

**AMENDMENT TO  
INSURANCE ALLOCATION AGREEMENT**

**THIS AMENDMENT TO INSURANCE ALLOCATION AGREEMENT** (the “Amendment”) is entered into as of November 9, 1998, by and between Dow Corning Corporation on behalf of itself and its present wholly owned subsidiaries (collectively, “Dow Corning”) and The Dow Chemical Company on behalf of itself and its present wholly owned subsidiaries (collectively “Dow Chemical”). Dow Corning and Dow Chemical shall be referred to collectively herein as the “Parties.”

**WHEREAS:**

A. Dow Chemical and Dow Corning have executed an Insurance Allocation Agreement dated as of February 16, 1998 that resolves significant disputes about certain shared insurance assets as detailed therein.

B. On November 9, 1998, Dow Corning and the Official Committee of Tort Claimants (“Tort Committee”) filed a Joint Plan of Reorganization dated November 9, 1998 (the “Joint Plan”) and desire to conform certain provisions of the Insurance Allocation Agreement to the terms of the Joint Plan.

**NOW, THEREFORE**, in consideration of the promises and of the mutual covenants and agreements set forth herein, the Parties hereby agree as follows:

1. Definitions. Capitalized terms in the Insurance Allocation Agreement and this Amendment not defined therein or herein shall have the meanings ascribed to them in the Joint Plan. Any references in the Insurance Allocation Agreement to the Settlement Trust, the Litigation Trust or the Trusts, to the extent not otherwise amended hereby, are amended as follows: (i) references to

the “Settlement Trust” are hereby amended to read the “Settlement Facility”; (ii) references to the “Litigation Trust” are hereby amended to read the “Litigation Facility”; (iii) references to the “Trusts” are hereby amended to read the “Facilities” Any references in the Insurance Allocation Agreement to the “Plan” shall mean the “Joint Plan.” References to the “Assignment and Security Agreement” shall mean the Assignment and Security Agreement required by the Funding Payment Agreement. Any references to the Insurance Allocation Agreement or the Agreement shall mean the Insurance Allocation Agreement as amended by this Amendment. To the extent that a term is defined in both the Insurance Allocation Agreement and this Amendment, the definition in this Amendment shall control.

2. Sections 2.B., 2.C. and 2.D. of the Insurance Allocation Agreement are hereby amended to read in their entirety as follows:

2.B. On the Effective Date of the Joint Plan, 75% of the amounts in the Cash Escrows (including interest and net of taxes) included among the Shared Insurance Assets shall be allocated to Dow Corning and paid to the Depository Trust on behalf of the Settlement Facility in accordance with the Joint Plan, the Funding Payment Agreement and the Assignment and Security Agreement. The remaining 25% shall be advanced to Dow Chemical for use in accordance with the Agreement.

2.C. Funds received by Dow Corning or Dow Chemical from Unsettled Shared Insurance or from portions of products limits included among the Shared Insurance Assets which are subject to Coverage in Place Settlements shall be distributed, within five Business Days of receipt as follows: (i) 75% shall be allocated to Dow Corning and paid to the Depository Trust on behalf of the Settlement Facility as and to the extent

required by the Funding Payment Agreement and the Assignment and Security Agreement and (ii) 25% shall be advanced to Dow Chemical for use in accordance with the terms of the Agreement.

2.D. In the event that \$285 million in payments from the Shared Insurance Assets have been advanced to Dow Chemical, no further amounts shall be advanced to Dow Chemical pursuant to the Agreement and, thereafter, until seventeen and one-half years after the Effective Date of the Joint Plan, (i) 100% of all funds received from the Shared Insurance Assets shall be allocated to Dow Corning and paid to the Depository Trust on behalf of the Settlement Facility as and to the extent required by the Funding Payment Agreement and the Assignment and Security Agreement and (ii) Dow Chemical shall pay 100% of amounts received from Shared Insurance Assets to Dow Corning, which shall pay such funds to the Depository Trust on behalf of the Settlement Facility as and to the extent required by the Funding Payment Agreement and the Assignment and Security Agreement.

3. Sections 3.A., 3.B., 3.C., 3.D. and 3.E of the Insurance Allocation Agreement are hereby amended to read in their entirety as follows:

3.A. If the Depository Trust receives payment of some or all of a Shared Insurance Asset directly from an insurer and such payment includes proceeds that are allocated to Dow Chemical under this Agreement, then the Depository Trust and the Settlement Facility shall segregate and hold funds allocated to Dow Chemical in trust and pay such funds to Dow Chemical within five Business Days of their receipt by the

Depository Trust. Dow Corning's obligations under the Funding Payment Agreement shall be reduced only by the amount of the payment retained by the Depository Trust.

3.B. Section 3.B. of the Insurance Allocation Agreement is deleted in its entirety.

3.C. Dow Corning's obligations to the Depository Trust and the Settlement Facility under the Funding Payment Agreement shall be reduced by the amount of Shared Insurance Assets paid to the Depository Trust pursuant to this Agreement as and to the extent provided in the Funding Payment Agreement and the Assignment and Security Agreement.

3.D. Section 3.D. of the Insurance Allocation Agreement is deleted in its entirety.

3.E. Nothing herein shall require Dow Corning to pay insurance proceeds to the Depository Trust except as and to the extent required by the Funding Payment Agreement and the Assignment and Security Agreement.

4. Section 4.B.(c)(ii) of the Insurance Allocation Agreement is amended to read in its entirety as follows:

to the extent not covered by (i), any claim against Dow Chemical based on, related to or arising out of Breast Implant Claims, Non-Breast Implant Claims, Raw Material Breast Implant Claims and LTCI Claims provided there is a final judicial determination or a final determination by an arbitration panel that such claim against Dow Chemical is not covered by general liability insurance for any reason.

5. Section 5 of the Insurance Allocation Agreement is amended to read in its entirety as follows:

Seventeen and one-half years after the Effective Date of the Joint Plan, Dow Chemical shall pay an amount equal to the balance then reflected in the Account to Dow Corning, which shall pay such amount to the Depository Trust on behalf of the Settlement Facility as and to the extent required by the Funding Payment Agreement and the Assignment and Security Agreement. Any such payment to the Depository Trust pursuant to this Section 5 shall be a credit against Dow Corning's obligations under the Funding Payment Agreement.

6. Section 7.A. of the Insurance Allocation Agreement is amended to require that the provisions set forth therein shall be included in the Confirmation Order and not in the Plan.

7. Section 11 of the Insurance Allocation Agreement is amended to read in its entirety as follows:

Conditions to Effectiveness. The Insurance Allocation Agreement has been negotiated in the context of the proposed Joint Plan of which it is an integral part, is in partial consideration of the releases and injunctive protections granted to Dow Chemical under the Joint Plan and is essential to the Joint Plan's implementation. Absent express written consent of Dow Corning and Dow Chemical, the effectiveness of this Agreement is contingent upon the occurrence of the Effective Date of a Joint Plan in substantially the form of the Joint Plan filed by Dow Corning and the Tort Committee on November 9, 1998.

8. This Amendment shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns, including with respect to Dow Corning (i) a Chapter 11 or Chapter 7 trustee, (ii) a post-confirmation reorganized entity and successor to Dow Corning or its assigns under a confirmed plan of reorganization, or (iii) the Facilities.

9. This Amendment shall be governed by and construed in accordance with the internal laws of the State of Michigan.

10. The Parties shall execute all documents necessary to implement this Amendment.

11. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

12. Any reference to the Insurance Allocation Agreement from and after the date hereof shall be deemed to refer to the Insurance Allocation Agreement as amended hereby, unless otherwise expressly stated. This Amendment shall not be deemed, expressly or impliedly, to waive, amend or supplement any provision of the Insurance Allocation Agreement dated February 16, 1998, other than as set forth herein.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

DOW CORNING CORPORATION

By: \_\_\_\_\_

John W. Churchfield  
Vice President of Planning and Finance,  
Treasurer and Chief Financial Officer  
2200 West Salzburg Road  
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THE DOW CHEMICAL COMPANY

By: \_\_\_\_\_

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