

DOW CHEMICAL CO /DE/
Form 10-K
February 18, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **DECEMBER 31, 2010**

Commission file number: **1-3433**

THE DOW CHEMICAL COMPANY

(Exact name of registrant as specified in its charter)

Delaware **38-1285128**
State or other jurisdiction of (I.R.S. Employer Identification No.)

incorporation or organization
2030 DOW CENTER, MIDLAND, MICHIGAN 48674

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 989-636-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$2.50 per share	New York and Chicago Stock Exchanges
Debentures, 6.85%, final maturity 2013	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of voting common stock held by non-affiliates as of June 30, 2010 (based upon the closing price of \$23.72 per common share as quoted on the New York Stock Exchange), was approximately \$27.4 billion. For purposes of this computation, it is assumed that the shares of voting stock held by Directors, Officers and the Dow Employees' Pension Plan Trust would be deemed to be stock held by affiliates. Non-affiliated common stock outstanding at June 30, 2010 was 1,156,112,393 shares.

Total common stock outstanding at January 31, 2011 was 1,167,921,633 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2011.

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The Dow Chemical Company

ANNUAL REPORT ON FORM 10-K

For the fiscal year ended December 31, 2010

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The Dow Chemical Company and Subsidiaries

PART I, Item 1. Business.

THE COMPANY

The Dow Chemical Company was incorporated in 1947 under Delaware law and is the successor to a Michigan corporation, of the same name, organized in 1897. Except as otherwise indicated by the context, the terms Company or Dow as used herein mean The Dow Chemical Company and its consolidated subsidiaries. On April 1, 2009, the merger of Rohm and Haas Company (Rohm and Haas) with a subsidiary of the Company was completed, and Rohm and Haas became a wholly owned subsidiary of Dow.

Dow is a diversified, worldwide manufacturer and supplier of products used primarily as raw materials in the manufacture of customer products and services. The Company serves the following industries: appliance; automotive; agricultural; building and construction; chemical processing; electronics; furniture; housewares; oil and gas; packaging; paints, coatings and adhesives; personal care; pharmaceutical; processed foods; pulp and paper; textile and carpet; utilities; and water treatment.

The Company's principal executive offices are located at 2030 Dow Center, Midland, Michigan 48674, telephone 989-636-1000. Its Internet website address is www.dow.com. All of the Company's filings with the U.S. Securities and Exchange Commission are available free of charge through the Investor Relations page on this website, immediately upon filing.

BUSINESS AND PRODUCTS

Corporate Profile

Dow combines the power of science and technology with the Human Element to passionately innovate what is essential to human progress. The Company connects chemistry and innovation with the principles of sustainability to help address many of the world's most challenging problems such as the need for clean water, renewable energy generation and conservation, and increasing agricultural productivity. Dow's diversified industry-leading portfolio of specialty chemical, advanced materials, agrosiences and plastics businesses deliver a broad range of technology-based products and solutions to customers in approximately 160 countries and in high growth sectors such as electronics, water, energy, coatings and agriculture. In 2010, Dow had annual sales of \$53.7 billion and employed approximately 50,000 people worldwide. The Company's more than 5,000 products are manufactured at 188 sites in 35 countries across the globe. The following descriptions of the Company's eight operating segments include a representative listing of products for each business.

ELECTRONIC AND SPECIALTY MATERIALS

Applications: chemical mechanical planarization (CMP) pads and slurries chemical processing aids and intermediates electronic displays food and pharmaceutical processing and ingredients home and personal care ingredients hygiene and infection control photolithography materials printed circuit board materials process and materials preservation semiconductor packaging, connectors and industrial finishing water purification

Dow Electronic Materials is a leading global supplier of materials for chemical mechanical planarization; materials used in the production of electronic displays, including brightness films, diffusers, metalorganic light emitting diode (LED) precursors and organic light emitting diode (OLED) materials; products and technologies that drive leading edge semiconductor design; materials used in the fabrication of printed circuit boards; and integrated metallization processes critical for interconnection, corrosion resistance, metal finishing and decorative applications. These enabling materials are found in applications such as consumer electronics, flat panel displays and telecommunications.

Products: ACuPLANE CMP slurries; AR antireflective coatings; AUROLECTROLESS immersion gold process; COPPER GLEAM acid copper plating products; CYCLOTENE advanced electronics resins; DURAPOSIT electroless nickel process; ENLIGHT products for photovoltaic manufacturers; EPIC immersion photoresists; INTERVIA photodielectrics for advanced packaging; LITHOJET digital imaging processes; OPTOGRADE metalorganic precursors; VISIONPAD CMP pads

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Specialty Materials is a portfolio of businesses characterized by a vast global footprint, a broad array of unique chemistries, multi-functional ingredients and technology capabilities, combined with key positions in the pharmaceuticals, food, home and personal care, water and energy production, and industrial specialty industries. These technology capabilities and market platforms enable the businesses to develop innovative solutions that address modern societal needs for sufficient and clean water, air and energy, material preservation and improved health care, disease prevention, nutrition and wellness. The businesses' global footprint and geographic reach provide multiple opportunities for value growth. Specialty Materials consists of five global businesses: Dow Water and Process Solutions, Dow Home and Personal Care, Dow Microbial Control, Dow Wolff Cellulosics and Performance Materials.

Products and Services: Acrolein derivatives; ACUDYNE hair fixative resins; ACULYN rheology modifiers; ACUMER scale inhibitors and dispersants; ACUSOL detergent polymers, dispersants, opacifiers and rheology modifiers; AMBERCHROM chromatography resins; AMBERJET, AMBERLITE, AMBERLYST and DOWEX ion exchange resins; ANGUS nitroalkanes and derivatives; AQUCAR water treatment microbiocides; ASC METATIN dimethyltin catalyst; AUTOMATE liquid dyes; BIOBAN biocide for material preservation; CELLOSIZE hydroxyethyl cellulose; CLEAR+STABLE carboxymethyl cellulose; Divinylbenzene; DOW electrodeionization; DOW ultrafiltration; DUOLITE pharmaceutical grade resins; DURAGREEN and DURAPLUS floor care polymers; ECOSMOOTH silk conditioning polymers; ECOSURF biodegradable surfactants; ETHOCEL ethylcellulose polymers; FILMTEC reverse osmosis membrane elements; GLUTEX sanitizers and cleaners; KATHON preservatives; KLARIX algicides; METHOCEL cellulose ethers; NEOLONE preservatives for personal care; OPULYN opacifiers; POLYOX water-soluble resins; PRIMENE amines; Quaternaries; SATISFIT Weight Care Technology; SILVADUR antimicrobial; Sodium borohydride products; SOFTCAT polymers; SOLTERRA Boost inorganic SPF booster; SOLTEX waterproofing polymer; SUNSPHERES SPF boosters; UCARE polymers; UCARHIDE opacifier; UCON fluids; VENPURE reducing agents; VERSENE chelating agents; Vinylbenzyl chloride; VINYZENE antimicrobials for plastics; WALOCEL cellulose polymers; WALSRORDER nitrocellulose; ZinClear IM zinc oxide dispersions

The Electronic and Specialty Materials segment also includes the Company's share of the results of Dow Corning Corporation, a joint venture of the Company.

COATINGS AND INFRASTRUCTURE

Applications: building and construction, insulation and weatherization, roofing membrane systems, adhesives and sealants cellulose-based construction additives construction materials (vinyl siding, vinyl windows, vinyl fencing) flexible and rigid packaging general mortars and concrete, cement modifiers and plasters, tile adhesives and grouts house and traffic paints leather, textile, graphic arts and paper metal coatings pipeline coatings processing aids for plastic production tapes and labels transportation and corrosion protection

Dow Adhesives and Functional Polymers is a portfolio of businesses that primarily manufacture sticking and bonding solutions for a wide range of applications, including adhesive tapes and paper labels, flexible packaging and leather, textile and imaging. These products are supported with market recognized best-in-class technical support and end-use application knowledge. Many of the businesses' water-borne technologies are well-positioned to support more environmentally preferred applications.

Products: ADCOTE and AQUA-LAM laminating adhesives; MOR-FREE solventless adhesives; ROBOND acrylic adhesives; SERFENE barrier coatings; Solvent-based polyurethanes and polyesters; TYMOR tie resins

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Dow Building and Construction is comprised of three global businesses – Dow Building Solutions, Dow Construction Chemicals and Dow Solar Solutions – which offer extensive lines of industry-leading insulation, housewrap, sealant and adhesive products and systems, as well as construction chemical solutions and building-integrated photovoltaics. Through its strong sales support, customer service and technical expertise, Dow Building Solutions provides meaningful solutions for improving the energy efficiency in homes and buildings today, while also addressing the industry’s emerging needs and demands. Dow Construction Chemicals provides solutions for increased durability, greater water resistance and lower systems costs. As a leader in insulation solutions, the businesses’ products help curb escalating utility bills, reduce a building’s carbon footprint and provide a more comfortable indoor environment. Dow Solar Solutions is focused on developing the next generation of solar energy products to solve global energy challenges.

Products: AQUASET acrylic thermosetting resins; CELLOSIZE hydroxyethyl cellulose; DOW latex powders; FROTH-PAK polyurethane spray foam; GREAT STUFF polyurethane foam sealant; INSTA-STIK roof insulation adhesive; METHOCEL cellulose ethers; POWERHOUSE solar shingle; RHOPLEX aqueous acrylic polymer emulsions; STYROFOAM brand insulation products (including extruded polystyrene and polyisocyanurate rigid foam sheathing products); THERMAX insulation; TILE BOND roof tile adhesive; WEATHERMATE weather barrier solutions (housewraps, sill pans, flashings and tapes)

Dow Coating Materials is the largest coatings supplier in the world and a premier supplier of raw materials for architectural paints and industrial coatings. The business manufactures and delivers solutions that leverage high quality, technologically advanced product offerings for paint and coatings. The business also offers technologies used in industrial coatings, including packaging, pipelines, wood, automotive, marine, maintenance and protective industries. The business is also the leader in the conversion of solvent to water-based technologies, which enable customers to offer more environmentally friendly products, including low volatile organic compound (VOC) paints and other sustainable coatings.

Products: ACRYCOL rheology modifiers; AVANSE, ELASTENE, PRIMAL and RHOPLEX acrylics; CELLOSIZE hydroxyethyl cellulose; CELLOSOLVE and the CARBITOL and DOWANOL series of oxygenated solvents; D.E.H. curing agent and intermediates; D.E.R. and D.E.N. liquid and epoxy resins; FORTEGRA Epoxy Tougheners; OROTAN and TAMOL dispersants; ROPAQUE opaque polymers; TRITON, TERGITOL, DOWFAX and ECOSURF SA surfactants

HEALTH AND AGRICULTURAL SCIENCES

Applications: agricultural seeds, traits (genes) and oils – control of weeds, insects and plant diseases for agriculture and pest management

Dow AgroSciences is a global leader in providing agricultural and plant biotechnology products, pest management solutions and healthy oils. The business invents, develops, manufactures and markets products for use in agriculture, industrial and commercial pest management, and food service.

Products: AGROMEN seeds; BRODBECK seed; CLINCHER herbicide; DAIRYLAND seed; DELEGATE insecticide; DITHANE fungicide; Dow AgroSciences SmartStax; FORTRESS fungicide; GARLON herbicide; GLYPHOMAX herbicide; GRANITE herbicide; HERCULEX I, HERCULEX RW and HERCULEX XTRA insect protection; KEYSTONE herbicides; LAREDO fungicide; LONTREL herbicide; LORSBAN insecticides; MILESTONE herbicide; MUSTANG herbicide; MYCOGEN seeds; NEXERA canola and sunflower seeds; PHYTOGEN cottonseeds; PROFUME gas fumigant; RENZE seed; SENTRICON termite colony elimination system; SIMPLICITY herbicide; STARANE herbicide; TELONE soil fumigant; TORDON herbicide; TRACER NATURALYTE insect control; TRIUMPH seed; VIKANE structural fumigant; WIDESTRIKE insect protection

The Health and Agricultural Sciences segment also includes the results of the AgroFresh business, providing a portfolio of products used for maintaining the freshness of fruits, vegetables and flowers.

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PERFORMANCE SYSTEMS

Applications: automotive interiors, exteriors, under-the-hood and body engineered systems bedding caps and closures food and specialty packaging footwear furniture gaskets and sealing components manufactured housing and modular construction medical equipment mining pipe treatment pressure sensitive adhesives transportation vinyl exteriors waterproofing membranes wire and cable insulation and jacketing materials for power utility and telecommunications

Dow Automotive Systems is a leading global provider of technology-driven solutions that meet consumer demand for vehicles that are safer, stronger, quieter, lighter, more comfortable and stylish. The business provides plastics, adhesives, glass bonding systems, emissions control technology, films, fluids, structural enhancement and acoustical management solutions to original equipment manufacturers, tier, aftermarket and commercial transportation customers. With offices and application development centers around the world, Dow Automotive Systems provides materials science expertise and comprehensive technical capabilities to its customers worldwide.

Products: AERIFY diesel particulate filters; BETAFOAM NVH acoustical foams; BETAMATE structural adhesives; BETASEAL glass bonding systems; DOW polyethylene resins; IMPAXX energy management foam; INSPIRE performance polymers; INTEGRAL adhesive films; ISONATE pure and modified methylene diphenyl diisocyanate (MDI) products; PELLETHANE thermoplastic polyurethane elastomers; Premium brake fluids and lubricants; SPECIFLEX semi-flexible polyurethane foam systems

Dow Elastomers offers a unique set of elastomers, specialty films and plastic additive products for customers worldwide. The business is focused on delivering innovative solutions that allow for differentiated participation in multiple industries and applications. The business offers a broad range of performance elastomers and plastomers, specialty copolymers, synthetic rubber, specialty resins, and films and plastic additives. Key applications include adhesives, transportation, building and construction, packaging and consumer durables.

Products: ADVASTAB thermal stabilizer; AFFINITY polyolefin plastomers (POPs); AMPLIFY functional polymers; DOW Adhesive Film; DOW Backing Layer Film; DOW Medical Device Film; DOW Medical Packaging Film; DOW very low density polyethylene; ENGAGE polyolefin elastomers; ENLIGHT polyolefin encapsulant films; INFUSE olefin block copolymers; INTEGRAL adhesive films; NORDEL hydrocarbon rubber; NYLOPAK nylon barrier films; OPTICITE films; PARALOID EXL impact modifier; PRIMACOR copolymers; PROCITE window envelope films; SARAN barrier resins; SARANEX barrier films; TRENCHCOAT protective films; TRYCITE polystyrene film; TYBRITE clear packaging film; TYRIN chlorinated polyethylene; VERSIFY plastomers and elastomers

Dow Formulated Systems manufactures and markets custom formulated, rigid and semi-rigid, flexible, integral skin and microcellular polyurethane foams and systems and tailor-made epoxy solutions and systems. These products are used in a broad range of applications including appliances, athletic equipment, automotive, bedding, construction, decorative molding, furniture, shoe soles and wind turbines.

Products: AIRSTONE epoxy systems; Encapsulants and chemical compositions; ENFORCER Technology and ENHANCER Technology for polyurethane carpet and turf backing; HYPERKOTE, TRAFFIDECK and VERDISEAL waterproofing systems; HYPOL hydrophilic polyurethane prepolymers; RENUVA Renewable Resource Technology; SPECIFIL urethane components; SPECIFLEX copolymer polyols; SPECTRIM reaction moldable products; VORACOR and VORALAST polyurethane systems and VORALAST R renewable content system; VORAMER industrial adhesives and binders; VORASTAR polymers; XITRACK polyurethane rail ballast stabilization systems

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Dow Wire and Cable is the world's leading provider of polymers, additives and specialty oil technology-based solutions for electrical and telecommunication applications. Through its suite of polyolefin ENDURANCE products, the business sets industry standards for assurance of longevity, efficiency, ease of installation and protection in the transmission, distribution and consumption of power, voice and data. In addition to world-class power, telecommunications and flame retardant/specialty cable applications, the business supports its product offerings with solid research, product development, engineering and market validation expertise.

Products: ENGAGE polyolefin elastomers; NORDEL hydrocarbon rubber; SI-LINK and REDI-LINK moisture crosslinkable polyethylene-based wire and cable insulation compounds; TYRIN chlorinated polyethylene; UNIGARD flame retardant compound for specialty wire and cable applications

The Performance Systems segment also includes the results of Dow Fiber Solutions, providing differentiated fibers and process improvements to the textile industry, and Dow Oil and Gas, providing products for use in exploration and production, refining and gas processing, transportation, and fuel and lubricant performance.

On March 2, 2010, Dow announced the entry into a definitive agreement to sell Styron to an affiliate of Bain Capital Partners; the transaction closed on June 17, 2010. Businesses and products sold included Synthetic Rubber and certain products from Dow Automotive Systems, which were reported in the Performance Systems segment through the date of the divestiture.

PERFORMANCE PRODUCTS

Applications: adhesives aircraft and runway deicing fluids appliances carpeting chelating agents chemical intermediates civil engineering cleaning products coated paper and paperboard composites construction corrosion inhibitors detergents, cleaners and fabric softeners electrical castings, potting and encapsulation and tooling electrical laminates electronics flavors and fragrances flooring footwear gas treatment heat transfer fluids home and office furnishings industrial coatings mattresses metalworking fluids packaging sealants surfactant

The **Amines** business is the world's largest producer of ethanolamines, ethyleneamines and isopropanolamines used in a wide variety of applications, including gas treatment, heavy-duty liquid detergents, herbicide formulations for the agricultural industry and personal care products.

Products: Alkyl alkanolamines; Ethanolamines; Ethyleneamines; Isopropanolamines; Piperazine; VERSENE chelating agents

The **Emulsion Polymers** business provided a broad line of styrene-butadiene products supporting customers in paper and paperboard applications, as well as carpet and artificial turf backings.

On March 2, 2010, Dow announced the entry into a definitive agreement to sell Styron to an affiliate of Bain Capital Partners; the transaction closed on June 17, 2010. Businesses sold included Emulsion Polymers (styrene-butadiene latex), which was reported in the Performance Products segment through the date of the divestiture.

The **Epoxy** business is the world's largest producer of epoxy resins and intermediates. The business is the most feedstock-integrated supplier in the world. Epoxies provide good adhesion and coating protection over a range of environmental conditions, making them ideal for applications such as transportation, marine and civil engineering.

Products: D.E.H. epoxy curing agents or hardeners; D.E.N. epoxy novolac resins; D.E.R. epoxy resins (liquids, solids and solutions); Epoxy intermediates (acetone, allyl chloride, epichlorohydrin and phenol); Epoxy resin waterborne emulsions and dispersions; FORTEGRA epoxy tougheners; Glycidyl methacrylate (GMA)

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The **Oxygenated Solvents** business offers a full range of acetone derivatives, alcohols, esters, and ethylene- and propylene-based glycol ether products. The business is the industry leader in solvent products used in cleaning products, inks, electronics, mining, paints and coatings, personal care and other applications.

Products: Acetic esters; Acetone derivatives; Alcohols; Aldehydes; Butyl CARBITOL and Butyl CELLOSOLVE solvents; Carboxylic acids; DOWANOL glycol ethers; ECOSOFT IK solvent; PROGLYDE DMM solvent; UCAR propionates

The **Performance Monomers** business produces specialty monomer products that are sold externally as well as consumed internally as building blocks used in downstream polymer businesses. The business products are used in several applications, including cleaning materials, personal care products, paints, coatings and inks.

Products: Acrylic acid/acrylic esters; ACUMER, ACUSOL, DURAMAX, OPTIDOSE, ROMAX and TAMOL dispersants; Methyl methacrylate

The **Polyglycols, Surfactants and Fluids** business is one of the world's leading suppliers of polyglycols and surfactants, with a broad range of products and technology and a proven record of performance and economy. The business also produces a broad line of lubricants, hydraulic fluids, aircraft deicing fluids and thermal fluids, with some of the most recognized brand names in the industry. Product applications include chemical processing, cleaning, heating, cooling, food and beverage processing, fuel additives, paints and coatings, pharmaceuticals and silicone surfactants.

Products: AMBITROL and NORKOOL coolants; CARBOWAX and CARBOWAX SENTRY polyethylene glycols and methoxypolyethylene glycols; DOW polypropylene glycols; DOW SYMBIO base fluid; DOWFAX, TERGITOL and TRITON surfactants; DOWFROST and DOWTHERM heat transfer fluids; ECOSURF biodegradable surfactants; SYNALOX lubricants; UCAR deicing fluids; UCON fluids

The **Polyurethanes** business is a leading global producer of polyurethane raw materials. Dow's polyurethane products are used in a broad range of applications including appliance, athletic equipment, automotive, bedding, construction, decorative molding, furniture and shoe soles.

Products: ECHELON polyurethane prepolymer; ISONATE methylene diphenyl diisocyanate (MDI); MONOTHANE single component polyurethane elastomers; PAPI polymeric MDI; Propylene glycol; Propylene oxide; RENUVA Renewable Resource Technology; VORANATE isocyanate; VORANOL VORACTIV polyether and copolymer polyols

The Performance Products segment also includes the results of Dow Haltermann, a provider of world-class contract manufacturing services to companies in the fine and specialty chemicals and polymers industries, and SAFECHEM, a wholly owned subsidiary that manufactures closed-loop systems to manage the risks associated with chlorinated solvents. The segment also includes a portion of the results of the OPTIMAL Group of Companies (through the September 30, 2009 divestiture of this group of joint ventures) and the SCG-Dow Group, joint ventures of the Company.

PLASTICS

Applications: adhesives appliances and appliance housings agricultural films automotive parts and trim beverage bottles bins, crates, pails and pallets building and construction coatings consumer and durable goods consumer electronics disposable diaper liners fibers and nonwovens films, bags and packaging for food and consumer products hoses and tubing household and industrial bottles housewares hygiene and medical films industrial and consumer films and foams information technology oil tanks and road equipment plastic pipe textiles toys, playground equipment and recreational products wire and cable compounds

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The **Polyethylene** business is the world's leading supplier of polyethylene-based solutions through sustainable product differentiation. With multiple catalyst and process technologies, the business offers customers one of the industry's broadest ranges of polyethylene resins.

Products: ASPUN fiber grade resins; ATTANE ultra low density polyethylene (ULDPE) resins; CONTINUUM bimodal polyethylene resins; DOW high density polyethylene (HDPE) resins; DOW low density polyethylene (LDPE) resins; DOWLEX polyethylene resins; ELITE enhanced polyethylene (EPE) resins; TUFLIN linear low density polyethylene (LLDPE) resins; UNIVAL HDPE resins

The **Polypropylene** business, a major global polypropylene supplier, provides a broad range of products and solutions tailored to customer needs by leveraging Dow's leading manufacturing and application technology, research and product development expertise, extensive market knowledge and strong customer relationships.

Products: DOW homopolymer polypropylene resins; DOW impact copolymer polypropylene resins; DOW random copolymer polypropylene resins; INSPIRE performance polymers; UNIPOL PP process technology; SHAC and SHAC ADT catalyst systems

The **Styrenics** business, the global leader in the production of polystyrene resins, is uniquely positioned with geographic breadth and participation in a diversified portfolio of applications.

Products: Licensing and supply of related catalysts, process control software and services for the Mass ABS process technology; STYRON A-TECH and C-TECH advanced technology polystyrene resins and a full line of STYRON general purpose polystyrene resins; STYRON high-impact polystyrene resins

On March 2, 2010, Dow announced the entry into a definitive agreement to sell Styron to an affiliate of Bain Capital Partners; the transaction closed on June 17, 2010. Businesses sold included Styrenics (polystyrene, acrylonitrile butadiene styrene, styrene acrylonitrile and expandable polystyrene), Polycarbonate and Compounds and Blends, as well as the Company's 50-percent ownership interest in Americas Styrenics LLC, a nonconsolidated affiliate; all of which were reported in the Plastics segment through the date of the divestiture.

The Plastics segment also includes the results of the Plastics Licensing and Catalyst business and the Polycarbonate and Compounds and Blends business (through the June 17, 2010 divestiture of Styron). It also includes the results of Equipolymers, Americas Styrenics LLC (through the June 17, 2010 divestiture of Styron) and Univation Technologies, LLC (which licenses the UNIPOL polyethylene process and sells related catalysts, including metallocene catalysts), as well as a portion of the results of EQUATE Petrochemical Company K.S.C., The Kuwait Olefins Company K.S.C. and the SCG-Dow Group, all joint ventures of the Company.

CHEMICALS AND ENERGY

Applications: agricultural products alumina automotive antifreeze and coolant systems carpet and textiles chemical processing dry cleaning household cleaners and plastic products inks metal cleaning packaging, food and beverage containers paints, coatings and adhesives personal care products petroleum refining pharmaceuticals plastic pipe power protective packaging pulp and paper manufacturing soaps and detergents water treatment

The **Chlor-Alkali/Chlor-Vinyl** business focuses on the production of chlorine for consumption by downstream Dow derivatives, as well as production, marketing and supply of ethylene dichloride, vinyl chloride monomer and caustic soda. These products are used for applications such as alumina production, pulp and paper manufacturing, soaps and detergents and building and construction. Dow is the world's largest producer of both chlorine and caustic soda.

Products: Caustic soda; Chlorine; Ethylene dichloride (EDC); Hydrochloric acid; Vinyl chloride monomer (VCM)

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The **Energy** business supplies power, steam and other utilities, principally for use in Dow's global operations.

Products: Power, steam and other utilities

The **Ethylene Oxide/Ethylene Glycol** business is the world's largest producer of purified ethylene oxide, principally used in Dow's downstream performance derivatives. Dow is also a key supplier of ethylene glycol to MEGlobal, a 50:50 joint venture and a world leader in the manufacture and marketing of merchant monoethylene glycol and diethylene glycol. Ethylene glycol is used in polyester fiber, polyethylene terephthalate (PET) for food and beverage container applications, polyester film, and aircraft and runway deicers.

Products: Ethylene oxide (EO); Ethylene glycol (EG); METEOR EO/EG process technology and catalysts

The Chemicals and Energy segment also includes the results of the Chlorinated Organics business. Also included in the Chemicals and Energy segment are the results of MEGlobal and a portion of the results of EQUATE Petrochemical Company K.S.C., The Kuwait Olefins Company K.S.C. and the OPTIMAL Group of Companies (through the September 30, 2009 divestiture of this group of joint ventures), all joint ventures of the Company.

HYDROCARBONS

Applications: polymer and chemical production

The **Hydrocarbons** business encompasses the procurement of natural gas liquids and crude oil-based raw materials, as well as the supply of monomers, principally for use in Dow's global operations. The business regularly sells its by-products and buys and sells products in order to balance regional production capabilities and derivative requirements. The business also sells products to certain Dow joint ventures. Dow is the world leader in the production of olefins and aromatics.

Products: Benzene; Butadiene; Butylene; Cumene; Ethylene; Propylene; Styrene

The Hydrocarbons segment also includes the results of Compañía Mega S.A. and a portion of the results of The Kuwait Olefins Company K.S.C. and the SCG-Dow Group, joint ventures of the Company.

On March 2, 2010, Dow announced the entry into a definitive agreement to sell Styron to an affiliate of Bain Capital Partners; the transaction closed on June 17, 2010. Businesses and products sold included certain styrene monomer assets, which were reported in the Hydrocarbons segment through the date of the divestiture.

Corporate includes the results of Ventures (which includes new business incubation platforms focused on identifying and pursuing new commercial opportunities); Venture Capital; non-business aligned technology licensing and catalyst activities; the Company's insurance operations and environmental operations; and certain corporate overhead costs and cost recovery variances not allocated to the operating segments. In 2009, Corporate also included the results of the Salt business, which the Company acquired with the April 1, 2009 acquisition of Rohm and Haas and sold to K+S Aktiengesellschaft on October 1, 2009.

Industry Segments and Geographic Area Results

See Note Z to the Consolidated Financial Statements for information by operating segment and geographic area.

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Competition

Historically, the chemical industry has operated in a competitive environment, and that environment is expected to continue. The Company experiences substantial competition in each of its operating segments and in each of the geographic areas in which it operates. In addition to other chemical companies, the chemical divisions of major national and international oil companies, advanced material suppliers, and producers of crop protection chemicals and agricultural biotechnology provide substantial competition in the United States and abroad. Dow competes worldwide on the basis of quality, technology, price and customer service, and for 2010, continued to be the largest U.S. producer of chemicals and plastics, in terms of sales.

Raw Materials

The Company operates in an integrated manufacturing environment. Basic raw materials are processed through many stages to produce a number of products that are sold as finished goods at various points in those processes.

The two major raw material streams that feed the integrated production of the Company's finished goods are chlorine-based and hydrocarbon-based raw materials.

Salt, limestone and natural brine are the base raw materials used in the production of chlor-alkali products and derivatives. The Company owns salt deposits in Louisiana and Texas; Alberta, Canada; Brazil; and Germany.

The Company purchases hydrocarbon raw materials including liquefied petroleum gases, crude oil, naphtha, natural gas and condensate. These raw materials are used in the production of both saleable products and energy. The Company also purchases electric power, benzene, ethylene and propylene to supplement internal production. Expenditures for hydrocarbon feedstocks and energy accounted for 41 percent of the Company's production costs and operating expenses for the year ended December 31, 2010. The Company purchases these raw materials on both short- and long-term contracts.

Other significant raw materials include acetone, aniline, phenol, styrene, methanol, carbon black, ammonia, formaldehyde and acetic acid. The Company purchases these raw materials on both short- and long-term contracts.

The Company had adequate supplies of raw materials during 2010, and expects to continue to have adequate supplies of raw materials in 2011.

Method of Distribution

All products and services are marketed primarily through the Company's sales force, although in some instances more emphasis is placed on sales through distributors.

Twenty-nine percent of the sales of the Chemicals and Energy segment in 2010 were to one customer, with which the Company has an ongoing supply contract. In addition, excess ethylene glycol produced in Dow's plants in the United States and Europe is sold to MEGlobal, a 50:50 joint venture with Petrochemical Industries Company (K.S.C.) of Kuwait. Sales to MEGlobal represented approximately 10 percent of the sales in the Chemicals and Energy segment in 2010. Twenty-five percent of the sales of the Hydrocarbons segment in 2010 were to two other customers with which the Company has ongoing supply contracts. Other than the sales to these customers, no significant portion of the business of any operating segment is dependent upon a single customer.

No single product accounted for more than 5 percent of the Company's consolidated net sales in 2010.

Research and Development

The Company is engaged in a continuous program of basic and applied research to develop new products and processes, to improve and refine existing products and processes, and to develop new applications for existing products. Research and development expenses were \$1,660 million in 2010, \$1,492 million in 2009 and \$1,310 million in 2008. At December 31, 2010, the Company employed approximately 6,300 people in various research and development activities.

Table of Contents**Patents, Licenses and Trademarks**

The Company continually applies for and obtains U.S. and foreign patents. At December 31, 2010, the Company owned 3,609 active U.S. patents and 14,028 active foreign patents as follows:

Patents Owned at December 31, 2010

	<i>U.S.</i>	<i>Foreign</i>
Electronic and Specialty Materials	988	3,063
Coatings and Infrastructure	513	2,625
Health and Agricultural Sciences	573	1,882
Performance Systems	744	3,311
Performance Products	330	1,465
Plastics	215	931
Chemicals and Energy	26	106
Hydrocarbons	14	102
Corporate	206	543
Total	3,609	14,028

Dow's primary purpose in obtaining patents is to protect the results of its research for use in operations and licensing. Dow is also party to a substantial number of patent licenses and other technology agreements. The Company had revenue related to patent and technology royalties totaling \$191 million in 2010, \$269 million in 2009 and \$307 million in 2008. The Company incurred royalties to others of \$111 million in 2010, \$102 million in 2009 and \$60 million in 2008. Dow also has a substantial number of trademarks and trademark registrations in the United States and in other countries, including the Dow in Diamond trademark. Although the Company considers that its patents, licenses and trademarks in the aggregate constitute a valuable asset, it does not regard its business as being materially dependent upon any single patent, license or trademark.

Principal Partly Owned Companies

Dow's principal nonconsolidated affiliates at December 31, 2010, including direct or indirect ownership interest for each, are listed below:

Compañía Mega S.A. 28 percent an Argentine company that owns a natural gas separation and fractionation plant, which provides feedstocks to the Company's petrochemical plant located in Bahia Blanca, Argentina.

Dow Corning Corporation 50 percent a U.S. company that manufactures silicone and silicone products. See Note N to the Consolidated Financial Statements.

EQUATE Petrochemical Company K.S.C. 42.5 percent a Kuwait-based company that manufactures ethylene, polyethylene and ethylene glycol.

Equipolymers 50 percent a company, headquartered in Horgen, Switzerland, that manufactures purified terephthalic acid, and manufactures and markets polyethylene terephthalate resins.

The Kuwait Olefins Company K.S.C. 42.5 percent a Kuwait-based company that manufactures ethylene and ethylene glycol.

MEGlobal 50 percent a company, headquartered in Dubai, United Arab Emirates, that manufactures and markets monoethylene glycol and diethylene glycol.

The SCG-Dow Group [consisting of Siam Polyethylene Company Limited 49 percent; Siam Polystyrene Company Limited 50 percent; Siam Styrene Monomer Co., Ltd. 50 percent; Siam Synthetic Latex Company Limited 50 percent] Thailand-based companies that manufacture polyethylene, polystyrene, styrene and latex.

Univation Technologies, LLC 50 percent a U.S. limited liability company that develops, markets and licenses polyethylene process technology and related catalysts.

See Note H to the Consolidated Financial Statements for additional information.

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Financial Information About Foreign and Domestic Operations and Export Sales

In 2010, the Company derived 67 percent of its sales and had 52 percent of its property investment outside the United States. While the Company's international operations may be subject to a number of additional risks, such as changes in currency exchange rates, the Company does not regard its foreign operations, on the whole, as carrying any greater risk than its operations in the United States. Information on sales and long-lived assets by geographic area for each of the last three years appears in Note Z to the Consolidated Financial Statements, and discussions of the Company's risk management program for foreign exchange and interest rate risk management appear in Part I, Item 1A. Risk Factors; Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk; and Note J to the Consolidated Financial Statements.

Protection of the Environment

Matters pertaining to the environment are discussed in Part I, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; and Notes A and N to the Consolidated Financial Statements.

Employees

Personnel count was 49,505 at December 31, 2010, 52,195 at December 31, 2009 and 46,102 at December 31, 2008. Headcount decreased from year-end 2009 primarily due to divestitures, including Styron, the Powder Coatings business and a portion of the Company's acrylic monomer and specialty latex businesses, as well as actions taken related to the integration of Rohm and Haas and previously announced restructuring plans. Personnel count at December 31, 2009 was up from 46,102 at December 31, 2008, primarily due to the acquisition of Rohm and Haas, offset by declines related to restructuring activities, business divestitures and personnel transfers to a joint venture.

Other Activities

Dow engages in the property and casualty insurance and reinsurance business primarily through its Liana Limited subsidiaries.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below is information related to the Company's executive officers as of February 11, 2011.

WILLIAM F. BANHOLZER, 54. EXECUTIVE VICE PRESIDENT, VENTURES, NEW BUSINESS DEVELOPMENT & LICENSING AND CHIEF TECHNOLOGY OFFICER. Employee of Dow since 2005. General Electric Company, Chemical Engineer 1983-1989. Laboratory Manager and Leader R&D Center 1989-1992. Engineering Manager of Superabrasives Business 1992-1997. Vice President of Global Engineering, GE Lighting 1997-1999. Vice President of Global Technology, GE Advanced Materials 1999-2005. Dow Corporate Vice President and Chief Technology Officer 2005-2009. Executive Vice President and Chief Technology Officer 2009 to date. Ventures, New Business Development & Licensing May 2009 to date. Director of Dow Corning Corporation,* Dow Kokam LLC* and Mycogen Corporation.* Member of the Dow AgroSciences LLC* Members Committee and the Dow Corning Corporation Corporate Responsibility Committee. Elected to the U.S. National Academy of Engineering (NAE) 2002. Elected NAE Councilor 2005. Member of American Chemical Society and American Institute of Chemical Engineers. Advisory Board member for chemistry and chemical engineering at Massachusetts Institute of Technology and University of California, Berkeley.

RONALD C. EDMONDS, 53. VICE PRESIDENT AND CONTROLLER. Employee of Dow since 1992. Arthur Anderson & Co. 1979-1982. The Upjohn Company 1982-1991. Chiquita Brands International 1991-1992. Dow Latin America Audit Manager 1992-1994. Latin America Payables Controller 1994-1997. Global Payables Controller 1997-1998. Global Procurement Service Center Leader 1998-2001. Global Accounting Director 2001-2007. Business Finance Vice President for Performance Plastics and Chemicals and Market Facing Businesses 2007 to June 2009. Vice President and Assistant Controller July 2009 to November 2009. Vice President and Controller November 2009 to date. Director of Dorinco Reinsurance Company,* DSL Holdings Inc.* and Liana Limited.* Director of the Midland Center for the Arts. Member of Financial Executives International Committee on Corporate Reporting, the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants.

JAMES R. FITTERLING, 49. EXECUTIVE VICE PRESIDENT AND PRESIDENT, PLASTICS AND HYDROCARBONS. Employee of Dow since 1984. Commercial Director Liquid Separation Dow Pacific 1994-1998. Global Business Director Liquid Separations and President and CEO of FilmTec Corporation* 1998-2000. Chief Executive Officer of The OPTIMAL Group 2002-2005 with added responsibility for the Southeast Asia and Australia region in 2004. Business Vice President Polyethylene 2005-2007. President Basic Plastics 2007-2009. Vice President Corporate Development 2009 to August 2010. Dow Executive Vice President and President, Plastics and Hydrocarbons August 2010 to date. Chairman and Director of Univation Technologies, LLC.* Board member of Chemical Financial Corporation and the Midland Country Club.

GREGORY M. FREIWALD, 57. EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES AND CORPORATE AFFAIRS, AND AVIATION. Employee of Dow since 1979. Human Resources Manager, Chemical & Performance Business-U.S. Region 1992-1993. Human Resources Director for Executive, Finance, Law and Corporate 1993-1994. Latin America Human Resources and Quality Performance Director 1994-1996. Latin America Human Resources Leader and PBBPolisur S.A.* Human Resources Integration Leader 1996-1997. Global Human Resources, Resources Center Director 1997-2001. Senior Human Resources Director for Global Human Resources, Resource Center and Human Resources Director for Geographic Council 2001-2004. Human Resources Vice President, Operations 2004-2005. Human Resources Vice President 2005-2006. Vice President, Corporate Affairs and Executive Compensation 2006-2007. Senior Vice President, Human Resources and Corporate Affairs 2008-2009. Executive Vice President, Human Resources, Corporate Affairs and Aviation 2009 to date.

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MICHAEL R. GAMBRELL, 56. EXECUTIVE VICE PRESIDENT, MANUFACTURING AND ENGINEERING OPERATIONS. Employee of Dow since 1976. Business Director for the North America Chlor-Alkali Assets Business 1989-1992. General Manager for the Plastic Lined Pipe Business 1992-1994. Vice President of Operations for Latin America 1994-1996. Corporate Director, Technology Centers and Global Process Engineering 1996-1998. Global Business Director, Chlor-Alkali Assets Business 1998-2000. Business Vice President, EDC/VCM & ECU Management 2000-2003. Business Vice President, Chlor-Vinyl Business 2003. Senior Vice President, Chemicals and Intermediates 2003-2005. Executive Vice President, Basic Plastics and Chemicals Portfolio 2005-2007. Executive Vice President, Basic Plastics and Chemicals, and Manufacturing and Engineering 2007-2009. Executive Vice President, Manufacturing and Engineering Operations 2009 to date. Ex-officio member of the Dow Board of Directors Environment, Health and Safety Committee. Board member of Oman Petrochemical Industries Company LLC.* Director of TRW Automotive Holdings Corporation. Director of the National Association of Manufacturers. Director Emeritus of the U.S.-India Business Council. Member of the U.S. Department of Commerce's Manufacturing Council. Member of the University of Michigan Advisory Engineering Council. Recipient of the President's Distinguished Career Award from Rose-Hulman Institute of Technology, 1996.

HEINZ HALLER, 55. EXECUTIVE VICE PRESIDENT AND CHIEF COMMERCIAL OFFICER. Employee of Dow 1980-1994 and since 2006. Marketing manager, Chlorinated Solvents 1984-1985. Frankfurt Sales office manager and Regional manager, Emulsion Polymers and Specialty Chemicals 1986-1989. Dow business operations manager, Emulsion Polymers, New Ventures and Plastic Lined Pipe 1989-1992. Global business director, Emulsion Polymers 1993-1994. Managing Director and member of the board, OMYA-Plüss-Staufner AG 1994-1999. Chief Executive Officer, Red Bull Sauber AG and Sauber Petronas Engineering AG 2000-2002. Managing Director, Allianz Capital Partners GmbH 2002-2006. Dow Corporate Vice President, Strategic Development and New Ventures 2006-2007. Executive Vice President, Performance Plastics and Chemicals 2007-2009. Executive Vice President, Health, Agriculture and Infrastructure Group February 2009 to May 2009. Executive Vice President, Performance Systems May 2009 to August 2010. Chief Commercial Officer August 2010 to date. Director of Mycogen Corporation,* Dow Kokam LLC* and Dow Corning Corporation.* Chairman of the Dow AgroSciences LLC* Members Committee. Director of the Michigan Molecular Institute.

CHARLES J. KALIL, 59. EXECUTIVE VICE PRESIDENT, LAW AND GOVERNMENT AFFAIRS, GENERAL COUNSEL AND CORPORATE SECRETARY. Employ