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# PENSION CHANGE FACT SHEET

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AT BOSTON COLLEGE

JULY 2007

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COMPANY NAME: Dow Chemical Company

EMPLOYEES: 43,000 globally

TYPE OF PLAN: Traditional Defined Benefit Plan

DATE ANNOUNCED: July 17, 2007

DATE EFFECTIVE: January 1, 2008

**DESCRIPTION OF CHANGE:** Shift to Cash Balance Plan. As of Jan 1, 2008, eligible new salaried employees in the U.S. will be offered a new defined benefit cash balance plan, called the Personal Pension Account, providing an annual accumulation of funds at five percent of pay, plus interest. Current eligible employees will be unaffected.

**PLAN SOLVENCY:** Dow Chemical Company 10-K SEC filing reports, as of 2/20/2007, pension assets of \$15.0 billion, and projected benefit obligations of \$15.9 billion.

**REPORTED FINANCIAL IMPLICATION:** Not available

**NEW ARRANGEMENTS FOR EMPLOYEES: Personal Pension Account (cash balance plan)** - Dow will contribute five percent of pay, plus interest, into this pension account. Employees will be able to take the value of their pension account as a lump sum whenever they leave the company - at retirement or earlier. The pension vesting requirement is 3 years.

**401(k) plan** - 50% matching contribution on the first 6% of base pay that is deferred. For salaried employees who contribute at least 6% of annual salary, Dow provides the matching contribution of 3% and an additional automatic ESOP contribution of 1% of salary. The company will also offer a new Roth 401(k) feature in addition to its existing contribution options.

**Retirement Health Care Assistance Plan** - Eligible employees may put aside dollars today to pay for medical premiums in retirement. Dow will match these employee contributions dollar for dollar to pay retiree medical premiums. Employees hired after January 1, 2008 will not be eligible for retiree medical and retiree life insurance.

**BACKGROUND:** Dow is a diversified chemical company that harnesses the power of innovation, science and technology to offer a broad range of products and services to customers in more than 175 countries, helping them to provide everything from fresh water, food and pharmaceuticals to paints, packaging and personal care products. headquartered in Union County, New Jersey; it was chartered in 1923 and is a full-service banking company.

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## REFERENCES

Dow Chemical Company. 2007. "Dow Looks to Future with New U.S. Retirement Program: Company prepares to attract the best talent with innovative benefits plan" Press Release. (July 17).  
*Dow Chemical Company*. 10-K SEC filing. 2/20/07. pg. 89.