



The Dow Chemical Company
Second Quarter 2008 Earnings Conference Call
July 24, 2008

SEC Disclosure Rules



Some of our comments today may include statements about our expectations for the future. Those expectations involve risks and uncertainties. Dow cannot guarantee the accuracy of any forecasts or estimates, and we do not plan to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see our annual report and our SEC filings.

In addition, some of our comments may reference non-GAAP financial measures. Where available, a reconciliation to the most directly comparable GAAP financial measures and other associated disclosures are provided on the internet at www.dow.com in the Financial Reports page of the Investor Relations section.

Agenda



- 2Q08 Financial Performance
 - Overview
 - Joint Venture Results
 - Feedstock and Energy Costs
 - Business Segment Review

- Strategy Update
 - Growth
 - Innovation
 - Joint Ventures
 - Financial Discipline

- Outlook

2Q08 Financial Performance



<i>Dollars in millions (except per share amounts)</i>	<u>2Q08</u>	<u>2Q07</u>	<u>Change</u>
Sales	\$16,380	\$13,265	23%
Price			18%
Volume			5%
Purchased feedstock & energy cost			42%
Equity earnings	\$251	\$258	(3%)
EBIT*	\$1,150	\$1,437	(20%)
Earnings per share	\$0.81	\$1.07	(24%)

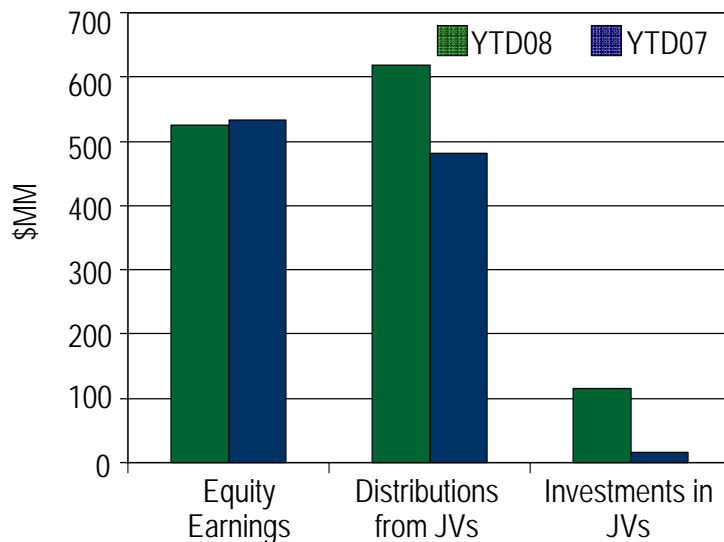
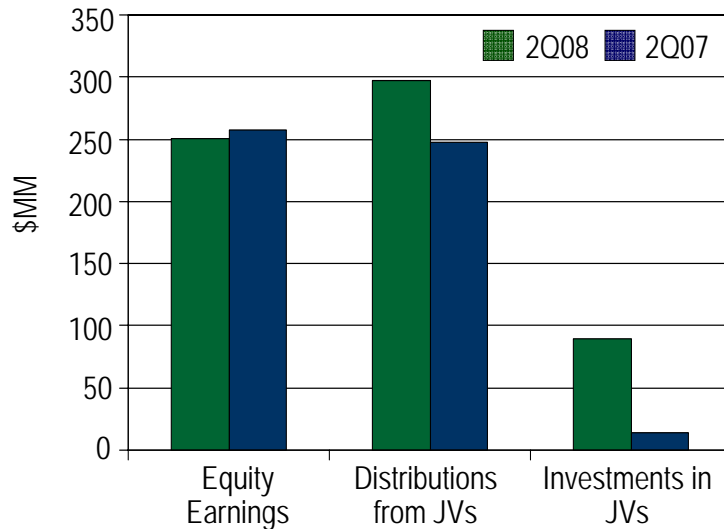
**See Appendix for Reconciliation of Non-GAAP Financial Measure*

2Q08 Financial Highlights



- Record second quarter sales of \$16.4 billion
 - Sales up 23% vs. 2Q07
 - Price up 18% to recover cost increases
 - 5% volume growth
 - Strong international volume growth
- Record sales and EBIT for Agricultural Sciences
- Joint ventures deliver consistently strong results

Joint Venture Financial Highlights

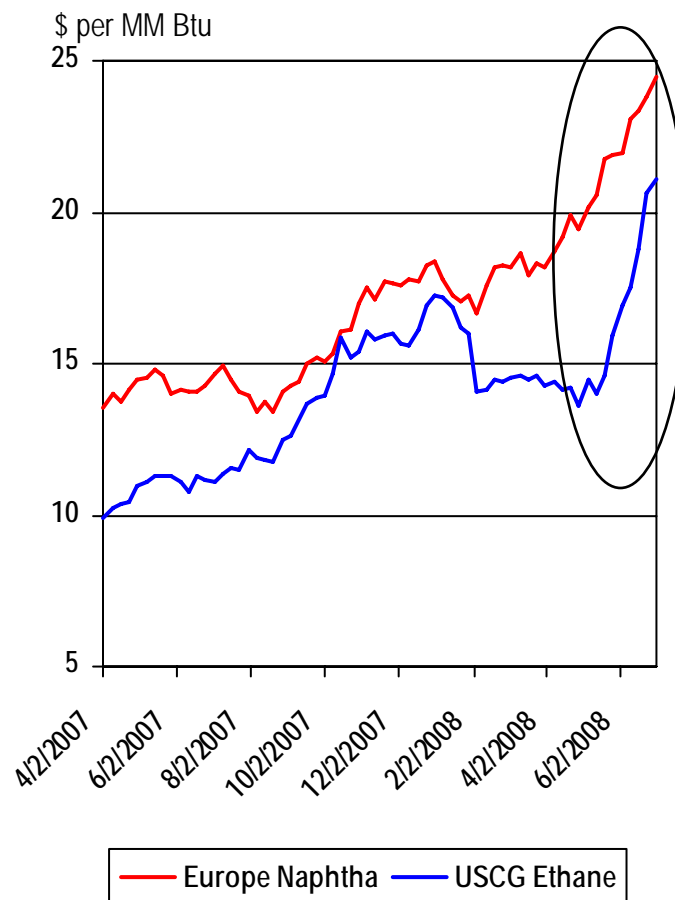


- Dow Corning reported higher earnings with improved margins in silicones; successful startup of new polycrystalline silicone capacity
- EQUATE delivered strong earnings on higher volume and price, as a result of their advantaged feedstock position
- OPTIMAL had margin expansion driven by higher prices and advantaged feedstocks
- MEGlobal earnings were negatively impacted by higher raw materials, lower demand and planned turnarounds
- Equipolymers experienced margin compression from weak PET industry conditions and higher raw material costs

Surge in Feedstock and Energy Costs



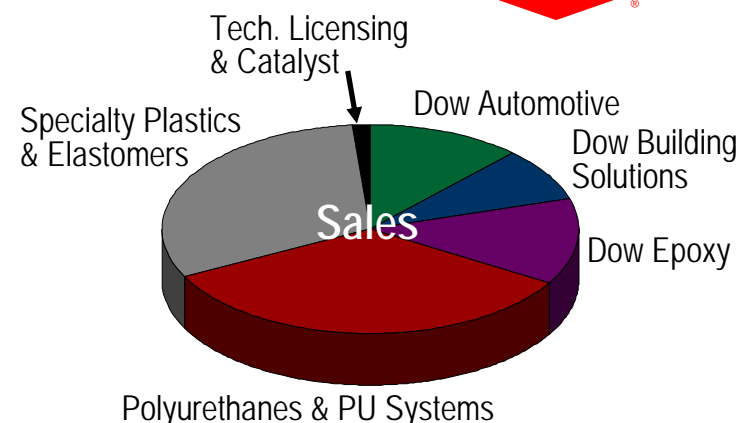
- Unprecedented increase in purchased feedstock and energy costs
 - Up \$2.4B (42%) vs. 2Q07
 - Up \$1.0B (14%) vs. 1Q08
- Actions to address cost surge
 - Price increases
 - Reduced operations
 - Cost controls



Performance Plastics



<i>Dollars in millions</i>	<u>2Q08</u>	<u>2Q07</u>
Sales	\$4,418	\$3,742
<i>Price up 11%; Volume up 7%</i>		
EBIT	\$268	\$382
Equity earnings (included in EBIT)	\$12	\$14



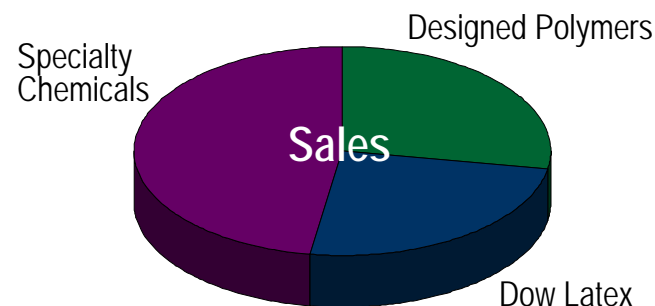
- Price up in all geographies and businesses; strong volume growth outside North America
- High growth in Polyurethane Systems and Epoxy Systems
- Price gains continued to lag significant increases in raw material and supply chain costs

	Sales	Price	Volume
Dow Automotive	↑	↑	↓
Dow Building Solutions	↑	↑	↑
Dow Epoxy	↑	↑	↑
Polyurethanes and PU Systems	↑	↑	↑
Specialty Plastics and Elastomers	↑	↑	↑
Technology Licensing and Catalyst	↑	■	↑

Performance Chemicals



<i>Dollars in millions</i>	<u>2Q08</u>	<u>2Q07</u>
Sales	\$2,476	\$2,071
<i>Price up 14%; Volume up 6%</i>		
EBIT	\$290	\$294
Equity earnings (included in EBIT)	\$119	\$104



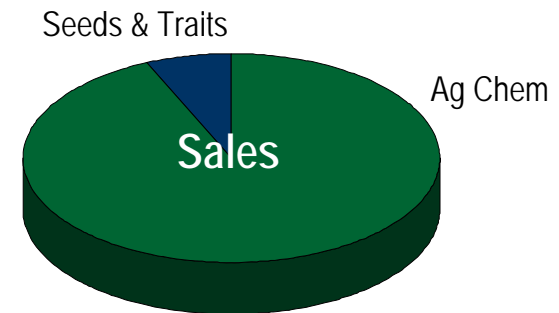
- Price up in all geographies; volume gains in all geographies outside North America
- Strong demand growth in Dow Wolff Cellulosics and Dow Water Solutions
- U.S. housing downturn negatively impacted Dow Latex paint applications

	Sales	Price	Volume
Designed Polymers	↑	↑	↑
Dow Latex	↑	↑	↓
Specialty Chemicals	↑	↑	↓

Agricultural Sciences



<i>Dollars in millions</i>	<u>2Q08</u>	<u>2Q07</u>
Sales	\$1,360	\$1,091
<i>Price up 12%; Volume up 13%</i>		
EBIT	\$335	\$208
Equity earnings (included in EBIT)	1	-



- Price and volume gains in all geographies; record sales and EBIT
- New ag chem product sales up 65%
- Increased investment in R&D, marketing to support future growth

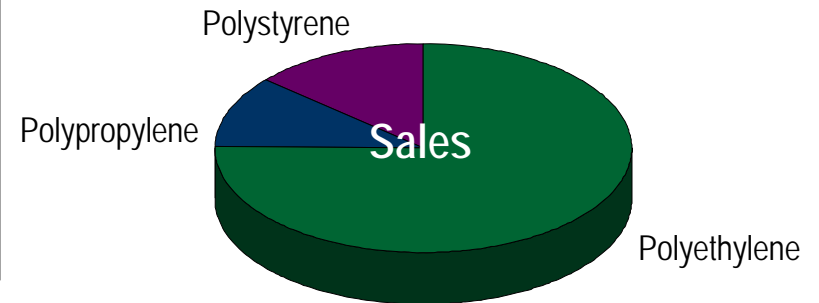
Agricultural Chemicals
Seeds and Traits



Basic Plastics



<i>Dollars in millions</i>	<u>2Q08</u>	<u>2Q07</u>
Sales	\$3,780	\$3,180
<i>Price up 22%; Volume down 3%</i>		
EBIT	\$388	\$529
Equity earnings (included in EBIT)	\$33	\$48



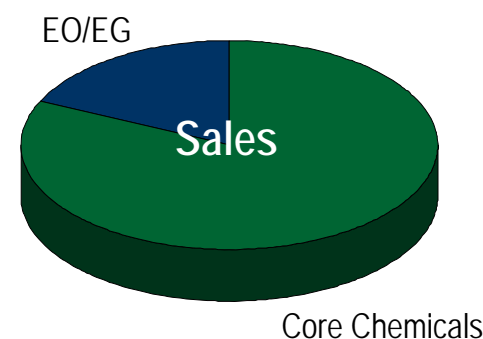
- Double-digit price increases in all businesses and all geographies
- Polyethylene volume gains strong, but margins compressed from higher costs
- Polypropylene volume impacted by a plant shutdown at the St. Charles, LA facility
- Polystyrene volume impacted by formation of Americas Styrenics

	Sales	Price	Volume
Polyethylene	↑	↑	↑
Polypropylene	↑	↑	↓
Polystyrene	↓	↑	↓

Basic Chemicals



<i>Dollars in millions</i>	<u>2Q08</u>	<u>2Q07</u>
Sales	\$1,642	\$1,455
<i>Price up 20%; Volume down 7%</i>		
EBIT	\$29	\$165
Equity earnings (included in EBIT)	\$71	\$80



- Strong caustic soda industry fundamentals drive solid price gains; volume down on unplanned outage
- North America VCM industry conditions weak; demand for PVC in building and construction remained soft
- EO/EG impacted by weak end-use demand and extended plant turnaround

	Sales	Price	Volume
Core Chemicals	↑	↑	↓
Ethylene Oxide / Ethylene Glycol	↓	↑	↓

Growth Strategy



- Dow to acquire Rohm and Haas
- FILMTEC™ membranes selected for new desalination plant in Sydney, Australia
- Dow Building Solutions acquired Stevens Roofing in July 2008

™ Trademark of The Dow Chemical Company ("Dow") or an affiliated company of Dow

Innovation



- Second quarter sales from new products: 34%
- SmartStax™ 8-way gene combination for corn submitted to U.S. EPA for regulatory review
- Dow AgroSciences exercised its option to license zinc finger technology from Sangamo BioSciences
- Dow Elastomers announces 9 new resins in its INFUSE™ polymers line

™ Trademark of The Dow Chemical Company ("Dow") or an affiliated company of Dow; SmartStax is a trademark of Monsanto Technology LLC

Joint Venture Strategy



- CEO and headquarters location announced for K-Dow Petrochemicals, the new joint venture being formed with PIC of Kuwait
- Successful start-up of Americas Styrenics, new polystyrene joint venture between Dow and Chevron Phillips
- Dow and GACL of India announced plans to form joint venture for a chloro-methane facility in India
- Broke ground on a new propylene oxide plant in Thailand with Siam Cement
- Dow Corning's Hemlock Semiconductor unit came on-line

Financial Discipline



- Capital spending
 - \$597 million; \$2.2 billion full year target
- Shareholder remuneration
 - Repurchased 9.6 million shares in 2Q08
 - Since 1Q06, repurchased 7% of shares for \$3 billion
- Working capital management
 - DSO: 39 days - DSI: 60 days
- Performance against financial targets
 - YTD ROC: 13% - YTD ROE: 17%

Outlook



- Surge in oil prices has created uncertainties in demand
- U.S. economy will continue to weaken for the rest of 2008
- Outlook for the global economy remains uncertain
- Continued volatility in feedstock and energy costs
- Dow will remain focused on recovering lost margins and executing strategy to capture growth
- Start operations of K-Dow Petrochemicals
- Prepare for acquisition of Rohm and Haas



Appendix

Reconciliation of Non-GAAP Financial Measure



Three months ended

Dollars in millions

06/30/08

06/30/07

EBIT	\$1,150	\$1,437
+ Interest income	25	33
- Interest expense and amortization of debt discount	151	129
- Provision for income taxes	243	277
- Minority interests' share in income	19	25
Net Income Available for Common Stockholders	\$762	\$1,039

Principal Joint Ventures



Although Dow participates in many joint ventures, the most significant joint ventures from a financial perspective are:

Compañía MEGA S.A.

Dow Corning Corporation

EQUATE Petrochemical Company K.S.C.

Equipolymers

MEGlobal

The OPTIMAL Group of Companies

The SCG-DOW Group

Univation Technologies, LLC

For more information on Dow's joint venture activities, please see our Joint Venture White Paper on Dow's website at http://www.dow.com/about/pdf/djv_0408.pdf

Preliminary Results for Principal Joint Ventures



Principal Joint Ventures - Total

Dow Proportionate Share

\$ in millions - unaudited

	2Q08	2Q07
Sales	\$3,952	\$3,394
Adjusted Sales*	\$3,049	\$2,652
EBIT**	\$868	\$813
Depreciation & Amortization	\$139	\$130

\$ in millions - unaudited

	2Q08	2Q07
Sales	\$1,851	\$1,593
Adjusted Sales*	\$1,457	\$1,272
EBIT**	\$370	\$347
Depreciation & Amortization	\$64	\$60
Equity Earnings	\$258	\$253

*Adjusted Sales is equal to Sales for these joint ventures less sales to Dow and/or to other Dow joint ventures.

**Dow defines EBIT as earnings before interest, income taxes and minority interests.

Preliminary YTD Results for Principal Joint Ventures



Principal Joint Ventures - Total

Dow Proportionate Share

\$ in millions - unaudited

	YTD08	YTD07
Sales	\$7,793	\$6,661
Adjusted Sales*	\$5,945	\$5,175
EBIT**	\$1,761	\$1,620
Depreciation & Amortization	\$259	\$255

\$ in millions - unaudited

	YTD08	YTD07
Sales	\$3,653	\$3,125
Adjusted Sales*	\$2,847	\$2,482
EBIT**	\$750	\$690
Depreciation & Amortization	\$119	\$117
Equity Earnings	\$533	\$515

*Adjusted Sales is equal to Sales for these joint ventures less sales to Dow and/or to other Dow joint ventures.

**Dow defines EBIT as earnings before interest, income taxes and minority interests.

