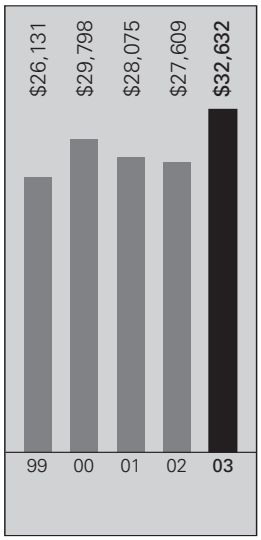
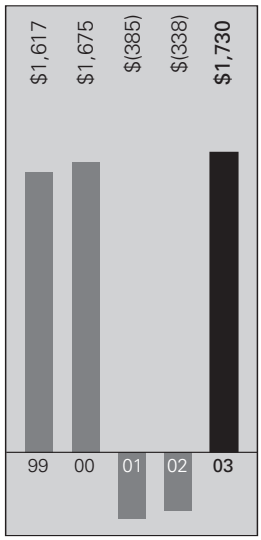
2003 Financial Highlights

IN MILLIONS, EXCEPT AS NOTED	2003	2002
Net Sales	$32,632	$27,609
Net Income (Loss) Available for Common Stockholders	1,730	(338)
Return on Stockholders' Equity	18.9%	(4.4)%
Earnings (Loss) per Share—Basic (in dollars)	1.88	(0.37)
Earnings (Loss) per Share—Diluted (in dollars)	1.87	(0.37)
Dividends Declared per Share (in dollars)	1.34	1.34

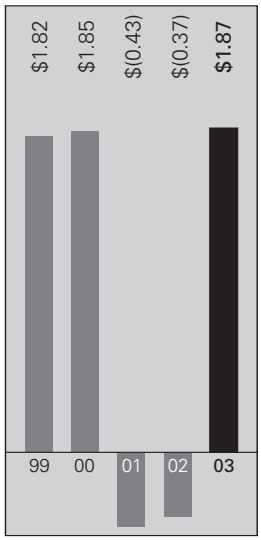
Net Sales
(dollars in millions)



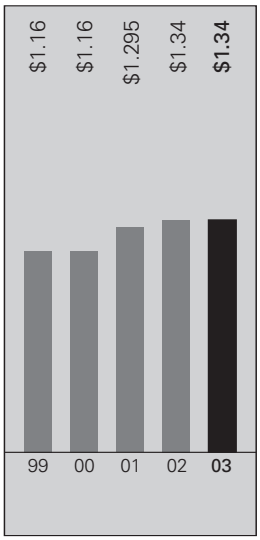
Net Income (Loss)
(dollars in millions)



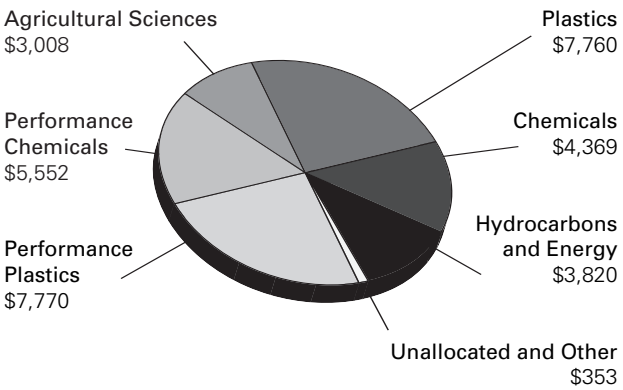
Earnings (Loss) per Share—Diluted
(dollars)



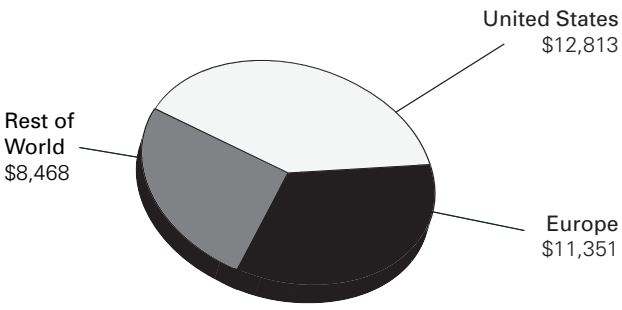
Dividends Declared per Share
(dollars)



2003 Sales by Operating Segment (dollars in millions)



2003 Sales by Geographic Area (dollars in millions)



References to "Dow" or the "Company" mean The Dow Chemical Company and its consolidated subsidiaries unless otherwise expressly noted.

To the Stockholders of The Dow Chemical Company:

Bill Stavropoulos
Chairman and CEO

2003 was a year of substantial progress for Dow. In the face of very difficult conditions, including an unprecedented $2.7 billion increase in feedstock and energy costs, industry overcapacity, and a fragile economy, we increased earnings, improved cash flow and reduced net debt.

You'll recall that in last year's letter to shareholders we pledged that the entire Dow organization would focus on improving our financial results, regardless of how difficult industry conditions might be.

Dow people answered the call. 2003 earnings were $1.87 per share, including a tax benefit of $0.49 per share. These results compared with a loss of $0.37 per share in 2002, which included a net charge of $0.71 per share for restructuring and other items. Excluding all of the special items, earnings increased from $0.34 per share in 2002 to $1.38 per share in 2003.

We also made substantial progress on improving our cash flow. In 2002, free cash flow (cash from operations minus capital expenditures and dividends paid to stockholders) was a negative $732 million. In 2003, it was a positive $1.45 billion, a turnaround of $2.2 billion—well beyond our turnaround target of $1 billion. We also improved our financial ratios, including a reduction in our net debt to total capital ratio from 56 percent to 50 percent.

Meanwhile, Dow's stock rose 40 percent during the year. As measured by total shareholder return, Dow has outperformed the Standard & Poor's (S&P) 500 and the S&P Chemicals Index both in 2003 and over the past five years.

A disciplined approach

We achieved these results with two simple steps: first, by facing the fact that we could not count on industry conditions changing for the better; and second, by recognizing that the only reliable way to improve our performance was to control the things we can control. To do that, we implemented what we called our 2003 Action Plan:

- To manage the price of our products without sacrificing volume;
- To reduce structural costs by $400 million and capital spending by $400 million;
- To shut down under-utilized and non-competitive assets; and
- To accelerate changes in Dow's portfolio, including the divestiture of non-strategic assets with sales of $1.5 billion.

We postponed or cancelled all initiatives that were not business critical so that employees could focus on these four things. As a result, we not only reached—but exceeded—our objectives.

In price/volume management, which was probably our most difficult challenge, we increased prices by 14 percent and volume by 4 percent. 2003 was the first year since the last industry peak in 1995 that we improved our profit margins, which is the spread between the price of our products and the cost of our feedstocks. Margins improved by $1.3 billion, which although considerable, constitutes just 15 percent of the $8.9 billion in margin we've lost since 1995. Going forward, there is still plenty of opportunity to continue to improve margins, and we believe we have both the leverage and momentum to do so.

On the cost side, we also exceeded our goal, reducing structural costs by more than $600 million, including the reduction of more than 3,500 jobs. With a 13 percent reduction in selling, general and administrative expenses, our total operating expense level as a percentage of sales now stands at its lowest level in more than 60 years.

Application of Six Sigma's proven approach to efficiency remains an essential part of the way we operate, helping to deliver productivity gains as well as adding other, sometimes surprising, contributions to our bottom line. Some of the tax benefits we gained in 2003, for example, were the direct result of the work of a dedicated Six Sigma team.

Our 2003 capital expenditures were $1.1 billion, a reduction of more than $500 million that exceeded our goal by $100 million. And we did so without sacrificing the efficiency, safety and environmental performance of our plants.

Working capital management, an important aspect of our cash flow drive, also improved in 2003. We reduced Days Sales in Inventory (DSI) from 64 to 56 days and Days Sales Outstanding (DSO) from 45 to 42 days.

We also shut down non-competitive assets, including two Union Carbide ethylene plants that represented 4 percent of overall ethylene production on the U.S. Gulf Coast. And we closed more than a dozen other facilities across many different businesses in North America, Europe and Latin America.

In the divestiture part of our plan, we sold assets that represented approximately $225 million in sales. We plan to continue divesting assets in 2004, and probably at a faster pace. In making divestitures, our goal is to make strategic transactions that will improve our company's overall position and competitiveness. And we will not sell or swap anything without realizing its full value.

Weathering high feedstock costs

No company in our industry has been unaffected by the enormous increases in feedstock and energy costs, particularly the high price of natural gas in the United States, a source of both energy and raw materials for our production plants. Having said that, few companies are better able to compete in this high-cost environment than Dow, as our 2003 results demonstrated. We were able to mitigate the effect of these costs due to several reasons.

Conservation—Since the early 1990s, we have added nine new co-generation facilities and improved overall manufacturing efficiency.

Global sourcing—Our global network of manufacturing plants allows us, at any given time, to supply export markets from the lowest cost site.

Feedstock flexibility—Our manufacturing flexibility allows us to optimize our feedstock mix, reducing our exposure to any one feedstock.

Hedging—We use both financial and physical hedging that enable us to reduce the negative effect of feedstock price volatility and to consistently lower our cost-to-serve.

Innovation—We continue to develop alternative sources of energy, including the use of one of the world's largest hydrogen fuel cell installations at one of our Texas plants. This facility will use hydrogen—a Dow byproduct—to generate electricity.

Bottom line improvement across the Company

Although discipline and austerity were crucial to our success in 2003, they were not the only factors contributing to our improved earnings. Virtually all Dow businesses improved their bottom lines. Performance Plastics' earnings increased by 145 percent; and Performance Chemicals, which has been a bulwark of our Company during trough conditions, increased earnings by 5 percent. Earnings in both Plastics and Chemicals also improved substantially. Agricultural Sciences had a banner year, posting record sales and earnings, the result of its strategy of the past few years of increasing productivity, making selective acquisitions and developing successful products in niche markets.

Dow's direct sales in Asia continued to grow and now account for nearly $4 billion, with an additional $1.5 billion from non-consolidated joint ventures. And although many people think of Asia as primarily a commodity market, the fact is, about 60 percent of Dow's sales in that region are in Performance businesses.

Sales in China increased by 25 percent from 2002; and today China, with $1.6 billion in sales, ranks third among the countries Dow serves, behind only the United States and Germany.

Joint ventures are an increasing part of Dow's presence in the marketplace. In 2003, Dow's portion of joint venture earnings was $322 million, compared with $40 million in 2002, with particularly strong performances from Dow Corning and EQUATE.

We reached an agreement with Celanese to purchase its acrylates business, establishing Dow as a major player in the downstream applications of what is now a complete, integrated acrylic chain for our company.

Union Carbide's joint venture operations in Kuwait and Malaysia continued to provide an important source of low-cost basic materials in 2003, and we will continue to build our franchise Basics businesses on low-cost foundations like these. In 2003, we announced an agreement with Union Carbide's partners in Kuwait to build an addition that will double existing production capabilities and add new styrene capacity.

Of all of our accomplishments, our environmental, health and safety results are probably what Dow people are most proud of, because they represent our concern for one another and for the communities where we work and live.

We improved our injury and illness rate by 19 percent in 2003, and 70 percent of our plants had no injuries at all. Overall, we have reduced our injury and illness rate by 78 percent from 1994 when we set our ambitious 2005 environmental, health and safety goals. We also posted a 23 percent yearly reduction in leaks, breaks and spills, a 63 percent improvement from 1994.

Additionally, it is noteworthy that in two countries—Brazil and Germany—Dow was recognized as one of the top companies to work for in 2003.

Outlook for 2004 and beyond

The economic expansion now underway appears to be gaining momentum, which could lead to an increase in volume and an improvement in the overall supply/demand balance in 2004. But feedstock costs remain stubbornly high and volatile. If the past three years have proven anything, it is that difficult conditions can have remarkable staying power, and we must prepare ourselves to do well despite them.

So just as we did last year, we will continue to be disciplined in our capital spending; and we will sustain the gains we have made on structural cost reductions. We will focus on our customers and on managing price and volume. We will continue to sell assets that are not a strategic fit, and we will shut down plants that are not competitive. And we will work safely.

New leadership

In November, the Board of Directors named Andrew N. Liveris as president and chief operating officer. Andrew brings a wealth of experience to his new role, including many years working in Dow's Asian operations and as head of Performance Chemicals. He is leading our effort to further improve the Company's productivity and to increase our ability to act more quickly and with greater accountability.

The Board added two new members in 2003: Keith R. McKennon, retired chairman and chief executive officer of PacifiCorp and former Dow director; and Jeff M. Fettig, president and chief operating officer of Whirlpool Corporation. Keith and Jeff bring a wealth of valuable experience to our Board. We also formed the Office of the Chief Executive, a group of senior managers that oversees the Company's strategic priorities and assures their timely implementation.

Driving ahead—one quarter at a time

As I mentioned earlier, 2003 was a year of substantial progress for our Company. The task now before us is to build on our progress and continue to improve our financial performance. Our ultimate objective remains what it has always been: to maximize long-term shareholder value.

So we are approaching 2004 in the same way we approached 2003—taking it one quarter at a time and continuing to improve earnings and increase our financial strength. I am confident that, just as we did in 2003, Dow people will once again rise to the occasion and meet our objectives.

William S. Stavropoulos
Chairman and Chief Executive Officer
February 11, 2004

Board of Directors at March 1, 2004

Arnold A. Allemang
Executive Vice President, Operations
Director since 1996

Jacqueline K. Barton
Arthur and Marian Hanisch Memorial Professor of Chemistry, California Institute of Technology
Director since 1993

Anthony J. Carbone
Vice Chairman of the Board
Director since 1995

J. Michael Cook
Retired Chairman/CEO of Deloitte & Touche LLP
Director since 2000

John C. Danforth
Partner, Bryan Cave LLP and Former U.S. Senator
Director since 1996

Willie D. Davis
President and Chief Executive Officer
All Pro Broadcasting, Inc.
Director since 1988

Jeff M. Fettig
President and Chief Operating Officer
Whirlpool Corporation
Director since 2003

Barbara Hackman Franklin
President and Chief Executive Officer
Barbara Franklin Enterprises and
Former U.S. Secretary of Commerce
Director 1980-92 and 1993 to date

Andrew N. Liveris
President and Chief Operating Officer
Director since 2004

Keith R. McKennon
Former Chairman and CEO of PacifiCorp
Director 1983-1992 and 2003 to date

J. Pedro Reinhard
Executive Vice President and Chief Financial Officer
Director since 1995

James M. Ringler
Vice Chairman of the Board
Illinois Tool Works Inc.
Director since 2001

Harold T. Shapiro
Presiding Director
President Emeritus and Professor of Economics and Public Affairs, Princeton University
Director since 1985

William S. Stavropoulos
Chairman of the Board and Chief Executive Officer
Director since 1990

Paul G. Stern
Founding Partner, Arlington Capital Partners and Thayer Capital Partners
Director since 1992

Committees of the Board of Directors

Audit Committee
P.G. Stern, Chairman
J.M. Cook
J.C. Danforth
J.M. Fettig
B.H. Franklin
K.R. McKennon
H.T. Shapiro

Executive Committee
W.S. Stavropoulos, Chairman
A.A. Allemang
A.N. Liveris
J.P. Reinhard
H.T. Shapiro

Committee on Directors and Governance
J.M. Cook, Chairman
J.K. Barton
J.C. Danforth
W.D. Davis
J.M. Fettig

Environment, Health & Safety Committee
J.K. Barton, Chairman
A.A. Allemang
A.J. Carbone
W.D. Davis
B.H. Franklin
A.N. Liveris
J.P. Reinhard
H.T. Shapiro

Compensation Committee
J.M. Ringler, Chairman
J.K. Barton
W.D. Davis
B.H. Franklin
H.T. Shapiro
P.G. Stern

Finance Committee
J.P. Reinhard, Chairman
A.J. Carbone
A.N. Liveris
K.R. McKennon
J.M. Ringler
W.S. Stavropoulos

Public Interest Committee
J.C. Danforth, Chairman
J.M. Cook
J.M. Fettig
K.R. McKennon
J.M. Ringler
W.S. Stavropoulos
P.G. Stern

Corporate Governance

At Dow, we believe our success depends on maintaining the highest ethical and moral standards everywhere we operate around the world. That focus on integrity starts at the top. Effective corporate governance begins with the performance of the Board of Directors.

Dow exemplifies good governance with a presiding director; directors with solid, diverse experience and credentials; corporate governance guidelines; codes of business conduct and financial ethics; and the corporate governance website on *www.dow.com*.

In 2003, Dow's Board of Directors elected Harold T. Shapiro as its first presiding director. In his new role, Shapiro is responsible for, among other things, leading regular executive sessions of the Board, helping to set the Board agenda and focus and determining appropriate information and materials required by the Board.

With two new independent directors joining the Board in 2003, more than two-thirds of Dow's Board are independent directors.

New corporate governance guidelines, Board Committee charters and an updated Code of Business Conduct were adopted in 2003, all of which are available on-line at *www.dow.com*. Dow's corporate governance guidelines address important aspects of Dow's corporate governance structure such as criteria for director qualifications, election, continuing education and tenure; ongoing improvement of Board effectiveness; and a framework for management evaluation and succession planning.


Arnold A. Allemang


Jacqueline K. Barton


Anthony J. Carbone


J. Michael Cook


John C. Danforth


Willie D. Davis


Jeff M. Fettig


Barbara H. Franklin


Andrew N. Liveris


Keith R. McKennon


J. Pedro Reinhard


James M. Ringler


Harold T. Shapiro


William S. Stavropoulos


Paul G. Stern

Office of the Chief Executive at March 1, 2004

William S. Stavropoulos
Chairman of the Board and Chief Executive Officer

Andrew N. Liveris
President and Chief Operating Officer

J. Pedro Reinhard
Executive Vice President and Chief Financial Officer

Arnold A. Allemang
Executive Vice President, Operations

Office of the Chief Executive includes (left to right):

William S. Stavropoulos, Arnold A. Allemang, Andrew N. Liveris and J. Pedro Reinhard

Company Officers at March 1, 2004

William S. Stavropoulos
Chairman of the Board and Chief Executive Officer

Anthony J. Carbone
Vice Chairman of the Board

Andrew N. Liveris
President and Chief Operating Officer

J. Pedro Reinhard
Executive Vice President and Chief Financial Officer

Arnold A. Allemang
Executive Vice President, Operations

Lawrence J. Washington, Jr.
Corporate Vice President, Environment, Health & Safety, Human Resources and Public Affairs

Richard M. Gross
Corporate Vice President, Research & Development

David E. Kepler
Corporate Vice President, Shared Services, and Chief Information Officer

Richard L. Manetta
Corporate Vice President and General Counsel

Frank H. Brod
Vice President and Controller

Fernando Ruiz
Vice President and Treasurer

Tina S. Van Dam
Secretary of the Company

Charles J. Hahn
Assistant Secretary

Thomas E. Moran
Assistant Secretary

Douglas J. Anderson
Corporate Auditor

In 2003, more than 300 meetings were held each month in Dow's new iRooms—interactive conference rooms—at our facilities around the world. With the latest audio-, video- and data-conferencing capabilities, iRooms let employees interact with colleagues, customers and suppliers to facilitate information sharing and speed up decision making, while significantly reducing travel costs. In fact, a two-hour iRoom videoconference between any number of employees in various locations around the world costs far less than having just one employee travel for the meeting.

Driving Improvement

There is a "new normal" at Dow these days—a mindset that drives us to deliver bottom line performance by constantly streamlining the way we conduct business. At a company that has always been focused on continuous improvement, we are now even more disciplined in the way we operate.

Our ability to reduce costs and measurably improve performance is enabled by our ongoing dedication to Six Sigma, which is an integral part of our work processes. At one of our major plastics manufacturing facilities, for example, a recent Six Sigma project allowed us to significantly upgrade the production process without investing any capital dollars—a major accomplishment that will deliver approximately $10 million in annual savings.

We also continue to apply information technology to enhance productivity, effectively communicate with customers, and make faster and smarter decisions.

To improve productivity, while enhancing employees' ability to balance work/life priorities, we provided more than 85 percent of our employees with new laptops as part of a recent upgrade to a faster, more mobile, globally standardized computing environment. By reducing both implementation costs and ongoing expenses, we were able to deploy 15 percent more computers at a 10 percent lower overall cost than our last workstation rollout in 1999.

In addition, e-commerce tools such as *myaccount@dow* saved Dow more than 65,000 work hours and $6.5 million this year, and increased e-business transactions to 15 percent of total customer orders.

Our Environmental Operations Business ("EOB") continues to drive improvements at manufacturing facilities around the world. This unique organization manages the operational integration of Dow's by-products and wastes, both internally and externally, through the development of innovative technologies. For example, since 1997 the EOB has developed and implemented recycling technologies to reduce Dow's overall wastes by more than 50 percent.

In addition to our intense efforts to control costs, we remain committed to a rigorous environmental, health and safety "Vision of Zero"—a vision of no accidents, no injuries and no harm to the environment. During 2003, we achieved a new safety performance record, with more people working safely than at any time in the history of our company. We are also committed to share our knowledge even further by participating in an alliance with the United States Occupational Safety and Health Administration ("OSHA") that will allow us to share our safety management process and ergonomics expertise throughout the chemical industry.

Delivering Valued Products

We remain committed to delivering product solutions that improve the lives of people around the world each day.

Our materials play a critical role in meeting the world's needs for pure water. *FilmTec* membranes are used to tap into previously unusable water sources to make safe, affordable drinking water around the world. Combined with the use of long-lasting pipes made from Dow's polyethylene resins, our technology and materials ensure that drinking water actually reaches the people who need it.

From the farm to the dinner table, our products also help ensure abundant supplies of healthful food. By unlocking the potential of plant genetics and advancing chemical technology, we supply farmers with effective, sustainable crop protection products and help consumers maintain a more healthful lifestyle. Our new *Natreon* high oleic canola and sunflower oils provide food companies with more functional and healthier alternatives to hydrogenated vegetable oils.

We are also one of the world's leading suppliers of innovative forms of polyethylene, polystyrene and polypropylene resins used in food and beverage packaging that enhance safety and convenience while preserving quality.

In addition, Dowpharma serves the pharmaceutical and biopharmaceutical industries with innovative technologies, products and services for clients in drug discovery, development, manufacturing and delivery which contribute to producing life-saving medicines. Dow recently launched *ChelaMed* radiopharmaceutical services, leveraging our expertise and nearly 50 years of experience in chelation chemistry to enable the development of more targeted cancer treatments that selectively attack diseased cells. ANGUS Chemical Company, a wholly owned subsidiary of Dow, is a leading supplier of the pharmaceutical intermediate amino butanol. Amino butanol is essential to the manufacture of anti-tuberculosis treatments to help control the spread of this disease.

Dow products also make possible some of today's fastest-growing consumer products—such as easy-to-use mops featuring disposable wipes with pre-applied cleaning agents. To make this popular application possible, Dow employees worked closely with major manufacturers of consumer products to develop glycol ether and surfactant formulations that provide the ideal combination of cleaning, sudsing and drying speed for floors. We also supply the polyethylene resins used to make non-woven fibers that strengthen the wipes, as well as durable polymers used in the handle and structural components of the mops.

Our Inclosia Solutions business has even developed a new technology that allows for the usage of real fabrics and leathers in the housings of portable electronic devices such as mobile phones and laptop computers. The innovative *EXO* over-molding system helps electronics manufacturers differentiate their products while meeting consumer demand for stylish, cutting-edge designs.

Dow is enhancing the safety of decks, picnic tables, children's play sets and other wooden structures by working with customers to develop monoethanolamine-based wood preservatives that are safer for families while retaining the properties that have earned pressure-treated lumber a place in millions of yards and recreational areas throughout the world.

Dow's global reach allows us to help farmers around the world bring to market plentiful supplies of diet-enhancing, healthy fruits and vegetables.

Serving the World

Dow operates approximately 180 manufacturing sites around the world to produce a broad range of products sold to customers in more than 180 countries. With this extensive global reach, Dow serves customers around the world more effectively than any other chemical company.

Our established and growing presence in all major geographic areas enables us to quickly respond to the changing industry landscape. For example, as the paper industry has evolved from a multi-regional to a global industry, Dow has been well positioned to supply paper mill customers as they grow. With 19 latex manufacturing facilities in 15 countries, global business management systems, and solid commercial contacts in key countries, Dow has established itself as the world's largest supplier of latex to the coated paper industry.

As economies grow in Asia Pacific, Eastern Europe, Latin America and other developing regions, we are growing with them. Dow's total sales to customers in Latin America grew to $3.1 billion in 2003, and in Asia Pacific, sales reached $3.9 billion. Sales from our joint ventures in Asia Pacific are also substantial, adding to Dow's presence in that region.

In Zhangjiagang, The People's Republic of China, Dow's newest manufacturing complex is now fully operational, providing local customers with polystyrene, epoxy and latex products for a variety of consumer applications. In Israel, *FilmTec* reverse osmosis membrane elements have been chosen for the largest desalination project in the world. In many parts of the world, a new fruit fly control product, developed by Dow, protects fruit and vegetable production from devastating fruit fly infestations. This product contains our spinosad molecule, which offers a favorable environmental profile and is accepted for use in organic farming.

Our global flexibility and strength are possible because of Dow's diverse, global workforce of highly skilled and dedicated people. At Dow, we respect the different backgrounds and experiences of our people, which create an environment where diverse ideas facilitate innovation—leading to new products, better ways of doing business and increased profitability.

We provide our people with the resources and flexibility they need to succeed. Intranet technology, available around the clock via any Dow computer workstation, provides access to company news and global work processes. In addition to traditional classroom training, Dow's on-line training tool *learn@dow.now* is available to every employee in multiple languages.

When combined with Dow's growing global presence, the production of valued products and the expertise of our employees help us better serve our customers and the world's consumers.

Ensuring a Better Tomorrow

At Dow, sustainable development is a long-term commitment by all of our employees to the "Triple Bottom Line" business model of economic prosperity, environmental stewardship and social responsibility. Our efforts to recover and reuse waste, dramatically reduce water consumption, and pursue alternative and renewable energy sources exemplify how environmental responsibility makes excellent business sense.

For example, Dow recently announced that it will use fuel cells from General Motors to generate electricity from hydrogen created as a by-product at our largest manufacturing site. This agreement will produce commercial quantities of emission-free, competitively-priced electricity. Additionally, Dow participates in the Green Power Market Development Group—a unique organization of 12 leading corporations and the World Resources Institute—which is dedicated to implementing more sustainable power sources.

We also contribute to society, and improve Dow's bottom line, by delivering products that help customers and consumers operate and live in a more sustainable manner. Our building insulation products illustrate this perfectly. For example, *Styrofoam* extruded polystyrene and *Great Stuff* insulating home sealant make homes more comfortable while conserving energy and significantly lowering heating and cooling costs. Dow has also added a new choice to our flagship home insulation product line—*Styrofoam Weathermate Plus* housewrap, a non-woven, non-perforated polyolefin-based wrap that resists water penetration and reduces energy loss due to air infiltration.

Our commitment to sustainability also drives the development of innovative new products based on renewable raw materials. In 2003, for example, Cargill Dow Polymers LLC introduced *Ingeo* fibers, the world's first synthetic fibers made from a 100 percent annually renewable resource—the dextrose found in corn. Products are available in stores now in a range of consumer applications including bedding, carpet and clothing.

Additionally, Dow employees are focused on finding sustainable uses for existing products. *Questra* crystalline polymers are used to create industrial baking pans molded entirely from plastic. By replacing traditional metal with plastic, the need for non-stick finishes and cleaning solvents is eliminated, and the pans provide better thermal transfer to reduce energy consumption. As an added bonus, the baking units provide ergonomic benefits for commercial bakers, because each traditionally large baking pan weighs less.

We are also devoted to contributing resources to improve the quality of life in our communities. We partner and maintain dialogue with a variety of external stakeholders through Community Advisory Panels, which facilitate conversations between community residents and Dow leadership on issues of mutual interest. As part of Dow's "Door to Door" program, employees in Louisiana personally visit neighbors who live close to Dow's manufacturing plants in order to answer questions and share product and emergency response information.

Specific community needs are often met through financial contributions from The Dow Chemical Company Foundation and through the volunteer efforts of our employees. For example, Dow's commitment to Habitat for Humanity will insulate 25,000 homes built by this non-profit organization in North America through 2005.

With more than 50 years of expertise in home building and construction, Dow continues to deliver energy-saving solutions like Styrofoam Weathermate Plus *housewrap.*

Living. Improved daily.

Our Commitment Is Evident Around The World

Dow is dedicated to improving the quality of life in the communities where it operates and throughout society in general—through products and technologies, as well as through corporate contributions and employee volunteer efforts. Following are just a few examples of the hundreds of humanitarian efforts throughout the world in which Dow participated in 2003. For a more comprehensive update on the progress Dow has made toward its sustainability goals, see the Dow Global Public Report (*www.dowpublicreport.com*).

To help people throughout the world who lack adequate cooking fuel, we donated *Thermax* insulating foam to the Solar Oven Society for use in building 6,000 solar ovens that harness the sun's energy to pasteurize drinking water and cook meals, while preserving trees and eliminating smoke. Generally used for insulation in commercial and metal buildings, *Thermax* insulating foam has the ability to hold high temperatures inside structures big and small, making it a perfect fit for this application.

We are ensuring a higher quality of education for students in many of our communities. The "Trained for Life" program—made possible through a donation from Dow—uses motivational writing, drawing, music and theater projects to teach 9- to 12-year-olds in Bahia Blanca, Argentina, important social skills and healthy habits. At the Pasacaballos School in Cartagena, Colombia, Dow employee volunteers work with school personnel each week to strengthen educational management processes, while our monetary donations help improve the school infrastructure. In the United States, "Dow Promise" program volunteers help remove economic and educational barriers through activities such as mentoring, group tutoring, academic camps, and science and engineering enrichment programs.

Our donations provide better access to arts, recreation and fitness facilities. In Canada, we recently contributed to a new arts and recreational facility in Fort Saskatchewan, Alberta, as well as to a fitness center at the Sarnia-Lambton, Ontario, YMCA that will provide community residents direct access to an expanded offering of programs and services. In the United Kingdom, Dow Haltermann Custom Processing helped the Trinity Centre Appeal build a new community center that provides residents of North Ormesby, Middlesbrough, with a space for learning, training and performing arts.

We also enhance medical care in geographic areas that need it most. We donated filtration systems to improve the quality of drinking water at healthcare institutes in Beijing, Gansu and Tianjin, The People's Republic of China; as well as the Cho Goa Hospital in Vietnam. In Cimanggis, Indonesia, our donations are building a clinic that will provide a clean and properly equipped environment for health check-ups, and Dow volunteers helped coordinate free medical service days for children, expectant mothers and the elderly. In addition, we provided a vehicle and two ambulances to a disaster response center in Arequipa, Peru.

Our Products Are Useful In Your Home

The chemical industry is typically referred to as a source of enabling technology. In fact, chemistry and chemical products enable virtually every other industry to innovate and produce many thousands of consumer and industrial products. Products from The Dow Chemical Company and other companies in the chemical industry are useful to consumers literally every moment of the day. Let us show you what we mean by visiting a familiar location...the household kitchen.

- Paint on wall and ceiling contains latex, thickener, solvents and biocides.
- Cleaning products used on glass and hard surfaces contain surfactants, solvents and biocides.
- Processed foods contain thickeners and stabilizers.
- Appliances contain polymers and foam insulation.
- Walls contain insulation.
- Laptops are made lighter and more durable with plastics.
- Hand lotions, makeup and hair care products contain conditioning polymers, solvents and biocides.
- Paper is brightened with chelants and coated with latex.
- Inks contain solvents and specialty chemicals.
- Vitamins are made with a coating which makes them easier to swallow.
- Diapers contain superabsorbents to keep babies drier.
- Natural gas used in stove and home heating is purified with gas treating products and services.
- Beverages are processed with ion exchange resins and contain chelants for color stability.
- Fabrics contain elastic fibers and are dry-cleaned with solvents.
- Liquid soaps and detergents contain surfactants and solvents.
- Paper towels are strengthened with resins.
- Tap water is purified with reverse osmosis technology.
- Wall board is made stronger with cellulosic products.
- Caulk around windows contains latex.
- Adhesive used to attach the windows to the cabinets contains solvents and latex.
- Air fresheners contain cellulosic products.
- Home electronics contain polystyrene and polycarbonate resins.

Corporate Profile

Dow is a leading science and technology company that provides innovative chemical, plastic and agricultural products and services to many essential consumer markets. In 2003, Dow had annual sales of approximately $33 billion and employed approximately 46,000 people. The Company serves customers in more than 180 countries and a wide range of markets that are vital to human progress, including food, transportation, health and medicine, personal and home care, and building and construction, among others. The Company has 180 manufacturing sites in 37 countries and supplies more than 3,500 products grouped within the operating segments listed on the following pages. The Corporate Profile is an integral part of Note T to the Financial Statements.

Performance Plastics

Applications: automotive interiors, exteriors, chassis/power train and body engineered systems ◆ building and construction, thermal and acoustic insulation, roofing ◆ communications technology, telecommunication cables, electrical and electronic connectors ◆ footwear ◆ home and office furnishings: kitchen appliances, power tools, floor care products, mattresses, carpeting, flooring, furniture padding, office furniture ◆ information technology equipment and consumer electronics ◆ packaging, food and beverage containers, protective packaging ◆ sports and recreation equipment ◆ wire and cable insulation and jacketing materials for power utility and telecommunications

Dow Automotive business delivers innovative solutions for automotive interior, exterior, chassis/power train and body engineered systems applications. As a leading global supplier of resins, engineering plastic materials, fluids, adhesives, sealants, epoxy dampers, structural bonding and reinforcement products, and thermal and acoustical management solutions, Dow Automotive has been recognized for its automotive components and systems. The business also provides research and development, design expertise and advanced engineering.

Products: *Betabrace* reinforcing composites; *Betadamp* acoustical damping systems; *Betafoam* NVH and structural foams; *Betaguard* sealers; *Betamate* structural adhesives; *Betaseal* glass bonding systems; *Calibre* polycarbonate resins; *Dow* polypropylene resins and automotive components made with *Dow* polypropylene; Injection-molded dashmats and underhood barriers; *Inspire* performance polymers; *Integral* adhesive film; *Magnum* ABS resins; *Pulse* engineering resins; *Questra* crystalline polymers; *Retain* recycle content resins; *Spectrim* reaction moldable polymers; *Strandfoam* polypropylene foam

Engineering Plastics business offers one of the broadest ranges of engineering polymers and compounds of any global plastics supplier. The business complements its product portfolio with technical and commercial capabilities to develop solutions that deliver improved performance to customers while lowering their total cost.

Products: *Calibre* polycarbonate resins; *Emerge* advanced resins; *Inclosia* solutions; *Isoplast* engineering thermoplastic polyurethane resins; *Magnum* ABS resins; *Pellethane* thermoplastic polyurethane elastomers; *Prevail* engineering thermoplastic resins; *Pulse* engineering resins; *Questra* crystalline polymers; *Tyril* SAN resins

Epoxy Products and Intermediates business manufactures a wide range of epoxy products, as well as intermediates used by other major epoxy producers. Dow is a leading global producer of epoxy products, supporting customers with high-quality raw materials, technical service and production capabilities.

Products: Acetone; Acrylic monomers; Allyl chloride; Bisphenol A; *D.E.H.* epoxy catalyst resins; *D.E.N.* epoxy novolac resins; *D.E.R.* epoxy resins (liquids, solids and solutions); *Derakane* and *Derakane Momentum* epoxy vinyl ester resins; Epichlorohydrin; Epoxy acrylates; *Optim* glycerine; Phenol; UV specialty epoxies

Fabricated Products business manufactures and markets an extensive line of plastic film and foam products. The business sets the competitive standard by creating high-performance solutions in industries ranging from packaging and construction to telecommunications, automotive and medical.

Products: *Covelle* HF weldable polyolefin film; *Dow* backing layer film; *Envision* custom foam laminates; *Ethafoam* polyethylene foam; *Equifoam* comfort products; *Immotus* acoustic panels; *Integral* adhesive film; *Lamdex* polyolefin foam; *Opticite* label film; Polypropylene foam; *Procite* window envelope film; *Quash* sound management foam; *Saranex* barrier medical film; *Styrofoam* brand products (including *Styrofoam Weathermate Plus* housewrap and *Styrofoam* all-purpose tape); *Synergy* soft touch foam; *Tanklite* protective insulation; *Trenchcoat* protective film; *Trycite* polystyrene film; *Trymer* polyisocyanurate foam; *Zetabon* coated metal cable armor

Polyurethanes and Polyurethane Systems businesses are leading global producers of polyurethane raw materials and polyurethane systems. Differentiated by their ability to globally supply a high-quality, consistent and complete product range, these businesses emphasize both existing and new business developments while facilitating customer success with a global market and technology network.

Products: *The Enhancer* and *Lifespan* carpet backings; *Froth-Pak* polyurethane spray foam; *Great Stuff* polyurethane foam sealant; *Insta-Stik* roof insulation adhesive; *Isonate* pure and modified methylene diphenyl diisocyanate (MDI); *Papi* polymeric MDI; Propylene glycol; Propylene oxide; *Specflex* copolymer polyols; *Syntegra* waterborne polyurethane dispersions; *Tile Bond* roof tile adhesive; *Voracor, Voralast, Voralux* and *Vorastar* polyurethane systems; *Voranate* toluene diisocyanate (TDI) ; *Voranol* and *Voranol Voractiv* polyether and copolymer polyols; *Woodstalk* fiberboard products

Technology Licensing and Catalyst business includes licensing and supply of related catalysts for the *Unipol* polypropylene process, the *Meteor* process for ethylene oxide (EO) and ethylene glycol (EG), the *LP Oxo* process for oxo alcohols, and the *Qbis* bisphenol A process. Licensing of the *Unipol* polyethylene process and related catalysts, including metallocene catalysts, are handled through Univation Technologies, LLC, a 50:50 joint venture co-owned by Union Carbide Corporation (UCC), a wholly owned subsidiary of Dow. The business also includes UOP LLC, a 50:50 joint venture co-owned by UCC, which supplies process technology, catalysts, molecular sieves and adsorbents to the petroleum refining, petrochemical and gas processing industries.

Products: *LP Oxo* process technology; *Meteor* EO/EG process technology and catalysts; *Qbis* bisphenol A process technology and *Dowex Qcat* catalyst; *Shac* catalysts; *Unipol* process technology

Wire and Cable Compounds business is the leading global producer of a variety of performance polyolefin products that are marketed worldwide for wire and cable applications. Chief among these are polyolefin-based compounds for high-performance insulation, semiconductives and jacketing systems for power distribution, telecommunications and flame-retardant wire and cable.

Products: *Redi-Link* polyethylene; *Si-Link* crosslinkable polyethylene; *Unigard* high-performance flame-retardant compounds; *Unigard* reduced emissions flame-retardant compounds; *Unipurge* purging compounds; Wire and cable insulation and jacketing compounds

Performance Chemicals

Applications: agricultural and pharmaceutical products and processing ◆ building materials ◆ chemical processing and intermediates ◆ food processing and ingredients ◆ household products ◆ paints, coatings, inks, adhesives, lubricants ◆ personal care products ◆ pulp and paper manufacturing, coated paper and paperboard ◆ textiles and carpet ◆ water purification

Custom and Fine Chemicals business provides products and services to other specialty chemical, pharmaceutical, biopharmaceutical and agricultural chemical producers, and also produces fine chemicals for household paints and various other applications.

Products and Services: Basic nitroparaffins and nitroparaffin-based specialty chemicals of ANGUS Chemical Company; Contract manufacturing services provided by the Dowpharma and Dow Haltermann Custom Processing businesses; Fine and specialty chemicals from the Dow Haltermann Custom Processing business, and Chirotech Technology Limited and Mitchell Cotts Chemicals Limited, wholly owned subsidiaries of Dow; Test and reference fuels, printing ink distillates, pure hydrocarbons and esters, and derivatives from Haltermann Products, a wholly owned subsidiary of Dow

Emulsion Polymers business is the world's largest supplier of synthetic latex, and the most globally diverse of the styrene-butadiene latex suppliers. Dow is the largest supplier of latex for coating paper and paperboard used in magazines, catalogues and food packaging. Dow is also the world's largest supplier of latexes used in carpet production.

Products: Acrylic latex; Butadiene-vinylidene latex; Polystyrene latex; Styrene-acrylate latex; Styrene-butadiene latex

Industrial Chemicals business provides products used as functional ingredients or processing aids in the manufacture of a diverse range of products. Dow's surfactants and biocides businesses provide value-added ingredients for household and personal care products.

Products: Biocides; *Carbowax* polyethylene glycols and methoxypolyethylene glycols; Diphenyloxide; *Dow* polypropylene glycols; *Dowfax*, *Tergitol* and *Triton* surfactants; *Dowtherm*, *Syltherm* and *Ucartherm* heat transfer fluids; *UCAR* deicing fluids; *UCON* fluids; *Versene* chelating agents

Corporate Profile

Oxide Derivatives business is the world's largest supplier of glycol ethers and amines to a diverse set of market applications, including coatings, household products, gas treating and agricultural products.

Products: Alkyl alkanolamines; Ethanolamines; Ethylene oxide- and propylene oxide-based glycol ethers; Ethyleneamines; Isopropanolamines

Specialty Polymers business manufactures a diverse portfolio of polymers for numerous markets and applications. The largest unit, Liquid Separations, uses several technologies to separate dissolved minerals and organics from water, making purer water for human and industrial uses.

Products: Acrolein derivatives; Acrylic acid/Acrylic esters; *Cyracure* cycloaliphatic epoxides; *Daxad* dispersants; *Dowex* ion exchange resins; *Drytech* superabsorbent polymers; Epoxidized vegetable oils; *FilmTec* membranes; Glycine; Peroxymerics; Polyvinyl acetate resins; Quaternaries; Redispersible polymer powders; Solution vinyl resins; Specialty monomers; Sulfur derivative compounds; Surface sizing polymers; *Tone* monomers, polymers and polyols

UCAR Emulsion Systems business is a leading global supplier of water-based emulsions used as key components in decorative and industrial paints, adhesives, textile products, and construction products such as caulks and sealants. These products allow customers to formulate more environmentally friendly products that contain less or no solvent.

Products: Neocar branched vinyl ester latexes; *Polyphobe* rheology modifiers; *UCAR* all-acrylic, styrene-acrylic and vinyl-acrylic latexes

Water Soluble Polymers business provides a portfolio of high-value, multi-functional ingredients used to enhance the physical and sensory properties of end-use products in a wide range of applications including food, pharmaceuticals, oilfield, paints and coatings, personal care, building and construction, and many other specialty applications.

Products: Cellosize hydroxyethyl cellulose; *Ethocel* ethylcellulose resins; *Methocel* cellulose ethers; *Polyox* water-soluble resins; products for hair/skin care from Amerchol Corporation

Agricultural Sciences

Applications: control of weeds, insects and diseases in plants ◆ pest management ◆ seeds ◆ traits (genes) for crops and agriculture

Dow AgroSciences business is a global leader in providing pest management, agricultural and crop biotechnology products. The business develops, manufactures and markets products for crop production; weed, insect and plant disease management; and industrial and commercial pest management. Dow AgroSciences is building a leading plant genetics and biotechnology business in crop seeds and traits for seeds.

Products: Clincher herbicide; *Dithane* fungicide; *Dursban* and *Lorsban* insecticides; *Fortress* fungicide; *Gallant* herbicide; *Garlon* herbicide; *Glyphomax* herbicide; *Grandstand* herbicide; *Herculex I* insect protection; *Keystone* herbicide; *Lontrel* herbicide; *Mustang* herbicide; *Mycogen* seeds; *Natreon* canola and high-oleic sunflower oils; *PhytoGen* cottonseeds; *Sentricon* Termite Colony Elimination System; *Starane* herbicide; *Stinger* herbicide; *Telone* soil fumigant; *Tordon* herbicide; *Tracer Naturalyte* insect control; *Vikane* structural fumigant

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 ◆ toys, playground equipment and recreational products ◆ wire and cable compounds

Polyethylene business is the world's leading supplier of polyethylene-based solutions through sustainable product differentiation. Through the use of multiple catalyst and process technologies, Dow offers one of the industry's broadest ranges of polyethylene solutions for a wide variety of applications. DuPont Dow Elastomers LLC, a Dow co-owned 50:50 joint venture, leverages *Insite* Technology, Dow's proprietary catalyst and process technology, into elastomeric products.

Products: *Affinity* polyolefin plastomers; *Amplify* functional polymers; *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; *Dow XLA* elastic fiber for the textile industry; *Dowlex* polyethylene resins; *Elite* enhanced polyethylene (EPE) resins; *Flexomer* very low density polyethylene (VLDPE) resins; *Primacor* copolymers; *Saran* barrier resins and films; *Tuflin* linear low density polyethylene (LLDPE) resins; *Unival* HDPE resins

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: Homopolymer polypropylene resins; Impact copolymer polypropylene resins; *Inspire* performance polymers; Random copolymer polypropylene resins

Polystyrene business, the global leader in the production of polystyrene resins, is uniquely positioned with geographic breadth and participation in a diversified portfolio of applications. Through market and technical leadership and low cost capability, Dow continues to improve product performance and meet customer needs.

Products: *Styron A-Tech* advanced technology polystyrene resins; *Styron* general purpose polystyrene resins; *Styron* high-impact polystyrene resins; *Styron* ignition-resistant polystyrene resins

The Plastics segment also includes polybutadiene rubber, polyethylene terephthalate (PET), purified terephthalic acid (PTA), styrene-butadiene rubber and several specialty resins.

Chemicals

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

Core Chemicals business is a leading global producer of each of its basic chemical products, which are sold to many industries worldwide, and also serve as key raw materials in the production of a variety of Dow's performance and plastics products.

Products: Acids; Alcohols; Aldehydes; Caustic soda; Chlorine; Chloroform; *ComboTherm* blended deicer; *Dowflake* calcium chloride; *Dowper* dry cleaning solvent; Esters; Ethylene dichloride (EDC); *Liquidow* liquid calcium chloride; *Maxicheck* procedure for testing the strength of reagents; *Maxistab* stabilizers for chlorinated solvents; Methyl chloride; Methylene chloride; Monochloroacetic acid (MCAA); Oxo products; *Peladow* calcium chloride pellets; Perchloroethylene; *Safe-Tainer* closed-loop delivery system; Trichloroethylene; Vinyl acetate monomer (VAM); Vinyl chloride monomer (VCM); Vinylidene chloride (VDC)

Ethylene Oxide/Ethylene Glycol business is the world's leading producer of ethylene oxide, used primarily for internal consumption, and ethylene glycol, which is sold for use in polyester fiber, PET for food and beverage container applications, polyester film and antifreeze.

Products: Ethylene glycol (EG); Ethylene oxide (EO)

Hydrocarbons and Energy

Applications: polymer and chemical production • power

Hydrocarbons and Energy business encompasses the procurement of fuels, natural gas liquids and crude oil-based raw materials, as well as the supply of monomers, power and steam for use in Dow's global operations. Dow is the world leader in the production of olefins and styrene.

Products: Benzene; Butadiene; Butylene; Cumene; Ethylene; Propylene; Styrene; Power, steam and other utilities

New Business Growth includes Advanced Electronic Materials, Industrial Biotechnology, Pharmaceutical Technologies, and the Growth Center that works on new developments with a focus on identifying and pursuing commercial opportunities.

The results of New Business Growth; Venture Capital; the Company's insurance operations and environmental operations; as well as Cargill Dow LLC and Dow Corning Corporation, both of which are Dow co-owned 50:50 joint ventures; are included in **Unallocated and Other**.

Year in Review

First Quarter

- Dow declares 366th consecutive quarterly cash dividend.
- Dow Board of Directors elects Keith R. McKennon to Board and elects Harold T. Shapiro to presiding director. Michael D. Parker retires from Board.
- Business in the Community, a United Kingdom industry group, ranks Dow as one of the top performing companies in the "Corporate Responsibility Index," a measure for responsible business practice.
- Dow Automotive business obtains exclusive rights from Cyclics Corporation to utilize and market cyclic butylene terephthalate resins to the automotive industry. These resins, combined with innovative Dow technology, will be the basis for a new family of thermoplastic materials which will deliver reduced weight with improved styling, durability, high-heat performance and dimensional stability in applications such as exterior body panels and structural components.

Second Quarter

- The American Business Awards and Miller Heiman announce that Dow is the inaugural recipient of the "Miller Heiman Sales Excellence Award" for building and maintaining strong customer relationships and for continuous reinforcement of best sales practices throughout the organization.
- Epoxy Products and Intermediates business starts up new converted epoxy resin plant in Zhangjiagang, The People's Republic of China.
- Dow and Petrochemical Industries Company of Kuwait announce a plan to construct a new ethylene and derivatives complex in Shuaiba, Kuwait.
- Dow declares 367th consecutive quarterly cash dividend.
- Dow holds 106th Annual Meeting of Stockholders.
- Polystyrene business reaches a significant milestone when it sells its one billionth pound of *Styron A-Tech* resins which meet increasing product performance and aesthetic demands in applications for appliances, packaging and food service, and consumer electronics.
- Groundbreaking ceremony is held for a second polyethylene terephthalate ("PET") train at Schkopau, Germany location of Dow Olefinverbund GmbH (formerly "BSL"), a subsidiary of Dow.
- Dow releases its 2002 on-line Public Report, *www.dowpublicreport.com*, highlighting Company progress on all three elements of the Triple Bottom Line—economic prosperity, environmental stewardship and corporate social responsibility.
- Dow reaches agreement with Freeport LNG Development regarding the potential long-term use of a proposed liquefied natural gas terminal in Texas which is well located to serve Dow's U.S. Gulf Coast facilities, providing a potentially lower cost alternative to Gulf Coast natural gas for energy use.
- The World Technology Network, headquartered in London, England, presents Dow the 2003 "World Technology Award" in the corporate category for its innovative contributions to advanced materials technology and the positive impact the new technologies have had on society.
- Dow receives second "Sustained Excellence Award" from American Chemistry Council for demonstrating excellent safety records over a three-year period.

Third Quarter

- Dow introduces *Synergy* RCA soft touch foam, a recyclable product for packaging and cushioning automotive customers' accessories and components during long-distance shipping.
- Dow Board of Directors adopts Corporate Governance Guidelines and an updated Code of Business Conduct.
- Dow AgroSciences LLC selects Dow's Midland, Michigan manufacturing site to manufacture penoxsulam, a new sulfonamides-based rice herbicide, which has received "Reduced Risk Pesticide Status" from the U.S. Environmental Protection Agency.
- Dow earns "R&D 100 Award" from *R&D Magazine* for *Dow XLA* elastic fiber.
- Amerchol Corporation, a subsidiary of Dow, announces an agreement to sell several product lines of the Amerchol business and a manufacturing plant to The Lubrizol Corporation.
- Dow declares 368th consecutive quarterly cash dividend.
- Dow and Celanese AG announce that Dow will acquire Celanese's acrylics business.
- Polyolefins and Elastomers Business Group receives the "2003 Outstanding Corporate Innovator Award" from the Product Development & Management Association, the first time a chemical company is selected for the association's prestigious award.
- Dow announces that *FilmTec* reverse osmosis membrane elements have been chosen by the Water and Desalination Authority of Israel for the largest desalination project in the world.
- Dow Jones Sustainability Group Index, an index representing the top 10 percent of leading companies committed to sustainable practices, includes Dow for fifth consecutive year.

Fourth Quarter

- *UCAR* Emulsion Systems business introduces a new latex for traffic paint that makes road markings more reflective at night and longer-lasting—which enhances traffic safety and reduces accidents.
- Dow announces its intention to build a new commercial-scale plant for the production of *Dow XLA* elastic fiber at its facilities in Tarragona, Spain. Dow also announces that this fiber will be manufactured and marketed throughout Japan by Toyobo Co.
- Dow Olefinverbund GmbH brings its new 390-kilometer olefins pipeline on stream connecting Dow's sites in Central Germany with its Stade site in Northern Germany.
- Dowpharma announces completion of its commercial-scale cGMP oligonucleotide manufacturing facility in Midland, Michigan.
- Dow Board of Directors elects Andrew N. Liveris as president and chief operating officer. William S. Stavropoulos relinquishes his role as president, but continues as chairman of the Board and chief executive officer. Additionally, Dow Board of Directors elects Jeff M. Fettig to Board.
- Dow receives the "2003 BEST Award" from American Society for Training & Development for demonstrating enterprise-wide success as a result of employee learning and development.
- Dow declares 369th consecutive quarterly cash dividend.
- Dow's 2003 safety performance is the best ever in the history of the Company, with a 75 percent improvement from an injury and illness baseline set in 1994.

- Dow's 2003 sales increase to $32.6 billion, establishing a new sales record for the Company.