

Dow Accelerates its Transformational Strategy

December 8, 2008



SEC Disclosure Rules

- ▶ Some of our comments today may include statements about our expectations for the future. Those expectations involve risks and uncertainties. Dow cannot guarantee the accuracy of any forecasts or estimates, and we do not plan to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see our annual report and our SEC filings.
- ▶ In addition, some of our comments may reference non-GAAP financial measures. Where available, a reconciliation to the most directly comparable GAAP financial measures and other associated disclosures are provided on the internet at www.dow.com in the Financial Reports page of the Investor Relations section.



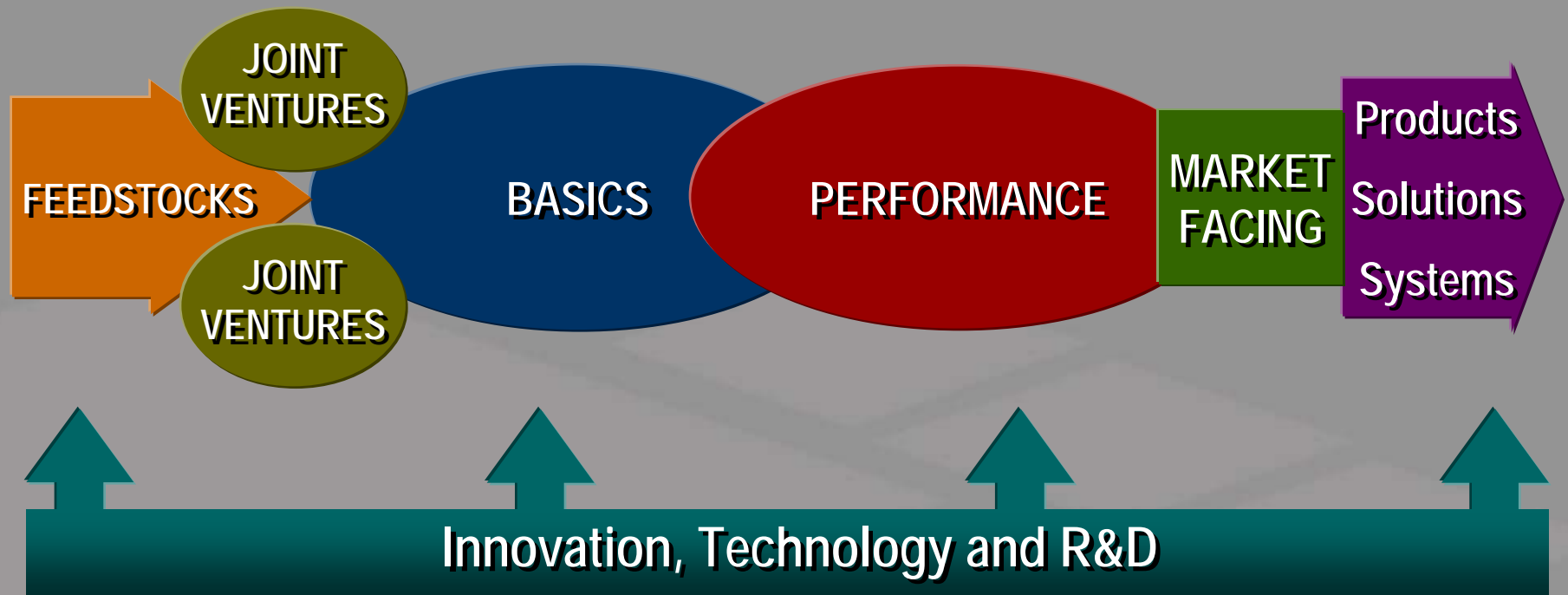
CEO Priorities – March 2006

- ▶ Drive Basics strategy for competitive advantage
- ▶ Preferentially invest in Performance/Market Facing businesses
- ▶ Extend geographic growth
- ▶ Actively manage portfolio
- ▶ Address industry and enterprise issues that impact profitability
- ▶ Accelerate technology and innovation
- ▶ Continue to drive financial fitness

A committed team focused on delivering results



Dow's Transformational Strategy



A Powerful New Dow

2/3 Specialties

Feedstock-Driven Businesses

Asset Light
Joint
Ventures

Chemicals,
Petrochemicals
& Feedstocks

Performance
Products

Health &
Agriculture

Rohm and Haas
Advanced
Materials



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Market-Driven Businesses

Business Services

Lean Corporate Center



Actions Announced Today

- ▶ Eliminating ~5,000 full-time jobs
- ▶ Closing 20 facilities in high-cost locations
- ▶ Divesting several non-strategic businesses
- ▶ Idling ~180 production plants
- ▶ Reducing contractor workforce by ~6,000

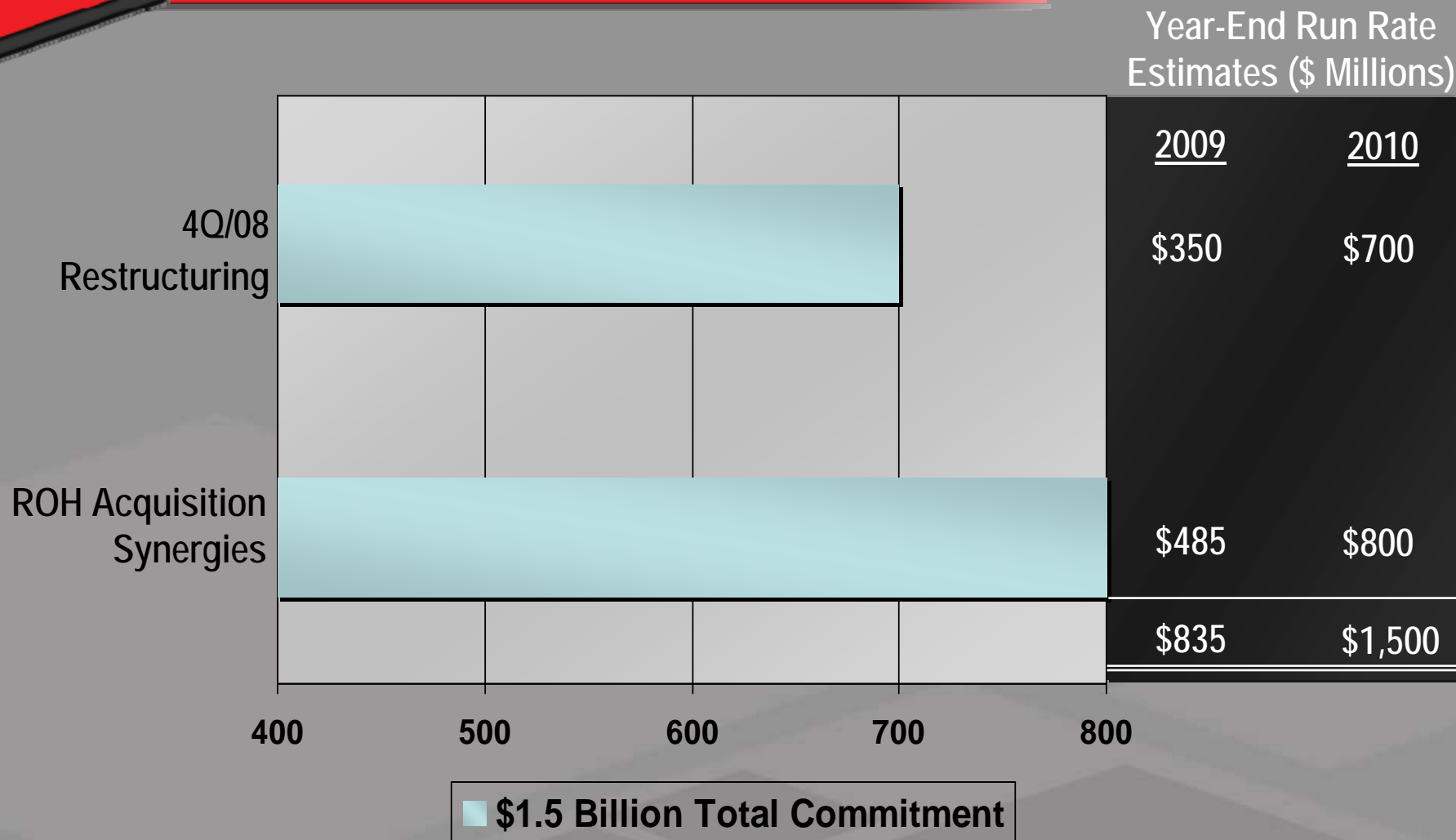


4Q/08 Restructuring Charge

- ▶ Estimated \$700 million pre-tax charge
 - ~\$350 million severance
 - ~\$350 million asset-related charges (non-cash)
- ▶ EPS impact of \$.50 - \$.60 per share
- ▶ \$700 Million in Annual Operating Cost Savings
 - \$350 Million Run-Rate by End of 2009
 - \$700 Million Run-Rate by End of 2010



Total Operating Cost Reductions



Rohm & Haas \$110 million is additive



Lower Cash Requirements Through 2009

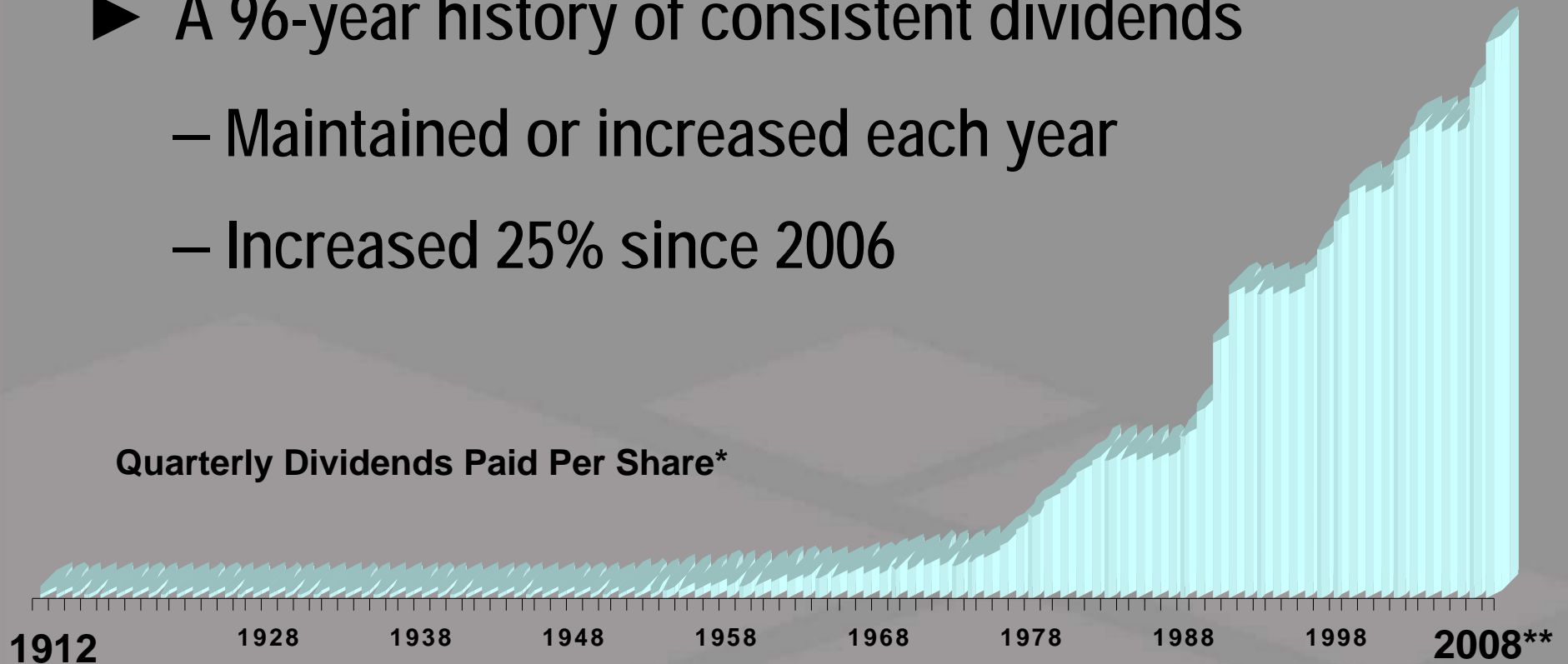
- ▶ Working Capital Reductions \$2 Billion
- ▶ Lower Capital Spending \$600 Million
- ▶ 4Q '08 Restructuring Actions (\$80) Million



A Consistent & Reliable Dividend

- ▶ A 96-year history of consistent dividends
 - Maintained or increased each year
 - Increased 25% since 2006

Quarterly Dividends Paid Per Share*



*ADJUSTED FOR STOCK SPLITS AND STOCK DIVIDENDS
**2008 DIVIDEND ANNUALIZED BASED ON Q3 YTD PAYOUT

Summary – Key Messages

- ▶ Transformation to an earnings growth company accelerated
- ▶ Three different operating models supports new portfolio
 - Lean corporate center
 - More autonomy for business units
- ▶ \$1.6 billion operating cost savings and synergy targets
- ▶ \$2.5 billion in lower cash requirements through 2009
- ▶ Uninterrupted dividend for 96 years without reduction!



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