DOW CHEMICAL CO /DE/
Form DEF 14A
March 30, 2012
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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 x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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The Dow Chemical Company

Midland, Michigan 48674

NOTICE OF THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON THURSDAY, MAY 10, 2012 AT 10:00 A.M. EDT

March 30, 2012

Dear Stockholder of The Dow Chemical Company:

We are pleased to invite you to the Annual Meeting of Stockholders of The Dow Chemical Company (the Meeting) to be held on Thursday, May 10, 2012, at 10:00 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 the ten Directors named in the attached Proxy Statement.

Ratification of the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2012.

Advisory Resolution to Approve Executive Compensation.

Two management proposals regarding approval of the 2012 Stock Incentive Plan and the 2012 Employee Stock Purchase Plan.

Two 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 19, 2012, as the record date for determining stockholders who are entitled to receive notice of the 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 materials. 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 Meeting, such as a March 2012 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 or one person holding a proxy for any stockholder or account (in addition to those named as Board proxies on the proxy forms) may attend. Proxy holders are asked to present their credentials in the lobby before the 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,

General Counsel and Corporate Secretary

® Trademark of The Dow Chemical Company

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SUMMARY INFORMATION

This summary highlights information contained elsewhere in this Proxy Statement. It does not contain all information that you should consider, and you should read the entire Proxy Statement carefully before voting.

Annual Meeting of Stockholders

Time and Date:	10:00 am (Eastern Daylight Time) on May 10, 2012
Place:	Midland Center for the Arts, 1801 West St. Andrews, Midland, Michigan
Record Date:	March 19, 2012

Meeting Agenda and Voting Recommendations

Agenda Item		Board Recommendation	Page
(1)	Election of 10 Directors	FOR EACH NOMINEE	7
(2)	Ratify the appointment of Deloitte & Touche LLP as the Company s Independent Registered Public Accounting Firm	FOR	47
(3)	Advisory Resolution to Approve Executive Compensation	FOR	49
(4)	Approval of the 2012 Stock Incentive Plan	FOR	50
(5)	Approval of the 2012 Employee Stock Purchase Plan	FOR	56
(6)	Stockholder Proposal on Shareholder Action by Written Consent	AGAINST	58
(7)	Stockholder Proposal on Independent Board Chairman	AGAINST	60

Board Nominees

Each director nominee is elected annually by a majority of votes cast. The following table provides summary information about each director nominee.

Nominee	Age	Director Since	Principal Occupation	Committees
Arnold A. Allemang	69	1996	Former Senior Advisor, The Dow Chemical Company	EHS&T
Jacqueline K. Barton	59	1993	Professor of Chemistry & Chair, Division of Chemistry & Chemical Engineering, California Institute of Technology	Compensation EHS&T (Chair)
James A. Bell	63	2005	Former Executive Vice President, Corporate President & CFO, The Boeing Company	Audit (Chair) Governance
Jeff M. Fettig (Lead Director)	54	2003	Chief Executive Officer and Chairman, Whirlpool Corporation	Audit Governance (Chair)
John B. Hess	57	2006	Chief Executive Officer and Chairman, Hess Corporation	Compensation
Andrew N. Liveris	57	2004	President, Chief Executive Officer and Chairman, The Dow Chemical Company	EHS&T
Paul Polman	55	2010	Chief Executive Officer, Unilever PLC/NV	Compensation

				EHS&T
Dennis H. Reilley	58	2007	Former Non-Executive Chairman, Covidien, Ltd.	Compensation (Chair) EHS&T
James M. Ringler	66	2001	Chairman, Teradata Corporation	Audit EHS&T
Ruth G. Shaw	63	2005	Former Executive Advisor, Duke Energy Corporation	Compensation EHS&T

Financial Highlights

2011 was a year of significant achievements and further evolution of our transformational strategy. Even in this environment of economic uncertainty, Dow s transformation was clearly evident, as we continued to deliver both top and bottom line growth, launch game-changing investments and partnerships, commercialize new innovations and strengthen our balance sheet.

2011 major highlights included:

- Reported full-year 2011 earnings per share of $2.05, up 19% compared with prior-year earnings of $1.72 per share.
- Achieved record sales of $60 billion, up 12% versus the prior year.
- Equity earnings totaled $1.2 billion, the highest result in the Company s history.
- Continued to deleverage the balance sheet by achieving net debt (gross debt minus cash) to total capital ratio of 40.8%.
- Increased the quarterly dividend by 67%.

Compensation Highlights

The Compensation and Leadership Development Committee has structured our executive compensation program to achieve the following key objectives:

- attract, motivate, reward, and retain the most talented executives who can drive business performance and objectives;

- pay for performance by emphasizing variable, at-risk incentive award opportunities which are payable only if specified financial and personal goals are achieved and/or the Company s stock price appreciates; and

- align pay and financial interests of our executives with stockholder value creation.

We believe that our executive compensation programs are structured to support our Company and our business objectives, as well as to support our long-term strategic and financial goals. While we achieved continued growth in key financial measures as shown above, total compensation for our executive officers declined slightly in fiscal 2011 from the previous year because actual performance was below the targets set by the Compensation and Leadership Development Committee at the beginning of the year. Set forth below is the fiscal 2011 compensation for each named executive officer. See the notes accompanying the Summary Compensation Table on page 32 for more information.

Named Executive Officer	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Andrew Liveris	1,741,667	0	7,659,470	4,400,095	1,498,114	3,711,285	263,994	19,274,624
William Weideman	755,000	80,000	2,402,766	1,380,058	477,519	2,231,656	29,088	7,356,087
Joe Harlan	293,333	0	5,180,550	1,034,748	486,024	40,381	426,490	7,461,526
Charles Kalil	913,606	92,000	2,298,114	1,320,092	558,624	1,937,812	59,125	7,179,372
Geoffery Merszei	913,113	0	2,298,114	1,320,092	507,170	1,532,689	168,645	6,739,824

For fiscal year 2011, our Compensation and Leadership Development Committee continued its practice of awarding a significant majority of total compensation to the named executive officers in the form of performance-based incentive compensation, with only a minority of the total potential compensation being provided in the form of base salary. In the case of our CEO, Mr. Liveris, approximately 11% of his target compensation in fiscal 2011 was paid in the form of base salary. The value of the remaining 89% was at-risk or linked directly to performance. For our other named executive officers, approximately 82% of their targeted compensation was at-risk or performance based.

We encourage you to read our Compensation Discussion and Analysis (CD&A) beginning on page 20, which describes our pay for performance philosophy.

Equity Plans

Stock Incentive Plan

In Agenda Item 4, stockholders are asked to approve the 2012 Stock Incentive Plan (see page 50 and a copy of the plan set out in Appendix A). The plan affords the Board the ability to design compensatory awards that are responsive to the Company s needs and long-term success by encouraging stock ownership among the Company s officers, employees, and non-employee directors and otherwise linking the compensation of such persons to share price performance or the achievement of specified corporate objectives. The Company s burn rate and dilution rates are within industry norms and if adopted the plan will supersede and replace existing equity award plans.

Employee Stock Purchase Plan

In Agenda Item 5, stockholders are asked to approve the 2012 Employee Stock Purchase Plan (see page 56 and a copy of the plan set out in Appendix B). The plan is broad-based, providing employees the opportunity to purchase shares of Dow common stock at 85% of its fair market value. The Company has offered employees a series of annual stock purchase plans on terms very similar to this plan for several decades. A stock purchase plan was first offered to Company employees in 1948. Stockholder approval will enable continuation of the program.

Corporate Governance Highlights

Board Independence

- 8 of 10 Directors are Independent
- Independent Lead Director with clearly identified roles and responsibilities (Jeff Fettig)
- Retirement Age (72)

Director Elections

- Annual Board elections
- Directors are elected by a majority of votes cast

Stockholder Rights

- Stockholder right to call special meetings
- No super-majority voting requirements

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2012 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 2012 Annual Meeting of

Stockholders of The Dow Chemical Company to be held on May 10, 2012.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF

PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON

THURSDAY, MAY 10, 2012 AT 10:00 A.M. EDT

The 2012 Proxy Statement and 2011 Annual Report (with Form 10-K)

are available at *https://materials.proxyvote.com/260543*

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 six other agenda items to be voted upon at the Annual Meeting of Stockholders (the Meeting) 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 30, 2012.

Vote Your Shares in Advance

You may vote your shares through the Internet, by telephone or by signing and returning the enclosed proxy or other voting form. **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 instructions at any time before its use at the Meeting by sending a written revocation, by submitting another proxy or voting form 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, Computershare Shareowner Services LLC, 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 (each a Plan or the Plans), will receive, as appropriate, a confidential voting instruction form. 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.

To allow sufficient time for voting by the Trustees and/or administrators of the Plans, your voting instructions must be received by 11:59 p.m. Eastern Time on May 7, 2012.

Dow Shares Outstanding and Quorum

At the close of business on the record date, March 19, 2012, there were 1,192,918,295 shares of Dow common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote. There were 4,000,000 shares of Series A Cumulative Convertible Perpetual Preferred Stock outstanding; however, no such shares of preferred stock outstanding as of the record date are entitled to vote. 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 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 and the broker is not permitted to exercise voting discretion.

VOTING PROCEDURES (continued)

Proxies on Behalf of the Dow Board

Your Board of Directors is soliciting proxies 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 may be solicited on behalf of the Board 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 $50,000, 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.

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, John B. Hess, Andrew N. Liveris, Paul Polman, Dennis H. Reilley, James M. Ringler and Ruth G. Shaw for election as Directors, to serve for a one-year term that expires at the Annual Meeting in 2013, 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. All nominees have previously been elected as Directors by the Company s stockholders. Information in the biographies below is current as of February 17, 2012. Please see pages 15 to 17 for additional information on Director Qualifications and Diversity.

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

The Company s Bylaws prescribe the voting standard for election of Directors as a majority of the votes cast in an uncontested election, such as this one, where the number of nominees does not exceed the number of Directors to be elected. Under this standard, a nominee must receive more for than against votes to be elected. Abstentions and

broker non-votes are not included. Under the Company s Corporate Governance Guidelines, if a nominee who already serves as a Director is not elected, that nominee shall offer to tender his or her resignation to the Board. The Governance Committee will then recommend to the Board whether to accept or reject the resignation, or whether other action should be taken. Within 90 days of the certification of election results, the Board will publicly disclose its decision regarding whether to accept or reject the resignation. As explained on the accompanying proxy, it is the intention of the persons named as proxies to vote executed proxies for the candidates nominated by the Board unless voting instructions are provided. 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.

The New York Stock Exchange rules do not permit brokers discretionary authority to vote in the election of directors. Therefore, if you hold your shares of Company common stock in street name and do not provide voting instructions to your broker, your shares will not be voted in the election of directors. We urge you to promptly provide voting instructions to your broker to ensure that your shares are voted on this matter. Please follow the instructions set forth in the voting information provided by your bank or broker.

Arnold A. Allemang, 69. Director since 1996.
The Dow Chemical Company Employee of Dow 1965-2008. Manufacturing General Manager, Dow Benelux N.V.* 1992-1993. Regional Vice President, Manufacturing and Administration, Dow Benelux N.V.* 1993. Vice President, Manufacturing Operations, Dow Europe GmbH* 1993-1995. Dow Vice President and Director of Manufacturing and Engineering 1996-1997. Dow Vice President, Operations 1997-2000. Executive Vice President 2000-2004. Senior Advisor 2004-2008. Member of the Advisory Board for RPM Ventures; the President s Circle of Sam Houston State University; and the American Chemical Society.

*

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 17, 2012.) Dow Benelux N.V., Dow Chemical Pacific Limited, Dow Europe GmbH 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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CANDIDATES FOR ELECTION AS DIRECTOR (continued)

Jacqueline K. Barton, 59. Arthur and Marian Hanisch Memorial Professor of Chemistry, Chair, Division of Chemistry and Chemical Engineering, California Institute of Technology. Director since 1993.
California Institute of Technology: Professor of Chemistry 1989 to date, Arthur and Marian Hanisch Memorial Professor of Chemistry 1997 to date. Chair, Division of Chemistry and Chemical Engineering, 2009 to date. Assistant Professor of Chemistry and Biochemistry, Hunter College, City University of New York 1980-1982. Columbia University: Assistant Professor 1983-1985, Associate Professor 1985-1986, Professor of Chemistry and Biological Sciences 1986-1989. Recipient of the 2010 National Medal of Science, the highest honor bestowed by the United States government on scientists. 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 (ODX).

Member of the Gilead Sciences Scientific Advisory Board (1989-2008).

James A. Bell, 63. Former Executive Vice President, Corporate President and Chief Financial Officer, The Boeing Company. Director since 2005.
The Boeing Company (an aerospace company and manufacturer of commercial jetliners and military aircraft) Executive Vice President, Corporate President and Chief Financial Officer, 2008 to February 2012; Executive Vice President, Finance and Chief Financial Officer 2003-2008; Senior Vice President of Finance and Corporate Controller 2000-2003. 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 1992-1996. Member of the Board of Directors of The Chicago Urban League. Member of the World Business Chicago, the Chicago Economic Club, and the Commercial Club of Chicago.

Director of J.P. Morgan Chase & Co.

Jeff M. Fettig, 54. Chairman and Chief Executive Officer of Whirlpool Corporation. Director since 2003.
Whirlpool Corporation (a manufacturer of home appliances) Chairman and Chief Executive Officer 2004 to date; President and Chief Operating Officer 1999-2004; Executive Vice President 1994-1999; President, Whirlpool Europe and Asia 1994-1999; Vice President, Group Marketing and Sales, North American Appliance Group 1992-1994; Vice President, Marketing, Philips Whirlpool Appliance Group of Whirlpool Europe B.V. 1990-1992; Vice President, Marketing, KitchenAid Appliance Group 1989-1990; Director, Product Development 1988-1989.

Director of Whirlpool Corporation.

CANDIDATES FOR ELECTION AS DIRECTOR (continued)

John B. Hess, 57. Chairman and Chief Executive Officer of Hess Corporation. Director since 2006.
Hess Corporation (a global energy company) Employee since 1977; Director 1978 to date; Chairman and Chief Executive Officer 1995 to date. Member of The Business Council, The National Petroleum Council, The Council of Foreign Relations, The Center for Strategic and International Studies, Dean s Advisors of Harvard Business School, Board of Trustees for the Mount Sinai Hospital, Wildlife Conservation Society/NY Zoo, and The New York Public Library. Member of the Board of Directors of Lincoln Center for the Performing Arts. Former member of the Secretary of Energy Advisory Board.

Director of Hess Corporation and KKR Management LLC, partner of KKR & Co. L.P.

Andrew N. Liveris, 57. Dow President, Chief Executive Officer and Chairman. Director since 2004.
Employee of Dow since 1976. General manager of Dow s Thailand operations 1989-1992. Group business director for Emulsion Polymers and New Ventures 1992-1993. General manager of Dow s start-up businesses in Environmental Services 1993-1994. Vice President of Dow s start-up businesses in Environmental Services 1994-1995. President of Dow Chemical Pacific Limited* 1995-1998. Vice President of Specialty Chemicals 1998-2000. Business Group President for Performance Chemicals 2000-2003. President and Chief Operating Officer 2003-2004. President and Chief Executive Officer 2004 to date and Chairman 2006 to date.

Chairman of the International Council of Chemical Associations; Vice Chairman of the U.S. Business Council and the Business Roundtable; Past Chairman of the U.S.-China Business Council and American Chemistry Council. Co-Chair of the President s Advanced Manufacturing Partnership. Member of the President s Export Council, the American Australian Association, the U.S.-India CEO Forum and the Peterson Institute for International Economics. Member of the Board of Trustees of Tufts University.

Director of International Business Machines Corporation. Former director of Citigroup, Inc. (2005 - April 2011).

Paul Polman, 55. Chief Executive Officer of Unilever PLC and Unilever N.V. Director since 2010.
Unilever PLC and Unilever N.V. (a provider of nutrition, hygiene and personal care products) Chief Executive Officer January 2009 to date. Nestlé S.A. (a worldwide food company) Executive Vice President of America, Canada, Latin America, Caribbean January 2008-September 2008; Chief Financial Officer 2006-2008. The Procter & Gamble Company (a provider of consumer, pharmaceutical cleaning, personal care and pet products) Group President Europe 2001-2006; Vice President and Managing Director UK 1995-1998; Vice President & General Manager Iberia 1989-1995; Category Manager & Marketing Director France 1986-1989; Finance assignments leading to Associate Finance Director 1979-1986. CFO of the Year 2007, Investor Magazine; Carl Lindner Award 2006, University of Cincinnati; WSJ/CNBC European Business Leader of the Year 2003. President of the Kilimanjaro Blindtrust/Chair of Perkins International Advisory Board. Board member of Global Consumer Goods Forum. Member: European Round Table, International Business Council of WEF, Swiss American Chamber of Commerce and World Business Council for Sustainable Development. Honorary degrees from Universities of Northumbria, UK in 2000 and University of Cincinnati in 2009.

Director of Unilever PLC and Unilever N.V. Former director of Alcon (2006-2008).

CANDIDATES FOR ELECTION AS DIRECTOR (continued)

Dennis H. Reilley, 58. Former Non-Executive Chairman of Covidien, Ltd. Director since 2007.
Covidien, Ltd. (a provider of healthcare products) Non-Executive Chairman, April 2007 to November 2008; Board member, April 2007 to date. Praxair, Inc. (a provider of gases and coatings) Chairman 2000-2007; President and Chief Executive Officer 2000-2006. E.I. duPont de Nemours & Co. Executive Vice President and Chief Operating Officer 1999-2000; Executive Vice President 1997-1999; Vice President and general manager, Lycra business 1996-1997; Vice President and general manager, specialty chemicals business 1994-1995; Vice President and general manager, titanium dioxide business 1990-1994. Prior to 1989, held various senior executive positions with Conoco. Former Director of the Conservation Fund. Former Chairman of the American Chemistry Council.

Director of Covidien, Ltd., H.J. Heinz Company and Marathon Oil Company. Former director of Praxair, Inc. (2000-2007).

James M. Ringler, 66. Chairman of Teradata Corporation. Director since 2001.
Teradata Corporation (a provider of database software, data warehousing and analytics) Chairman, October 2007 to date. NCR Corporation (a producer of automated teller machines and point of sale devices) Director and Chairman 2005-2007. Illinois Tool Works, Inc. (following its merger with Premark International, Inc.), Vice Chairman 1999-2004. Premark International, Inc. Chairman 1997-1999; Director 1990-1999; Chief Executive Officer 1996-1999; President and Chief Operating Officer 1992-1996; Executive Vice-President 1990-1992. Tappan Company President and Chief Operating Officer 1982-1986; White Consolidated Industries Major Appliance Group President 1986-1990 (both subsidiaries of Electrolux AB).

Director of Teradata Corporation, Autoliv Inc., Corn Products International, Inc., John Bean Technologies Corporation and FMC Technologies, Inc. Former director of NCR Corporation (2005-2007).

Ruth G. Shaw, 63. Former Executive Advisor of Duke Energy Corporation. Director since 2005.
Duke Energy Corporation (a provider of electricity and natural gas) Executive Advisor, October 2006-May 2008, Group Executive, Public Policy and President, Duke Nuclear, April 2006-October 2006; President and Chief Executive Officer, Duke Power Company 2003-2006; Executive Vice President and Chief Administrative Officer 1997-2003; President of The Duke Energy Foundation 1994-2003; Senior Vice President, Corporate Resources 1994-1997; Vice President, Corporate Communications 1992-1994. President, Central Piedmont Community College, Charlotte, NC 1986-1992. President, El Centro College, Dallas, TX 1984-1986. Chair, Foundation Board of Trustees for the University of North Carolina at Charlotte: Carolina Thread Trail Governing Board. Director, Foundation for the Carolinas. Director, ecoAmerica.

Director of DTE Energy. Former director of Wachovia Corporation (1990-2008).

* 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 17, 2012.) Dow Benelux N.V., Dow Chemical Pacific Limited, Dow Europe GmbH and Union Carbide Corporation all ultimately wholly owned subsidiaries of Dow. Ownership by Dow

described above may be either direct or indirect.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Company has adopted Corporate Governance Guidelines that 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.

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*). 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 eleven members of the Board serving during 2011 were independent: Directors Barton, Bell, Fettig, Franklin, Granholm, Hess, Polman, Reilley, Ringler, Shaw and Stern. These independent Directors constitute a substantial majority of the Board, consistent with Board policy.

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. Bell, Fettig, Hess and Polman 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 significantly less than 2% of Dow s and the other entity s revenues. In fact, in all cases the amounts were below 0.3%. With respect to Boeing there were no sales or purchases in 2011, while with respect to Whirlpool, Hess Corporation and Unilever, there were sales to and purchases from each entity which in all cases were below the 0.3% threshold referenced above.

Board Leadership Structure

Since 2006, Andrew N. Liveris has served as the Chairman, Chief Executive Officer, and President of the Company. Jeff M. Fettig has served as the Lead Director since May 2011.

The Board recognizes that the leadership structure and combination or separation of the CEO and Chairman roles is driven by the needs of the Company at any point in time. The leadership structure at the Company has varied over time and has included combined roles, election of a presiding or lead director, separation of roles, and other transition arrangements for succession planning. As a result, no policy exists requiring combination or separation of leadership roles and the Company s governing documents do not mandate a particular structure. This has allowed the Board the flexibility to establish the most appropriate structure for the Company at any given time.

The Board has determined that the Company and its stockholders are currently best served by having one person serve as Chairman and CEO as it allows for a bridge between the Board and management and provides critical leadership for carrying out the Company s strategic initiatives and confronting its challenges. Mr. Liveris service as Chairman facilitates the Board decision-making process because Mr. Liveris has first-hand knowledge of the Company s operations and the major issues facing the Company, and he chairs the Board meetings where the Board discusses strategic and business issues. Mr. Liveris is the only member of executive management who is also a Director.

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

CORPORATE GOVERNANCE (continued)

As part of the decision to elect Mr. Liveris as Chairman, the independent Directors on the Board elected a Lead Director with clearly defined leadership authority and responsibilities. Mr. Fettig currently serves as Lead Director. Among other responsibilities, the Lead Director works with the Chairman to call Board meetings, set the Board agenda and determine the appropriate materials to be provided to the Directors. He leads executive sessions of the Board and other meetings at which the Chairman is not present, has the authority to call meetings of the independent directors, facilitates communication between the Board and management, and serves as focal point for stockholder communications and requests for consultation addressed to independent directors. The Lead Director may retain outside professionals on behalf of the Board as the Board may determine is necessary and appropriate. Contact information for the Lead Director is shown below under Communication with Directors.

The election of Mr. Liveris as both Chairman and CEO promotes unified leadership and direction for the Board and executive management. The appointment of the Lead Director and the use of executive sessions of the Board, along with the Board s strong committee system and substantial majority of independent Directors, allows the Board to maintain effective risk oversight and provides that independent Directors oversee such critical items as the Company s financial statements, executive compensation, the selection and evaluation of Directors, and the development and implementation of our corporate governance programs.

Risk Oversight

The Board of Directors is responsible for overseeing the overall risk management process for the Company. Risk management is considered a strategic activity within the Company and responsibility for managing risk rests with executive management while the Committees of the Board and the Board as a whole participate in the oversight of the process. Specifically, the Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management s execution of the corporate and business plan and each Board Committee is responsible for oversight of specific risk areas relevant to the Committee charters.

The oversight responsibility of the Board and Committees is enabled by an enterprise risk management model and process implemented by management that is designed to identify, assess, manage and mitigate risks. The Audit Committee is responsible for overseeing that management implements and follows this risk management process and for coordinating the outcome of reviews by the other

Committees in their respective risk areas. In addition, the enterprise risk management model and process are reviewed with the Board of Directors annually and the Board recognizes that risk management and oversight comprise a dynamic and continuous process.

The strategic plan and critical issues and opportunities are presented to the Board each year by the CEO and senior management. Throughout the year, management reviews any critical issues and actual results compared to plan with the Board and relevant Committees. Members of executive management are also available to discuss the Company s strategy, plans, results and issues with the Committees and the Board, and regularly attend such meetings to provide periodic briefings and access. In addition, as noted in the Audit Committee Report on page 62, the Audit Committee regularly meets in executive sessions and holds separate executive sessions with the lead client service partner of the independent registered public accounting firm, internal auditor, general counsel and other management as appropriate.

As a specific example of committee risk oversight activities, the Compensation and Leadership Development Committee regularly reviews any potential risks associated with the Company s compensation policies and practices (see Compensation Program Risk Analysis on page 31 of this Proxy Statement). In addition, the Environment, Health, Safety and Technology Committee regularly reviews the Company s operational risks including those risks associated with process and product safety, public policy, and reputation risks.

Communication with Directors

Stockholders and other interested parties may communicate directly with the full Board, the Lead Director, the non-management Directors as a group, or with specified individual Directors by any of several methods. These methods of communication 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 Lead Director and other non-management Directors may also be contacted by email addressed to *LeadDirector@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;

CORPORATE GOVERNANCE (continued)

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 by the Office of the Corporate Secretary. Any omitted or deleted communication will be made available to any Director upon request.

Board and Committee Meetings; Annual Meeting Attendance

There were six Board meetings in 2011 and 24 formal Board committee meetings. All of the Directors attended more than 75% of the sum of the total number of Board meetings and the total number of meetings of the Board Committees on which the Director served during the past year, and all but one had 100% attendance at the six regularly scheduled Board meetings. The Directors are encouraged to attend all Annual Meetings of Stockholders, and in 2011 eleven of the twelve Directors then serving attended. Mr. Polman was unable to attend due to a conflict with the annual general meetings of Unilever PLC and Unilever N.V. (the entities for which he serves as chief executive officer).

Executive Sessions of Directors

The non-management Directors meet in executive session, chaired by the Lead Director (currently Mr. Fettig), in connection with each regularly scheduled meeting of the Board, and at other times as they may determine appropriate. In 2011, there were six executive sessions of the Board of Directors. The Audit, Compensation and Leadership Development, 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 19, 2012, the record date for the Meeting. The Audit Committee, Compensation and Leadership Development Committee, and Governance Committee are comprised entirely of independent Directors who meet the applicable independence requirements of the New York Stock Exchange, the U.S. Securities and Exchange Commission (as applicable) and the Company.

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

CORPORATE GOVERNANCE (continued)

Standing Committee and Function	Chair and Members		Meetings in 2011
Audit Committee	J. A. Bell, Chair		11
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. M. Fettig B. H. Franklin	J. M. Ringler P. G. Stern	
Compensation and Leadership Development Committee	D. H. Reilley, 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 and Leadership Development Committee charter available at *www.DowGovernance.com*.	J. K. Barton J. B. Hess	P. Polman R. G. Shaw	
Environment, Health, Safety and Technology Committee	J. K. Barton, Chair		4
Assists the Board in fulfilling its oversight responsibilities by assessing the effectiveness of environment, health, safety and technology programs and initiatives that support the environment, health, safety, sustainability, innovation and technology policies and programs 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, Safety and Technology Committee charter available at *www.DowGovernance.com*.	A. A. Allemang A. N. Liveris P. Polman	D. H. Reilley J. M. Ringler R. G. Shaw	
Governance Committee	J. M. Fettig, Chair		4
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 of the Board and structure of 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 B. H. Franklin	P. G. Stern	

CORPORATE GOVERNANCE (continued)

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 and Diversity

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 order to ensure a diverse and highly qualified Board of Directors. 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 and provide for diversity of membership, such as experience or expertise in some of the following areas: the chemical industry, global business, science and technology, finance and/or economics, corporate governance, public affairs, government 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 guidelines for Director qualifications are included in Dow s Corporate Governance Guidelines, available at *www.DowGovernance.com*.

The guidelines for Director qualifications provide that a commitment to diversity is a consideration in the identification and nomination of Director candidates. The Governance Committee and the full Board implement and assess the effectiveness of these guidelines and the commitment to diversity by referring to these guidelines in the review and discussion of Board candidates when assessing the composition of the Board and by including questions regarding the diversity of the Board membership in the Board s annual self-evaluations.

The Governance Committee and the Board believe that the qualifications, skills and attributes set forth generally above for all Directors and more specifically below for each of the Directors, support the conclusion that these individuals are qualified to serve as Directors of the Company and

collectively possess a variety of skills, professional experience, and diversity of backgrounds allowing them to effectively oversee the Company s business. As noted below, the Directors have a diverse combination of the following background and qualifications: leadership experience (including current and former chief executive officer, chief financial officer and other senior executive management positions) at major domestic and foreign companies with global operations in a variety of relevant fields and industries; experience on other public company boards (including chair positions); board or other significant experience with academic, research and philanthropic institutions and trade and industry organizations; and prior government or public policy experience. The Governance Committee and Board have determined that all of the Directors nominated for election meet the personal and professional qualifications identified in this section and the list below highlights several of these key attributes as they apply to the individual Directors that support the conclusion that these individuals are highly qualified to serve on the Company s Board of Directors. Please see pages 7 to 10 for the complete biographies for each of the nominees.

<u>A.A. Allemang</u>

- diverse global business leadership experience in various executive management and advisory positions with The Dow Chemical Company providing first-hand knowledge of the Company extensive experience and knowledge in chemical industry manufacturing and engineering

active involvement with major business and industry organizations including the American Chemical Society which contributes to understanding and addressing issues at the Company

J.K. Barton

leadership experience as Chair of the Division of Chemistry and Chemical Engineering of California Institute of Technology

leadership, research, and teaching experience through positions at leading research universities including California Institute of Technology, Columbia University, and Hunter College-City University of New York which is particularly important given the Company s research and innovation focus

active involvement with major science and technology organizations including the National Academy of Sciences and the American Chemical Society which contributes to understanding and addressing issues at the Company

CORPORATE GOVERNANCE (continued)

J.A. Bell

global business and leadership experience as Chief Financial Officer of The Boeing Company

finance and accounting expertise including experience with and direct involvement and supervision in the preparation of financial statements and risk management

active involvement with major business and public policy organizations including World Business Chicago, the Chicago Economic Club, and the Commercial Club of Chicago which contributes to understanding and addressing issues at the Company

J.M. Fettig

global business and leadership experience as Chairman and Chief Executive Officer of Whirlpool Corporation

extensive experience and knowledge of international business operations, manufacturing, marketing, sales and distribution which is particularly important given the global presence and nature of the operations of the Company

extensive experience and knowledge of consumer dynamics, branded consumer products, and end-user markets and servicing relevant to the business operations and focus of the Company

J.B. Hess

global business and leadership experience as Chairman and Chief Executive Officer of Hess Corporation

extensive experience and knowledge of international business operations and energy, petroleum and petrochemical industries which is particularly important given the global presence and nature of the operations of the Company

active involvement with major business and public policy organizations including The Business Council, The National Petroleum Council and The Council of Foreign Relations which contributes to understanding and addressing issues at the Company

A.N. Liveris

global business and leadership experience as Chairman and Chief Executive Officer of The Dow Chemical Company

active involvement with major business, public policy, and international organizations including the President s Advanced Manufacturing Partnership (Co-Chair), U.S.-India CEO Forum, the Business Roundtable, U.S. Business Council (Vice Chair), and the President s Export Council which contributes to understanding and addressing issues at the Company additional public company board experience as a director of International Business Machines Corporation and academic institution governance experience as a trustee of Tufts University which provides additional corporate governance and compensation experience and financial expertise

P. Polman

global business and leadership experience as Chief Executive Officer of Unilever PLC and Unilever N.V.

extensive experience and knowledge of international business operations and global consumer product industries and end uses which is particularly important given the global presence and nature of the operations of the Company

active involvement with major trade and public policy and international organizations including the European Round Table, The International Business Council of the World Economic Forum, Swiss American Chamber of Commerce, and the World Business Council for Sustainable Development which contributes to understanding and addressing issues at the Company

D.H. Reilley

global business and leadership experience in multiple major corporations including Covidien Ltd. (former non-executive Chairman), Praxair, Inc. (former Chairman, President and Chief Executive Officer), E.I. duPont de Nemours & Co. (former Chief Operating Officer), and Conoco, Inc., (various managerial and executive positions)

extensive experience and knowledge of the global oil, petrochemical and chemical industries which is particularly important given the global presence and nature of the operations of the Company

additional public company board experience as a director of Covidien Ltd., H.J. Heinz and Marathon Oil Company which provides additional corporate governance and compensation experience and financial expertise

J.M. Ringler

global business and leadership experience as Chairman of Teradata Corporation

extensive knowledge and experience in a variety of manufacturing industries which is particularly important given the global presence and nature of the operations of the Company

additional public company board experience as a director of Autoliv, Inc., Corn Products International, Inc., John

CORPORATE GOVERNANCE (continued)

Bean Technologies Corporation, and FMC Technologies, Inc. which provides additional corporate governance and compensation experience and financial expertise

R.G. Shaw

global business and leadership experience with Duke Energy Corporation (former Group Executive and Executive Advisor) and Duke Power Company (former President and Chief Executive Officer) and leadership experience at academic institutions including Central Piedmont Community College (former President) and El Centro College (former President)

extensive knowledge of and experience with energy and power industries and markets including nuclear, coal, and natural gas which is particularly important given the global presence and nature of the operations of the Company

additional public company board experience including current service as a director of DTE Energy Co. which provides additional corporate governance and compensation experience and financial expertise

Recommendations and 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 the close of business on November 30, 2012, and the close of business on January 29, 2013. However, different deadlines apply if the annual meeting is called for a date that is not within 30 days before or after the anniversary of the prior year s annual meeting. 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.

The evaluation of new Director candidates involves several steps, not necessarily taken 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 outlined above, as well as to the current needs of the Board for new members including considerations to ensure diversity of membership in accordance with the guidelines identified above. 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 our corporate values of integrity and respect for people, 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.DowGovernance.com*. Stockholders may receive a printed copy of the Code of Business Conduct without charge by contacting the Office of the Corporate Secretary.* In addition, we will disclose on our website any waiver of or amendment to our Code of Business Conduct requiring disclosure under applicable rules.

* Office of the Corporate Secretary, The Dow Chemical Company, 2030 Dow Center, Midland, MI 48674, 989-636-1742 (telephone), 989-638-1740 (fax).

CORPORATE GOVERNANCE (continued)

Certain Transactions and Relationships

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 on related person transactions on February 15, 2007 (the Policy).

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 and Leadership Development 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.

As discussed above, the Governance Committee has responsibility for reviewing issues involving director independence and related person transactions using information obtained from Directors responses to a questionnaire asking about their relationships with the Company, and those of their immediate family members and primary business or charitable affiliations and other potential conflicts of interest, as well as certain data collected by the Company related to transactions, relationships or arrangements between the Company on the one hand and a Director, officer or immediate family member on the other.

As part of its annual independence assessment and review of related person transactions, the Governance Committee reviewed the fact that in 2011 the Company made purchases or sales of products or services in the ordinary course of business with certain entities for which some of our Directors are executive officers or directors. The Governance Committee reviewed such transactions and does not consider the amounts involved in such transactions to be material.

More specifically and as discussed earlier in this Proxy Statement in the section entitled Director Independence, the Governance Committee and the Board reviewed these transactions and the fact that Messrs. Bell, Fettig, Hess and Polman served as executive officers during each of the past

CORPORATE GOVERNANCE (continued)

three years of entities with which Dow made purchases or sales (The Boeing Company, Whirlpool Corporation, Hess Corporation, and Unilever PLC/N.V. respectively). 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 significantly less than 2% of Dow s and the other entity s revenues. In fact, in all cases the amounts were below 0.3%. With respect to Boeing there were no purchases or sales in 2011, while with respect to Whirlpool, Hess Corporation and Unilever there were sales to and purchases from each entity which in all cases were below the 0.3% threshold referenced above.

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 year 2011, with the exception of one report filed by James McIlvenny regarding a deferred stock grant of 12,000 shares of stock that was not filed on a timely basis due to administrative error. The report was subsequently filed as soon as the error was discovered.

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE REPORT

The Compensation and Leadership Development Committee (the 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 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, 2011 (2011 Annual Report), as incorporated by reference from this Proxy Statement.

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

D. H. Reilley, Chair

J. K. Barton

J. B. Hess

P. Polman

R. G. Shaw

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COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE COMPENSATION DISCLOSURE

SECTION ONE OVERVIEW AND EXECUTIVE SUMMARY

2011 Business Highlights

2011 was a year of significant achievements and further evolution of our transformational strategy. Even in an environment of economic uncertainty, Dow s earnings growth was clearly evident, as we have continued to reduce our cost structure, exceed our synergy targets, strengthen our balance sheet and transform our portfolio.

Although we fell short of our EPS profit plan, through hard work, focus and discipline, we achieved and in many cases exceeded most goals and deliverables for 2011.

2011 major highlights were:

- Reported full-year 2011 earnings per share of $2.05, up 19% compared with prior-year earnings of $1.72 per share
- Achieved record sales of $60 billion, up 12% versus the prior year
- Equity earnings totaled $1.2 billion, the highest result in the Company s history
- Divested $600 million of non-strategic assets
- Continued to deleverage the balance sheet by achieving net debt (gross debt minus cash) to total capital ratio of 40.8%
- Increased the quarterly dividend by 67%
- Made major progress by approving and forming Sadara Chemical Company
- Hit significant milestones with key growth projects (POWERHOUSE Solar Shingle launch, progress with Dow Kokam joint venture, and creation of a joint venture for world s largest biopolymers project with Mitsui in Latin America)
- Dow named to the Dow Jones Sustainability Index for the 11th time

Dow honored with the Green Cross for Safety Medal from the National Safety Council

The compensation decisions made for the 2011 fiscal year reflect our Company s performance relative to our expectations for the year along with other considerations described in Section Two How Executive Pay is Established.

Executive Summary of Dow s Compensation Programs

The following provides an overview of our compensation philosophy and programs as detailed in later sections.

The compensation programs at Dow are designed primarily to **support the realization of Dow s vision** of being the most profitable and respected science-driven chemical company in the world, while promoting the long-term interests of our stockholders and other stakeholders.

Our compensation programs are designed to **attract, motivate, reward and retain the most talented executives** who can drive business performance.

Dow believes in **pay-for-performance**, which we implement through an annual incentive award that includes objective performance criteria and through equity awards where the value realized is tied to our stock price performance, including shares that vest only if certain performance hurdles are satisfied. These performance components represent at least 80% of the Named Executive Officers (NEOs) direct compensation.

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

We emphasize stock ownership. LTI awards are delivered as equity-based awards to senior executives. Dow executives are required to maintain, until retirement, between four and six times their annual base salary in Dow stock. This encourages managing from an owner s perspective and better aligns their financial interests with those of Dow stockholders.

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

Our **executives participate in the same group benefit programs, including pension and retirement plans**, on substantially the same terms as other salaried employees.

Our executives are provided **limited perquisites** which are granted to facilitate strong, focused performance on their jobs.

The Compensation and Leadership Development Committee (the Committee) exercises discretion in determining compensation actions when necessary due to extraordinary changes in the economy, unusual events or overall Company performance.

Best Practices in Executive Compensation

In an era of increased attention to corporate governance and the link between pay and performance, the Company continues to focus on the following key governance practices for executive compensation. For more information on other governance practices, refer to Section Four Executive Compensation Governance.

Use of an independent compensation consultant who is engaged directly by the Committee to advise on executive compensation matters.

Maintain a strong link between financial and operational goals, stockholder value creation and executive compensation by having relative Total Stockholder Return (TSR), Net Income, Return on Capital (ROC) and cost control in our Long Term and Short Term Incentive Programs.

Ensure our Long Term Incentive (LTI) mix includes significant weighting toward performance equity vehicles (options and performance shares).

Balance risk through compensation programs that are designed to discourage excessive risk taking by executive officers. These design features include a robust recovery policy, strong stock ownership guidelines, multiple top line and bottom line measures in our incentive programs and prohibition on engaging in speculative transactions in Company securities.

Avoid new Change-in-Control (CIC) agreements, with all existing agreements having been executed before 2008. For existing CIC agreements, severance payments are equal to two times the executive s annual base salary and target Performance Award (2.99 times for the CEO) and double triggers are in place in order for an executive to receive benefits.

Consider input of stockholders received through our active stockholder engagement initiatives and the advisory say-on-pay results. In making executive compensation determinations, the Committee considered the results of the non-binding, advisory proposal on our executive compensation set forth in our 2011 Proxy Statement. Our stockholders overwhelmingly approved our executive compensation program with 87.1% support. After considering our say-on-pay voting results, stockholder input, compensation consultant advice and other factors addressed in the following discussion, the Committee determined not to make changes to our executive compensation programs as a result of the vote. The Committee will continue to consider the results from this year s and future advisory stockholder votes regarding our executive compensation program.

Objectives of Dow s Executive Compensation Program

There are four primary objectives of Dow s executive compensation program. The following table describes each objective and how it is achieved.

Compensation Program Objective	How Objective is Achieved
Designed to support the achievement of Dow s vision and strategy	Incentive program metrics are tied to both annual and long-term strategic objectives of the Company. The compensation programs provide an incentive for executives to meet and exceed Company goals.
Motivate and reward executives when they deliver desired business results and stockholder value	Compensation awards are based upon performance against Company financial and operational goals and business division goals as well as personal performance. Relative TSR versus a peer group and ROC are equally weighted in our performance share program.
Attract and retain the most talented executives to succeed in today s competitive marketplace	Compensation elements and pay opportunities are targeted at the median of the peer group that we compete with for talent. Executives are held accountable for results and rewarded above target levels when Company and personal goals are exceeded. When goals are not met, compensation awards will be below target levels.
Create an ownership alignment with stockholders	LTI awards are equity-based. Stock ownership requirements in place for top executives, and all NEOs exceed their ownership requirements. Approximately 65-70% of NEO pay is equity-based where the value is directly linked to share price appreciation and TSR.

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Elements of Dow s Executive Compensation Program

The elements of the Company s executive compensation program are presented below in summary format and more fully explained in the sections that follow.

Program	Description & Purpose of Element
Base Salary	Annual Base Salary is designed to provide a competitive fixed rate of pay recognizing different levels of responsibility and performance within the Company.
Performance Award	The Performance Award is an annual cash incentive program to reward employees for achieving critical Company goals.
Stock Options	Stock Options are granted to provide incentive for long-term creation of stockholder value. Stock Options represent 40% of the annual LTI grant value.
Performance Shares	Performance Shares are granted to motivate employees and to reward the achievement of specified financial goals over a three-year period. Performance Shares represent 35% of the annual LTI grant value.
Deferred Stock	Deferred Stock is granted in order to help the Company retain its NEOs and other key employees. Deferred Stock represents 25% of the annual LTI grant value.
Health, Welfare and Retirement Programs	Executives participate in the same benefit programs that are offered to other salaried employees. Dow benefits are designed to provide market competitive benefits to protect employees and their covered dependents health and welfare and provide retirement benefits.
Perquisites	Limited perquisites are provided to executives to facilitate strong performance on the job and enhance their personal security and productivity.

The mix of the three key compensation elements for the CEO and other NEOs are shown below. The charts outline the size, in percentage terms, of each element of targeted compensation. The gray sections of the charts reflect the incentive or performance based components of compensation (e.g., 89% of the CEO s compensation is at risk).

Elements of Compensation: Base Salary Detailed Information

Base salary is a fixed portion of compensation based on an individual s skills, responsibilities, experience and sustained performance. Base salaries for executives are benchmarked against similar jobs at other companies and are targeted at the median (50th percentile) of the Survey Group after adjusting for Dow s revenue size. Actual salaries reflect an individual s responsibilities and more subjective factors, such as the Committee s (and the CEO s in the case of other NEOs) assessment of the individual NEO s performance.

Changes in base salary for the NEOs, as well as for all Dow salaried employees, depend on compensation versus the external market for similar jobs, the individual s current salary compared to the market, changes in job responsibilities and the employee s contributions to Dow s performance as determined by the Committee.

Elements of Compensation: Performance Award Detailed Information

The Performance Award is an annual cash incentive program. Dow uses this component of compensation to reward employees for achieving critical annual Company goals. Meeting or exceeding our annual business and financial goals is important to executing our long-term business strategy and delivering long-term value to stockholders. No Performance Award is payable to NEOs or any officer of the Company unless pre-established minimum Net Income goals are achieved. The 1994 Executive Performance Plan establishes a minimum performance goal of $700 million of net income in order for NEOs to receive a payout of the Company component of the Performance Award. This requirement is part of Dow s strategy for complying with Internal Revenue Code Section 162(m).

The 2011 Performance Award Program focused participants on critical financial and operational goals. At the beginning of 2011, the Committee and Board approved the financial and operational goals for the Company and each Business Division. The Committee also reviewed and approved the target award opportunity for each NEO which is expressed as a percentage of base pay. Individual award opportunities vary by job level and are targeted at the median of the annual bonus practices of the group of companies used for benchmarking (the Survey Group).

The 2011 Performance Award corporate target goals and 2011 results are shown below. The 2011 Performance Award result for Net Income (excluding certain items) reflects the results as set forth in the Company s 2011 Annual Report.

Measure Used (Weighting)	**Rationale for Measure**	**Target Goal**	**2011 Performance**
Net Income *(75%)*	Reflects operating strength, efficiency and profitability	$3,480 MM	$2,959 MM
Cost Management *(25%)*	Reflects discipline in meeting corporate cost budgets	Meet Corporate Cost Target	Over by $275 MM

Actual award payouts are determined each February following completion of the plan year by measuring the performance against each award component (earned base award). For the 2011 program, the earned base award (before considering individual performance) was 52.6% of the target award opportunity for corporate employees. Actual awards for employees including NEOs can be adjusted up or down by 25% from the earned base award based on individual performance and contributions as determined by the Committee. The Committee used discretion to adjust each NEO s award by up to 10% based upon the Committee s assessment of each NEO s accomplishments as described below under SECTION 3 2011 NEO s Achievements and Pay Actions. The potential award payouts under the 2011 Performance Award Program are shown in the Grants of Plan-Based Awards table. The actual payouts to the NEOs are shown in the Summary Compensation Table in the column labeled Non-Equity Incentive Plan Compensation. Additional detail on the individual 2011 Performance Award Calculation for each NEO is set out in the table included in Footnote D to the Summary Compensation Table.

Elements of Compensation: Long-Term Incentive Awards Detailed Information

Each year the Company grants equity-based LTI awards to leaders and other key employees who demonstrate high performance. Dow chooses this component of compensation to motivate and reward employees for long-term stockholder value creation, retain top talent and help executives meet their Executive Stock Ownership Guidelines.

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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 the median market dollar value of LTI applicable for his or her job level. In February 2011, the Committee approved a new mix of LTI grants effective beginning in 2011 with the goal of moving more of the LTI awards toward performance-based vehicles.

LTI Vehicle	Weighting	Vesting Terms & Other Conditions
Stock Options	40%	The exercise price equals the closing price on the date of grant. Options vest in three equal annual installments and expire after 10 years.
Performance Shares	35%	The 2011-2013 performance shares can be earned after a three-year performance period based on an equal weighting of two goals: Dow s TSR versus a peer group Dow s ROC relative to pre-established goals Accumulated dividend equivalents are paid only on earned shares after the three-year performance period has ended.
Deferred Stock	25%	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.

Under Dow s Executive Compensation Recovery 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.

2011-2013 Performance Share Program Additional Information

As noted above, performance share vesting is based on TSR and ROC performance over a three calendar year period. The relative TSR peer group is comprised of companies selected from the S&P 500 Chemical Index and several companies from Dow s executive peer group that are technology-based and manufacturing-based global companies. The table below shows the 18 company TSR peer group.

Air Products and Chemicals, Inc.	BASF
CF Industries Holdings, Inc.	Eastman Chemical Company
Ecolab Inc.	E.I. du Pont de Nemours & Company
FMC Corporation	International Flavors & Fragrances Inc.
Monsanto Company	PPG Industries, Inc.
Praxair, Inc.	Sigma-Aldrich Corporation
3M Company	The Procter & Gamble Company
Honeywell International Inc.	United Technologies Corporation
Johnson Controls, Inc.	Tyco International Ltd.

TSR is defined as stock price appreciation plus dividends paid. For Dow and each company in the peer group, a beginning price using a 30 trading day averaging period at the beginning of the performance period and an ending price using a 30 trading day averaging period at the end of the performance period are calculated and used to create a percentile ranking. The TSR portion of the Performance Share Award will pay out at 100% if Dow s TSR is at the 51st percentile of the peer group. No payout will occur if Dow s TSR is at or below the 25th percentile. A maximum payout of 250% will occur if Dow s TSR is at the 100th percentile.

ROC measures how effectively a company has utilized the money invested in its operations and is calculated as Net Operating Profit after Tax (excluding certain items) divided by total average capital. To achieve a target payout on the ROC portion, Dow s ROC must equal or exceed pre-established ROC goals for the same period. Dow s ROC target is 10% across the industry cycle and as a result the target for Performance Share Awards ranges from 8.5% to 12.0% on current outstanding grants.

The following table illustrates the measures used, weighting and target goals for the 2011-2013 Performance Share program:

Measure Used/ Weighting	Rationale for Measure	Target Goal
ROC *(50%)*	Reflects operating strength, effectiveness in utilizing capital and profitability	12.0%
Relative TSR *(50%)*	Reflects Dow s TSR versus a peer group of companies TSR	51st percentile

No dividends are paid on unearned Performance Shares. Performance Shares accrue amounts equal to the dividend paid on equivalent shares of Dow Common Stock and are paid only at the time the shares are earned and 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 other executives subject to stock ownership requirements 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 guidelines for their job level.

2008-2010 Performance Share Program Results

The 2008-2010 Performance Share Program focused participants on ROC as a critical financial and operational goal and reflected the legacy program that utilized one financial performance measure. With the exception of the 2009-2011 program (that delivered in 2012), the remaining outstanding three-year Performance Share programs utilize two measures - ROC and TSR as described in detail above. The payout for the 2008-2010 program that was delivered in 2011 was as follows:

Measure Used/ Weighting	Rationale for Measure	Target Goal	Payout Based on Results vs. Goal
ROC *(100%)*	Reflects operating strength, effectiveness in utilizing capital and profitability	10.0%	86%

Long-Term Incentive Awards Grant and Vesting Practices

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 2011 grant date was February 11, 2011. The Company does not grant discounted options, backdate options or re-price outstanding options. Officers must continue to meet their stock ownership guidelines until retirement and since LTI awards do not have provisions for accelerated vesting at retirement, NEOs continue to hold a significant portion of their compensation value in Dow stock for at least three years after retirement.

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 aggregate grant date fair value of awards in the year of grant in accordance with the same standard it applies for financial accounting purposes. Consistent with the U.S. Securities and Exchange Commission regulations, the grant date fair value of 2011 LTI award equity grants for the NEOs is presented in the Summary Compensation Table and Grants of Plan-Based Awards table. Total outstanding unexercised or unvested LTI grants are shown in the Outstanding Equity Awards table.

Elements of Compensation: Benefits Detailed Information

The Company provides a comprehensive set of benefits to eligible 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.

Elements of Compensation: Perquisites Detailed Information

The Company provides the NEOs and other selected executives limited perquisites in order to enhance their security and productivity. The Committee regularly reviews the perquisites provided to the NEOs as part of their overall review of executive compensation. The Committee has determined that all current perquisites are within an appropriate range of competitive compensation practices and made no changes for 2011. The Company provides the NEOs and other selected executives the following limited perquisites:

Financial Planning Support (reimbursed up to the greater of 3% of annual base salary or $5,000)

Executive Physical Examination

Company Car

Executive Excess Umbrella Liability Insurance

Home Security Alarm System

In addition, the CEO is required by the Board of Directors for security and immediate availability reasons to use corporate aircraft for personal travel. Details about the NEOs perquisites, including the aggregate incremental cost to the Company, are shown in the Summary Compensation Table under the All Other Compensation column and the accompanying narrative.

SECTION TWO HOW EXECUTIVE PAY IS ESTABLISHED

Responsibilities of the Committee

The Committee, which is comprised entirely of independent Directors, is responsible for overseeing the Company s executive compensation policies and programs with the goal of maintaining compensation that is competitive within the markets in which Dow competes for talent and reflective of the long-term investment interests of Company stockholders. The Committee reviews and approves the compensation design, compensation levels and benefits programs for the NEOs and other senior leaders. The Committee also monitors Company processes on executive succession and work environment/culture. 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*.

Committee Resources in Setting Pay

The Committee has several resources, analytical tools and performance measures they consider in determining compensation levels.

Committee Resource	Description
Committee Consultant	The Committee has retained a compensation consultant from Mercer. The consultant, Michael Halloran, reports directly to the Committee.
	He advises the Committee on trends and issues in executive compensation and the group of companies in 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 our compensation programs.
	The Committee has the sole authority to retain and oversee the work of Mr. Halloran. Mr. Halloran does not provide services to Company management unless approved by the Chairman of the Committee. In 2011, no such approvals were given. Mercer has multiple safeguards and procedures in place to ensure the independence of the consultants in their

executive compensation consulting practice. These safeguards include a rigidly enforced code of conduct, a policy against investing in client organizations and separation between consulting and administrative business units from a leadership, performance measurement, and compensation perspective. In 2011, Mercer and its affiliates provided approximately $5 million in unrelated human resources consulting services to Dow. The decision to engage Mercer to provide these other services was made by management and was reported to the Committee. In addition to approximately $5 million in aggregate fees for human resources consulting services, Mercer s aggregate fees for executive and director compensation consulting services in 2011 were approximately $220,000.

Dow s Executive Compensation Department

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
- assisting the CEO and Human Resources Executive Vice President in making preliminary recommendations of base salary structure, design and target award levels for the Performance Award and design and award levels for LTI awards
- providing scenario planning/tally sheet information

The Executive Compensation Department has retained the compensation consultant services of Towers Watson. Towers Watson 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

Peer Group and Survey Pay Data

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 Watson. Dow targets the median of the Survey Group for all compensation elements in order 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 Survey Group, last updated in 2009, was evaluated in 2011 and was not changed. The 20 companies, which are comparable to Dow in annual revenue (median of $42 billion) and market capitalization (median of $51 billion), are listed below.

	($ millions)	
Company	**Most Recent FYE Revenue**	**Market Value As of 12/31/11**
3M Company	$ 26,662	$ 57,280
Alcoa Inc.	$ 24,951	$ 9,206
Archer-Daniels-Midland Company	$ 80,676	$ 19,104
The Boeing Company	$ 64,306	$ 54,516
Caterpillar Inc.	$ 42,588	$ 58,584
E. I. du Pont de Nemours & Company	$ 32,347	$ 42,297
Emerson Electric Co.	$ 24,222	$ 34,257
General Electric Company	$ 147,300	$ 189,082
Honeywell International Inc.	$ 33,370	$ 42,040
Johnson & Johnson	$ 61,587	$ 179,089
Johnson Controls, Inc.	$ 40,833	$ 21,269
Kraft Foods Inc.	$ 49,207	$ 66,006
Eli Lilly and Company	$ 23,076	$ 48,117
Monsanto Company	$ 11,822	$ 37,512
PepsiCo, Inc.	$ 57,838	$ 103,732
Pfizer Inc.	$ 67,809	$ 166,346
PPG Industries, Inc.	$ 14,885	$ 12,893
The Procter & Gamble Company	$ 82,559	$ 183,541
Tyco International Ltd.	$ 17,355	$ 21,579
United Technologies Corporation	$ 54,326	$ 66,226
75th Percentile	**$ 62,267**	**$ 75,603**
Median	**$ 41,711**	**$ 51,316**
25th Percentile	**$ 24,769**	**$ 31,087**
Dow Chemical	**$ 53,674**	**$ 33,989**

Factors and Steps in Setting Pay

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

Median (50th percentile) range compensation for similar jobs and job levels in the market

Company s performance against financial measures including net income, earnings per share, EBITDA (earnings before interest, income taxes, depreciation, and amortization), ROC, TSR, economic profit, cash flow management, and cost management discipline

Company s performance relative to goals approved by the Committee

Business climate, economic conditions and other factors

As part of an annual review, Company management and the Committee also review summary total compensation scenarios for the NEOs. All aspects of compensation are modeled under various scenarios, such as stock price sensitivity and business performance. The scenario 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.

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The CEO makes recommendations to the Committee regarding compensation for senior executives after reviewing their performance. Market median compensation values of Dow s Survey Group for similar jobs and job levels are considered for base pay adjustments. Achievement against performance award goals and the executive s individual contribution toward Company objectives are considered in determining the annual Performance Award payout. Market median competitive LTI values from Dow s Survey Group are used to determine the annual LTI grant. The CEO uses discretion when making pay recommendations to the Committee. The Committee is responsible for approving NEO compensation and has broad discretion when setting compensation types and amounts.

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 Committee considers Dow s Survey Group median base pay, annual incentive targets and LTI values from Dow s Survey Group and uses broad discretion when setting compensation types and amounts for the CEO. The Board of Directors is responsible for approving the CEO s compensation types and amounts.

SECTION THREE 2011 NEOs ACHIEVEMENTS AND PAY ACTIONS

The following contributions and achievements were taken into consideration by the Committee in making the 2011 compensation decisions.

Andrew Liveris: Mr. Liveris serves as President, Chief Executive Officer and Chairman. Mr. Liveris compensation for 2011 reflects his leadership in driving the further progress of Dow s transformational strategy in an environment of continued global economic uncertainty. Under Mr. Liveris leadership, despite the ever-changing global business conditions and challenges that resulted in deteriorating global demand and industry fundamentals particularly in the second half of 2011, Dow achieved and in many cases exceeded most of the financial and operating goals and deliverables for 2011. Mr. Liveris led the efforts that resulted in the approval and formation of Sadara Chemical Company in October 2011. This is the world s largest chemical complex ever to be simultaneously built at one time. Mr. Liveris drove investment in and commercialization of the Company s innovation and growth agenda as evidenced by several major new business development projects with customers around the world. The Committee also considered Mr. Liveris efforts in implementing key initiatives throughout the Company to champion Dow s commitment to sustainability through his visible and continuous support of Dow s 2015 Sustainability Goals, his drive to advance Dow s reputation and brand, and his pursuit of elevating employee satisfaction and engagement as measured by considerable positive progress in our Global Employee Opinion and Action Survey.

William Weideman: Mr. Weideman serves as Executive Vice President and Chief Financial Officer. He is responsible for overseeing the financial management and integrity of the internal controls for the Company and he leads Dow s Finance function. Mr. Weideman s compensation for 2011 reflects his contributions in meeting Dow s financial goals. This includes increasing Dow s dividend by 67% in the first quarter, enhancing the Company s balance sheet and liquidity by reducing our gross debt by $2.2 billion, and achieving net debt (gross debt minus cash) to total capital of 40.8% at year-end. The Committee also considered Mr. Weideman s contributions in supporting the successful divestiture of multiple non-strategic businesses/assets in 2011, which generated total proceeds of more than $600 million. Finally, the Committee considered the fact that under Mr. Weideman s leadership Dow maintained and firmly secured its investment grade rating.

Joe Harlan: Mr. Harlan serves as Executive Vice President and President of the Performance Materials Division. Since joining the Company in September of 2011, Mr. Harlan developed and rolled out the Performance Materials strategy and playbook and led the division in several portfolio management actions yielding gains of over $130 million. Mr. Harlan also focused on Dow customers through visits, interactions and exploring collaboration opportunities.

Charles Kalil: Mr. Kalil serves as Executive Vice President, Law and Government Affairs, General Counsel and Corporate Secretary. Mr. Kalil s compensation for 2011 reflects his oversight and contributions as counsel to the Company. Mr. Kalil was responsible for leading the Company s litigation and corporate transactions. In particular, Mr. Kalil supported the execution of Dow s transformational strategy with effective risk assessment, legal counsel and guidance which led to the Sadara joint venture formation. Mr. Kalil led the Company in the arbitration hearing against Petrochemicals Industries Company (K.S.C.) (PIC) in the International Court of Arbitration of the International Chamber of Commerce.

Geoffery Merszei: Mr. Merszei serves as Executive Vice President, President of Dow Europe, Middle East and Africa and Chairman of Dow Europe. Mr. Merszei guided the Company through the Euro crisis and sales (excluding divestitures) for the region increased by 22% from 2010 levels. Under Mr. Merszei s leadership, we increased our external visibility and presence in order to support Dow s growth initiatives. The Committee also considered Mr. Merszei s leadership and support of EH&S goals of the region where all key metrics saw dramatic improvement.

2011 Compensation Actions

The Committee approved the following compensation and awards for the CEO after considering Dow s Survey Group median market data and the 2011 accomplishments of the Company and the CEO. After considering input from the CEO, the Committee approved the following pay actions for the four other NEOs in 2011.

Name	Base Salary ($)	Performance Award ($)	Stock Awards ($)	Option Awards ($)	Total Compensation ($)
Andrew Liveris	1,750,000	1,498,114	6,600,593	4,400,095	14,248,802
William Weideman	786,000	477,519	2,070,601	1,380,058	4,714,178
Joe Harlan	880,000	486,024	5,147,400	1,034,748	7,548,172
Charles Kalil	919,500	558,624	1,980,408	1,320,092	4,778,624
Geoffery Merszei	918,288	507,170	1,980,408	1,320,092	4,725,958

Base Salary: All NEOs (with the exception of Mr. Harlan who was a new hire in 2011) were given salary adjustments in 2011 to adjust their relative position to the median range of the Dow s Survey Group. There were no material differences between the Survey Group median survey values and actual base salary for any of the NEOs. 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 2010 base salary rate and ten months at the 2011 rate. The only exception is Mr. Harlan who only began receiving a salary as of September 2011.

Performance Award: The 2011 Performance Award resulted in an earned base award equal to 52.6% of the target award opportunity for corporate employees. This was calculated under the terms of the plan as described in the Elements of Dow s Executive Compensation Program. As allowed by the plan, an individual performance factor may also be applied for each NEO to reflect their personal contributions for the year as determined by the Committee. There were no material differences between Dow s Survey Group median annual bonus targets and the target Performance Award for any of the NEOs.

Long-Term Incentive Grants (Stock and Option Awards): The Committee approved the LTI grant for each NEO based upon Dow s Survey Group median LTI values and reflective of the mix of equity vehicles described in the Elements of Dow s Executive Compensation Program. There were no material differences between the Survey Group median LTI target values and the target LTI award values for any of the NEOs.

Upon hire, Mr. Harlan was granted options, performance shares and deferred shares at a level commensurate with his responsibilities and to align his actions to stockholder interests. He was also granted additional deferred shares to compensate for a portion of LTI forfeited at his prior employer.

SECTION FOUR EXECUTIVE COMPENSATION GOVERNANCE

In addition to adhering to the processes described in the preceding sections, the Committee has adopted several policies related to Executive Compensation as detailed below.

Stock Ownership Guidelines

Dow has had stock ownership guidelines in place for its NEOs and other senior executives since 1998. The guidelines increase with job level and are reviewed periodically to ensure relevance. Specific stock ownership requirements vary by job level and are determined by applying a multiple between four and six to the base salary midpoint. The guideline values are converted to a fixed share amount for each job level.

The CEO is required to own stock with a value of six times base salary and 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 and must maintain these levels until retirement. 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 savings plans.

The share guidelines are regularly reviewed by the Committee and have been determined to be appropriate relative to market practice and the current value of Dow stock. All NEOs currently hold shares significantly in excess of the guidelines providing further evidence of Dow s philosophy of encouraging the holding of shares in excess of stock ownership guidelines until retirement.

The following table shows the stock ownership guideline for each NEO and their holdings as of December 31, 2011.

Name	Ownership Guideline	Multiple of Base Salary