

SANFORD J. LEWIS, ATTORNEY

August 10, 2004

Mr. Alan L. Beller, Director
Corporation Finance Division
Securities and Exchange Commission
450 Fifth St. NW
Washington, DC 20549-0801

Dear Mr. Beller,

We are writing to bring your attention to a number of inadequacies and irregularities in disclosures and public statements of Dow Chemical management that we believe merit your scrutiny.

We are investing institutions that represent Dow Chemical shareholders. Boston Common Asset Management represents the Brethren Benefit Trust, which filed a shareholder resolution regarding the Bhopal chemical disaster which was deliberated and voted upon in the 2004 Annual General Meeting. Trillium Asset Management represents a shareholder who filed a shareholder resolution with Dow for the 2003 and 2004 shareholder meetings (2004 resolution not included on proxy) which requested disclosure regarding the company's activities relative to dioxin and persistent bioaccumulative toxic substances.

We believe the disclosure issues raised in this letter are highly relevant to the financial interests of investors, in addition to the interests associated with deliberation and voting on the above-referenced shareholder resolutions.

I. MISLEADING STATEMENTS REGARDING BHOPAL, INDIA

A. Background

A least eight thousand people died as a result of the chemical disaster at a Union Carbide Corp. plant in Bhopal India in 1984, in the biggest chemical disaster in history. At least 150,000 were injured. When Dow Chemical acquired Union Carbide Corp., it also acquired the potential for liability associated with ongoing litigation in this matter. At the 2004 shareholder meeting, shareholders were presented with a resolution asking the company to issue a report to shareholders by October 2004, at reasonable cost and excluding confidential information, describing new initiatives instituted by the management to address the specific health, environmental and social concerns of the survivors. In its Supporting Statement the resolution also added that proponents believe that such report should also assess the impacts that the Bhopal matter may reasonably pose on the company, its reputation, its finances and its expansion in Asia and elsewhere.

B. Misleading Statements in Annual Meeting by CEO William Stavropoulos

In the course of the May 2004 annual meeting, Dow CEO William Stavropoulos made a number of misleading statements regarding the Bhopal chemical disaster. We believe these misleading statements were likely to have been material both to the shareholder resolution vote and to the financial condition of the company. These include:

1. Mr. Stavropoulos implied that pending criminal charges for the Bhopal chemical disaster are only against companies and individuals based in India, and not against the U.S. based corporation and Dow subsidiary, Union Carbide Corp.

Mr. Stavropoulos was asked during the meeting by a representative of the Sisters of Mercy, Detroit, MI, and prior to the shareholder vote on the resolution: *UCC is an absconder from justice in the Indian courts. Is Dow prepared if it is named in the criminal trial which UCC now faces?*

Stavropoulos responded by saying: “[I] think you’re referring to the criminal charges against UCIL and EIL [Indian subsidiaries and businesses] and the UCIL employees who owned and operated and managed the company DID appear to face those charges and had those charges reduced to misdemeanor status.”

This statement was highly misleading. There has been and remains a case pending against Union Carbide Corp., the parent corporation of Union Carbide India Ltd. The charges against Union Carbide Corporation have never been reduced, even though they have been reduced against some of the other parties.

2. Mr. Stavropoulos stated that the Bhopal India settlement resolved all civil and criminal charges relative to the disaster.

Mr. Stavropoulos stated on the floor of the shareholder meeting that “There was a 1989 settlement that resolved all civil, criminal charges. The Supreme Court of India upheld this and said it was fair, just and equitable.”

This was highly misleading. As part of the Indian government’s 1989 settlement, it is correct that outstanding criminal liabilities against Union Carbide Corporation and other accused were dismissed. However, India’s Supreme Court reviewed this and **reinstated** criminal charges against all accused, including Union Carbide Corp. in 1991. Union Carbide Corp. was given an opportunity to opt out of the previous settlement in light of this reinstatement of criminal charges, but the company declined to do so. In 1992, the Chief Judicial Magistrate ordered that Union Carbide Corporation be proclaimed an absconder for repeatedly failing to honor summons to face trial. Thus, in India, Union Carbide is considered a criminal fugitive and remains so to this day.

3. Mr. Stavropoulos stated that the company abides by all laws.

In the Annual General Meeting, it was noted that the refusal of Union Carbide Corporation to submit to the jurisdiction of India's criminal courts might pose an impediment to the company doing business in other countries, that could be concerned about whether Dow Chemical or Union Carbide might respond similarly if another disaster occurs.

Question: Since Union Carbide has refused to submit to the criminal jurisdiction of India's courts in the Bhopal matter, what assurances is the management able to give regarding compliance with the rule of law by Dow Chemical for other countries that may be concerned that the company will do likewise in the event of future catastrophic incidents?

Response by Stavropoulos: *We will continue to abide by all laws of every country our company does business in, and we will always do that.*

The CEO's response was misleading. It is difficult to reconcile the statement of "abiding by all laws" with the status of Union Carbide Corp. in India as an "absconder from justice" for willfully refusing to appear in the ongoing criminal case.

4. Mr. Stavropoulos stated that the U.S. Circuit Court did not invite the Indian government to intervene.

The CEO was reminded in the meeting that the U.S. Circuit Court of Appeals had recently invited the government of India to intervene in the pending case in the U.S. District Court if it wanted to see claims for remediation of the Bhopal site litigated in the United States. Stavropoulos stated that the U.S. Court of Appeals did not invite the Indian government to intervene.

In fact, the US Circuit court expressly stated "However, given that the matter is to be remanded for further proceedings... we believe the district court should be free to revisit its dismissal of the claim for plant-site remediation in the event that the Indian government or the State of Madhya Pradesh seeks to intervene in the action or otherwise urges the court to order such relief."

In India, this has been interpreted as an invitation by the U.S. Circuit Court of Appeals for the Indian government to urge the court to issue relief in the case. On June 28, 2004 the government of India wrote to the New York District Court urging that they issue such relief as the deem appropriate, including requirements for Union Carbide to engage in remediation of the Bhopal site. The letter noted that it was the law of India that Union Carbide should be liable pursuant to the polluter pays principle, and that if the court

ordered remediation the government of India would monitor and supervise such remediation efforts consistent with India's standards. (Letter attached as Appendix.)

C. Misleading Dow Chemical Website Statement

In addition to comment during the course of the shareholder meeting, the management has also posted at least one statement on the Dow Chemical Company website that appears to be highly misleading to investors. The website asserts in absolute terms that the company faces "no liability" for Bhopal. The site notes that prior to the acquisition Dow Chemical "*conducted an exhaustive assessment to ensure that there was absolutely no outstanding liability in relation to Bhopal. There was none; the company that Dow acquired retained absolutely no responsibility for either the tragedy or for the Bhopal site.*"

Many investors may mistakenly take this statement at its face value, unaware of the pending civil and criminal charges against Union Carbide Corporation related to Bhopal. Despite the 1989 settlement of civil claims facing Dow Chemical subsidiary Union Carbide associated with the Bhopal chemical disaster, there remain criminal charges pending in the Indian courts, in a case in which Union Carbide Corp. is a named defendant for the allegation of "culpable homicide not amounting to murder." Although Union Carbide Corp. has refused to submit to the jurisdiction of the Indian courts, efforts are underway in India to hold Dow Chemical responsible for the appearance of its subsidiary. Union Carbide has been declared an absconder from justice by the Indian courts for failure to appear in the case. **The Chief Judicial Magistrate of Bhopal, where criminal proceedings against Union Carbide Corporation and Warren Anderson are pending, on July 21, 2004, asked that a notice be prepared to be sent to Dow Chemical's Indian subsidiary, asking the company to show cause why summons should not be served upon it to produce the absconder Union Carbide Corporation in the criminal case.**

As the case proceeds, Dow Chemical assets in India may be subject to attachment in the ongoing case. Most significantly, Indian courts are based on the British system of jurisprudence which means that penalties of restitution can be levied in criminal cases, and the ceiling for the penalty amount limited only by the magnitude of the crime and the ability of the criminal to pay.

In addition, there is a pending civil case in the Federal District Court of New York which alleges property damages of neighbors of the facility associated with the Bhopal chemical disaster. A recent Circuit Court of Appeals' decision has allowed this case to go forward on behalf of the neighborhoods surrounding the Bhopal plant.

The "no liability" statement is misleading, in light of the Bhopal litigation in New York City and the criminal case in India. The absolute nature of this statement -- **absolutely no outstanding liability**--does not even seem to allow that there is litigation pending

against the company and its subsidiary on this matter which will resolve the issue one way or the other.

II. MISLEADING CEO STATEMENTS REGARDING MIDLAND, MICHIGAN

The Dow Chemical company is facing major litigation, including a class-action for personal injuries and property damages, and likely responsibility for extensive remediation, associated with contamination of the environment in the city of Midland, and in the floodplain for at least 22 miles downriver from the company's Midland Michigan facility. In the 2004 Annual General Meeting, Dow CEO William Stavropoulos made exaggerated claims in response to questions about Midland:

The key to any health risk is exposure. The dosage makes the effect. When there's no dosage, a low dose, there's no health effects... the facts have shown that chloracne, so far in humans...not in animals, in humans... is the most severe illness that is shown.

We believe this remark may have been materially misleading to investors. Stavropoulos did not say that the notion of low dose causing no health effects was the opinion of Dow Chemical and represents a minority view among scientists. Instead, he stated as if it were a fact. According to the EPA, the cancer slope factor, the factor that predicts a chemical's carcinogenicity, is based on **human** data. To state that chloracne is the only known health effect in humans is false. Further, according to EPA, dioxin's cancer risk does not have a threshold, according to a consensus among scientists in this field. In other words, there is no de minimis level of exposure that carries no risk. This directly contradicts the notion that low dose exposures do not carry a risk. Therefore every additional exposure to dioxin poses a risk, and to state as a fact that low doses carry no risk is false.

The CEO's statement that the only known health effect as a result of exposure to dioxin is chloracne, a skin condition, is also blatantly false. There is extensive literature on the health impacts of dioxin. Dioxin is one of only several hundred chemicals that are considered class one carcinogens by the international agency that determines carcinogenicity. In addition, based on animal and human evidence, there is an overwhelming consensus of scientific opinion that dioxin is a known human carcinogen, and has been linked to a variety of human health effects including endometriosis, diabetes, cardiovascular disease, decreased testosterone, immunotoxicity, altered sex ratio, delayed breast development, developmental insults including altered thyroid status and neurobehavioral impacts, auto-immune disorders, birth defects, and many other health problems. There is more evidence on dioxin's hazards than almost any other pollutant ever studied. While some areas of uncertainty remain, there is widespread scientific consensus that dioxin is toxic to humans -- especially developing humans -- in minute amounts, and that any additional exposure to dioxin increases one's risk.

In addition, it is particularly ironic that Dow's CEO discounts the importance of animal evidence in predicting the toxicity of a chemical to humans. Animal studies are used by the company to test its chemicals to demonstrate safety prior to marketing.

These statements are materially misleading to investors because they give the impression that any liability will be minimal. With dioxin contamination levels on their properties often up to six times the state standard for residential properties, hundreds of local residents have sued the company for property damages and personal injuries.

III. INNOVEST REVIEW OF DOW CHEMICAL RISKS IDENTIFIES A NUMBER OF OTHER OMISSIONS IN SEC REPORTING

Enclosed find a copy a recent report by Innovest Strategic Value Advisors, a financial services firm that is a leader in analyzing the financial impacts of environmental and social issues. The Innovest report examines risk and disclosure at Dow Chemical. We are concerned that the following, and other items raised in that report, may be material omissions from the company's SEC disclosures:

A. Agent Orange

Numerous foreign veterans groups and Vietnamese citizens affected by Agent Orange exposure are suing the manufacturers, including Dow. See the Innovest Report, starting at page 45, and New York Times of August 8, 2004. In addition, the recent Supreme Court decision (*Stephenson v. Dow Chemical et al.* June 9, 2003) may open the door for Vietnam veterans not covered under a previous settlement -- those manifesting illness after 1994 -- with a right to pursue liability of Dow Chemical for alleged health risks associated with the chemical defoliant commonly known as Agent Orange. Given the number of claims and the extent of damage alleged to be caused by Agent Orange, the proceedings could result in sizable ongoing liability. Yet the company has not reported on the recent Agent Orange claims in its SEC filings.

B. New York Attorney General settlement regarding consumer fraud allegations on Dursban.

In 2003, the company settled a threatened consumer fraud lawsuit by the New York State Attorney General for \$2 million, a record level for a consumer pesticides suit. According to the New York Attorney General (NYAG), Dow Chemical advertised to consumers that its product Dursban was safe, despite a 1994 agreement with the NYAG that it would not do so. The Dow pesticide Dursban (active ingredient: chlorpyrifos) is believed to be associated with illness in thousands of exposed people, including potential neurological damage to children. The EPA fined the company \$732,000 in 1995 for failing to disclose reports of adverse effects associated with use and exposure to Dursban. Underlying the Attorney General's threatened suit were several label claims, advertisements and web publications. For instance, as late as 2003, the Dow Chemical website claimed: "Consumer exposure from labeled use of chlorpyrifos products provides wide margins of safety for both adults and children." By contrast, studies by independent scientists have

shown that chlorpyrifos is toxic to the human brain and nervous system and is especially dangerous to the developing brain of infants. In context, the failure to disclose this penalty to shareholders appears to be misleading; by contrast, the company disclosed a number of smaller environmental penalties in its 10K and 10Q reports.

IV. POTENTIAL LEGAL IMPLICATIONS

We believe these statements and omissions may raise an array of concerns regarding the company's compliance with SEC rules and guidelines as well as with the Sarbanes Oxley Act. Worthy of examination are the relation of the above disclosure issues to the following requirements:

SEC Rule 10b-5. SEC Rule 10b-5 provides that "It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange...

b. To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading... in connection with the purchase or sale of any security.

SEC Rule 14a-9. SEC Rule 14a-9 provides that "No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading."¹

Management discussion and analysis. SEC guidelines issued December 29, 2003 the guidance regarding the management discussion and analysis require that an item should be disclosed unless the management has concluded that such item cannot reasonably impose a material impact on the company.

Sarbanes-Oxley Act. The Sarbanes-Oxley Act Section 302 requires the CEO and COO to certify in periodic SEC filings that the report, "based on such officer's

¹ Both rules 10b-5 and 14a-9 may apply to the website disclosure, the CEO's remarks on the floor of the shareholder meeting in which a vote was taken on a relevant shareholder resolution, and the webcast of the meeting which placed within the realm of instruments of interstate commerce.

August 10, 2004

knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer as of, and for, the periods presented in the report...”

We urge you to analyze these matters in light of these and any other applicable requirements. We would be glad to provide additional documentation on any of the points raised in this letter.

Thank you for your attention to this matter.

Sincerely,

Sanford Lewis

cc:

Bruce Herard, Deloitte Touche
Dow Chemical Audit Committee
Public Company Accounting Oversight Board
Elliot Spitzer, Attorney General of New York State