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October 1, 2008

Mr. Chidambaram
Finance Minister
Government of India
R.No.134, North block
Fax - 011 23093289
Email - fm@finance.nic.in

Dear Honorable Minister:

Subject: Dow's growth initiatives and challenges in India

....., I am writing to you to seek your urgent action in support of a positive investment climate for Dow India's stated projects as well as to highlight to you my company's commitment to growth as a local investor in India.

As you know, Dow Chemical International Pvt. Ltd. (DCIPL / Dow India) has recently announced initiatives to double its investment in India to approximately Rs. 1000 crores (\$250 million) within the next year. These investments are primarily focused on bringing new and innovative technologies to market in India, which will in-turn grow downstream industries and jobs to further diversify the Indian economy. Dow India already has nearly 1000 high-skilled employees and operations in seven locations across the country.

Dow India has also substantially increased our presence in Indian society through multiple Corporate Social Responsibility (CSR) activities, including funding the Jaipur foot initiative, providing water systems in Gujarat, and contributing to the Bihar relief effort and infrastructure development (schools, etc.) in Pune. We will continue to partner with communities to further enhance the quality of life around Dow India's areas of operations. Unfortunately, even with such success, we are facing barriers for our two largest investments to date: the Dow India research center in Pune and Dow Europe's joint venture with GACL in Dahej.

These are two investments that the government publicly endorsed, but that now face barriers due to lack of consistent application of government support:

Attested

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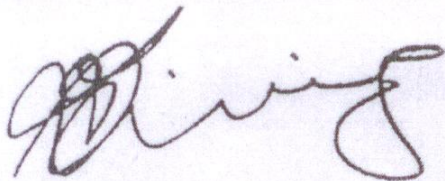
SECRETARY
GOVERNMENT OF INDIA
Minister's Office
New Delhi

GACL/Dow Europe joint venture in Dahej. In April 2008, an MOU was signed between the two parties to set up Chloromethane production facility in Gujarat. The proposed investment was announced by Honorable Chief Minister of Gujarat, Shri Narendra Modi, and would rely on the use of Dow's advanced chloromethane manufacturing technology. The innovative technologies from Dow Europe that will be used in this project will enable improved industrial competitiveness and compliance with the Montreal Protocol for environmental emissions. The downstream markets that will benefit from these technologies are the rapidly growing pharmaceutical intermediates and the electronics segments. However, the Chemical Ministry has reportedly sent a communication to the FIPB confirming the value of the technology, but recommending a delay in the project. That message contradicts earlier discussions, before signing the MOU, when Dow India had met with the Ministry of Chemicals and Fertilizers, and was advised that the Government would welcome this investment. The business has chosen to pull its application and will work with GACL and then approach the FIPB with a revised proposal. Again, clarity from the government, and specifically the Ministry of Chemicals and Fertilizers, is needed in support of Dow India's investment plans. Specifically, we also need confidence that this application will be approved based on the merits of the application.

Ultimately, it is critical that the Government of India speaks with one voice on issues of foreign direct investment and sustained domestic economic growth. We value your direct assistance in ensuring that all Ministries operate on the basis of the messages we have received from the Prime Minister himself that welcome the opportunities for cooperation, partnership and contribution to India's domestic economy with high-skilled job creation as well as commitment of problem-solving technologies and funding for social needs of local communities.

As said at the beginning of my letter – we remain committed to exploring further investment in India but need your support and actions to resolve these issues. We look for tangible evidence of government action in the next 30 days. I look forward to meeting you at the upcoming CEO Forum in New York, NY, to discuss next steps in support of an open, transparent and welcoming investment climate in India.

Sincerely yours,



Andrew Liveris
Chairman and Chief Executive Officer
The Dow Chemical Company

CC: Dr. Montek Singh Ahluwalia, Vice Chairman, Planning Commission
Dr. Ramesh Ramachandran, President, Dow India

Attended
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25/10/08
Ministry of Chemicals and Fertilizers
Government of India
New Delhi