committee regarding compensation for the NEOs and other senior executives. The Committee is responsible for approving NEO compensation and has broad discretion when setting compensation types and amounts.

The Compensation Committee has retained an independent compensation consultant from Hewitt Associates. The consultant, Mr. Michael Powers, reports directly to the Committee. He advises the Committee on trends and issues in executive compensation and the reasonableness of the group of companies used for benchmarking (the "Survey Group"). He consults on the competitiveness of the compensation structure and levels of Dow's executive officers and provides advice and recommendations related to proposed compensation and the design of compensation programs. The Committee has the sole authority to retain and oversee the work of Mr. Powers.

Dow's Executive Compensation Department provides additional analysis and counsel as requested by the Committee related to:

- Gathering the compensation data of the Survey Group.
- Benchmarking compensation components (base salary, Performance Award, LTI awards) against the Survey Group.
- Making preliminary recommendations of base salary structure, target award levels for the Performance Award, and design and award levels for LTI awards.

You can learn more about the Committee's purpose, responsibilities, structure and other details by reading the Committee's charter which can be found in the Corporate Governance section of the Company's website at *www.DowGovernance.com.*

Establishing NEO Compensation

Compensation for the NEOs and other executive officers is evaluated and set annually by the Compensation Committee based on the latest available Survey Group and Company performance data. An individual executive's compensation is established after considering the following factors:

- Median compensation for similar jobs in the market.
- The Company's performance against financial measures including earnings per share, EBIT (earnings before interest, income taxes and minority interests), total stockholder return, economic profit, cash flow management and cost management discipline.
- The Company's performance relative to goals approved by the Committee.
- Individual performance versus personal goals and contributions to Company performance.
- Business climate, economic conditions and other factors.

When establishing compensation levels, Company management and the Committee also review summary total compensation tables or "tally sheets" for the NEOs. The tally sheets model all aspects of compensation under various scenarios, such as stock price sensitivity and business performance. The tally sheets present the estimated dollar value of compensation components provided to the NEOs during the most recent fiscal year. They are used as an annual reference point to assist the Committee's overall understanding of NEO compensation.

After an analysis of these factors and other relevant data, the Committee develops compensation recommendations for the CEO to be considered by the Board of Directors. The CEO develops compensation recommendations for the other NEOs and presents them to the Committee. The Committee sets NEO compensation after considering the recommendations of the CEO, as well as other data. The CEO receives assistance with compensation administration from Dow's Executive Compensation Department. The Executive Compensation Department has retained the compensation consultant services of Towers Perrin. Towers Perrin provides the following assistance to the Executive Compensation Department:

- Survey Group compensation information for executives and non-employee Directors.
- Benchmarking of key compensation practices and trends in executive compensation.

Market Benchmarking

Dow benchmarks its executive compensation programs, designs, and compensation elements against a Survey Group of 20 companies with which Dow competes for executive talent. Market pay data for the Survey Group is gathered through compensation surveys conducted by Towers Perrin.

Dow targets the median of the Survey Group for all compensation elements in order to increase its ability to attract, motivate, develop and retain top level executive talent.

The Survey Group is periodically evaluated and updated to ensure the companies in the group remain relevant. The 20 companies, which are comparable to Dow in annual revenue (median of $38 billion) and market capitalization (median of $59 billion) as of the latest measurement date in the fourth quarter of 2007, are listed below:

3M Company
Alcoa Inc.
The Boeing Company
Caterpillar, Inc.
E. I. du Pont de Nemours and Company
Eli Lilly and Company
Emerson Electric Co.
General Electric Co.
Hewlett-Packard Company
Honeywell International, Inc.
IBM Corporation
Johnson & Johnson
Kraft Foods, Inc.
Monsanto Co.
Motorola, Inc.
PepsiCo, Inc.
Pfizer Inc.
PPG Industries, Inc.
The Proctor & Gamble Company
United Technologies Corporation

Compensation Elements

The key components of compensation for all NEOs are shown below. The chart outlines the size, in percentage terms, of each element of compensation. The striped sections of the charts reflect the "at-risk," or performance-based components of compensation.

NEO Compensation

To focus executives on both the short-term and long-term success of the Company, greater than 80% of NEO compensation is considered at-risk because the value is based upon the achievement of specified results. If specific financial and operational goals are not met, then at-risk compensation will decrease. If goals are exceeded, then at-risk compensation will increase.

Base Salary

Base salary is a fixed portion of compensation based on an individual's skills, responsibilities, experience and sustained performance. Dow chooses to provide base salary in exchange for the employee's services. This component is paid on a monthly basis for use in meeting ongoing monthly financial obligations.

Base salaries for executives are benchmarked against similar jobs at other companies and are targeted at the median of the Survey Group. In 2007 there were no material differences between Dow's executive salary structure and the market. Actual salaries vary by individual and are based on sustained performance toward the achievement of Dow's strategy and goals.

Changes in base salary for the NEOs, as well as for all Dow salaried employees, depend on projected salary changes in the external market for similar jobs, the individual's current salary compared to the market, and the employee's contributions to Dow's performance.

Performance Award

The Performance Award is an annual cash incentive program. Dow chooses this component of compensation to reward employees for achieving critical Company and individual goals. For 2007, there were three parts to the Performance Award Program consisting of two Company components and an individual component:

Company components:

Economic Profit is defined as Net Operating Profit after Tax minus a Capital Charge (Net Operating Profit excludes certain items and the cumulative effect of changes in accounting principles). Capital Charge is defined as total capital multiplied by the planned cost of capital. This element comprises 50% of the Performance Award potential.

Cost management is a measure of fiscal discipline and responsibility measured against expense budgets. This element comprises 25% of the Performance Award potential.

Individual component: The achievement of individual goals, as linked to Dow's strategy. This element comprises 25% of the award potential. Meeting goals would result in a target payout and greatly exceeding goals would result in a payout higher than target. In 2007, the Compensation Committee exercised discretion on the individual component of the Award. NEO goals are established at the beginning of each year and are reviewed and approved by the Committee. Goals for 2007 centered around the Company's four strategic themes:

1. Drive Financial Discipline and Low Cost-to-Serve
2. Set the Standard for Sustainability
3. Build a People-Centric Performance Culture
4. Invest for Strategic Growth

Individual award opportunities vary by job level and are targeted at the median of the annual bonus practices of the Survey Group. In 2007 there were no material differences between Dow's Performance Award structure and the market. Actual award payouts are determined each February following completion of the plan year. Actual awards can range from 0% to 225% of the target award opportunity based on performance relative to goals as determined by the Committee. The Company does not assign specific probabilities of achievement to the target award levels. Over the length of an industry cycle the expectation is that, on average, incentive payouts would be close to target. The potential award payouts under the 2007 Performance Award Program are shown in the Grants of Plan-Based Awards table. Actual payouts to the NEOs are shown in the Summary Compensation table in the column labeled "Non-Equity Incentive Plan Compensation."

The Committee determined that the Company component of the Performance Award would not be paid to any employee in the event the Company fails to report annual earnings greater than or equal to the sum of the dividends declared for the year. For the NEOs, an additional minimum performance goal of $700 million of net income, as defined in the 1994 Executive Performance Plan, had to be met in order for any payout to occur. This latter requirement is part of Dow's strategy for complying with U.S. Internal Revenue Code Section 162(m) (see Tax Deductibility of Executive Compensation section for additional information).

In addition to the annual Performance Award, a special award was given to all salaried employees in March 2007 as recognition for outstanding efforts in achieving consecutive years of sustained earnings performance. The special award amount was calculated for all employees as the greater of 25% of monthly base salary or 10% of the target Performance Award. Actual payouts to the NEOs are shown in the Summary Compensation Table in the column labeled "Bonus."

Long-Term Incentive Awards

Each year the Company grants equity-based LTI awards to leaders and other key employees who demonstrate high performance, as measured by management performance assessments. Dow chooses this component of compensation to motivate and reward employees for long-term stockholder value creation. It is also intended to help retain talented executives.

As with Dow's approach for all elements of compensation, LTI awards are targeted to be competitive with the market median of the Survey Group for comparable positions. The size of the grant received by each NEO depends upon his or her job level and performance.

The three components that make up an LTI award are:

1. Stock Options: 50% of the total LTI value granted
2. Deferred Stock: 25% of the total LTI value granted
3. Performance Shares: 25% of the total LTI value granted

LTI grants are approved by the Committee and administered by Dow's Executive Compensation Department. The annual grant date for all employees is traditionally the Friday following the Committee's February meeting held on the second Wednesday of February each year. The 2007 grant date was February 16, 2007.

LTI awards are granted under The Dow Chemical Company 1988 Award and Option Plan, Dow's omnibus stockholder-approved plan for equity awards to employees. Dow calculates the accounting cost of equity-based long-term incentive awards under revised Statement of Financial Accounting Standards No. 123 ("SFAS 123R"), Share-Based Payment. As such, the grant date accounting fair value, which is fixed at the date of the grant, is expensed over the vesting period. Consistent with the U.S. Securities and Exchange Commission regulations, the 2007 compensation expense associated with any outstanding equity grants for the NEOs is presented in the Summary Compensation Table. Total outstanding unexercised or unvested LTI grants are shown in the Outstanding Equity Awards at Fiscal Year-End table. Each award type is discussed below:

Stock Options

Stock Options are granted in order to provide incentive for long-term creation of stockholder value. Stock Options only have value to the extent the price of Dow Common Stock appreciates relative to the exercise price. The exercise price equals the closing price on the date of grant. Options vest in three equal annual installments and expire after 10 years. The Company does not grant discounted options, backdate options, or re-price outstanding options.

Deferred Stock

Deferred Stock is granted in order to help the Company retain its NEOs and other key employees. Deferred Stock grants vest after three years. During the vesting period, holders of outstanding Deferred Stock grants receive quarterly payments equal to the dividend paid on equivalent shares of Dow Common Stock.

Performance Shares

Performance Shares are granted to motivate employees and to reward the achievement of specified financial goals. Performance Shares are Deferred Stock which is earned only if the Company's performance over a three-year period exceeds pre-established goals. The 2007 Performance Shares can be earned based on Dow's 2007-2009 Return on Capital ("ROC") relative to pre-established goals and can range from 0% to 250% of the target award amount. ROC measures how effectively a company has utilized the money invested in its operations and is calculated as Net Operating Profit after Tax (Net Operating Profit excludes certain items and the cumulative effect of changes in accounting principles) divided by total average capital.

To achieve a target payout, Dow's ROC must equal or exceed pre-established ROC goals for the same period. Dow's Performance Share ROC target is 10% across the industry cycle, which would produce a target payout of 100%.

Performance Shares accrue amounts equal to the dividend paid on equivalent shares of Dow Common Stock. The dividend equivalents are paid at the time the shares are delivered. All Performance Shares earned are delivered in the year following the performance period. Instead of receiving the Performance Share Award in the form of Dow Common Stock, the NEOs and certain other participants may elect to receive a cash payment equal to the value of the stock award on the date of delivery. Participants may only make this cash election if they meet or exceed the Executive Stock Ownership guideline for their job level.

Benefits

The Company provides a comprehensive set of benefits to most employees. These include medical, dental, life, disability, accident, retiree medical and life, pension, and savings plans. The NEOs are eligible to participate in the same plans as most other salaried employees. In addition, because highly compensated employees are subject to U.S. tax limitations on contributions to some retirement plans, the Company has created non-qualified retirement programs intended to provide these employees with the same benefits they would have received under the qualified plans without the tax limits. The NEOs are eligible to participate in the same non-qualified retirement plans as all other highly compensated salaried employees.

Perquisites

As part of a comprehensive executive compensation program, the Company provides the NEOs and other selected executives the following perquisites:

- Company car.
- Financial planning support (the greater of 3% of annual base salary or $5,000).
- Executive physical examination.

Personal use of corporate aircraft (the CEO is the only employee permitted to use corporate aircraft for personal use, and is required to do so by the Board of Directors for security and immediate availability reasons).

Executive Excess Umbrella Liability Insurance.

Home security alarm system.

The Compensation Committee reviews the perquisites provided to the NEOs annually as part of their overall review of executive compensation. The Committee has determined that the perquisites are within an appropriate range of competitive compensation practices. Details about the NEOs perquisites, including the cost to the Company, are shown in the Summary Compensation Table under the "All Other Compensation" column and the accompanying narrative.

NEO Responsibilities and 2007 Accomplishments

Andrew Liveris: Mr. Liveris serves as President, Chief Executive Officer and Chairman. Mr. Liveris' compensation for 2007 reflects his contributions to the strong earnings performance of Dow, executing Dow's strategy, and his strong commitment to improving the public image of the Company through support of the Human Element campaign and the Blue Planet Run, an around-the-world relay to raise awareness and funds to address the issue of one billion plus people without ready access to safe drinking water. The Committee also considered Mr. Liveris' efforts in implementing key initiatives throughout the Company to improve both efficiency and employee morale, especially in his pursuit of profitable and mutually beneficial joint ventures supporting Dow's "Asset Light" strategy and market-facing businesses. Externally, Mr. Liveris participated on the American Chemistry Council, the International Council of Chemistry Associations, and the U.S. Climate Action Partnership, and was named America's top chemicals/commodity CEO for the second consecutive year in a survey of more than 1,000 investment professionals conducted by *Institutional Investor* magazine.

Geoffery Merszei: Mr. Merszei serves as Executive Vice President and Chief Financial Officer. He also has geographic oversight responsibility for the European region. Mr. Merszei's compensation for 2007 reflects his contributions to the financial strength of the Company, through his leadership in driving financial discipline. Also reflected in his compensation for 2007 was his leadership in successfully running Dow's Business Operating Committee, and his positive leadership in his oversight role for the growing European region.

Michael Gambrell: Mr. Gambrell serves as Executive Vice President, Basic Plastics and Chemicals, Manufacturing and Engineering. He also has geographical oversight responsibility for the India, Middle East, and Africa region. Mr. Gambrell's compensation for 2007 reflects his contributions to the continued growth and advancement of the Company, particularly his effective assumption of responsibility for the manufacturing and engineering functions and his efforts in implementing and advancing Dow's "Asset Light" strategy, including numerous joint ventures which are transforming the Company. The Committee also considered Mr. Gambrell's outside participation in the U.S.-India Business Council, the World Chlorine Council, and the National Association of Manufacturers.

William Banholzer: Dr. Banholzer serves as Executive Vice President and Chief Technology Officer. Dr. Banholzer's compensation for 2007 reflects the progress he has made in advancing innovation and creating bottom line impact for Dow. In acknowledgement of this effort, Dow was recognized externally as one of the top ten R&D organizations in the world. Dr. Banholzer has been elected to a three-year term on the governing council of the National Academy of Engineering, making him the only employee in Dow history to be recognized with this distinction.

David Kepler: Mr. Kepler serves as Executive Vice President, Chief Sustainability Officer, Chief Information Officer, and Corporate Director of Shared Services. He also has geographic oversight responsibility for the Canadian region. Mr. Kepler's compensation for 2007 reflects the advancement of a recognized World-Class Supply Chain, putting the Company at the forefront of industry with Dow's sustainability programs such as sustainable energy, world-class environmental, health, and safety performance, and global water management. Dow and Mr. Kepler's continued global recognition in leadership in Information Technology, which was recognized by selection into the top 20 on Ziff Davis Media's "Top 100 CIOs," and selection into the CIO Hall of Fame, was also an important factor in determining his compensation.

Compensation and Awards made by the Compensation Committee

The Committee approved the following compensation and awards for the NEOs for 2007:

Name	Base Salary ($)	Performance Award ($)	Stock Awards ($)	Option Awards ($)	Total ($)
Andrew Liveris	1,600,000	3,240,000	5,230,800	4,512,600	14,583,400
Geoffery Merszei	824,304	1,075,717	2,196,936	1,922,760	6,019,717
Michael Gambrell	733,548	990,290	2,196,936	1,922,760	5,843,534
William Banholzer	624,372	679,005	1,281,546	1,152,675	3,737,598
David Kepler	570,348	620,253	1,281,546	1,152,675	3,624,822

Base salary amounts presented above differ from the amounts disclosed in the Summary Compensation Table because increases in base salary become effective in March. Therefore, the amounts reported in the Summary Compensation Table reflect two months at the 2006 base salary rate and ten months at the 2007 rate.

The 2007 Performance Award resulted in payouts averaging 134% of the target award opportunity for all employees, including the NEOs. This was calculated under the terms of the plan as described in the Compensation Elements section.

As shown in the following table, the amounts in columns (a) and (c) reflect the value of the actual awards granted in 2007; the amounts in columns (b) and (d) reflect the 2007 expense taken for grants made in 2007, as well as grants made in 2003-2006, which were previously reported and are not fully vested.

	(a)	(b)		(c)	(d)	
Name	2007 Stock Award ($)	Value of Stock Awards shown in the Summary Compensation Table ($)	Difference: column (b) minus column (a) ($)	2007 Option Award ($)	Value of Option Awards shown in the Summary Compensation Table ($)	Difference: column (d) minus column (c) ($)
Andrew Liveris	5,230,800	7,723,496	2,492,696	4,512,600	5,188,756	676,156
Geoffery Merszei	2,196,936	3,064,233	867,297	1,922,760	2,815,491	892,731
Michael Gambrell	2,196,936	2,639,263	442,327	1,922,760	2,084,953	162,193
William Banholzer	1,281,546	2,507,267	1,225,721	1,152,675	1,406,854	254,179
David Kepler	1,281,546	2,043,243	761,697	1,152,675	1,316,376	163,701

The values for the 2007 actual stock awards and option awards differ from the values disclosed in the Summary Compensation Table due to the fact the Summary Compensation Table was prepared in accordance with U.S. Securities and Exchange Commission regulations issued in December 2006. These rules require the disclosure of the value of the equity award based principally on the treatment of the accounting expense in the income statement of the employer under the applicable accounting rule, SFAS 123R. Accordingly, the amounts shown in the Summary Compensation Table include amortization expense for prior year awards.

Executive Stock Ownership Guidelines

Dow has had minimum stock ownership guidelines for its NEOs and other senior executives since 1998. The guidelines are stated as a fixed number of shares of Dow Common Stock, which increase with job level and are reviewed periodically to ensure relevance. Specific stock ownership requirements vary by job level, but all executives must own shares of stock with a market value of the designated multiple of their base salary. The CEO is required to own stock with a value of six times base salary, while the other NEOs are required to own stock with a value of four times base salary. The executives are given four years to achieve the initial ownership guideline for their job level following promotion to that level. They are given one additional year to achieve compliance with a higher level guideline upon being promoted to that level. For purposes of these guidelines, stock ownership includes Dow Common Stock beneficially owned (including stock owned by immediate family members), Deferred Stock not yet delivered, Performance Shares vested but not yet delivered, and stock held beneficially through the Company's 401(k) plan.

The following chart shows the stock ownership guidelines and respective holdings of the NEOs.

EXECUTIVE STOCK OWNERSHIP GUIDELINES FOR 2007

Name	Ownership Guideline	2007 Holdings	Difference	Multiple of Base Salary
Andrew Liveris	220,000	301,692	81,692	6x
Geoffery Merszei	70,000	85,541	15,541	4x
Michael Gambrell	70,000	125,872	55,872	4x
William Banholzer	60,000	74,480	14,480	4x
David Kepler	60,000	118,488	58,488	4x

Change-in-Control and Severance Arrangements

In 2007, the Committee adopted a market competitive change-in-control arrangement for its senior executives in order to align the executives' goals with the Company's transformational strategy to become an earnings-growth company. Under this arrangement, an executive must be involuntarily terminated within two years of a change-in-control in order to receive benefits. The Company believes this practice is in the best interest of stockholders as it does not pay any benefits to an executive unless he or she is negatively impacted by a change-in-control event that is in the best interest of Dow stockholders.

If a change-in-control event occurs the following benefits and provisions would apply to eligible executives:

- A severance payment equal to two times the executive's base salary and target Performance Award (2.99 times for the CEO).
- An additional two years of credited service and age for purposes of calculating retirement benefits (three years for the CEO).
- A financial, tax, and outplacement allowance of $50,000.
- Eighteen months of health and welfare benefits at employee rates.
- Tax gross-up protection in the event severance benefits exceed statutory thresholds and become subject to an excise tax.
- LTI awards in the form of Performance Shares and Deferred Stock will vest and be delivered as soon as possible after the change-in-control event. Stock Options will vest immediately.

A change-in-control event is defined as: (i) the acquisition of 20% or more of the Company's outstanding voting securities; (ii) changes to the membership of the Board of Directors that result in less than 50% of the current directors being re-elected to the Board; (iii) approval by the stockholders of the Company of the merger or consolidation of the Company with another entity in which the Company is not the surviving company, or where the other entity owns more than 50% of the Company's outstanding voting securities; or (iv) the complete liquidation of, or the sale of all or substantially all assets of, the Company.

Executive Compensation Recovery Policy

The Committee has adopted an executive compensation recovery policy for executive officers. Under this policy, the Company may recover incentive income that was based on achievement of quantitative performance targets if an executive officer engaged in grossly negligent conduct or intentional misconduct resulting in a financial restatement or in any increase in his or her incentive income. Incentive income includes income related to the annual Performance Award and LTI awards. The Company will also recover any awards made to an executive during the prior three years should the executive engage in activity that competes with, or is otherwise harmful to the Company or its affiliated companies.

Tax Deductibility of Executive Compensation

Section 162(m) of the U.S. Internal Revenue Code generally limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers to $1 million in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation meeting certain requirements. Although the Company does consider the impact of the above rule when making compensation decisions, Dow policy does not require all executive compensation to be tax-deductible. In the interest of flexibility and overall benefit for the Company's stockholders, the Committee will continue to facilitate the awarding of responsible but adequate executive compensation while taking advantage of Section 162(m) whenever feasible. Amounts paid under the compensation program, including base salary and grants of Deferred Stock (Restricted Stock and Restricted Stock Units), may not qualify as performance-based compensation excluded from the limitation on deductibility.

COMPENSATION TABLES AND NARRATIVES

The following table summarizes the compensation of the principal executive officer (CEO), principal financial officer (CFO), and the Company's three most highly compensated officers for the fiscal year ended December 31, 2007. The amounts shown in the stock and option awards columns in the table below reflect the expense reported for grants made in 2007 and for grants made in 2003-2006, which were previously reported.

SUMMARY COMPENSATION TABLE FOR 2007

Name and Principal Position	Year	Salary ($)	Bonus ($) (a)	Stock Awards ($) (b)	Option Awards ($) (b) (c)	Non-Equity Incentive Plan Compensation ($) (d)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($) (e)	All Other Compensation ($) (f)	Total ($)
Andrew Liveris, CEO & Chairman	2007	1,583,333	216,000	7,723,496	5,188,756	3,240,000	1,811	146,704	18,100,100
	2006	1,433,333		7,811,118	5,117,892	2,207,250	119,916	149,710	16,839,219
Geoffery Merszei, CFO & Exec. VP	2007	812,360	607,520(g)	3,064,233	2,815,491	1,075,717	363,163	53,387	8,791,871
	2006	746,902	533,334(g)	2,316,950	2,283,034	739,000	450,804	152,468	7,222,492
Michael Gambrell, Exec. VP	2007	721,346	66,019	2,639,263	2,084,953	990,290	88	163,676	6,665,635
	2006	648,220		2,308,827	1,669,497	648,000	102,912	137,970	5,515,426
William Banholzer, Exec. VP	2007	616,990	46,828	2,507,267	1,406,854	679,005	3,421	26,115	5,286,480
	2006	570,066		1,977,001	971,373	475,000	330,563	38,475	4,362,478
David Kepler, Exec. VP	2007	562,310	42,776	2,043,243	1,316,376	620,253	429	87,440	4,672,827
	2006	511,128		2,144,940	1,134,127	427,000	50,716	83,308	4,351,219

(a) On March 1, 2007, a special award was given to all salaried employees as recognition for outstanding efforts in achieving consecutive years of sustained earnings performance.

(b) Amounts recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with SFAS 123R for awards pursuant to the Company's award and option plans and may include amounts from awards granted in and prior to 2007. Assumptions used in the calculation of amounts related to equity awards are included in Note N of the Company's audited financial statements for the fiscal year ended

December 31, 2007, which are included in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on February 19, 2008. Assumptions used in the calculation of these programs related to grants awarded prior to 2004 are included in Note O of the Company's audited financial statements for the fiscal year ended December 31, 2004 which are included in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on February 18, 2005.

(c) Dow's SFAS 123R valuation uses the widely accepted lattice-binomial model which calculated an option value of $9.81 (grant date of February 16, 2007). The exercise price is the average of the high and low Dow stock price on the date of grant. The exercise price was $43.59 for 2007 grants.

(d) Annual Performance Award as described in the Compensation Elements section of the Compensation Discussion and Analysis

(e) 2007 above-market non-qualified deferred compensation earnings: Liveris $1,811, Merszei $0, Gambrell $88, Banholzer $3,421, Kepler $429. 2006 above-market non-qualified deferred compensation earnings: Liveris $2,950, Merszei $0, Gambrell $97, Banholzer $5,458, Kepler $567. The actual change in pension value for 2007 was negative for Messrs. Liveris, Gambrell, Banholzer and Kepler due to a change in the discount rate used in determining the present value of accumulated benefits. This is included as zero in the Summary Compensation Table.

(f) Details related to all other compensation can be found in the All Other Compensation table.

(g) In order to replace forfeited incentive compensation that Mr. Merszei would have received from his previous employer, Mr. Merszei was granted a new hire cash award of $1,600,000 in 2005, payable in three installments on his anniversary date in 2006, 2007, and 2008.

The following table provides additional details for the compensation information found in the Summary Compensation Table under the All Other Compensation column.

ALL OTHER COMPENSATION FOR 2007

Name	Year	Relocation ($)	Life Insurance ($) (a)	Aviation ($) (b)	Savings Plans Company Contributions ($) (c)	Financial Planning ($) (d)	Home Security ($) (e)	Other Perquisites ($) (f)	Total ($)
Andrew Liveris	2007		3,012	60,620	17,250	53,204	1,242	11,376	146,704
	2006		2,676	71,500	17,200	39,445	787	18,102	149,710
Geoffery Merszei	2007				9,000	6,275	20,890	17,222	53,387
	2006	114,872(g)			8,800	19,394	577	8,825	152,468
Michael Gambrell	2007		112,985	5,120	17,250	16,078	668	11,575	163,676
	2006		99,525		17,200	10,996	1,365	8,884	137,970
William Banholzer	2007				9,000	12,000	575	4,540	26,115
	2006				17,200	12,000	575	8,700	38,475
David Kepler	2007		55,406		17,250	10,059	990	3,735	87,440
	2006		47,996		17,200	9,511	1,172	7,429	83,308

(a) Tax gross-up payment for unanticipated tax liabilities resulting from participation in the Key Employee Insurance Program and the Company's termination of the Executive Split Dollar Life Insurance Plan.

(b) Mr. Liveris is required by the Board of Directors to use the Company aircraft for personal use for security and immediate availability purposes. Incremental cost to the Company of personal use of Company aircraft is calculated based on the variable operating costs to the Company including fuel, landing, catering, handling, aircraft maintenance, and pilot travel costs. Fixed costs, which do not change based upon usage, such as pilot salaries or depreciation of the aircraft or maintenance costs not related to personal travel, are excluded.

(c) Employee Savings Plan company match, ESOP contribution, and Non-qualified Deferred Compensation Plan company contribution.

(d) Reimbursement of costs paid for financial and tax planning support.

(e) Reimbursement of costs paid for home security.

(f) Market value of automobile lease, executive physical examinations, and Executive Excess Umbrella Liability Insurance.

(g) Costs associated with Mr. Merszei's relocation to Midland, MI.

The following table provides additional information about plan-based compensation disclosed in the Summary Compensation Table. This table includes both equity and non-equity awards.

GRANTS OF PLAN-BASED AWARDS FOR 2007

Name	Grant Date	Date of Action by the Compensation Committee	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Threshold ($) (a)	Target ($) (a)	Maximum ($) (a)	Estimated Future Payouts Under Equity Incentive Plan Awards: Threshold (#) (b)	Target (#) (b)	Maximum (#) (b)	All Other Stock Awards: Number of Shares of Stock or Units (#) (c)	All Other Option Awards: Number of Securities Underlying Options (#) (d)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Andrew Liveris	2/14/2007	2/14/2007	0	2,160,000	4,860,000							
	2/16/2007	2/14/2007				0	60,000	150,000				2,615,400
	2/16/2007	2/14/2007							60,000			2,615,400
	2/16/2007	2/14/2007								460,000	43.59	4,512,600
Geoffery Merszei	2/14/2007	2/14/2007	0	741,874	1,669,216							
	2/16/2007	2/14/2007				0	25,200	63,000				1,098,468
	2/16/2007	2/14/2007							25,200			1,098,468
	2/16/2007	2/14/2007								196,000	43.59	1,922,760
Michael Gambrell	2/14/2007	2/14/2007	0	660,193	1,485,435							
	2/16/2007	2/14/2007				0	25,200	63,000				1,098,468
	2/16/2007	2/14/2007							25,200			1,098,468
	2/16/2007	2/14/2007								196,000	43.59	1,922,760
William Banholzer	2/14/2007	2/14/2007	0	468,279	1,053,628							
	2/16/2007	2/14/2007				0	14,700	36,750				640,773
	2/16/2007	2/14/2007							14,700			640,773
	2/16/2007	2/14/2007								117,500	43.59	1,152,675
David Kepler	2/14/2007	2/14/2007	0	427,761	962,462							
	2/16/2007	2/14/2007				0	14,700	36,750				640,773
	2/16/2007	2/14/2007							14,700			640,773

2/16/2007	2/14/2007		117,500	43.59	1,152,675

(a) Performance Award as described in the Compensation Elements section of the Compensation Discussion and Analysis.

(b) Performance Shares as described in the Compensation Elements section of the Compensation Discussion and Analysis.

(c) Deferred Stock awards as described in the Compensation Elements section of the Compensation Discussion and Analysis.

(d) Stock Option awards as described in the Compensation Elements section of the Compensation Discussion and Analysis.

The following table lists outstanding equity grants for each NEO as of December 31, 2007. The table includes outstanding equity grants from past years as well as the current year.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

		Option Awards				Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (a)	Number of Securities Underlying Unexercised Options (#) Unexercisable (a)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (c)	Market Value of Shares or Units of Stock That Have Not Vested ($) (b) (c)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (d)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (b) (d)
Andrew Liveris (e)	02/16/2000	66,000		36.02	02/16/2010	n/a	n/a	n/a	n/a
	03/02/2001	31,700		33.94	03/02/2011	n/a	n/a	n/a	n/a
	02/15/2002	38,300		30.43	02/15/2012	n/a	n/a	19,687	776,062
	02/14/2003	62,500		27.40	02/14/2013	n/a	n/a	59,938	2,362,756
	02/13/2004	90,000		43.49	02/13/2014	30,000	1,182,600	20,183	795,614
	02/18/2005	120,000	60,000	53.53	02/18/2015	55,000	2,168,100	71,700	2,826,414
	03/01/2006	133,333	266,667	43.68	03/01/2016	50,000	1,971,000	50,000	1,971,000
	02/16/2007		460,000	43.59	02/16/2017	60,000	2,365,200	60,000	2,365,200
Geoffery Merszei	07/01/2005	207,559	103,781	44.74	07/01/2015	16,580	653,584	23,766	936,856
	07/01/2005	n/a	n/a	n/a	n/a	30,000	1,182,600	n/a	n/a
	03/01/2006	44,950	89,900	43.68	03/01/2016	16,380	645,700	16,380	645,700
	02/16/2007		196,000	43.59	02/16/2017	25,200	993,384	25,200	993,384
Michael Gambrell (e)	02/16/2000	9,000		36.02	02/16/2010	n/a	n/a	n/a	n/a
	03/02/2001	13,300		33.94	03/02/2011	n/a	n/a	n/a	n/a
	02/15/2002	13,300		30.43	02/15/2012	n/a	n/a	6,837	269,515
	02/14/2003	21,000		27.40	02/14/2013	n/a	n/a	20,139	793,879

	02/13/2004	33,340		43.49	02/13/2014	11,120	438,350	7,477	294,743
	02/18/2005	27,780	13,890	53.53	02/18/2015	10,940	431,255	15,698	618,815
	03/01/2006	44,950	89,900	43.68	03/01/2016	16,380	645,700	16,380	645,700
	02/16/2007		196,000	43.59	02/16/2017	25,200	993,384	25,200	993,384
William Banholzer	07/14/2005	36,666	18,334	47.00	07/14/2015	87,500	3,449,250	3,346	131,899
	07/14/2005	5,500	2,750	47.00	07/14/2015	n/a	n/a	n/a	n/a
	03/01/2006	26,970	53,940	43.68	03/01/2016	9,830	387,499	9,830	387,499
	02/16/2007		117,500	43.59	02/16/2017	14,700	579,474	14,700	579,474
David Kepler (e)	02/16/2000	48,000		36.02	02/16/2010	n/a	n/a	n/a	n/a
	03/02/2001	21,700		33.94	03/02/2011	n/a	n/a	n/a	n/a
	02/15/2002	27,500		30.43	02/15/2012	n/a	n/a	14,135	557,202
	02/14/2003	46,250		27.40	02/14/2013	n/a	n/a	44,354	1,748,435
	02/13/2004	36,670		43.49	02/13/2014	12,230	482,107	8,226	324,269
	02/18/2005	27,780	13,890	53.53	02/18/2015	10,940	431,255	15,678	618,027
	03/01/2006	26,970	53,940	43.68	03/01/2016	9,830	387,499	9,830	387,499
	02/16/2007		117,500	43.59	02/16/2017	14,700	579,474	14,700	579,474

(a)
Stock Option award grants vest in three equal installments on the first, second and third anniversaries of the grant date shown in the table.

(b)
Market values based on the 12/31/2007 closing stock price of $39.42 per share.

(c)
Deferred Shares vest and are delivered three years after the grant date. Prior to January 1, 2008, Deferred Shares vested over a five-year period. Mr. Merszei's grant of 16,580 deferred shares on 7/1/2005 will vest on 7/1/2010 and his grant of 30,000 deferred shares granted on 7/1/2005 will vest on 8/29/2008.

(d)
Performance Shares granted on 2/15/2002 and 2/13/2004 will vest and be delivered on 4/16/2008. Performance Shares granted 2/14/2003, 2/18/2005, 3/1/2006 and 2/16/2007 will vest and be delivered April 16 or 17 of the year following the end of the performance period. Mr. Merszei's grant of 24,860 Performance Shares granted 7/1/2005 will vest and be delivered on 4/17/2008. Performance Shares granted in 2006-2007 are shown at the target level of performance. The actual number of shares to be delivered will be determined at the end of the three-year performance period.

(e)

In addition to the equity grants described above, Mr. Liveris, Mr. Gambrell, and Mr. Kepler received dividend unit grants on 3/9/1988 of 846 shares, 1,125 shares and 846 shares, respectively, which generate a quarterly payment equal to the dividend paid on equivalent shares of Dow Common Stock. These grants will expire on 3/9/2013.

The following table summarizes the value received from stock option exercises and stock grants vested during 2007.

OPTION EXERCISES AND STOCK VESTED FOR 2007

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Andrew Liveris	n/a	n/a	77,207	3,531,123(a)
Geoffery Merszei	n/a	n/a	n/a	n/a
Michael Gambrell	30,000	299,676	28,023	1,281,631(a)
William Banholzer	n/a	n/a	n/a	n/a
David Kepler	28,200	332,218	41,699	1,907,538(a)

(a)

Performance Shares from grants on: 3/21/2001, 2/15/2002, 2/13/2004, and 5/24/2004.

The following table lists the pension program participation and actuarial present value of each NEOs defined benefit pension at December 31, 2007.

PENSION BENEFITS AS OF 12/31/07

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($) (a)
Andrew Liveris	Dow Employees' Pension Plan	12	549,502
	Dow Executives' Supplemental Retirement Plan (b)	32	7,535,041
	Total		8,084,543
Geoffery Merszei	Dow Employees' Pension Plan	3	102,794
	Dow Executives' Supplemental Retirement Plan (c)	30	4,238,036
	Total		4,340,830

Michael Gambrell	Dow Employees' Pension Plan	32	1,075,928
	Dow Executives' Supplemental Retirement Plan (d)	32	2,527,373
	Total		3,603,301
William Banholzer	Dow Employees' Pension Plan	3	111,439
	Dow Executives' Supplemental Retirement Plan (e)	25	2,027,029
	Total		2,138,468
David Kepler	Dow Employees' Pension Plan	33	1,093,512
	Dow Executives' Supplemental Retirement Plan (d)	33	2,886,752
	Total		3,980,264

(a) Unless otherwise noted, all present values reflect accrued age 65 benefits. The form of payment, discount rate (6.8%) and mortality (UP94G) are based upon SFAS 87 assumptions as reflected in the Company's 2007 audited financial statements.

(b) The present value for Mr. Liveris reflects benefits payable at the unreduced retirement date of 12/31/2007. It also reflects an offset for his Australian Superannuation Fund ("Australian Fund") account of $829,624 USD ($943,397 AUD converted using 12/31/2007 internal Dow exchange rate of $1 AUD = $.8794 USD) for 2007 and $710,466 USD ($898,869 AUD converted using 12/31/2006 internal Dow exchange rate of $1 AUD = $.7904 USD) for 2006. Mr. Liveris was asked by the Company to permanently transfer to the United States in 1995 and, at that time, began participation in the Dow Employees' Pension Plan ("DEPP") and ceased contributions to the Australian Fund. In order to equitably determine a retirement benefit bridging the two plans, Mr. Liveris' retirement benefit will be determined by the following formula: at the time of retirement, the pension amount would equal the amount payable under the DEPP formula, with the benefit being paid from the DEPP and the Executives' Supplemental Retirement Plan ("ESRP") (based on Mr. Liveris' highest consecutive three-year average compensation ("HC3A") and Mr. Liveris' years of credited service as if a U.S. employee his entire Dow career) less the value of the accrued benefit in the Australian Fund. If legally permissible, Mr. Liveris will be required to waive any retirement benefits payable from the Australian Fund. If not legally permissible, the value of any retirement benefits received from the Australian Fund shall be deducted from any ESRP benefit due.

(c) The present value for Mr. Merszei reflects benefits payable at the unreduced retirement date of 01/31/2009. Mr. Merszei was a participant in the Dow Personalvorsorgestiftung Schweiz ("Swiss Plan") from 1978 through 2001 and received a portable benefit upon his termination from Dow Europe. Under the terms of his employment contract, Mr. Merszei will have his final benefit prorated under the formulas of the defined benefit plans in which he participated for the period of time spent under each plan using pensionable pay and service. As a U.S. employee, Mr. Merszei is now a participant in the DEPP and ESRP. Mr. Merszei will get credit for the years of service he spent at his previous employer in the ESRP, with the amount of such previous employer's benefit and his previously paid portable benefit carved out of the ultimate benefit.

(d) The present value for Messrs. Gambrell and Kepler reflect benefits payable at the unreduced retirement date of 12/31/2007. ESRP benefits will be offset by benefits obtained under the Key Employee Insurance Program ("KEIP").

(e) Under the terms of his employment contract, Dr. Banholzer will get credit for the years of service he spent at his previous employer in the ESRP. The present value for Dr. Banholzer reflects an offset for the age 65 benefit from his previous employer of $63,217.

The NEOs participate in one or more of the following retirement plans:

The Dow Employees' Pension Plan

The Company provides the Dow Employees' Pension Plan ("DEPP") for its employees and for employees of some of its wholly owned U.S. subsidiaries. DEPP has two active formulas: the DEPP formula, for employees hired prior to January 1, 2008, and the Personal Pension Account formula for employees hired January 1, 2008 and beyond. Upon retirement, a participant receives an annual pension under the DEPP formula subject to a statutory limitation. The benefit is paid in the form of a monthly annuity and is calculated based on the sum of the employee's yearly basic and supplemental accruals up to a maximum of 425% for basic accruals and 120% for supplemental accruals. Basic accruals equal the employee's highest consecutive three-year compensation ("HC3A") multiplied by a percentage ranging from 4% to 18% dependent on the employee's age in the years earned. Supplemental accruals are for compensation in excess of a rolling 36-month average of the Social Security wage base. Supplemental accruals range from 1% to 4%, based on the age of the employee in the years earned. The sum of the basic and supplemental accruals is divided by a conversion factor to calculate an immediate monthly benefit. If the employee terminates employment before age 65 and defers payment of the benefit, the account balance calculated under this formula will be credited with interest. This benefit is known as the DEPP formula benefit.

Certain U.S. plan participants who were hired prior to January 1996 may have a greater benefit calculated under the previous pension plan formula which was frozen as of December 31, 2005. This benefit is equal to 1.6% of the employee's HC3A as of December 31, 2005, multiplied by the employee's years of credited service as of December 31, 2005, using full credited service up to 35 years, and half of the years of credited service in excess of 35 years. No actuarial reductions are taken if the employee is at least age 50 and has combined age and years of service equal to 85 or greater. This formula also contains a provision for an offset of the employee's estimated primary Social Security benefit, calculated using the method specified in the Tax Reform Act of 1986. Employees may receive either the DEPP formula benefit or the 1.6 formula benefit.

The Executives' Supplemental Retirement Plan

Because the U.S. Internal Revenue Code limits the benefits otherwise provided by DEPP, the Board of Directors adopted the Executives' Supplemental Retirement Plan ("ESRP") in 1992 to provide certain management employees who participate in the DEPP with supplemental benefits. The benefits are calculated under the same formulas described above.

The Key Employee Insurance Program

Messrs. Gambrell and Kepler elected to have their ESRP benefit secured by enrolling in the Key Employee Insurance Program ("KEIP") in 1999 and 1998, respectively. KEIP is a life insurance program which secured benefits otherwise available under ESRP, offered to certain management employees as an alternative to the ESRP. Dow has not offered KEIP to employees since 1999. The Company has no plans to reinstate this program for new participants.

Dow Savings Plan 401(k)

The Company provides all U.S. salaried employees the opportunity to participate in a 401(k) plan (The Dow Chemical Company Employees' Savings Plan). In 2007, if employees contributed 6% of annual salary, Dow provided a maximum matching contribution of 3% of salary and an additional automatic ESOP contribution of 1% of salary. Under the revised

401(k) plan which is effective for 2008 and beyond, for salaried employees who contribute 2% of annual salary, Dow provides a matching contribution of 100% of the employee's contribution. For salaried employees who contribute up to an additional 4%, Dow provides a 50% match. The NEOs participate in the 401(k) plan on the same terms as other eligible employees.

The following table provides information on compensation the NEOs have elected to defer as described in the narrative that follows.

NON-QUALIFIED DEFERRED COMPENSATION FOR 2007

Name	Executive Contributions in Last Fiscal Year ($)(a)	Company Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)(b)
Andrew Liveris	79,167	8,278	72,320		1,163,963
Geoffery Merszei					
Michael Gambrell	36,067	7,757	5,295		110,072
William Banholzer		7,757	96,133		1,613,120
David Kepler	28,116	7,757	13,968		291,824

(a) Non-Qualified Deferred Compensation contributions are also reported as salary for 2007 in the Summary Compensation Table.

(b) Includes employee contributions reported as salary for 2006 in the Summary Compensation Table: Liveris $71,667, Gambrell $32,411, Banholzer $28,503, Kepler $25,556.

In order to further assist certain U.S. salaried employees in saving for retirement, Dow provides an Elective Deferral Plan. This plan allows participants to voluntarily defer the receipt of base salary (maximum deferral of 50%) and Performance Award (maximum deferral of 85%).

Each Participant enrolled in the plan will receive a matching contribution using the same formula authorized for salaried participants under the 401(k) plan for employer matching contributions. The current formula provides for a matching contribution on the first 6% of base pay deferred. For purposes of calculating the match under the Elective Deferral Plan, the Company will assume each Participant is contributing the maximum allowable amount to the 401(k) plan and receiving a match thereon. The assumed match from the 401(k) plan will be offset from the matching contribution calculated under the Elective Deferral Plan. The sum of the matching contribution under the Elective Deferral Plan plus the employer matching contributions under the 401(k) plan may not exceed $15,000 per year.

Investment choices include an account with interest equivalent to 125% of the 120-month rolling average of ten-year U.S. Treasury Notes, a phantom Dow stock account tracking the market value of Dow Common Stock with market dividends paid and reinvested, as well as accounts tracking the performance of several mutual funds.

The Elective Deferral Plan allows for distributions to commence on the January 31 after retirement or after a specific future year that can be later or earlier than the retirement date. Retirement under the Plan is defined as termination from employment with The Dow Chemical Company or any of its wholly owned subsidiaries participating in the Elective Deferral Plan on or after age 65, or on or after age 50 with at least 10 years of Company service. Distributions may be paid either in a lump sum or in equal monthly, quarterly or annual installments up to 15 years based on the employee's initial election as to the time and form of payment. If installments were elected, the unpaid balance will continue to accumulate gains and losses based on the employee's investment selections.

The NEOs balances consist primarily of voluntary deferrals (and related earnings), not contributions made by the Company.

Potential Payments Upon Termination or Change-in-Control

All NEOs are currently retirement eligible, and entitled to benefits similar to most other salaried employees upon separation from the Company. They are also entitled to additional benefits in the case of an involuntary termination without cause or a change-in-control event. All benefits and payments are subject to the terms of the applicable program documents, contracts, and other agreements. The summary below shows the impact of various types of separation events upon the different compensation elements the NEOs receive.

Retirement, Death, or Disability

- Base Salary: Paid through date of separation on the normal schedule.
- Performance Award: Prorated for the portion of the year worked and paid on the normal schedule.
- Benefits: All NEOs except Dr. Banholzer are eligible for retiree medical and life insurance coverage similar to many other salaried U.S. employees.
- Retirement Plans: Participants have access, in accordance with elections and plan features, to the following retirement plan benefits:
  - Elective Deferral Plan benefits as shown in the Non-qualified Deferred Compensation table and accompanying narrative.
  - Pension benefits as shown in the Pension Benefits Table and described in the accompanying narrative. Participants in DEPP and ESRP are paid a monthly annuity. Participants in KEIP have additional lump-sum features available.
  - Employee Savings Plan (Defined Contribution 401(k) plan).
- Outstanding Long-Term Incentive Awards
  - Stock Options: Outstanding grants are retained in full. Vesting period remains unchanged; expiration periods are shortened to the earlier of the existing expiration date or five years.
  - Deferred Stock: Current year grants are prorated for the portion of year worked. Other grants are retained in full. Vesting and delivery dates remain unchanged.
  - Performance Shares: Current year grants are prorated for the portion of year worked. Other grants are retained in full. Vesting periods and delivery dates remain unchanged.

Involuntary Termination With Cause

Because all NEOs are currently retirement eligible, they generally will receive the same benefits under an Involuntary Termination with Cause as under retirement with the exception of incentive income, which may be recovered by the Company as described in the Executive Compensation Recovery Policy. In addition, there may be other bases for forfeiture or alternative treatment under the applicable programs for an Involuntary Termination With Cause, based on the particular program terms or other legal bases.

Involuntary Termination Without Cause

In addition to the benefits received due to retirement, as described above, the NEOs will receive the following benefits if involuntarily terminated without cause:

A lump-sum severance payment of two weeks per year-of-service (up to a maximum of eighteen months) under the U.S. Severance Plan, plus six months base salary under the Executive Severance Supplement. The U.S. Severance Plan covers most salaried employees in the United States.

Outplacement Counseling and Financial/Tax Planning with a value of $30,300.

Eighteen months of health and welfare benefits at employee rates.

Change-in-Control

In addition to benefits received due to retirement, as described above, the NEOs will receive the following benefits if separated due to a Change-in-Control event as defined in the Compensation Discussion and Analysis:

A severance payment equal to two times the executive's base salary and target Performance Award (2.99 times for the CEO).

An additional two years of credited service and age for purposes of calculating retirement benefits (three years for the CEO).

A financial, tax, and outplacement allowance of $50,000.

Eighteen months of health and welfare benefits at employee rates.

Tax gross-up protection in the event severance exceeds statutory thresholds and becomes subject to an excise tax.

LTI awards in the form of Performance Shares and Deferred Stock will vest and be delivered as soon as possible after the Change-in-Control event. Stock Options will vest immediately.

The following table summarizes the value of the incremental benefits to be received due to an Involuntary Termination (without cause) or a Change-in-Control event:

INVOLUNTARY TERMINATION OR CHANGE-IN-CONTROL VALUES

Name	Type of Benefit		Involuntary Termination Without Cause ($)	Change-in-Control ($)
Andrew Liveris	Severance		2,769,231	11,242,400
	Increase in Present Value of Pension		n/a	10,675,117
	Health & Welfare Benefits		7,128	7,128
	Outplacement & Financial Planning		30,300	50,000
		Total:	**2,806,659**	**21,974,645**
Geoffery Merszei	Severance		1,363,272	3,132,355
	Increase in Present Value of Pension		n/a	2,215,261
	Health & Welfare Benefits		9,456	9,456
	Outplacement & Financial Planning		30,300	50,000
		Total:	**1,403,028**	**5,407,072**
Michael Gambrell	Severance		1,261,138	2,787,482

	Increase in Present Value of Pension	n/a	2,529,912
	Health & Welfare Benefits	7,128	7,128
	Outplacement & Financial Planning	30,300	50,000
	Total:	**1,298,566**	**5,374,522**
William Banholzer	Severance	910,142	2,185,302
	Increase in Present Value of Pension	n/a	2,236,211
	Health & Welfare Benefits	15,405	15,405
	Outplacement & Financial Planning	30,300	50,000
	Total:	**955,847**	**4,486,918**
David Kepler	Severance	998,109	1,996,218
	Increase in Present Value of Pension	n/a	864,015
	Health & Welfare Benefits	7,128	7,128
	Outplacement & Financial Planning	30,300	50,000
	Total:	**1,035,537**	**2,917,361**

Director Compensation

The following table lists the compensation provided to Dow's non-employee Directors in 2007.

DIRECTOR COMPENSATION FOR 2007

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (a) (b)	Option Awards ($) (b) (c)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($) (d)	Total ($)
Jacqueline K. Barton	125,000	48,266	65,228	1,054	239,548
James A. Bell	130,000	48,266	48,910	20	227,196
Jeff M. Fettig	130,000	48,266	65,228		243,494
Barbara H. Franklin	145,000	48,266	65,228		258,494
John B. Hess					