2008 Annual Report

The Dow Chemical Company and Subsidiaries

PART I, Item 1. Business.

Principal Partly Owned Companies

Dow's principal nonconsolidated affiliates at December 31, 2008, including direct or indirect ownership interest for each, are listed below:

- Americas Styrenics LLC – 50 percent – a U.S. limited liability company that manufactures polystyrene and styrene monomer.
- Compañía Mega S.A. – 28 percent – an Argentine company that owns a natural gas separation and fractionation plant, which provides feedstocks to the Company's petrochemical plant located in Bahia Blanca, Argentina.
- Dow Corning Corporation – 50 percent – a U.S. company that manufactures silicone and silicone products. See Note K to the Consolidated Financial Statements.
- EQUATE Petrochemical Company K.S.C. – 42.5 percent – a Kuwait-based company that manufactures ethylene, polyethylene and ethylene glycol.
- Equipolymers – 50 percent – a company, headquartered in Horgen, Switzerland, that manufactures purified terephthalic acid, and manufactures and markets polyethylene terephthalate resins.
- MEGlobal – 50 percent – a company, headquartered in Dubai, United Arab Emirates, that manufactures and markets monoethylene glycol and diethylene glycol.
- The OPTIMAL Group of Companies [consisting of OPTIMAL Olefins (Malaysia) Sdn. Bhd. – 23.75 percent; OPTIMAL Glycols (Malaysia) Sdn. Bhd. – 50 percent; OPTIMAL Chemicals (Malaysia) Sdn. Bhd. – 50 percent] – Malaysian companies that operate an ethane/propane cracker, an ethylene glycol facility and a production facility for ethylene and propylene derivatives within a world-scale, integrated chemical complex located in Kertih, Terengganu, Malaysia.
- The SCG-Dow Group [consisting of Siam Polyethylene Company Limited – 49 percent; Siam Polystyrene Company Limited – 50 percent; Siam Styrene Monomer Co., Ltd. – 50 percent; Siam Synthetic Latex Company Limited – 50 percent] – Thailand-based companies that manufacture polyurethanes, polyethylene, polystyrene, styrene and latex.
- Univation Technologies, LLC – 50 percent – a U.S. limited liability company that develops, markets and licenses polyethylene process technology and related catalysts.

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

Financial Information About Foreign and Domestic Operations and Export Sales

In 2008, the Company derived 68 percent of its sales and had 47 percent of its property investment outside the United States. While the Company's international operations may be subject to a number of additional risks, such as changes in currency exchange rates, the Company does not regard its foreign operations, on the whole, as carrying any greater risk than its operations in the United States. Information on sales and long-lived assets by geographic area for each of the last three years appears in Note T to the Consolidated Financial Statements, and discussions of the Company's risk management program for foreign exchange and interest rate risk management appear in Item 1A. Risk Factors, Item 7A. Quantitative and Qualitative Disclosures About Market Risk, and Note H to the Consolidated Financial Statements.

Protection of the Environment

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

Employees

Personnel count was 46,102 at December 31, 2008; 45,856 at December 31, 2007; and 42,578 at December 31, 2006. Headcount increased in 2008 from year-end 2007 primarily due to recent acquisitions. Headcount is expected to decline due to actions announced in the fourth quarter of 2008 to eliminate approximately 5,000 jobs (including planned divestitures). During 2007, headcount was impacted by the addition of research and development employees in India and China in support of the Company's growth initiatives; the addition of approximately 110 employees with the second quarter acquisition of Hyperlast Limited; and the addition of approximately 1,700 employees with the second quarter acquisition of Wolff Walsrode AG.

Other Activities

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

The Dow Chemical Company and Subsidiaries

PART I, Item 1A. Risk Factors.

The factors described below represent the Company's principal risks. Except as otherwise indicated, these factors may or may not occur and the Company is not in a position to express a view on the likelihood of any such factor occurring. Other factors may exist that the Company does not consider significant based on information that is currently available or that the Company is not currently able to anticipate.

Volatility in purchased feedstock and energy costs impacts Dow's operating costs and adds variability to earnings.
During 2008, purchased feedstock and energy costs were higher overall than in 2007, adding an additional $5.9 billion of costs compared with 2007 and accounting for 48 percent of the Company's total production costs and operating expenses in 2008, down from 49 percent in 2007 and 2006. Purchased feedstock and energy costs are expected to remain volatile throughout 2009. The Company uses its feedstock flexibility and financial and physical hedging programs to lower overall feedstock costs. However, when these costs increase, the Company is not always able to immediately raise selling prices and, ultimately, its ability to pass on underlying cost increases is greatly dependent on market conditions. As a result, increases in these costs could negatively impact the Company's results of operations.

The Company is party to a number of claims and lawsuits arising out of the normal course of business with respect to commercial matters, including product liability, governmental regulation and other actions.
Certain of the claims and lawsuits facing the Company purport to be class actions and seek damages in very large amounts. All such claims are being contested. With the exception of the possible effect of the asbestos-related liability of Union Carbide Corporation ("Union Carbide") and the ongoing litigation with Rohm and Haas Company ("Rohm and Haas"), described below, it is the opinion of the Company's management that the possibility is remote that the aggregate of all such claims and lawsuits will have a material adverse impact on the Company's consolidated financial statements.

Union Carbide is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. At December 31, 2008, Union Carbide's asbestos-related liability for pending and future claims was $934 million and its receivable for insurance recoveries related to its asbestos liability was $403 million. At December 31, 2008, Union Carbide also had receivables of $272 million for insurance recoveries for defense and resolution costs. It is the opinion of the Company's management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on the Company's results of operations and cash flows for a particular period and on the consolidated financial position of the Company.

The Company is involved in a lawsuit, filed in the Court of Chancery of the State of Delaware by Rohm and Haas for specific performance related to the July 10, 2008 agreement to acquire Rohm and Haas for $78 per share. The lawsuit was filed on January 26, 2009 following notification to Rohm and Haas that the Company would not close the proposed acquisition on or before January 27, 2009. It is the opinion of the Company's management that it is reasonably possible that the ultimate resolution of the litigation could have a material adverse impact on the Company's consolidated financial statements.

A downgrade of the Company's credit rating could have a negative impact on the Company's ability to access credit markets.
The Company's credit rating is investment grade. The Company's long-term credit ratings were downgraded on December 29, 2008 by Moody's from A3 to Baa1 with outlook under review for possible downgrade and by Standard & Poor's from A- to BBB with credit watch negative. The Company's short-term credit rating is A2/P2 negative/negative. If the Company's credit rating is further downgraded, it could have a negative impact on the Company's ability to access credit markets and could increase borrowing costs.

Volatility and disruption of financial markets could affect access to credit.
The current difficult economic market environment is causing contraction in the availability of credit in the marketplace. This could potentially reduce the sources of liquidity for the Company.

The value of investments are influenced by economic and market conditions.
The current economic environment is negatively impacting the fair value of pension and insurance assets, which could trigger increased future funding requirements of the pension trusts and could result in additional other-than-temporary impairment losses for certain insurance assets.

The Dow Chemical Company and Subsidiaries

PART I, Item 2. Properties.

PROPERTIES

The Company operates 150 manufacturing sites in 35 countries. Properties of Dow include facilities which, in the opinion of management, are suitable and adequate for the manufacture and distribution of Dow's products. During 2008, the Company's chemicals and plastics production facilities and plants operated at approximately 77 percent of capacity. The Company's major production sites are as follows:

United States:	Plaquemine and Hahnville, Louisiana; Midland, Michigan; Freeport, Seadrift and Texas City, Texas; South Charleston, West Virginia.
Canada:	Fort Saskatchewan and Prentiss, Alberta.
Germany:	Boehlen; Leuna; Rheinmuenster; Schkopau; Stade.
France:	Drusenheim.
The Netherlands:	Terneuzen.
Spain:	Tarragona.
Argentina:	Bahia Blanca.
Brazil:	Aratu.

Including the major production sites, the Company has plants and holdings in the following geographic areas:

United States:	42 manufacturing locations in 16 states.
Canada:	6 manufacturing locations in 3 provinces.
Europe:	48 manufacturing locations in 16 countries.
Latin America:	26 manufacturing locations in 5 countries.
Asia Pacific:	23 manufacturing locations in 8 countries.
India, Middle East and Africa:	5 manufacturing locations in 4 countries.

All of Dow's plants are owned or leased, subject to certain easements of other persons which, in the opinion of management, do not substantially interfere with the continued use of such properties or materially affect their value. Dow leases ethylene plants in Fort Saskatchewan, Alberta, Canada, and Terneuzen, The Netherlands.

A summary of properties, classified by type, is provided in Note E to the Consolidated Financial Statements. Additional information regarding leased properties can be found in Note N to the Consolidated Financial Statements.

The Dow Chemical Company and Subsidiaries

PART I, Item 3. Legal Proceedings.

LEGAL PROCEEDINGS

Asbestos-Related Matters of Union Carbide Corporation

Introduction

Union Carbide Corporation ("Union Carbide"), a wholly owned subsidiary of the Company, is and has been involved in a large number of asbestos-related suits filed primarily in state courts during the past three decades. These suits principally allege personal injury resulting from exposure to asbestos-containing products and frequently seek both actual and punitive damages. The alleged claims primarily relate to products that Union Carbide sold in the past, alleged exposure to asbestos-containing products located on Union Carbide's premises, and Union Carbide's responsibility for asbestos suits filed against a former Union Carbide subsidiary, Amchem Products, Inc. ("Amchem"). In many cases, plaintiffs are unable to demonstrate that they have suffered any compensable loss as a result of such exposure, or that injuries incurred in fact resulted from exposure to Union Carbide's products.

Influenced by the bankruptcy filings of numerous defendants in asbestos-related litigation and the prospects of various forms of state and national legislative reform, the rate at which plaintiffs filed asbestos-related suits against various companies, including Union Carbide and Amchem, increased in 2001, 2002 and the first half of 2003. Since then, the rate of filing has significantly abated. Union Carbide expects more asbestos-related suits to be filed against Union Carbide and Amchem in the future, and will aggressively defend or reasonably resolve, as appropriate, both pending and future claims.

The table below provides information regarding asbestos-related claims filed against Union Carbide and Amchem:

	2008	*2007*	*2006*
Claims unresolved at January 1	90,322	111,887	146,325
Claims filed	10,922	10,157	16,386
Claims settled, dismissed or otherwise resolved	(25,538)	(31,722)	(50,824)
Claims unresolved at December 31	75,706	90,322	111,887
Claimants with claims against both UCC and Amchem	24,213	28,937	38,529
Individual claimants at December 31	51,493	61,385	73,358

Plaintiffs' lawyers often sue dozens or even hundreds of defendants in individual lawsuits on behalf of hundreds or even thousands of claimants. As a result, the damages alleged are not expressly identified as to Union Carbide, Amchem or any other particular defendant, even when specific damages are alleged with respect to a specific disease or injury. In fact, there are no personal injury cases in which only Union Carbide and/or Amchem are the sole named defendants. For these reasons and based upon Union Carbide's litigation and settlement experience, Union Carbide does not consider the damages alleged against Union Carbide and Amchem to be a meaningful factor in its determination of any potential asbestos-related liability.

Estimating the Liability

Based on a study completed by Analysis, Research & Planning Corporation ("ARPC") in January 2003, Union Carbide increased its December 31, 2002 asbestos-related liability for pending and future claims for the 15-year period ending in 2017 to $2.2 billion, excluding future defense and processing costs. Since then, Union Carbide has compared current asbestos claim and resolution activity to the results of the most recent ARPC study at each balance sheet date to determine whether the accrual continues to be appropriate. In addition, Union Carbide has requested ARPC to review Union Carbide's historical asbestos claim and resolution activity each November since 2004 to determine the appropriateness of updating the most recent ARPC study.

In November 2006, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its January 2005 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2006 and concluded that the experience from 2004 through 2006 was sufficient for the purpose of forecasting future filings and values of asbestos claims filed against Union Carbide and Amchem, and could be used in place of previous assumptions to update the January 2005 study. The resulting study, completed by ARPC in December 2006, stated that the undiscounted cost of resolving pending and future asbestos-related claims against Union Carbide and Amchem, excluding future defense and processing costs, through 2021 was estimated to be between approximately $1.2 billion and $1.5 billion. As in its January 2003 and January 2005 studies, ARPC provided estimates for a longer period of time in its December 2006 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

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PART I, Item 3. Legal Proceedings.

Legal Proceedings – Continued

Based on ARPC's December 2006 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $1.2 billion at December 31, 2006 which covered the 15-year period ending in 2021, excluding future defense and processing costs. The reduction was $177 million and was shown as "Asbestos-related credit" in the consolidated statements of income.

In November 2007, Union Carbide requested ARPC to review Union Carbide's 2007 asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2007. In December 2007, ARPC stated that an update of its study would not provide a more likely estimate of future events than the estimate reflected in its study of the previous year and, therefore, the estimate in that study remained applicable. Based on Union Carbide's own review of the asbestos claim and resolution activity and ARPC's response, Union Carbide determined that no change to the accrual was required. At December 31, 2007, Union Carbide's asbestos-related liability for pending and future claims was $1.1 billion.

In November 2008, Union Carbide requested ARPC to review Union Carbide's historical asbestos claim and resolution activity and determine the appropriateness of updating its December 2006 study. In response to that request, ARPC reviewed and analyzed data through October 31, 2008. The resulting study, completed by ARPC in December 2008, stated that the undiscounted cost of resolving pending and future asbestos-related claims against UCC and Amchem, excluding future defense and processing costs, through 2023 was estimated to be between $952 million and $1.2 billion. As in its earlier studies, ARPC provided estimates for a longer period of time in its December 2008 study, but also reaffirmed its prior advice that forecasts for shorter periods of time are more accurate than those for longer periods of time.

In December 2008, based on ARPC's December 2008 study and Union Carbide's own review of the asbestos claim and resolution activity, Union Carbide decreased its asbestos-related liability for pending and future claims to $952 million, which covered the 15-year period ending 2023, excluding future defense and processing costs. The reduction was $54 million and was shown as "Asbestos-related credit" in the consolidated statements of income. At December 31, 2008, the asbestos-related liability for pending and future claims was $934 million.

At December 31, 2008, approximately 21 percent of the recorded liability related to pending claims and approximately 79 percent related to future claims. At December 31, 2007, approximately 31 percent of the recorded liability related to pending claims and approximately 69 percent related to future claims.

Defense and Resolution Costs

The following table provides information regarding defense and resolution costs related to asbestos-related claims filed against Union Carbide and Amchem:

Defense and Resolution Costs				*Aggregate Costs to Date as of*
In millions	*2008*	*2007*	*2006*	*Dec. 31, 2008*
Defense costs	$60	$84	$62	$625
Resolution costs	$116	$88	$117	$1,386

The average resolution payment per asbestos claimant and the rate of new claim filings has fluctuated both up and down since the beginning of 2001. Union Carbide's management expects such fluctuations to continue in the future based upon a number of factors, including the number and type of claims settled in a particular period, the jurisdictions in which such claims arose, and the extent to which any proposed legislative reform related to asbestos litigation is being considered.

Union Carbide expenses defense costs as incurred. The pretax impact for defense and resolution costs, net of insurance, was $53 million in 2008, $84 million in 2007 and $45 million in 2006, and was reflected in "Cost of sales" in the consolidated statements of income.

Insurance Receivables

At December 31, 2002, Union Carbide increased the receivable for insurance recoveries related to its asbestos liability to $1.35 billion, substantially exhausting its asbestos product liability coverage. The insurance receivable related to the asbestos liability was determined by Union Carbide after a thorough review of applicable insurance policies and the 1985 Wellington Agreement, to which Union Carbide and many of its liability insurers are signatory parties, as well as other insurance settlements, with due consideration given to applicable deductibles, retentions and policy limits, and taking into account the solvency and historical payment experience of various insurance carriers. The Wellington Agreement and other agreements with insurers are designed to facilitate an orderly resolution and collection of Union Carbide's insurance policies and to resolve issues that the insurance carriers may raise.

The Dow Chemical Company and Subsidiaries

PART I, Item 3. Legal Proceedings.

In September 2003, Union Carbide filed a comprehensive insurance coverage case, now proceeding in the Supreme Court of the State of New York, County of New York, seeking to confirm its rights to insurance for various asbestos claims and to facilitate an orderly and timely collection of insurance proceeds. This lawsuit was filed against insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place with Union Carbide regarding their asbestos-related insurance coverage, in order to facilitate an orderly resolution and collection of such insurance policies and to resolve issues that the insurance carriers may raise. Although the lawsuit is continuing, through the end of 2008, Union Carbide had reached settlements with several of the carriers involved in this litigation.

Union Carbide's receivable for insurance recoveries related to its asbestos liability was $403 million at December 31, 2008 and $467 million at December 31, 2007. At December 31, 2008 and December 31, 2007, all of the receivable for insurance recoveries was related to insurers that are not signatories to the Wellington Agreement and/or do not otherwise have agreements in place regarding their asbestos-related insurance coverage.

In addition to the receivable for insurance recoveries related to its asbestos liability, Union Carbide had receivables for defense and resolution costs submitted to insurance carriers for reimbursement as follows:

Receivables for Costs Submitted to Insurance Carriers at December 31		
In millions	*2008*	*2007*
Receivables for defense costs	$ 28	$ 18
Receivables for resolution costs	244	253
Total	$272	$271

After a review of its insurance policies, with due consideration given to applicable deductibles, retentions and policy limits, after taking into account the solvency and historical payment experience of various insurance carriers; existing insurance settlements; and the advice of outside counsel with respect to the applicable insurance coverage law relating to the terms and conditions of its insurance policies, Union Carbide continues to believe that its recorded receivable for insurance recoveries from all insurance carriers is probable of collection.

Summary

The amounts recorded by Union Carbide for the asbestos-related liability and related insurance receivable described above were based upon current, known facts. However, future events, such as the number of new claims to be filed and/or received each year, the average cost of disposing of each such claim, coverage issues among insurers, and the continuing solvency of various insurance companies, as well as the numerous uncertainties surrounding asbestos litigation in the United States, could cause the actual costs and insurance recoveries for Union Carbide to be higher or lower than those projected or those recorded.

Because of the uncertainties described above, Union Carbide's management cannot estimate the full range of the cost of resolving pending and future asbestos-related claims facing Union Carbide and Amchem. Union Carbide's management believes that it is reasonably possible that the cost of disposing of Union Carbide's asbestos-related claims, including future defense costs, could have a material adverse impact on Union Carbide's results of operations and cash flows for a particular period and on the consolidated financial position of Union Carbide.

It is the opinion of Dow's management that it is reasonably possible that the cost of Union Carbide disposing of its asbestos-related claims, including future defense costs, could have a material adverse impact on the Company's results of operations and cash flows for a particular period and on the consolidated financial position of the Company.

Environmental Matters

On October 1, 2007, the Company received a Notice of Enforcement ("NOE") from the Texas Commission on Environmental Quality ("TCEQ") related to alleged air emission events at the Company's Freeport, Texas site. The NOE seeks a total civil penalty of $354,000. While the Company expects that the penalty will ultimately be reduced, resolution of the NOE may result in a civil penalty in excess of $100,000.

On various dates, the Company received additional NOEs from the TCEQ for alleged violations of air regulations related to nine independent air emission events that occurred between May 2007 and April 2008 at eight different plants at the Company's Freeport, Texas site. During the fourth quarter of 2008, these nine independent events were officially combined by the TCEQ into a single enforcement matter seeking an initial combined civil penalty of $312,325. The TCEQ Staff and the Company have tentatively agreed to settle this single enforcement matter for $202,325, half of which will be paid to the TCEQ, with the balance to be used to purchase low emission school buses for use near the Company's Freeport, Texas site. This settlement remains subject to final approval by the TCEQ Commissioners.

Legal Proceedings – Continued

The Company received an Administrative Complaint dated September 26, 2008 from the United States Environmental Protection Agency ("EPA") - Region 1 office notifying the Company of the EPA's intent to assess civil penalties in the proposed amount of $330,112 for seven alleged violations of the Company's Allyn's Point, Connecticut manufacturing facilities' Title V Clean Air Act Operating Permit and Title V regulations. The seven alleged violations relate primarily to environmental recordkeeping infractions, failure to follow required work practices and one alleged violation of volatile organic compound ("VOC") emission requirements. The Company has requested an informal settlement conference and intends to request a formal administrative hearing to contest the allegations and the proposed penalty, if necessary. While the Company expects that the penalty will be reduced, resolution may result in a civil penalty in excess of $100,000.

Matters Involving the Acquisition of Rohm and Haas Company

Introduction

On July 10, 2008, the Company and Rohm and Haas Company ("Rohm and Haas") entered into an Agreement and Plan of Merger (the "Merger Agreement") for the acquisition of Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (the "Merger"). The Merger did not close in January 2009, as originally anticipated, in light of the Company's determination that recent material developments had created unacceptable uncertainties with respect to the funding and economics of the combined Dow and Rohm and Haas enterprise. This assessment was based on several macro-economic factors such as the continued crisis in global financial and credit markets and unprecedented demand destruction, combined with the failure of PIC to fulfill its obligation to close the K-Dow joint venture transaction and fund the initial purchase price on January 2, 2009.

Litigation

On January 26, 2009, Rohm and Haas commenced an action in the Court of Chancery of the State of Delaware to compel the Company to acquire Rohm and Haas for $78 in cash per share of Rohm and Haas common stock (plus a "ticking fee" commencing on January 10, 2009). The complaint (the "Complaint") in the action alleges that all conditions to the Company's obligation to close the Merger were met on January 23, 2009 and that the Company, pursuant to the terms of the Merger Agreement, was required to close the Merger within two business days thereafter, *i.e.*, by January 27, 2009. The Complaint further alleges that the Company advised Rohm and Haas on January 25, 2009 that it would not close the Merger on or by January 27, 2009, and that the Company knowingly and intentionally breached the Merger Agreement.

On January 27, 2009, the Court determined to expedite proceedings in the case and ordered that the trial commence on March 9, 2009. The trial will relate to the issue of whether the Court should order specific performance and thus require the Company to close the Merger. The Court also stated that it strongly encouraged the parties to focus on a business solution to the dispute.

On February 3, 2009, the Company filed its answer (the "Answer") to the Complaint. The Answer denied that all conditions to closing had been met as of January 23, 2009, noting that the United States Federal Trade Commission ("FTC") action on January 23, 2009 was only a provisional acceptance of the proposed consent order and not final approval, and that the FTC reserves discretion to reject the proposed consent order after the close of the public comment period. The Answer denied that Rohm and Haas is entitled to a decree of specific performance, and asserted affirmative defenses of frustration of purpose, commercial impracticability, impossibility of performance and undue hardship – all arising from the sudden and rapid economic and financial downturn, the dramatic falloff in the Company's earnings in the fourth quarter of 2008 and continuing into the first quarter of 2009, the risk of the Company's inability to comply with financial covenants contained in the bridge loan expected to provide temporary financing for the Merger, the risk of the Company losing access to the capital markets due to potential loss of its investment grade rating, and the collapse of the K-Dow joint venture. The Company also asserted that specific performance is not appropriate because Rohm and Haas has adequate remedies at law for any breach of the Merger Agreement.

Summary

Because of the uncertainties associated with the litigation described above, management cannot estimate the impact of the ultimate resolution of the litigation. It is the opinion of the Company's management that it is reasonably possible that the ultimate resolution could have a material adverse impact on the consolidated financial statements of the Company.

The Dow Chemical Company and Subsidiaries

PART I, Item 3. Legal Proceedings.

Derivative Litigation

On February 9, 2009, Michael D. Blum, in the name of and on behalf of the Company, commenced an action in the Court of Chancery of the State of Delaware against certain officers and directors of the Company ("Defendants") alleging, among other things, that Defendants breached their fiduciary duty by causing the Company to enter into the Merger Agreement without any contingencies for failure of financing or to receive the proceeds of the K-Dow transaction. The relief sought includes the implementation of certain corporate governance reforms by the Company as well as monetary damages and attorneys' fees. The Defendants have not yet answered or otherwise responded to the Complaint.

The Company believes the complaint in the action to be entirely without merit and intends to oppose it vigorously.