

Event: **Michigan Operations Rededication Event**
Speaker: Andrew Liveris
Chairman & CEO
The Dow Chemical Company

Location: Midland
Date: September 9, 2006

Thank you, David ... and also to our employees, contractors, and Governor Granholm ... to Mayor Johnson and Senators Barcia, Goschka and Stamas ... to Representatives Caul, Kahn and Moolenaar ... and to the many other leaders and community members who join us today to celebrate one of the most remarkable achievements in the history of Dow ... the return of Michigan Operations to world-class competitiveness.

Over the past 100 years, this site has experienced many cycles of peaks and troughs, but none as difficult as the past six years. During this time, we struggled to compete in an extremely challenging global marketplace ... one that is fraught with tough global competition ... the growth of emerging economies like China and India ... and, in particular, high and volatile hydrocarbon and energy costs, especially in the area of natural gas.

Today, we are proud to celebrate the return of Michigan Operations to its rightful place as a strong, viable and attractive manufacturing facility ... one that is experiencing a renaissance of investment in people and facilities ... a resurgence of pride in all that we have accomplished ... and importantly, excitement in what is yet to come.

This renewed spirit is due, in no small way, to the power of the Human Element ... where the people at Michigan Operations are committed to creating a profitable and sustainable enterprise. This is an enterprise that is not only

focused on economic, social and environmental progress, but that is also fully aligned to Dow's aggressive 2015 Sustainability Goals. These goals go beyond the traditional to engage in some of the most pressing problems facing the world over the next 10 years ... such as food, housing, health, and clean water.

In the end, it always comes down to the people ... the Human Element to make the difference.

The Human Element is alive and well at Michigan Operations, as people at all levels work hard to improve the quality of life ... from sponsoring community programs, to volunteering as coaches, to manufacturing products that make water purer, food fresher, medicines better, cars safer, and homes more energy efficient.

Bottom line: this site has done what it takes to stay competitive in today's world, where it is absolutely imperative to do everything better and faster, and to lead the way in low-cost, high quality, top talent, and cutting edge innovation ... all while achieving superior environment, health and safety performance.

Investments in New Business

As a result, in the past two years, Michigan Operations has lured many investors to the site, meeting demand for strong technical resources, world-class research and development, a flexible workforce, proximity to key markets, outstanding process expertise, and many other strengths.

What's more, these investments – which total \$240 million – are being made by several Performance businesses in Dow that are targeted for long-term strategic growth. These include:

- Saran Products
- Water Soluble Polymers
- Dow AgroSciences LLC
- Dow Automotive, and
- DowPharma.

The fact that they selected Michigan Operations stands as a testament to what this site has achieved.

The impact of this activity is significant in three key ways.

- First, it will add more than 160 full-time jobs and retain at least 45 more.
- Second, it will help strengthen the economy at the local, regional and state level by adding more disposable income. The chemical industry, I might add, pays wages that are 28 percent higher than other manufacturing jobs in the state, pumping \$11.7 billion into the state economy.
- And third, these investments support a vital manufacturing base, which in turn drives a thriving service economy. The underlying importance is clear when you think about the numbers – in which \$1.00 of manufactured product generates nearly \$1.40 in services ... or in very real terms, where Dow pays about \$500 million to Michigan suppliers for a variety of services.

To keep our manufacturing base strong and competitive, Michigan Operations is also preparing an already skilled workforce to meet the demands of the future

... because as technology becomes more advanced, so must the capabilities of its people to get the job done and attract further investment.

This investment in people is substantial ... involving a \$10 to \$12 million high-end training program that makes ongoing learning a top priority and key requirement for advancement. This site is also setting the standard by collaborating with local universities to successfully implement this program with our employees, while making it available to non-employees as well ... further enhancing mid-Michigan's talent base.

In addition, to address a looming gap in manufacturing talent, we are investing in education at the community and university level. This will help cultivate future technologists, scientists, engineers and other professionals that Dow and our nation must have to ensure competitive advantage.

If there is one unifying thread in this renaissance story, it is collaboration. A lot of good people came together to identify problems, develop solutions, and along the way – to make some tough decisions to get this site back on track.

Success did not happen overnight. Restoring the international competitiveness of Michigan Operations was the result of several years of hard work and dedication among many groups, including:

- Partnerships with state and local government to effect critical tax incentives ...
- And close collaboration with Kent Holsing and the entire leadership team of the local union, who understood the need for difficult changes in order to be successful, and who helped design an effective collective bargaining

agreement that was critical to the improvement of the competitiveness of the site ... Kent, would you and your team please stand up?

Thanks to the Human Element, and the ability to come together to effect positive change, Michigan Operations – the birthplace of Dow – is thriving once again.

They say that it is “always darkest before the dawn.” You should feel proud to have emerged into a future that holds great promise. Under the leadership of David Dupre, I am sure that your site will become even more cost advantaged and attractive to investment opportunities, further strengthening your competitive advantage.

Congratulations on this significant achievement.

And now, I have the privilege of introducing our next speaker, Governor Jennifer Granholm.

Since taking office in 2002, Governor Granholm has seen first hand the pressures that industry is facing. Whether it is resolving budget deficits, or training and retaining employees ... the State and Dow must be able to compete for jobs on the global playing field.

Ms. Granholm has a comprehensive plan to address the many challenges our state faces which, in many ways, mirror the challenges we face as a global company.

We are pleased that she was able to be here today to help us mark this special occasion. Join me in welcoming Michigan's CEO, Governor Jennifer Granholm.

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